

Comprehensive Annual Financial Report

For the fiscal year ended August 31, 2010



Foss High School

Introductory Section

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Certificates of Excellence in Financial Reporting



Foss High School

**TACOMA SCHOOL DISTRICT No. 10
Comprehensive Annual Financial Report
For the Fiscal Year Ended August 31, 2010**

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**TACOMA SCHOOL DISTRICT NO. 10
2009-10 DIRECTORY OF OFFICIALS**

ELECTED

Directors

		<u>Term</u>	<u>Expiration</u>
President	Debbie Winskill	6 Years	November 2013
Vice President	Kurt Miller	6 Years	November 2015
	James Dugan	6 Years	November 2011
	Kim Golding	6 Years	November 2011
	Catherine Ushka-Hall	6 Years	November 2015

APPOINTED

Superintendent	Arthur O. Jarvis
Legal Counsel	Susan Schreurs
Chief Financial Officer	Ronald H. Hack
Executive Director, General Support Services	Sam Bell
Director, Financial Services	Patricia Luat
Accounting Services Manager	Marianne Bigelow

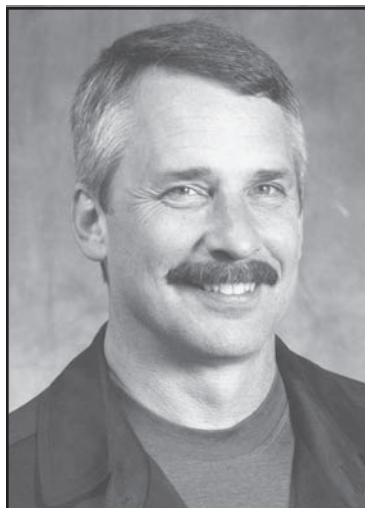
MAILING ADDRESS

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

2009-2010 Board of Directors



Debbie Winskill, President
 Elected in 2007
 Term expires in November 2013



Kurt Miller, Vice President
 Elected in 2003
 Term expires in November 2015



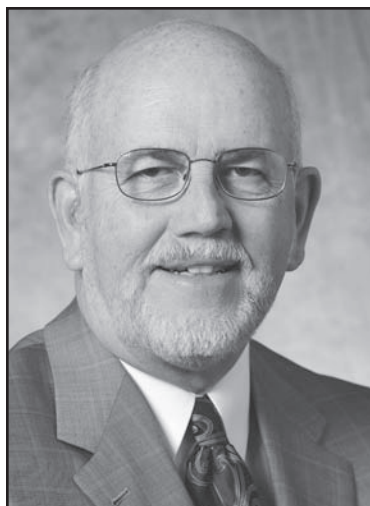
James Dugan
 Elected in 2005
 Term expires in November 2011



Kim Golding
 Elected in 2005
 Term expires in November 2011



Catherine Ushka-Hall
 Elected in 2009
 Term expires in November 2015

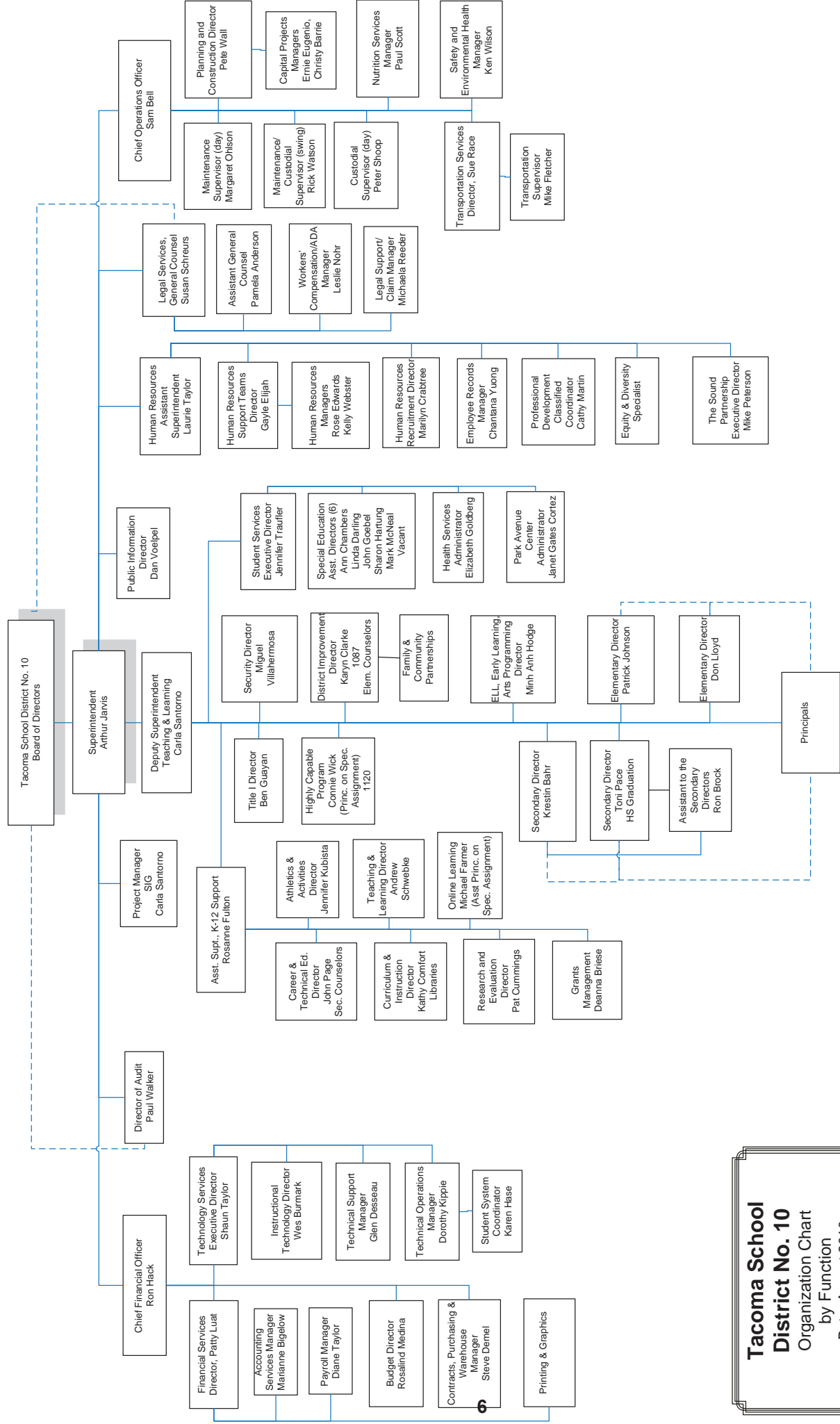


Arthur O. Jarvis was appointed interim superintendent of Tacoma School District No. 10 on August 1, 2007. On July 1, 2008, Dr. Jarvis was selected by the Board of Directors as the district's superintendent. He came to Tacoma from the Seattle School District where he was the Chief Financial Officer. Prior to that he was superintendent for twenty-two years—eleven in Enumclaw and eleven in South Whidby school districts.

Dr. Jarvis received his bachelor, masters, and doctorate degrees from the University of Washington.

In addition to his membership in national educational organizations such as the American Association of School Administrators and the National Association of School Board Directors, he is also a member of the Washington Association of School Administrators, Washington State Association for Supervision and Curriculum Development, Washington Association of School Principals, and Washington Association of School Business Officials.

Dr. Jarvis was named the 2005 Washington State Superintendent of the Year.



Tacoma School District No. 10
Organization Chart
by Function
Date: August 2010
Version 5.2



Arthur O. Jarvic, Ed.D.
Superintendent

601 S. 8th Street • P.O. Box 1357
Tacoma, WA 98401-1357
253.571.1010 • Fax 253.571.2550
jsheema@tacoma.k12.wa.us

February 25, 2011

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

Dear 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, 2010. We believe this report presents comprehensive information about the scope and character of the district's fiscal activities and accomplishments during 2009-10. 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 that 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 that management 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.

To facilitate readability, the Comprehensive Annual Financial Report is presented in three sections as described below:

The **Introductory Section** includes this letter of transmittal, certificates of excellence in financial reporting, directory of officials and list of contributing staff, and the district's organizational chart. This section is intended to provide a summary of financial transactions, an overview of the district as one entity, and a summary of other significant facts or trends related to the district.

The **Financial Section** includes the independent auditor's report on the financial statements, MD&A, government-wide and fund financial statements, proprietary fund financial statements, fiduciary fund financial statements, notes to the financial statements, required supplementary information, and supplemental data.

The **Statistical Section** includes selected financial and demographic information, presented on a multi-year basis, where possible. This section is intended to provide additional financial and non-financial information relevant to the district. This section is unaudited.

REPORTING ENTITY

The basis for preparing the Comprehensive Annual Financial Report for the district was the identification of all the components of the reporting entity. A blended component unit (The Sound Partnership) was considered to be part of the district's reporting entity because it met all three criteria of the Government Accounting Standards Board's (GASB) Statement No. 39, an amendment of GASB Statement No. 14. The exclusion of the entity would cause the district's financial statements to be misleading or incomplete.

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. The city of Tacoma, located on Puget Sound in the heart of the Pacific Northwest's "evergreen playground," has nearly 66 miles of shoreline and 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.

People of all ages enjoy numerous museums, such as the Washington State Historical Museum, the Tacoma Art Museum and the Museum of Glass; as well as theater productions; art galleries; a fine library system; musical entertainment; and many local events. Tacoma 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 the sixth largest container port in North America and contributes significantly to the county's position as a major regional trade and service center. The Port's domestic and international containerized shipping activities are vital to the economy. The manufacturing sector produces lumber and wood products, chemicals, metals, food, clothing, computer/semiconductor chips and parts, and airplane parts. Tacoma-Pierce County is a leader in agricultural products such as rhubarb, berries and a variety of other produce.

Major private employers such as Multicare, Franciscan and Good Samaritan, The Boeing Company, Safeway, Fred Meyer stores, and Intel Corporation continue to make Pierce County their home and add to the local economy. Another stabilizing influence in the area's economy is the two major military installations: Madigan Army Medical Center, and Joint Base Lewis-McChord.

Population

It is projected that Tacoma-Pierce County's population will continue to grow. The following table shows the county and the City of Tacoma (the county's largest city):

Fiscal Year	Pierce County	City of Tacoma
2000*	700,818	193,556
2001**	713,398	194,500
2002**	724,998	194,900
2003**	733,700	196,300
2004**	744,000	196,800
2005**	755,900	198,100
2006**	773,500	199,600
2007**	790,500	201,700
2008**	805,400	202,700
2009**	813,600	203,400
2010**	814,600	204,200

Source: Washington State Office of Financial Management, U.S. Department of Commerce

** U.S. Census Count*

*** Washington State Office of Financial Management*

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 educational programs, special education for handicapped students, English language learner programs, and numerous educational enrichment programs. The district also provides transportation and nutritional services.

The district has 37 elementary schools, 10 middle schools, five comprehensive high schools and eight alternative learning sites. The district has approximately 5,000 employees and is one of the largest employers in the Tacoma-Pierce County area.

MAJOR INITIATIVES

In 2009-2010 the board of directors together with the superintendent began the process of developing the 2011-2015 Strategic Plan. The plan is a belief that all students achieve their full potential by participation in an educational experience that is relevant, challenging and individualized, an experience that shares such common values as equity, cultural understanding, accountability and leadership and is designed based on the overarching goal of achievement, innovation, instruction, collaboration, early learning, and safety for all students in all schools.

Through this Strategic Plan the Tacoma School District gains the following:

- 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.

State Achievement Measurement

Washington Comprehensive Assessment Program (WCAP) test results in 2009-10 compared to 2008-09 decreased overall in a number of content areas. Reading scores decreased at all grades except 3rd and 10th grade; math scores decreased at all grades except 4th; writing decreased at 7th grade but increased at 4th and 10th grade; and science scores decreased at 5th grade but increased at 8th and 10th grade.

Percent of Tacoma School District Students Meeting the WCAP Standards in 2009-10				
Grade Level	Reading	Math	Writing	Science
3rd Grade	65.7%	54.5%		
4th Grade	61.0%	44.5%	56.1%	
5th Grade	62.5%	44.3%		21.0%
6th Grade	47.7%	34.3%		
7th Grade	46.9%	33.9%	58.0%	
8th Grade	57.5%	35.0%		38.9%
10th Grade	73.8%	28.3%	84.3%	32.4%

Student Demographics

The percentage of students eligible for participation in the federal free and reduced lunch program at the district is 18.8 percent higher than the 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, 2010 through June 30, 2011, 130 percent of the poverty level is \$28,665 for a family of four; 185 percent is \$40,793.

Percentage of Students Eligible for Participation In the Federal Free and Reduced Lunch Program					
	2007	2008	2009	2010	2011
Tacoma	54.8%	56.4%	58.0%	57.0%	61.1%
State-Wide Average	37.0%	38.0%	40.4%	41.7%	42.3%

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

Enrollment

The district, by student enrollment, is the third 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:	2 hours or more each scheduled school day
Grades 1 – 3:	4 hours or more each scheduled school day
Grades 4 – 12:	5 hours or more each scheduled school day

The district's annual average FTE enrollment in 2009-10 was 27,828 students. Enrollment decreased from 2008-09 by 259 FTE students.

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

Elementary Schools (grades K-5)	(158)
Middle Schools (grades 6-8)	12
High Schools (grades 9-12)	(113)
Home/Private	(1)
Summer School	3
Running Start (college level courses)	(3)
Total	(259)

Projected enrollments for the fiscal year 2010-11 and 2011-12 are shown below.

FULL TIME EQUIVALENT (FTE) ENROLLMENT

Actual and Projected (P) Annual Average Enrollment						
Grade	2007	2008	2009	2010	2011(P)	2012(P)
Total K-5	12,685	12,883	13,494	13,336	12,469	12,696
Total 6-8	6,562	6,337	6,204	6,217	6,134	5,994
Total 9-12	8,468	8,217	8,185	8,072	7,956	7,835
Other	216	222	205	203	188	185
TOTAL K-12	27,931	27,659	28,088	27,828	26,747	26,710

Source: Demographer, W. Les Kendrick, Ph.D, and OSPI 09-10 P-223 Report

Construction, Renovations and Real Property

On February 6, 2001, voters approved a \$450 million bond issue. These funds are being used for additional educational facilities, capital improvements, and technology improvements which included related infrastructure improvements in district facilities. The district is nearing the completion of the construction projects included in the bond issue and has two schools projects to complete.

The district celebrated the opening of First Creek Middle School in September 2009. The new school combined the student populations of Gault and McIlvaigh Middle Schools. Construction on the new Baker School Middle School is well underway. The project will be completed in two phases. Construction began for Phase 1 in July 2010 and substantial completion is scheduled for November 2011. Phase II construction which includes demolition of the existing building and construction of sport fields will begin in January 2012. This project is scheduled to open in January of 2012. Preliminary design work for the Geiger Montessori School has begun. Construction on the building is scheduled for July 2011. Completion for this project is scheduled for September 2012. Hunt Middle School closed at the end of the fiscal year 2009-2010. Plans to reopen this school will be decided at a future date.

In 2009-2010 the district sold its Mullen Street property for \$1.58 million. Gault Middle School has been officially declared as surplus real property. Three additional properties are currently under consideration for surplus: Cirque & Alameda, Willard Professional Development Center, and Camp Joshua Taylor.

For the Future

The district continues to refine its school improvement plan goals. Under the federal No Child Left Behind Act, the Office of the Superintendent of Public Instruction (OSPI) is required to annually review the status of every school in the state, using Washington Assessment of Student Learning (WCAP) benchmarks to ensure that the school is making adequate yearly progress (AYP) toward all students reaching proficiency in at least the core subjects of reading/language arts and math.

The law also focuses on the performance of school districts and requires OSPI to conduct an annual review to ensure they are fulfilling this responsibility. If the district does not make AYP for two or more consecutive years, the district must create or revise an improvement plan to address the deficiencies that prevent students in its schools from achieving proficiency. The district has been identified for school improvement because it did not make AYP for four years and is required to comply with the provisions of this law.

In 2009-10 the state Office of Superintendent of Public Instruction identified four Tacoma School District middle schools among the lowest-performing schools in Washington. These schools were Gaudrone, Hunt, Jason Lee and Stewart middle schools. The four schools qualified for federal funding under the No Child Left Behind Act, School Improvement Grant totaling \$11.2 million. These funds will be used to increase student achievement over a 3-year period. Hunt Middle School was closed at the end of fiscal year 2009-2010 as a result of not meeting AYP and continued declining enrollment.

Community Support

On February 9, 2010 the voters of Pierce County approved two ballot measures; the Educational Programs and Operations Replacement Levy and a School Facility Improvements and Technology Upgrades Levy.

The Educational Programs and Operations Replacement Levy is a four-year levy which provides more than 22 percent of the general fund budget. The levy maintains education programs and small classes, funds day-to-day operations, including teachers, instructional aides, librarians and nurses; fund technology support, athletics and arts, music and safety programs; provide for textbooks and classroom materials; maintain playgrounds/playfields; support other educational and operational programs

The \$140,400,000 School Facility Improvements and Technology Upgrades Levy will be used to renovate or replace three schools and make district-wide school facility improvements and technology upgrades through a six-year levy, continuing a long-range plan to address the district's aging schools. This levy will renovate or replace three of the district's oldest and neediest schools, Washington Elementary School and Baker and Hunt middle schools. The levy would also fund district-wide school and facility improvements on roofs, energy-efficient heating/lighting, electrical, plumbing, playgrounds and playfields. Health, safety and security upgrades would also be addressed. Included in the levy is \$24 million in planned technology projects outlined in the district's three-year Technology Plan adopted by the board of directors on April 22, 2010. These projects include; teacher and student computer refresh and replacement; Smartboard & sound enhancement systems; and e-rate projects such as wireless access points, central application servers and replacement of outdated or unsupported application systems (i.e., the student information system). The six-year capital levy allows the district to continue the life cycle support of technology needs in the district over the next six years.

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 Citizens' 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 accounting policies, internal control and financial reporting practices. During fiscal year 2009-10, the CFAC included two members of the board, the Superintendent, and six citizens. Throughout the year, the committee meets with the district's Director of Audit, without management present, to discuss the results of the examinations, evaluations of the district's internal controls, and the overall quality of the district's financial reporting.

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, replaced by the Single Audit Act Amendment of 1996, and U.S. Office of Management and Budget A-133 (Revised 6/30/97), Audits of States, Local Governments, and Non-Profit Organizations. 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, instructional 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 books of account, 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 (Revised OMB A-133): 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 17th consecutive year, a Certificate of Achievement for Excellence in Financial Reporting. Copies of the financial reporting awards are on pages 16 and 17. The district will be applying to GFOA and ASBO for the 2009-10 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 2009-10 CAFR a success.



Arthur O. Jarvis, Ed.D.
Superintendent and Board Secretary



Patricia A. Luat
Director of Finance

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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink, likely belonging to the President of the association.

President

A handwritten signature in black ink that reads 'Jeffrey R. Enner'.

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This 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, 2009

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

Evin Green

President

John D. Mueser

Executive Director

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



Foss High School



**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

February 25, 2011

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tacoma School District No. 10, Pierce County, Washington, as of and for the year ended August 31, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 95 percent, 95 percent, and 99 percent, respectively, of the assets, net assets, and revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Sound Partnership, is based 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 of material misstatement. The financial statements of The Sound Partnership were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the 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, Pierce County, Washington, as of August 31, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



As described in Note 1, during the year ended August 31, 2010, the District has implemented the Governmental Accounting Standards Board Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, we will also issue our report dated February 25, 2011, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 21 through 29, budgetary comparison on pages 69 through 70, and information on postemployment benefits other than pensions on page 71 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying information listed as supplemental data on pages 73 through 97 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introduction and Statistical sections is 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 express no opinion on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag", with a stylized, flowing script.

BRIAN SONNTAG, CGFM
STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Tacoma School District No. 10's financial performance provides an overview of the district's financial activities for the fiscal year ended August 31, 2010. 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 assets of governmental activities as of August 31, 2010, were \$527.1 million, a decrease of \$7.3 million. Current and other assets decreased by \$21.4 million; total assets decreased by \$4.8 million as construction projects are being closed out.
- During the year, the district had revenues of \$353.8 million and expenses of \$361.1 million incurred for all governmental activities, resulting in a corresponding decrease in the district's net assets by \$7.3 million.
- At the end of the current fiscal year, the district's governmental funds reported a combined ending fund balance of \$117.1 million; a decrease of \$9.2 million from the prior year. The General Fund's total fund balance was \$45.8 million; an increase of \$6.5 million from the previous year. Approximately \$21.5 million is available for spending at the district's discretion (assigned fund balance).
- The district made principal payments on existing bonds of \$13.1 million during the year. Its overall long-term liabilities decreased by \$7.6 million or 2.2 percent from the prior year.

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 assets 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 funds 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.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Assets 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 assets* 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 an improved financial position as reflected in the *statement of net assets*. These statements include all assets and liabilities 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 assets and changes in them. The district's net assets (the difference between assets and liabilities) 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 assets 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 assets* and the *statement of activities*, most of the district's basic services are reported in governmental activities, including general fund, associated student body, debt service, capital projects, transportation vehicle, and permanent funds.

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 Statement 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 a proprietary 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 Assets 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.

Proprietary 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 Assets and Changes in Fiduciary Net Assets 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 that the assets reported in these funds are used for their intended purposes.

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

Net assets may serve as a useful indicator of a government's financial position. The Tacoma School District's assets exceeded liabilities by \$527.2 million at the end of fiscal year 2009-10.

The largest portion of net assets is invested in capital assets. The investment in capital assets (e.g., land, building, and equipment), less any related outstanding debt used to acquire those assets, is currently \$390.5 million. The remainder consists of an amount restricted for capital projects, debt services, and other purposes, with \$59.8 million unrestricted. The district's investment in its 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.

Government-Wide Net Assets As of August 31

	2010	2009	Changes
ASSETS			
Current and Other Assets	\$ 211,217,256	\$ 232,706,556	\$ (21,489,300)
Capital Assets	685,167,332	690,034,577	(4,867,245)
Total Assets	896,384,588	922,741,133	(26,356,545)
LIABILITIES			
Long-Term Debt Outstanding	335,712,778	343,280,524	(7,567,746)
Other Liabilities	33,473,568	44,953,286	(11,479,718)
Total Liabilities	369,186,346	388,233,810	(19,047,464)
NET ASSETS			
Invested in Capital Assets, Net of Debt	390,590,421	394,062,543	(3,472,122)
Restricted	76,739,255	102,945,364	(26,206,109)
Unrestricted	59,868,566	37,499,416	22,369,150
TOTAL NET ASSETS	\$ 527,198,242	\$ 534,507,323	\$ (7,309,081)

The restricted net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted *net assets* may be used to meet the district's ongoing obligations to citizens and creditors.

Governmental Activities

The 2009-10 expenditures of \$361.2 million exceeded revenues by \$7.3 million. The 2008-09 revenues exceeded the expenditures by \$8.3 million. The spend down of the Capital Projects Fund bond revenues as the major projects are completed and placed in a depreciable status accounts for much of the reduction in net assets. Key elements of the decreases in both revenues and expenditures are as follows:

Governmental Activities Changes in Net Assets PRIMARY GOVERNMENT As of August 31, 2010			
	2010	2009	Changes
REVENUES			
Program Revenues:			
Charges for Services	\$ 9,387,974	\$ 9,126,682	261,292
Operating Grants and Contributions	118,095,063	123,551,671	(5,456,608)
Capital Grants and Contributions	135,942	79,914	56,028
General Revenues:			
Property Taxes	104,682,619	106,279,066	(1,596,447)
Interest and Investment Earnings	448,055	2,513,752	(2,065,697)
Unallocated Revenues	121,135,325	136,088,259	(14,952,934)
TOTAL REVENUES	353,884,977	377,639,344	(23,754,367)
PROGRAM EXPENSES:			
Regular Instruction	179,431,742	174,351,344	5,080,398
Federal Stimulus	16,381,307	12,689,246	3,692,061
Special Instruction	37,471,143	42,166,389	(4,695,246)
Career & Technical Instruction	10,266,650	11,173,411	(906,761)
Compensatory Instruction	32,111,417	38,702,893	(6,591,476)
Other Instructional Programs	3,926,777	3,938,143	(11,366)
Community Services	493,678	474,692	18,986
Support Services	67,074,218	70,777,237	(3,703,019)
Extracurricular Activities	1,988,996	2,102,491	(113,495)
Debt Payment	12,048,130	12,951,711	(903,581)
TOTAL EXPENSES	361,194,058	369,327,557	(8,133,499)
INCREASE (DECREASE) IN NET ASSETS	(7,309,081)	8,311,787	(15,620,868)
NET ASSETS - 9/1/09	534,507,323	526,195,537	8,311,787
NET ASSETS - 8/31/10	\$ 527,198,242	\$ 534,507,323	\$ (7,309,081)

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 column shows the financial impact by each of these functions.

Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2009-10	2008-09	2009-10	2008-09
Regular Instruction	179,431,742	174,351,344	(167,749,858)	(172,484,846)
Federal Stimulus	16,381,307	12,689,246	326,501	(23,206)
Special Instruction	37,471,143	42,166,389	(4,299,602)	(2,555,915)
Career & Tech Instruction	10,266,650	11,173,411	1,007,014	483,130
Compensatory Instruction	32,111,417	38,702,893	(1,628,696)	(476,949)
Other Instructional Programs	3,926,777	3,938,143	(1,679,140)	(1,025,658)
Community Services	493,678	474,692	294,473	270,265
Support Services	67,074,218	70,777,237	(47,833,769)	(47,668,593)
Extracurricular Activities	1,988,996	2,102,491	36,128	(135,807)
Debt payments	12,048,130	12,951,711	(12,048,130)	(12,951,711)
TOTALS	\$ 361,194,058	\$ 369,327,557	\$ (233,575,080)	\$ (236,569,290)

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 \$117.1 million, which is lower than last year's total by \$9.2 million. This change is the result of the following factors:

- The fund balance in the General Fund increased by \$6.4 million, because the district implemented a plan to decrease spending in non-essential positions and services. One-third of the fund balance is in the nonspendable, restricted, or committed categories.
- The fund balance in the Special Revenue Fund (ASB) increased by \$.38 million. All secondary schools and most elementary schools had activity in their ASB funds in 2009-10.
- The fund balance in the Debt Service Fund increased by \$4.7 million from the prior year. The expenditure amounts are set by the payment schedules on the district's outstanding bonds. Revenues are generated by setting an annual property tax rate at a level which will generate enough funds to repay the debt. The ending fund balance is higher than the prior year, and the district's cash flow projections indicate this reserve is adequate to meet future needs.
- The fund balance in the Capital Projects Fund decreased by \$20.6 million. The district is nearing the completion of all construction projects from the \$450 million bond approved by the voters in December 2001. The majority of the fund balance is in the restricted or committed categories.

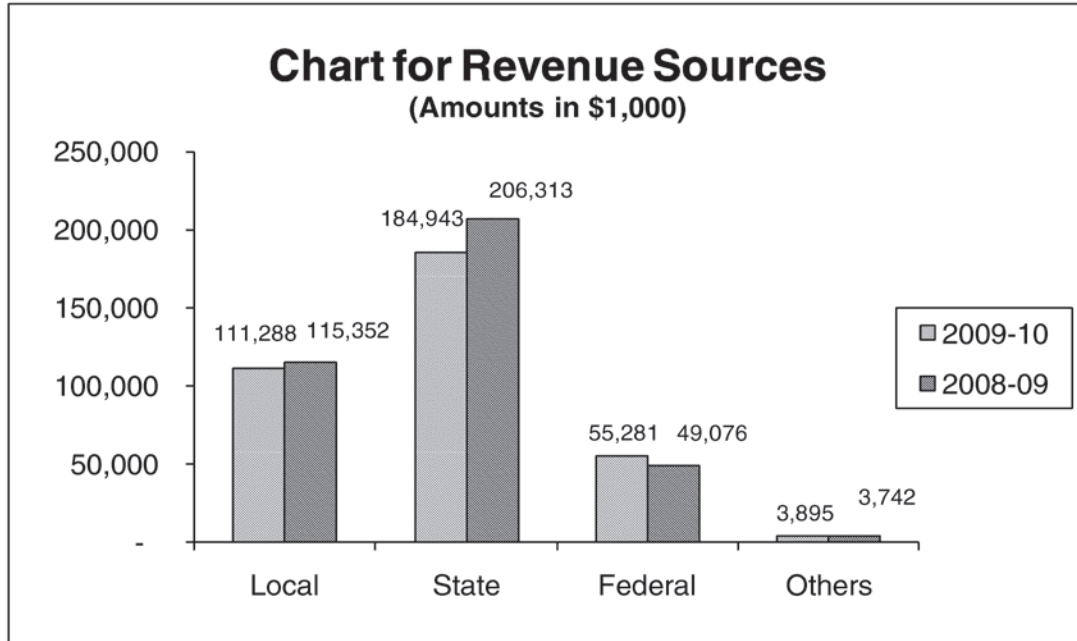
- The fund balance in the Transportation Vehicle Fund increased by \$.90 million. Five buses were purchased during 2009-10. Funding for these buses is provided from the state through its bus depreciation schedule and interest earnings.

The following table presents a summary of the governmental fund's revenues and expenditures for 2009-10 and the amounts and percentages of increases and decreases in relation to the prior year. A graphical presentation of revenues and expenditures follows.

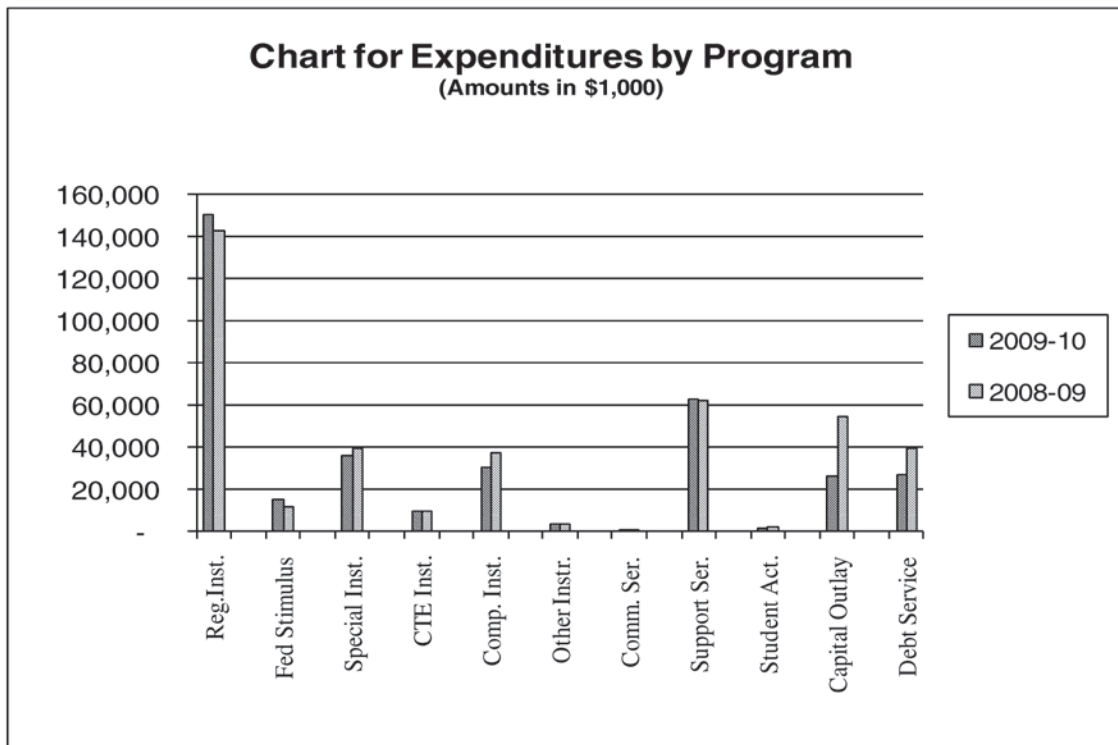
**Changes in Revenues and Expenditures
Governmental Funds**

Revenue Source	2009-10 Amount	Percent of Total	Increase (Decrease) Over 2008-09	Percent Increase (Decrease)
Local Taxes & Non-taxes	111,288,225	31.31%	(4,063,551)	(0.04)
State Revenues	184,943,014	52.04%	(21,370,189)	(0.10)
Federal Revenues	55,281,152	15.55%	6,204,899	0.13
Others	3,895,299	1.10%	153,509	0.04
Total	355,407,690	100.00%	(19,075,332)	(0.05)
Expenditures				
Regular Instruction	150,804,463	41.17%	7,836,041	0.05
Federal Stimulus	15,708,343	4.29%	3,612,039	-
Special Instruction	35,917,278	9.81%	(3,406,347)	(0.09)
Career & Tech Instruction	9,835,694	2.69%	(133,805)	(0.01)
Compensatory Instruction	30,930,647	8.44%	(6,566,212)	(0.18)
Other Instructional Programs	3,780,501	1.03%	(12,142)	(0.00)
Community Services	486,859	0.13%	39,274	0.09
Support Services	63,273,284	17.27%	954,751	0.02
Extracurricular Activities	1,986,443	0.54%	(110,495)	(0.05)
Capital Outlay	26,408,149	7.21%	(28,541,984)	(0.52)
Debt Service	27,147,084	7.41%	(12,593,286)	(0.32)
Total	\$ 366,278,745	100.00%	\$ (38,922,166)	(0.10)

**Changes in Revenues and Expenditures
Governmental Funds**



**Changes in Revenues and Expenditures
Governmental Funds**



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 2009-10.

The beginning balance in 2009-10 was \$39.3 million as reported in the Required Supplemental Information, Schedule A-1.

Revenues were \$2.7 million under budget. Washington statutes establish expenditure budgets as absolute expenditure limits, encouraging contingency budgeting. Expenditures were \$14.9 million under budget.

The district received \$5.6M in State Fiscal Stabilization Funds provided through the American Recovery and Reinvestment Act (ARRA). These funds replaced state basic education apportionment and Initiative 728 dollars the district would have normally received. The district also received \$8.2M in additional Title I funding and \$7.5M in additional Special Education funding through the ARRA. The district was awarded an \$11.2 million competitive federal stimulus School Improvement Grant (SIG) to assist four low-performing middle schools with improving student achievement. This new revenue and expenditure category is presented to allow the reader to gauge the significance of the short-term federal stimulus program. The federal stimulus program is available until September 2011.

Other financing sources were \$.23 million below budget. The district transferred \$.78 million from the Capital Projects Fund to the General Fund for technology purchases as permitted under state statute.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2009-10, the district had \$940.3 million 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 \$16.7 million over last year. School construction projects were responsible for most of this increase.

Capital Assets As of August 31, 2010

	2009-10 Governmental Activities		
	Historical Cost	Accumulated Depreciation	NET
Land	49,011,430	-	49,011,430
Building and Improvements	695,239,687	(228,064,271)	467,175,416
Equipment	34,692,063	(28,362,598)	6,329,465
Construction-in-progress	161,363,893	-	161,363,893
TOTALS	\$ 940,307,073	\$ (256,426,869)	\$ 683,880,204

Several major projects were transferred from a construction in progress (CIP) status and into capital assets as they were determined to be substantially complete in 2009-10. School construction projects transferred from CIP included: Fern Hill, Stafford, Foss, Stadium, and Wilson. The Cirque and Alameda new elementary school project has been reconsidered, and the site is included on a list of properties being considered for surplus and sale.

Construction in Progress - Changes from Prior Year

Elementary Schools	\$ (32,202,383)
Middle Schools	13,500,257
High Schools	<u>(160,476,161)</u>
	\$ (179,178,287)

The district's 2009-10 fiscal year budget for the Capital Projects Fund expenditures was set at \$52.7 million. Construction on the new Baker Middle School has begun, Geiger Elementary Montessori plans are being developed, and a number of small capital projects were completed. Small capital projects included: Foss High School Little Theater upgrade, Lincoln High School performing arts center upgrades, Stadium High School athletic field turf and track replacement, Wilson High School roof replacement and performing arts center upgrades, and Jason Lee Middle School synthetic turf playfield and track improvements. These projects and others were financed by the 2001 capital bonds (\$450 million), approved by the voters in 2001. Additional information on capital assets is included in the Notes to the Financial Statements, Note 4.

Debt

At year end, the district had \$281.3 million in unlimited general obligation bonds and qualified zone academy bonds outstanding, versus \$294.49 million last year – a decrease of \$13.13 million. Additional information on debt is included in the Notes to the Financial Statements, Note 7.

Outstanding Debt at Year-End (In Millions)

Governmental Activities	2009-10	2008-09	Increase/ (Decrease)	
99 Qualified Zone Academy Bonds	3.28	3.28	0.00	0%
00 Qualified Zone Academy Bonds	1.06	1.15	(0.09)	-8%
01 UTGO Bonds	10.00	17.50	(7.50)	-43%
03 UTGO Bonds	66.10	69.10	(3.00)	-4%
05 Refunding of 2001 UTGO	146.73	147.42	(0.69)	0%
05 UTGO Bonds	42.89	42.89	0.00	0%
05B UTGO Bonds	11.30	13.15	(1.85)	-14%
TOTALS	\$ 281.36	\$ 294.49	\$ (13.13)	-4%

NEXT YEAR'S BUDGET AND RATES

The district's 2010-11 expenditure budget for governmental funds was set at over \$429.7 million. The 2010 property tax rate was \$4.80 per thousand dollars of assessed value for the amounts collected in both the General Fund and the Debt Service Fund.

ECONOMIC FACTORS

The district serves the City of Tacoma and small outlying areas in Pierce County. The county is emerging from what has been the longest and deepest recession on record since the great depression. The recovery in Pierce County will be slow and fraught with uncertainty. However, the current economic forecast is for slow and steady growth through 2011. After three straight years of declines the Port of Tacoma is expected to see a modest growth in the container business.

While Pierce County's economy and population is forecasted to grow, the district continues to anticipate flat or declining enrollment next year. The 2010-11 official enrollment count, as measured by the state on the first day of school in October of each year, is 181 students lower than the enrollment from October 2009. The district's 2010-11 budget reflects another year of declining student enrollment and this trend is expected to continue through 2014.

The Washington State Legislature continues to grapple with state cuts totaling \$2.2 billion. Due to the state's proposed cuts to K-12 and the loss of federal economic stimulus funding, Tacoma School District faces more than \$25 million in estimated budget cuts over the next three years: \$13.1 million in 2011-12, \$7.51 million in 2012-13 and \$6 million 2013-14. The district continues the practice of pursuing administrative and operational efficiencies, deferred hiring, leaving positions vacant and reallocating resources to minimize future budget shortfalls.

The school board and management are committed to maintaining a minimum general fund balance of 4.5 percent in anticipated revenues. In planning for the future, management continues to proactively monitor enrollment trends and actions taken by the state legislature as well as the effect of a slow economy.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the district's finances. If you have questions about this report or need additional financial information, contact the district's Accounting Services Department at 601 South 8th Street, Tacoma, Washington, 98405-4614.

Tacoma School District No. 10

Government-Wide Financial Statements

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

These statements report all financial and capital resources of the primary government as a whole and its component unit (The Sound Partnership), except for the fiduciary funds of the primary government and component units that are fiduciary in nature.

The Statement of Net Assets displays “*assets less liabilities equal net assets*” 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 accrual basis of accounting.

TACOMA SCHOOL DISTRICT No. 10
STATEMENT OF NET ASSETS
August 31, 2010

			Primary Government
	Note No.		Governmental Activities
ASSETS			
Cash and Cash Equivalents	1.F.1	\$	6,157,645
Investments	2.A		130,006,641
Time Deposits	2.A		11,662,918
Property Tax Receivable	1.F.2		52,632,852
Receivables, Net	1.F.3		475,784
Due From Other Governments	1.F.5		7,075,407
Inventories	1.G		1,048,881
Prepaid Items			2,157,128
Capital Assets, net of accumulated depreciation, where applicable:	4		
Land			49,011,430
Buildings & Improvements			467,175,416
Equipment			6,329,465
Construction-in-Progress			161,363,893
Unamortized Bond Issuance Costs	7.B		1,287,128
TOTAL ASSETS			896,384,588
LIABILITIES			
Accounts Payable			16,234,799
Accrued Wages & Benefits Payable			16,689,201
Unearned Revenue	1.J		549,568
Long-Term Liabilities	7.A		
Due within one year			14,567,438
Due in more than one year			321,145,340
TOTAL LIABILITIES			369,186,346
NET ASSETS			
Invested in Capital Assets, Net of Related Debt			390,590,421
Restricted for:			
Associated Student Body			2,063,925
Capital Projects			59,600,915
Debt Service			7,090,526
The Sound Partnership Employee Benefit Trust			7,983,889
Unrestricted			59,868,566
TOTAL NET ASSETS		\$	527,198,242

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, 2010

					NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		PROGRAM REVENUES			PRIMARY GOVERNMENT
Functions/Programs	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
Regular Instruction	\$ 179,431,742	\$ 1,609,631	\$ 10,072,253	\$ -	\$ (167,749,858)
Federal Stimulus	16,381,307	-	16,689,332	18,476	326,501
Special Instruction	37,471,143	1,633,529	31,535,580	2,432	(4,299,602)
Career & Technical Instruction	10,266,650	42,150	11,171,069	60,445	1,007,014
Compensatory Instruction	32,111,417	9,599	30,439,049	34,073	(1,628,696)
Other Instructional Programs	3,926,777	413,810	1,813,311	20,516	(1,679,140)
Community Services	493,678	678,450	109,701	-	294,473
Support Services	67,074,218	2,975,681	16,264,768	-	(47,833,769)
Extracurricular Activities (ASB)	1,988,996	2,025,124	-	-	36,128
Interest Payment on Long-Term Debt	12,048,130	-	-	-	(12,048,130)
Total Governmental Activities	\$ 361,194,058	\$ 9,387,974	\$ 118,095,063	\$ 135,942	\$ (233,575,080)

General Revenues:

Taxes:

Property taxes, levies for maintenance and operations	72,876,736
Property taxes, levies for debt service	31,805,847
Property taxes, levies for capital projects	36
Unallocated State Apportionment & Others	121,135,325
Interest and Investment earnings	448,055

Total General Revenues **226,265,999**

Changes in Net Assets **(7,309,081)**

Net Assets - Beginning **534,507,323**

Net Assets - Ending **\$ 527,198,242**

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, 2010

	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	\$ 243,942	\$ 61,985	\$ -	\$ 10,000	\$ -	\$ 315,927
Cash on Deposit with County Treasurer	743,243	10,462	98,908	21,459	9,313	883,385
Investments	59,230,000	2,290,000	-	62,758,000	2,415,000	126,693,000
Time Deposits	250,000	-	7,070,000	4,342,918	-	11,662,918
Property Tax Receivable	38,592,971	-	14,037,155	2,726	-	52,632,852
Accounts Receivable, Net	179,956	8,384	-	-	-	188,340
Accrued Interest Receivable	12,192	524	10,196	209,460	462	232,834
Due From Other Funds	2,060,264	8,153	-	205,387	-	2,273,804
Due From Other Government Units	7,075,407	-	-	-	-	7,075,407
Inventories at Cost	1,048,881	-	-	-	-	1,048,881
Prepaid Items	2,086,428	44,607	-	26,093	-	2,157,128
TOTAL ASSETS	111,523,284	2,424,115	21,216,259	67,576,043	2,424,775	205,164,476
LIABILITIES:						
Accounts Payable	9,754,934	202,391	-	5,939,748	-	15,897,073
Accrued Wages & Benefits Payable	16,670,115	7,633	-	11,453	-	16,689,201
Due To Other Funds	216,202	31,432	-	2,021,201	-	2,268,835
Unearned Revenue	39,023,805	118,734	14,037,155	2,726	-	53,182,420
TOTAL LIABILITIES	65,665,056	360,190	14,037,155	7,975,128	-	88,037,529
FUND BALANCES						
Nonspendable						
Nonspendable - Inventory & Prepaid Items	3,135,309	44,607	-	-	-	3,179,916
Restricted						
Restricted for Arbitrage Rebate	-	-	-	692,764	-	692,764
Restricted for C/over of Restricted Revenues	539,119	-	-	-	-	539,119
Restricted for Construction	-	-	-	16,479,999	-	16,479,999
Restricted for Debt Service	-	-	-	4,342,918	-	4,342,918
Restricted for Technology	-	-	-	10,805,177	-	10,805,177
Restricted for Uninsured Risks	1,500,000	-	-	337,143	-	1,837,143
Committed						
Committed to Debt & Fiscal Management	8,605,955	-	-	-	-	8,605,955
Committed to Encumbrances	242,261	4,875	-	24,469,299	-	24,716,435
Committed to Other Purposes	1,000,000	-	-	-	-	1,000,000
Assigned						
Assigned to Budget Carryover	971,526	-	-	-	-	971,526
Assigned to Contingencies	21,516,930	-	-	-	-	21,516,930
Assigned to Curriculum & Instruction	4,576,673	-	-	-	-	4,576,673
Assigned to Special Education	3,770,455	-	-	-	-	3,770,455
Assigned to Fund Purposes	-	2,014,443	7,179,104	2,473,615	2,424,775	14,091,937
TOTAL FUND BALANCES	45,858,228	2,063,925	7,179,104	59,600,915	2,424,775	117,126,947
TOTAL LIABILITIES AND FUND BALANCES	\$ 111,523,284	\$ 2,424,115	\$ 21,216,259	\$ 67,576,043	\$ 2,424,775	\$ 205,164,476

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 ASSETS
August 31, 2010

	Total Governmental Funds	Long-Term Assets, Liabilities	Internal Service Fund	Reclassifications and Eliminations	Statement of Net Assets Totals
ASSETS					
Cash and Cash Equivalents	\$ 1,199,312	\$ -	\$ 4,958,333	\$ -	\$ 6,157,645
Investments	126,693,000	-	3,313,641	-	130,006,641
Time Deposits	11,662,918	-	-	-	11,662,918
Property Tax Receivable	52,632,852	-	-	-	52,632,852
Receivables, Net	421,174	-	49,641	4,969	475,784
Due From Other Funds	2,273,804	-	-	(2,273,804)	-
Due From Other Governments	7,075,407	-	-	-	7,075,407
Inventories	1,048,881	-	-	-	1,048,881
Prepaid Items	2,157,128	-	-	-	2,157,128
Capital Assets, Net (land, bldg, eqmt)	-	683,880,204	-	-	683,880,204
Unamortized Bond Issue Costs	-	1,287,128	-	-	1,287,128
TOTAL ASSETS	205,164,476	685,167,332	8,321,615	(2,268,835)	896,384,588
LIABILITIES					
Accounts Payable	15,897,073	-	337,726	-	16,234,799
Wages, Benefits & Other Payables	16,689,201	-	-	-	16,689,201
Due To Other Funds	2,268,835	-	-	(2,268,835)	-
Unearned Revenue	53,182,420	(52,632,852)	-	-	549,568
Long-Term Liabilities	-	335,712,778	-	-	335,712,778
TOTAL LIABILITIES	88,037,529	283,079,926	337,726	(2,268,835)	369,186,346
FUND BALANCES/NET ASSETS					
Total Fund Balances/Net Assets	117,126,947	402,087,406	7,983,889	-	527,198,242
TOTAL LIABILITIES AND FUND BALANCES/NET ASSETS	\$ 205,164,476	\$ 685,167,332	\$ 8,321,615	\$ (2,268,835)	\$ 896,384,588

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, 2010

	GENERAL FUND	SPECIAL REVENUE FUND (ASB)	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TRANSPORTATION VEHICLE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Local	\$ 78,957,108	\$ -	\$ 31,827,636	\$ 494,056	\$ 9,425	\$ 111,288,225
State	180,860,443	-	-	3,539,083	543,488	184,943,014
Federal	55,281,152	-	-	-	-	55,281,152
Miscellaneous	1,870,176	2,025,124	-	-	-	3,895,299
TOTAL REVENUES	316,968,878	2,025,124	31,827,636	4,033,139	552,913	355,407,690
EXPENDITURES						
Current Operating:						
Regular Instruction	150,804,463	-	-	-	-	150,804,463
Federal Stimulus	15,708,343	-	-	-	-	15,708,343
Special Instruction	35,917,278	-	-	-	-	35,917,278
Career & Technical Instruction	9,835,694	-	-	-	-	9,835,694
Compensatory Instruction	30,930,647	-	-	-	-	30,930,647
Other Instructional Programs	3,780,501	-	-	-	-	3,780,501
Community Services	486,859	-	-	-	-	486,859
Support Services	63,273,284	-	-	-	-	63,273,284
Student Activities	-	1,986,443	-	-	-	1,986,443
Debt Service:						
Principal	-	-	13,128,578	-	-	13,128,578
Interest and Other Charges	-	-	14,018,506	-	-	14,018,506
Capital Outlay:						
Other	573,376	-	-	25,356,335	478,438	26,408,149
TOTAL EXPENDITURES	311,310,445	1,986,443	27,147,084	25,356,335	478,438	366,278,745
Excess (Deficiency) of Revenues Over Expenditures	5,658,433	38,681	4,680,552	(21,323,196)	74,475	(10,871,055)
OTHER FINANCING SOURCES (USES)						
Proceeds from Sale of Surplus Equipment	37,334	-	-	-	16,111	53,445
Proceeds from Sale of Surplus Property	-	-	-	1,578,781	-	1,578,781
Transfers	786,285	-	88,578	(874,863)	-	-
TOTAL OTHER FINANCING SOURCES AND USES	823,619	-	88,578	703,918	16,111	1,632,226
NET CHANGE IN FUND BALANCE	6,482,052	38,681	4,769,130	(20,619,278)	90,586	(9,238,829)
Fund Balance - Beginning	39,376,176	2,025,244	2,409,974	80,220,193	2,334,189	126,365,775
Fund Balance - Ending	45,858,228	\$ 2,063,925	\$ 7,179,104	\$ 59,600,915	\$ 2,424,775	\$ 117,126,946

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

August 31, 2010

	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	\$ 104,682,619	\$ (3,357,856)	\$ -	\$ -	\$ -	\$ 101,324,763
Local Non-Taxes	6,605,606	-	-	-	-	6,605,606
State	184,943,014	-	-	-	-	184,943,014
Federal	55,281,152	-	-	-	-	55,281,152
Miscellaneous	3,895,299	-	-	202,917	-	4,098,216
Other Sources:						
Proceeds from Sale of Surplus Eqmt	53,445	-	-	-	-	53,445
Proceeds from Sale of Surplus Property	1,578,781	-	-	-	-	1,578,781
TOTAL	357,039,916	(3,357,856)	-	202,917	-	353,884,977
EXPENDITURES/EXPENSES						
Current:						
Regular Instruction	150,804,463	4,271,860	21,676,021	(1,157,073)	-	175,595,271
Federal Stimulus	15,708,343	443,236	-	(120,525)	-	16,031,054
Special Instruction	35,917,278	1,023,380	4,888	(275,582)	-	36,669,964
Career & Technical Instruction	9,835,694	227,722	59,186	(75,466)	-	10,047,136
Compensatory Instruction	30,930,647	730,337	1,172	(237,321)	-	31,424,835
Other Instructional Programs	3,780,501	86,767	4,557	(29,007)	-	3,842,818
Community Services	486,859	-	-	(3,736)	-	483,123
Support Services	63,273,284	941,315	1,910,965	(485,476)	-	65,640,088
Student Activities	1,986,443	-	2,553	-	-	1,988,996
Debt Service:						
Principal	13,128,578	-	-	-	(13,128,578)	-
Interest and Other Charges	14,018,506	-	-	-	(1,970,376)	12,048,130
Capital Outlay **	26,408,149	-	(18,985,506)	-	-	7,422,643
TOTAL EXPENDITURES/EXPENSES	366,278,745	7,724,617	4,673,836	(2,384,186)	(15,098,954)	361,194,058
NET CHANGE FOR THE YEAR	\$ (9,238,829)	\$ (11,082,473)	\$ (4,673,836)	\$ 2,587,103	\$ 15,098,954	\$ (7,309,081)

Tacoma School District No. 10

Proprietary Fund (The Sound Partnership)

TACOMA SCHOOL DISTRICT No. 10
PROPRIETARY FUND (The Sound Partnership)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010

		<div style="border: 1px solid black; padding: 2px; text-align: center;"> Governmental Activities </div> <div style="border: 1px solid black; padding: 2px; text-align: center;"> Internal Service Fund </div>
OPERATING REVENUES		
Premiums Contributions	\$	36,492,324
Miscellaneous Earnings		1,047
TOTAL OPERATING REVENUES		36,493,371
OPERATING EXPENSES		
Benefits Claims		11,201,175
Insurance Premiums		21,010,775
Administrative Expenses		1,835,955
Working on Wellness		57,117
TOTAL OPERATING EXPENSES		34,105,022
OPERATING INCOME (LOSS)		2,388,349
NONOPERATING REVENUES (EXPENSES)		
Investment Earnings		202,917
Net Appreciation in Fair Value of Investments		(4,163)
TOTAL NONOPERATING REVENUES (EXPENSES)		198,754
CHANGE IN NET ASSETS		2,587,103
NET ASSETS - BEGINNING		5,396,786
NET ASSETS - ENDING	\$	7,983,889

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

TACOMA SCHOOL DISTRICT No. 10
PROPRIETARY FUND (The Sound Partnership)
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010

Governmental Activities
Internal Service Fund

CASH FLOWS FROM OPERATING ACTIVITIES

Premium Contributions	\$ 36,492,324
Miscellaneous Receipts	1,047
Accounts Receivable - Stop Loss	421,606
Prepaid Expenditures	2
Benefits Payments	(14,308,297)
Insurance Premium Payments	(21,010,775)
Administrative	(1,835,955)
Miscellaneous Payments	(57,117)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(297,165)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases and Sales of Investments	2,043,000
Interest and Dividends	226,987
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,269,987

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

1,972,822

BALANCES - BEGINNING OF THE YEAR

2,985,511

BALANCES - END OF THE YEAR

\$ 4,958,333

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating Income (Loss)	\$ 2,388,349
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in Accounts Receivable	421,606
(Increase) Decrease in Prepaid Expenses	2
Increase (Decrease) in Liabilities	(3,107,122)

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

\$ (297,165)

NONCASH FINANCING AND INVESTING

Depreciation in Fair Value of Investments	4,163
-------------------------------------------	-------

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

Tacoma School District No. 10

Fiduciary Funds Financial Statements

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

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

Agency Funds reports resources held by Tacoma School District No. 10 in a purely custodial capacity.

TACOMA SCHOOL DISTRICT No. 10
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
August 31, 2010

	Private-Purpose Trusts	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 11,790	\$ 540
Accounts Receivable	10,332	-
Investments at Fair Value	388,250	4,000
Accrued Interest Receivable	-	-
Prepaid Items	-	-
TOTAL ASSETS	410,372	4,540
LIABILITIES		
Accounts Payable	15,462	82
Unearned Revenue	3,159	-
Custodial Accounts	-	4,458
TOTAL LIABILITIES	18,621	4,540
NET ASSETS		
Held in Trust for Gifts and Scholarships	391,751	-
TOTAL NET ASSETS	\$ 391,751	\$ -

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 ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010

		Private Purpose Trusts
ADDITIONS		
Donations	\$ 210,676	
Total Additions		210,676
DEDUCTIONS		
Scholarships	63,684	
Tuition and Fees	19,923	
Books and Materials	100,682	
Field Trips	12,659	
Purchased Services	1,101	
Salaries & Benefits	5,774	
Administrative	672	
Total Deductions		204,495
Change in Net Assets		6,181
Net Assets, Beginning of the year		385,570
Net Assets, End of the year	\$	391,751

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
Note 7	Long-Term Debt
Note 8	Operating Leases
Note 9	Risk Management
Note 10	Reconciliation between Government-Wide Financial Statements and Governmental Fund Financial Statements
Note 11	Fund Equity
Note 12	Special Items
Note 13	Contingent Liabilities
Note 14	Litigation
Note 15	Subsequent Events

TACOMA SCHOOL DISTRICT No. 10
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 1, 2009 through August 31, 2010

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Tacoma School District operates under an 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 those of the district and its component unit, entities for which the district is considered to be financially accountable. The component unit discussed below is included in the Tacoma School District reporting entity because of the significance of its operational or financial relationships with the district.

Blended Component Unit. The Sound Partnership is a health and welfare trust fund (a separate legal entity) administered by a joint board of five management and five labor trustees. The participants of the Trust are all 3,500 employees of the Tacoma School District. The Tacoma School District retains complete governing control (appoint board of trustees, and accountable for financial matters) over the Sound Partnership which provides health and dental care, and life insurance to the above participants' employees and 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 component unit's fund is blended into those of the district's by appropriate activity type to compose the *primary government* presentation. The Sound Partnership is reported in the internal service fund in accordance with GASB Statement No.10 (Risk Financing). The Sound Partnership financial statements are available from:

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

B. BASIS OF PRESENTATION

The Tacoma School District's financial reports, as reflected by the accompanying financial statements, conform to generally accepted accounting principals. 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, liabilities, 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 (i.e., all non-fiduciary 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 component unit (The Sound Partnership).

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 Assets** – The Statement of Net Assets report 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 Statement of Activities demonstrates the degree to which the direct expenses of a given function/program are offset by program revenues. 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 include charges to customers, parents or students who purchase, use or directly benefit from goods or services provided by a function and grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. All revenues not associated with a program are defined as general revenues. General revenues include general apportionment from the State of Washington, local property taxes, investment earnings and special items.

Fiduciary funds are not presented in the government-wide financial statements. They are 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 general fund, special revenue fund (associated student body fund), capital projects fund, transportation vehicle fund, and debt service fund.

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. In keeping with the principle of as few funds as necessary, food services, maintenance, data processing, printing, and transportation activities are included in this fund. These activities are legally designated in the general fund, and also principally serve and receive their support from the general fund.

Special Revenue Fund (Associated Student Body Fund)

This fund is used to account for the extracurricular fees and resources collected in fundraising events for students. Disbursements require the joint approval of the appropriate student body organization and the district's board of directors. This fund is accounted for as a special revenue fund since the financial resources legally belong to the Tacoma School District.

Debt Service Fund

This fund is used to account for the accumulation of resources for the payment of matured long-term debt principal, interest and related expenditures. The Debt Service Fund revenues are primarily local property taxes.

There are no legal requirements which mandate a separate fund for each bond issue, therefore, the district maintains one Debt Service Fund for all bond issues.

Capital Projects Fund

The Capital Projects Fund is used to account for the construction or purchase of major capital facilities. This fund must be used when projects are financed wholly or in part by bond issues, intergovernmental resources, major private donations, or insurance recoveries. This fund is also used to account for energy capital improvements, and the purchase of additional major items of equipment or furniture.

Transportation Vehicle Fund

This 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.

PROPRIETARY FUNDS

The Sound Partnership (a blended component unit) is reported in the 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 activity has 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 assets and changes in net assets. Trust and agency funds are used to account for assets held for individuals, private organizations, other governments, or other funds in its fiduciary capacity as trustee or agent. These funds include private-purpose trust and agency funds.

Private Purpose Trust Fund

This fund is used to account for resources legally held in trust, and the entire income and principal of a private-purpose fund may be disbursed in the course of its operation. These trusts are primarily used for post-secondary scholarships, and to assist needy students with the purchase of uniforms, ASB memberships, etc.

Agency Fund

This fund is used to account for resources where the district's role is purely custodial. The Tacoma School District's agency funds include numerous student aid accounts which assist students with purchasing school uniforms, shoes, backpacks, etc.; scholarships for post-secondary education, and the International School of Lagos which holds funds to reimburse the Tacoma School District for supplies and materials used in its operations.

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 at anytime during the fiscal year. There were no revisions at the fund level during fiscal year 2009-10.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders) outstanding at year end are reported as committed fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

BUDGETARY BASIS OF ACCOUNTING

For budget purposes, revenues and expenditures are accounted for on a modified accrual basis of accounting as prescribed in laws for all governmental funds. Beginning fund balance is budgeted as available resources and, pursuant to laws, the budgeted ending fund balance cannot be negative.

Formal budgetary accounting is employed as a management control for all governmental funds. Budgets are adopted on the same basis of accounting used to reflect actual revenues and expenditures on a generally accepted accounting principles basis.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

MEASUREMENT FOCUS

The government-wide financial statements measure and report all assets (both financial and capital), liabilities, 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 assets (or cost recovery), and financial position.

Governmental fund financial statements (general fund, special revenue fund, debt service fund, capital projects fund, and transportation vehicle fund) use the current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available financial resources during a given period. These funds use fund balance as their measure of available financial resources at the end of the period.

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

The private-purpose trust funds are used to account for resources legally held in trust for the benefit of specially named organizations (not to support the district's programs) or expenditures that are to assist the poor or infirm and are reported on the accrual basis of accounting. Agency funds that are custodial in nature and do not involve measurement of results of operation, are reported on the accrual basis of accounting.

BASIS OF ACCOUNTING

In the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this method, revenues are recognized when they become 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 are reported when due.

E. ELIMINATIONS AND RECLASSIFICATIONS

In the process of aggregating data for the government-wide Statements of Net Assets 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 ASSETS/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 Bank of New York as its fiscal agent for bond principal and coupon redemption. Short-term investments are shown on the Statement of Net Assets 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. Pierce County forecloses on property following the third year of delinquency. In governmental fund financial statements, property tax revenue which is measurable but not available (taxes that are not expected to be collected within 60 days after the current period) is recorded as a receivable and unearned revenue. In government-wide financial statements, property tax revenue, net of estimated uncollectible property taxes, is accrued at year-end.

3. Accounts Receivable

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

4. Due To/From Other Funds

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 grants. Grant revenues are recorded in the year in which the related expenditures are incurred.

G. INVENTORIES AND PREPAID ITEMS

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 an expenditure when it is 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 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. As of August 31, 2010, the value of the USDA commodities included in this district’s inventory was \$495,840.

Prepaid items in the general fund and special revenue fund consist of expendable supplies and equipment, generally purchased over the summer, and held for consumption when school begins in the fall. The costs are recorded as expenditures at the time individual 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, they 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.

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, there is no depreciation for capital assets. However, depreciation is charged to expense and allocated to various functions/programs in government-wide financial statements 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 Assets. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	50 years
Building & Site Improvements	20 years
Portable Buildings	25 years
Equipment & Vehicles	4-10 year

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures upon acquisition.

J. UNEARNED REVENUE

In governmental fund financial statements, unearned revenues consist of amounts collected before revenue recognition criteria are met, and receivables which, under the modified accrual basis of accounting, are measurable but not yet available, e.g. unearned property tax revenues, unearned revenues from federal, state, and local grants, and unearned revenues on long-term receivables. In government-wide financial statements, property taxes less estimated uncollectible are accrued, therefore there are no unearned property tax revenues on these statements.

K. COMPENSATED ABSENCES

1. Sick Leave

Full-time employees earn sick leave at a rate of 12 days per year up to a maximum of one contract year. For buy-back purposes employees may accumulate sick leave to a maximum of 195 days, including the annual accumulation, as of December 31 of each year.

Under the provisions of the Revised Code of Washington, sick leave accumulated by district employees is paid at death or retirement at the rate of 25 percent of each day of accrued leave, and limited to 180 accrued days. This chapter also provides for an annual buy-back of an amount up to the maximum annual accumulation of twelve days for active employees. 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.

Sick leave is reported under long-term liabilities in the *Statement of Net Assets*. For reporting purposes, 25 percent of the sick leave liability (up to 180 days) for those eligible for retirement is considered accruable. The vesting method in GASB Statement 16 was applied in calculating the sick leave. The amount of accrued sick leave as of August 31, 2010 was \$13,706,630 and reported as long-term liabilities in government-wide financial statements.

2. Vacation Leave

For the employees that receive vacation leave, vacation leave is accrued according to the particular bargaining agreement. Vacation pay is recorded as an expenditure at the time of payment which occurs upon usage or upon employee termination. It is computed at 100 percent of the accrued amount. The amount accrued for vacation leave as of August 31, 2010 was \$4,494,117 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 ASSETS (Government-wide Financial Statements)

The “Invested in Capital Assets, Net of Related Debt” 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 Assets” component reports the assets with constraints placed on net assets 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 Assets” 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

The district has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*. Following are the fund balance designations for the governmental funds financial statements:

Nonspendable accounts represent those portions of fund balance that cannot be spent either because they are not in a spendable form (inventories and prepaids), or are legally required to be maintained intact (trust principal).

Restricted fund balances are those amounts that are restricted for specific purposes. These restrictions may either be:

- (1) Externally imposed by creditors, grantors, contributors, laws, or regulations of other governments, or
- (2) Imposed by law through constitutional provisions or enabling legislation.

Included in this fund balance category are the carryovers of restricted state revenues, uninsured risk, construction and technology projects, debt service, and federal arbitrage rebate.

Committed accounts are those that can only be used for specific purposes pursuant to constraints imposed by resolution of the board of directors. These committed fund balances cannot be used for any other purposes unless the board takes action to change or remove the original limitation. Reserves for debt and fiscal management, encumbrances, and contingencies are reported here.

Assigned fund balances comprise amounts a district intends to use for a specific purpose. Authority for making these assignments rests with senior administration of the district. For funds other than the General Fund, the amount of residual fund balance that is spendable after all restrictions, commitments, and other assignments have been made is classified as assigned. Budgeted carryover, contingencies for future operations, set-asides for specific programs such as special education and curriculum and instruction, and ending reserves for fund purposes in all governmental funds except the General Fund are reported in this category.

Unassigned fund balance includes all resources not reported in the other four classifications and reported only in the General Fund. These resources are the only ones on the balance sheet that are truly available for any purpose.

Note 2. **DEPOSITS AND INVESTMENTS**

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

A. **DEPOSITS**

At year end, the 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	Time Deposits	Investments
Governmental Funds	\$ 1,199,312	\$ 11,662,918	\$ 126,693,000
Sound Partnership	4,958,333	-	3,313,641
Total Government-Wide	6,157,645	11,662,918	130,006,641
Fiduciary Funds	12,330	-	392,250
Total Deposits & Investments	<u>\$ 6,169,975</u>	<u>\$ 11,662,918</u>	<u>\$ 130,398,891</u>

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

savings deposits as well as accrued interest through the date of repayment. At year end, the carrying amounts of the certificates of deposit (\$11,662,918) are classified as deposits, which are subject to FDIC coverage up to \$100,000 per certificate of deposit or \$2,500,000 (25 certificates) and to the Washington Public Deposit Protection Commission for the remaining balance.

As of August 31, 2010, the total carrying amount of the district's investments was \$130,398,891 and this amount approximates fair value as defined by GASB Statement No. 31. The district's funds are invested in Local Government Pool accounts held by the Pierce County Treasurer on behalf of the district. The Sound Partnership's investments are held in the trust's name at local banks as certificates of deposit and deposit notes, and the investments are laddered out within a three year period to accommodate spending needs.

Interest Rate Risk – The Pierce County Treasurer's investment policy does not specifically address management of interest rate risk. Exposure to fair value losses arising from increasing interest rates is managed by limiting the weighted average maturity of the portfolio to between six months and one year. The district's investment strategy limits the district's investment portfolio with the county to maturities of less than three years. Because of the extremely low interest rates during the past two fiscal years, the district changed its investment practices and had all its investments maturing on a short term basis (maturing in less than one year). When interest rates improve, the district will revert back to its normal investment strategies.

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.

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; 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 & Poors. With the exception of U.S. Treasuries and Government agencies and instrumentalities, no more than 20 percent of investments shall be from any single issuer. Credit quality distribution for securities with credit exposure are presented as a percentage of total investments

The district's objective is to invest with the objective of producing the greatest return consistent with Washington State statutes.

Concentration of Credit Risk – The district places no limit on the amount it may invest with any one issuer. More than 90 percent of the district's investments are in the Local Government Investment Pool (LGIP).

Investment Type	Moody's Investor Service	Standard & Poors
Local Government Investment Pool	Not rated	Not rated

The LGIP is a voluntary investment vehicle operated by the Washington State Treasurer and was established in 1986 to provide safe, liquid, and competitive investment options for local governments pursuant to RCW 43.250. The LGIP is comparable to an SEC regulated Rule 2a-7 money market fund. The portfolio is managed to maintain a stable net asset value at \$1.00, like 2a-7 funds, however maintenance of a stable net asset value at \$1.00 is not guaranteed. Additional information is available from the Washington State Treasurer's Office: <http://www.tre.wa.gov/lqip/>

B. CASH WITH FISCAL AGENT

The repayments of the bond interest and principal are made through the district's fiscal agent (The Bank of New York). 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, 2010, short-term interfund receivables and payables in governmental funds that resulted from various interfund transactions in governmental fund financial statements were as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$2,055,295	\$ 216,202
Capital Projects Fund	205,387	2,021,201
Special Revenue Fund	8,153	31,432
Total	<u>\$2,268,835</u>	<u>\$ 2,268,835</u>

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. The amounts "Due From" and "Due To" private-purpose trust funds and agencies are combined into one amount (\$4,969) and reclassified as third party receivables/payables in the government-wide financial statements.

Planned transfers between funds are included in the budgeting process. In 2009-10 there was a transfer from the Capital Projects Fund to the Debt Service Fund for the principal payment of the QZAB bonds (\$88,578), and a transfer from the Capital Projects Fund to the General Fund for district-wide technology transactions (\$786,285).

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 property valuation of buildings and contents for insurance purposes was \$766,514,849 on August 31, 2010.

When reviewing the assets, some portable buildings had been mis-categorized as equipment and had the wrong number of useful life years (20 instead of 25 years) in their straight line depreciation calculation. The portables in the asset system were corrected; \$4,727,213 in total value and \$2,183,049 in accumulated depreciation were transferred from an Equipment category to Buildings and Improvements.

	Primary Government			
	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 47,454,135	\$ 2,456,593	\$ (899,298)	\$ 49,011,430
Construction-in-Progress	340,542,180	14,125,191	(193,303,478)	161,363,893
Total Capital Assets, not being depreciated	387,996,315	16,581,784	(194,202,776)	210,375,323
Capital assets, being depreciated:				
Building and Improvements	498,447,631	198,728,139	(1,936,083)	695,239,687
Equipment	37,157,325	(2,121,515)	(343,747)	34,692,063
Total Capital assets, being depreciated:	535,604,956	196,606,624	(2,279,830)	729,931,750
Less Accumulated Depreciation for:				
Building and Improvements	(206,966,985)	(23,033,369)	1,936,083	(228,064,271)
Equipment	(28,080,246)	(625,973)	343,621	(28,362,598)
Total Accumulated Depreciation	(235,047,231)	(23,659,342)	2,279,704	(256,426,869)
Total Capital assets, being depreciated, net	300,557,725	172,947,282	(126)	473,504,881
Governmental Activities Capital Assets, Net	\$688,554,040	\$ 189,529,066	\$ (194,202,902)	\$ 683,880,204

Depreciation expense was charged to governmental activities as follows:

Regular Instruction	\$ 21,676,021
Special Instruction	\$ 4,888
Career & Technical Instruction	\$ 59,186
Compensatory Instruction	\$ 1,172
Other Instruction Programs	\$ 4,557
Support Services	\$ 1,910,965
Extracurricular Activities (ASB)	\$ 2,553
	\$ 23,659,342

Note 5. CONSTRUCTION IN PROGRESS

School	Project	Project Authorization	Accumulated Expenditures to 8/31/2010
Elementary Schools			
Geiger	New School	\$ 26,342,010	\$ 744,467
Total Elementary Schools		26,342,010	744,467
Middle Schools			
Baker	New School	51,000,000	6,174,774
Gray	New School	42,941,464	39,641,177
First Creek (Portland Ave.)	New School	48,256,480	40,811,401
Hunt	New School	48,000,000	2,252,640
Total Middle Schools		190,197,944	88,879,992
High Schools			
Lincoln	Modernization	75,251,312	71,739,434
Total High Schools		75,251,312	71,739,434
GRAND TOTAL		\$ 291,791,266	\$ 161,363,893

Note 6. PENSIONS**A. GENERAL INFORMATION**

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

Membership by retirement system program as of June 30, 2009:

Retirement Program	Active Members	Inactive Vested Members	Retired Members
TRS	67,388	8,660	39,927
PERS	159,235	28,074	74,857
SERS	52,474	9,193	4,629

Certificated public employees are members of TRS. Non-certificated public 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. Plan 1 members are eligible to retire with full benefits after five years of credited service and attainment of age 60, after 25 year of credited service and attainment of age 55, or after 30 years of credited service.

Plan 2 under the TRS or SERS programs are defined benefit pension plans whose members joined on or after October 1, 1977 but before June 30, 1996 or August 31, 2000 for TRS or SERS programs respectively. Members of TRS and SERS are eligible to retire with full benefits after five years of credited service and attainment of age 65 or after 20 years of credited service and attainment of age 55 with the benefit actuarially reduced from age 65.

Plan 3 under the TRS and SERS programs are defined benefit, defined contribution pension plans whose members joined on or after July 1, 1996 or September 1, 2000 for SERS and TRS, respectively. Members are eligible to retire with full benefits after five years of credited service and attainment of age 60 or after ten years of credited service and attainment of age 55 with the benefit actuarially reduced from age 65.

Average final compensation (AFC) of Plan 1 TRS and PERS members is the highest average salary during any two consecutive years. For Plan 2 and Plan 3 TRS and SERS members, it is the highest average salary during any five consecutive years.

The retirement allowance of Plan 1 TRS and PERS members is the AFC multiplied by 2 percent per year of service capped at 60 percent with a cost-of-living adjustment. For Plan 2 TRS and SERS members, it is the AFC multiplied by 2 percent per year of service with provision for a cost-of-living adjustment. For the defined benefit portion of Plan 3 TRS and SERS it is the AFC multiplied by 1 percent per year of service with a cost-of-living adjustment.

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 advice from the Office of the State Actuary. The employee contribution rate for Plan 1 in PERS and TRS is set by statute at 6 percent and does not vary from year to year. The employer rate is the same for all plans in a system. The methods used to determine the contribution requirements are established under RCW chapters 41.40, 41.32, and 41.35 for PERS, TRS, and SERS respectively.

The district contribution represents its full liability under both systems, except that future rates may be adjusted to meet the system needs.

B. CONTRIBUTIONS

Pension contribution rates as of July 1, 2010, are summarized in the table below:

	7/1/09 Rate as of 7/1/09	7/1/10 Rate as of 7/1/10
TRS 1		
Employee Contribution Rate	0.0600	0.0600
Employer Contribution Rate	0.0846	0.0614
TRS 2		
Employee Contribution Rate	0.0426	0.0336
Employer Contribution Rate	0.0846	0.0614
TRS 3		
Employee Contribution Rate	---	---
Employer Contribution Rate	0.0846*	0.0614*
PERS 1		
Employee Contribution Rate	0.0600	0.0600
Employer Contribution Rate	0.0529	0.0531
PERS 2		
Employee Contribution Rate	0.0389	0.0390
Employer Contribution Rate	0.0529	0.0531
PERS 3		
Employee Contribution Rate	---	---
Employer Contribution Rate	.0529*	.05231*
SERS 2		
Employee Contribution Rate	0.0468	0.0314
Employer Contribution Rate	0.0754	0.0544
SERS 3		
Employee Contribution Rate	---	---
Employer Contribution Rate	.0754*	.0544*

* = Defined benefit portion only.

Under current law the employer must contribute 100 percent of the employer-required contribution. The Tacoma School District is in compliance with this law. Employer required contributions in dollars (participant information for all plans is as of September 30):

<u>Plan</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
Plan I TRS	\$ 1,003,713	\$ 1,356,042	\$ 1,038,417
Plan II TRS	1,761,092	2,187,130	1,376,116
Plan III TRS	6,255,922	7,601,457	4,893,156
Plan I PERS	\$ 148,953	\$ 237,211	\$ 186,758
Plan II SERS	1,287,030	1,422,344	1,064,237
Plan III SERS	1,240,291	1,351,272	1,005,211

Historical trend information showing TRS and PERS progress in accumulating sufficient assets to pay benefits when due is presented in the State of Washington's June 30, 2010, comprehensive annual financial report. Refer to said report for detailed trend information. It is available from:

State of Washington
Office of Financial Management
PO Box 43113
Olympia, Washington 98504-3113

Note 7. LONG-TERM DEBT

A. CHANGES IN LONG-TERM LIABILITIES

Bonds payable at August 31, 2009 include the following: Qualified Zone Academy Bonds (QZAB) 1999 maturing in 2011, QZAB 2000 maturing in 2012, Unlimited Tax General Obligation Bonds (UTGO) of 2001, UTGO Bonds of 2003, UTGO Bonds of 2005, a Refunded Bond Issue of the 2001 UTGO, and UTGO Bonds of 2005A. Except for the QZABs, interest is payable on June 1 and December 1. The QZABs are interest-free bonds and only principal payments are made on the debt.

In 2001, the district passed a \$450M bond authority for construction projects and there were four separate bond issues on the \$450M. In December 2001, the board issued \$250M in nineteen-year property-tax supported general obligation bonds to finance the construction of various district projects, including the new Mt. Tahoma High School, new Giaudrone Middle School, modernization and addition to Foss High School, and the modernization of Stadium High School. Interest rates on these general obligation bonds are fixed at 3.125 to 5.50 percent, depending on the year of maturity. The majority of this bonds issue was refunded in June 2005, and will be retired on December 1, 2011.

In December 2003, the board issued \$100M in eighteen-year property-tax supported general obligation bonds for the next phase of projects. This funding supported the modernization of Wilson High School, modernization of Lincoln High School, and construction of the new Helen B. Stafford Elementary School. Interest rates on the general obligation bonds are fixed at 2.0 to 5.0 percent depending on the year of maturity. These bonds will be retired on December 1, 2021.

In June 2005, the board issued \$45M in nineteen-year property-tax supported general obligation bonds for the third phase of projects. A new Gray Middle School was constructed on the grounds of the old Mt. Tahoma High School site, and Fern Hill Elementary was modernized. Interest rates on the general obligation bonds are fixed at 3.0 to 5.0 percent. These bonds will be retired on December 1, 2024.

In December 2005, the board issued the final \$55M in seventeen-year property-tax supported general obligation bonds for the final phase of projects. The new First Creek Middle School and about \$6M of the new Gray Middle School project were constructed with this phase of funding, and the new Geiger Elementary School project is coming from this source. Interest rates on these bonds are 4.0 to 5.0 percent depending on the year of maturity. These bonds will be retired on June 1, 2021.

The debt service fund is established to redeem the outstanding bonds. Compensated absence liabilities are liquidated in the general fund; liquidations are generally equal to the accruals each year. Besides the long-term liabilities, the district also has short-term liabilities such as general accounts payable, wages and benefits payable, and deferred revenues. Those are on-going liabilities and will liquidate within one year. The district does not have conduit debt or hold demand bonds.

During the year ended August 31, 2010, the following change occurred in liabilities reported in the government-wide financial statements.

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One Year
GOVERNMENT ACTIVITIES					
Bonds and Contracts Payable:					
1999 QZAB	3,280,000	-	-	3,280,000	-
2000 QZAB	1,151,496	-	88,578	1,062,918	88,578
2001 UTGO Bonds	17,500,000	-	7,500,000	10,000,000	2,590,000
2003 UTGO Bonds	69,100,000	-	3,000,000	66,100,000	8,000,000
2005 Refunding of 2001 UTGO	147,420,000	-	690,000	146,730,000	700,000
2005 UTGO Bonds	42,890,000	-	-	42,890,000	-
2005B UTGO Bonds	13,150,000	-	1,850,000	11,300,000	-
Total Bonds and Contracts Payable	294,491,496	-	13,128,578	281,362,918	11,378,578
Other Liabilities:					
Unamortized Bond Premium	15,377,778	-	2,163,785	13,213,993	2,051,746
Net OPEB Obligation	14,167,173	13,465,862	4,697,914	22,935,121	-
Compensated Absences	19,244,077	48,289	1,091,620	18,200,746	1,137,114
Total Other Liabilities	48,789,028	13,514,151	7,953,319	54,349,860	3,188,860
GRAND-TOTAL	\$ 343,280,524	\$ 13,514,151	\$ 21,081,897	\$ 335,712,778	\$ 14,567,438

B. UNAMORTIZED BOND ISSUANCE COSTS

The unamortized bond issuance costs for the limited/unlimited tax general obligation bonds and the qualified zone academy bond are as follows:

Descriptions	Unamortized Bond Issuance Costs			
	Beginning Balance	Debit	Credit	Ending Balance
1999 Qualified Zone Academy Bonds	\$ 6,363		\$ 2,728	\$ 3,635
2000 Qualified Zone Academy Bonds	656		203	453
2001 Unlimited Tax GO Bonds	91,278		91,278	-
2003 Unlimited Tax GO Bonds	398,635		32,542	366,093
2005A Unlimited Tax GO Bonds	754,597		49,482	705,115
2005B Unlimited Tax GO Bonds	229,008		17,176	211,831
	\$ 1,480,537	\$ -	\$ 193,409	\$ 1,287,128

C. BOND PREMIUM

The district sold Unlimited General Obligation Bonds at a premium in each of the four bond sales in 2001, 2003, and 2005 (A and B). 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			Ending Balance
	Beginning Balance	Increase	Decrease	
2001 Unlimited Tax GO Bonds	35,558	-	39,441	(3,883)
2003 Unlimited Tax GO Bonds	3,021,174	-	634,848	2,386,326
2005A Unlimited Tax GO Bonds	11,859,047	-	1,409,332	10,449,715
2005B Unlimited Tax GO Bonds	461,999	-	80,164	381,835
	<u>\$ 15,377,778</u>	<u>\$ -</u>	<u>\$2,163,785</u>	<u>\$ 13,213,993</u>

D. DEBT SERVICE REQUIREMENT TO MATURITY

Year Ending August 31,	UTGO & QZAB Bonds		
	Principal	Interest	Total
2011	11,378,578	13,421,707	24,800,285
2012	25,199,340	12,804,301	38,003,641
2013	19,265,000	11,896,201	31,161,201
2014	19,165,000	10,935,788	30,100,788
2015	17,850,000	10,026,125	27,876,125
2016	21,670,000	9,125,875	30,795,875
2017	20,180,000	8,029,750	28,209,750
2018	29,840,000	6,913,125	36,753,125
2019	30,140,000	5,449,750	35,589,750
2020	29,215,000	3,915,250	33,130,250
2021	13,070,000	2,602,500	15,672,500
2022	9,775,000	1,971,375	11,746,375
2023	10,620,000	1,465,250	12,085,250
2024	11,520,000	911,750	12,431,750
2025	12,475,000	311,875	12,786,875
TOTAL	<u>\$ 281,362,918</u>	<u>\$ 99,780,622</u>	<u>\$ 381,143,540</u>

E. 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. This requirement is in effective for the district's 2001, 2003, and 2005A and 2005B bond issues, currently totaling \$277,020,000 as of August 31, 2010. Of the rebate, 90 percent 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 they 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. Because of the uncertainty of having to make this payment, the district has provided a reserve in the Capital Projects Fund of \$692,764 (as calculated by Bond Logistics, Inc.) for federal arbitrage rebate associated with the four bond issues.

Note 8. OPERATING LEASES (NON-CAPITALIZED)

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 new copier agreement in June, 2009 and these figures represent the on-going obligation. The following is a schedule by years of future minimum rental payments required under operating leases with initial or remaining non-cancellable lease terms of one year or more as of August 31, 2010.

Year Ending August 31	Amount
2010	\$ 515,014
2011	515,014
2012	<u>515,014</u>
Minimum payments required	\$1,545,042

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	
2009	\$ 999,511	309,394	273,987	\$ 1,034,918
2010	1,034,918	103,191	423,388	714,721

B. INDUSTRIAL INSURANCE

Effective 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. 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 employees hours worked, according to job classification codes as developed by the Department of Labor & Industries. In addition, the district reimburses the Trust for quarterly assessments assessed 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 premium 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	
2009	\$ 5,417,706	3,404,967	3,381,066	\$ 5,441,607
2010	5,441,607	3,930,244	3,704,139	5,667,712

C. RISK MANAGEMENT POOL

The district is one of over 70 school districts, educational service districts, and inter-local cooperative members of the Washington Schools Risk Management Pool (WSRMP), which was formed on August 30, 1986 pursuant to Chapter 48.62 of the Revised Code of Washington. The purpose of WSRMP is to join together in a cooperative manner to provide its members the capability and authority to jointly purchase property and liability insurance, establish and maintain a reserve to pay for self-insurance coverage, provide a plan of self-insurance, and provide related services, including a cooperative program of risk management.

The district paid \$1,817,835 for its annual premium contribution to WSRMP for its property and liability insurance coverage. For the period of September 1, 2009 to August 31, 2010, WSRMP self-insures the first \$1 million per occurrence for property and purchases excess property insurance to a limit of \$500 million per occurrence. WSRMP self-insures the first \$1 million per occurrence for liability, including errors and omissions and employment practices liability and purchases liability reinsurance to a limit of \$20 million per occurrence; including coverage for sexual molestation. The district had no settlements which exceeded its insurance coverage in fiscal year 2009-10 or in the previous two years.

The WSRMP Executive Board sets rates annually, after consultation with an independent actuarial firm, based on actual loss experience. An independent actuarial firm also performs an annual solvency report, which WSRMP is in excess of a 94 percent confidence level. Should the assets of the Pool be exhausted; members would be responsible for the Pool's liabilities, based on an allocation in proportion to each member's contribution.

The Washington Schools Risk Management Pool is audited independently by the Washington State Auditor's Office and has a completed audit file on their website.

D. EMPLOYEE BENEFITS

The district made payments totaling \$36,492,324 in 2009-10 to the Sound Partnership which is a health and welfare 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 provision 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 through the Washington Education Association 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 model, there is no longer a need to maintain such large reserves in the Trust.

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

The Sound Partnership maintains its financial records using the accrual basis of accounting. The total self-insured claims reported and approved for payments were \$14,308,297 and insurance premium payments were \$21,010,755 for the year; the total contributions from participants were \$36,492,324.

The total assets and liabilities of the Sound Partnership at August 31, 2010 were respectively \$8,841,634 and \$308,857.

The Sound Partnership
Statement of Changes in Plan's Benefit Obligations

	Year Ended	
	8/31/2010	8/31/2009
Amounts Currently Payable for Claims Participants		
Balance at beginning of year	\$ 50,890	\$ 56,314
Claims reported & approved for payment	14,255,254	35,274,991
Claims Paid	(14,277,275)	(35,280,415)
Balance at End of Year	<u>28,869</u>	<u>50,890</u>
Other Obligations for Current Benefit Coverage at Estimated Amounts		
Balance at beginning of year	3,303,800	3,575,100
Net Change during the year	(3,076,100)	(271,300)
Balance at End of Year	<u>227,700</u>	<u>3,303,800</u>
Plan's Total Benefit Obligation at End of Year	<u>\$ 256,569</u>	<u>\$ 3,354,690</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. Currently there are 26 participants in the COBRA program.

F. OTHER POST-EMPLOYMENT BENEFITS

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

Employers participating in the plan include the state (which includes general government agencies and higher education institutions), 57 of the state's K-12 school and educational service districts (ESDs), and 206 political subdivisions and tribal governments. Additionally, the PEBB plan is available to the retirees of the remaining 244 K-12 school districts and ESDs. The district's retirees are eligible to participate in the PEBB plan under this arrangement.

The Tacoma School District is deemed to provide to its retirees employer-provided subsidies associated with post-employment medical and life insurance benefits provided 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 are mandated to pay the state HCA \$59.59 per month per full-time equivalent employee in the 2009-10 fiscal year to support the program. This assessment to the district is subject to change annually. Participation in the PEBB is limited to the district's retirees.

Plan Description

Eligibility

District members are eligible for retiree medical benefits after becoming eligible for service retirement pension benefits (either reduced or full pension benefits) under TRS Plan 2 and Plan 3.

- Age 65 with 5 years of service
- Age 55 with 20 years of service

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

Medical and Life Benefits

Upon retirement, members are permitted to receive medical benefits. Retirees pay the following monthly rates for pre-65 Medical coverage for 2010:

Descriptions	Type of Coverage		
	Employee	Employee & Spouse	Full Family
Aetna Public Employees Plan	\$ 531.44	\$1,056.44	\$ 1,450.19
Group Health Classic	470.73	935.02	1,283.24
Group Health Value	421.44	836.44	1,147.69
Kaiser Permanente Classic	471.51	936.58	1,285.38
Uniform Medical Plan	440.20	873.96	1,199.28

For calendar year 2010, after age 65 retired members receive a subsidy of 50 percent of their monthly medical premiums up to \$182.89 per Medicare covered person. For calendar year 2010, retirees also receive an explicit subsidy of \$4.84 per month toward life insurance premiums.

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

The district's annual other post-employment benefit (OPEB) cost is calculated based upon the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (UAAL) over a period of thirty years as of September 1, 2008. The following table shows the components of the district's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the district's net OPEB.

	<u>August 31, 2008</u>	<u>August 31, 2009</u>	<u>August 31, 2010</u>
Determination of Annual Required Contribution			
Normal Cost at Year End	\$ 5,703,417	\$ 5,703,417	\$ 6,882,527
Amortization of UAAL	<u>4,922,896</u>	<u>4,922,896</u>	<u>5,945,812</u>
Annual Required Contribution (ARC)	10,626,313	10,626,313	12,828,339
Determination of Net OPEB Obligation			
Annual required Contribution	10,626,313	10,626,313	12,828,339
Interest on Prior Year Net OPEB Obligation	-	324,727	637,523
Adjustment to ARC	<u>-</u>	<u>(248,833)</u>	<u>(505,970)</u>
Annual OPEB Cost	10,626,313	10,702,207	12,959,892
Less Contributions Made*	<u>(3,410,165)</u>	<u>(3,751,182)</u>	<u>(4,191,944)</u>
Increase in Net OPEB Obligation	7,216,148	6,951,025	8,767,948
Net OPEB Obligation - End of Year	\$ 7,216,148	\$ 14,167,173	\$ 22,935,121

* Estimated based on retiree benefit amounts.

The district's annual OPEB costs, the percentage of OPEB costs contributed to the plan, and the net OPEB obligations for 2010 were as follows:

	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
8/31/2008	\$ 10,626,313	32.09%	\$ 7,216,148
8/31/2009	\$ 10,702,207	35.05%	\$ 14,167,173
8/31/2010	\$ 12,959,892	32.35%	\$ 22,935,121

Funded Status and Funding Progress

As of August 31, 2010, the most recent actuarial valuation date, the plan was 0 percent funded. The accrued liability for benefits was \$166.5 million, and the actuarial value of assets was \$0, resulting in a UAAL of \$166.5 million.

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

Actuarial Methods and Assumptions

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

In the August 31, 2010 actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions used included a 3.75 percent discount rate, which is based upon the long-term investment

yield on the investments that are expected to be used to finance the payment of benefits. Projected salary increases were based on a 3.75 percent per year factor; healthcare cost trend rates were 9.0 percent initial and 4.7 percent ultimate rate in 2080.

The UAAL is being amortized on a closed, level percentage of projected payroll method at the assumed discount rate. The remaining amortization period at August 31, 2010 was 28 years.

For further information on the results the actuarial valuation of the employer provided subsidies associated with the state's PEBB plan, refer to: http://osa.leg.wa.gov/Actuarial_services/OPEB/OPEB.htm. The plan does not issue a separate report, however, additional information is included in the State of Washington's CAFR, which is available on this site: <http://www.ofm.wa.gov/CAFR/2010>.

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

A. BALANCE SHEETS/STATEMENT OF NET ASSETS (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 Assets includes those capital assets among the assets of the district as a whole.

1. Cost of capital assets \$940,307,073
 Accumulated Depreciation (256,426,869)
 Net \$683,880,204
2. **\$1,287,128** – Unamortized Bond Issuance Costs – In governmental funds, bond issuance costs were charged to expenditures, while the unamortized bond issuance costs are shown as deferred charges on the Statement of Net Assets. Refer to Note 7B (Unamortized bond issuance costs).
3. Long-term liabilities of **\$335,712,778** (due within one year: \$14,567,438 due more than one year: \$327,075,595) 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 Assets.
4. Property tax levies (**\$52,632,852**) that will not be collected for several months after year-end and are not considered "available." Therefore, they are reported as unearned revenue in governmental funds.
5. Due To and Due From (**\$2,268,835**) – Internal transfers between governmental funds were eliminated in government-wide statements to avoid the "doubling-up" effect. The remaining balances are the "Due To" and "Due From" private-purpose trusts which are reclassified to third party receivable/payable (\$4,969).
6. Internal service fund (The Sound Partnership) is used to provide medical, dental, and life insurances for the district's employees and their dependents. The assets and liabilities (respectively **\$8,321,615** and **\$337,726**) of the internal service fund are included in governmental activities in the Statement of Net Assets.

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

1. **\$3,357,856** – The amount of property tax levies that do not provide current financial resources are reported as unearned revenue in Governmental Funds, and as revenues in Government-Wide Financial Statements.
2. The net amount of **\$7,724,617** represents the current year decrease in compensated absences (\$1,043,331) and increase in other post-employment benefits (\$8,767,948) 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. However, the Statement of Net Assets includes those capital assets among the assets of the district as a whole.

Capital Outlay	\$18,985,506
Depreciation Expense	<u>(23,659,342)</u>
Difference	(\$4,673,836)

- b. Governmental Funds Financial Statements report capital outlay as expenditures while Government-Wide Financial Statements report depreciation expense (\$23,659,342) allocated to various applicable programs.

4. **\$13,128,578** - Repayment of bond principal amounts 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 Assets.

5. **\$1,970,376** – The current year amortization of bond premium and issuance costs is to be charged to expenditures in Government-Wide Financial Statements. Below is a breakdown of the net amount:

Current year amortization/bond premium	\$2,163,785
Current year amortization/bond issuance costs	<u>(193,409)</u>
	\$1,970,376

6. Internal service fund (The Sound Partnership) is used to provide medical, dental, and life insurances for the district's employees. The adjustments for internal service fund "close" the fund by allocating the net gain **(\$2,384,186)**, except investment income **(\$202,917)** is shown as investment earnings under miscellaneous revenues.

Note 11. FUND EQUITY (GOVERNMENTAL FUNDS)

Changes in Fund Balances

	General Fund	Special Revenue Fund (ASB)	Debt Service	Capital Projects Fund	Trans Vehicle Fund
Assigned to Fund Purposes at 8.31.09	\$ -	\$ 1,925,160	\$ 2,409,974	\$ 682,349	\$ 1,997,118
Decr/(Incr) Nonspendable Inv & PP	(1,440,366)	44,288	-	-	-
Decr/(Incr) Restricted for Arbitrage	-	-	-	583,819	-
Decr/(Incr) Restricted for Carryover	1,251,576	-	-	-	-
Decr/(Incr) Restricted for Construction	-	-	-	43,898,714	-
Decr/(Incr) Restricted for Debt Svc	-	-	-	(4,342,918)	-
Decr/(Incr) Restricted for Technology	-	-	-	6,723,082	-
Decr/(Incr) Restricted for Unins. Risk	-	-	-	(337,143)	-
Decr/(Incr) Committed to Debt & Fiscal	1,403,535	-	-	-	-
Decr/(Incr) Committed to Encumbrance	(60,444)	6,314	-	(24,115,010)	337,071
Decr/(Incr) Committed to Contingency	(1,000,000)	-	-	-	-
Decr/(Incr) Assigned to Budget C/over	3,560,971	-	-	-	-
Decr/(Incr) Assigned to Contingency	(7,808,253)	-	-	-	-
Decr/(Incr) Assigned to C & I	1,381,384	-	-	-	-
Decr/(Incr) Assigned to Special Ed	(3,770,455)	-	-	-	-
Changes in Fund Balances	6,482,052	38,681	4,769,130	(20,619,278)	90,586
Assigned to Fund Purposes at 8.31.10	\$ -	\$ 2,014,443	\$ 7,179,104	\$ 2,473,615	\$ 2,424,775

Note 12. SPECIAL ITEMS

The gain/(loss) on the sale of capitalized assets are regarded as special items because it is infrequent for the Tacoma School District to sell capitalized assets. The gain/(loss) during the year is immaterial, however, and is reported as ordinary revenue.

Note 13. 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 14. LITIGATION

The district is defending against several suits and claims, which are routine in nature and common to school districts. Possible losses from these suits and claims are provided for by coverage through the Washington Schools Risk Management Pool. For actions not covered by the Pool, possible losses are provided for in the General Fund reserve for self-insurance and payables.

Based on the recommendations of counsel, the district has provided an adequate amount for possible liabilities which management considers adequate for any uninsured losses which arise from such claims. However, the district is currently being sued for approximately \$35M in the 2007 student shooting at Foss High School and this exceeds coverage amounts by \$15M. While the district does not have this available in its general fund reserves for self-insurance and payables, its legal team is vigorously defending the district against the lawsuit.

Note 15. SUBSEQUENT EVENTS

The district continues to monitor the State of Washington's budget. Given projected shortfalls as of the report date, the district will experience further reductions in state funding. The district has a formal process with the community to communicate budget reductions and collect input prior to the adoption of a budget. The Board of Directors and district administration are aware of the budget concerns and are actively monitoring the financial situation of the district to ensure the district is prepared for the coming reductions in state funding.

Tacoma School District No. 10

Required Supplemental Information

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.

REQUIRED SUPPLEMENTARY INFORMATION
TACOMA SCHOOL DISTRICT No. 10
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010

BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
ORIGINAL *	FINAL *	AMOUNT	FINAL BUDGET POSITIVE(NEGATIVE)

REVENUES

Local	\$ 79,064,155	\$ 79,064,155	\$ 78,957,108	\$ (107,047)
State	181,436,768	181,436,768	180,860,443	(576,325)
Federal	57,586,354	57,586,354	55,281,152	(2,305,202)
Other	1,607,176	1,607,176	1,870,176	263,000

Total Revenues

319,694,453	319,694,453	316,968,878	(2,725,575)
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EXPENDITURES**CURRENT**

Regular Instruction	159,683,248	159,683,248	150,804,463	8,878,785
Federal Stimulus	17,207,635	17,207,635	15,708,343	1,499,292
Special Education	35,004,683	35,004,683	35,917,278	(912,595)
Career & Technical Education	9,492,592	9,492,592	9,835,694	(343,102)
Compensatory Education	30,297,988	30,297,988	30,930,647	(632,659)
Other Instructional Programs	6,829,165	6,829,165	3,780,501	3,048,664
Community Services	354,950	354,950	486,859	(131,909)
Support Services	66,177,623	66,177,623	63,273,284	2,904,339

CAPITAL OUTLAY

Other	1,174,980	1,174,980	573,376	601,604
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Total Expenditures

326,222,864	326,222,864	311,310,445	14,912,419
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Excess of Revenues Over**(Under) Expenditures**

(6,528,411)	(6,528,411)	5,658,433	12,186,844
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OTHER FINANCING SOURCES (USES)

Sale of Equipment	-	-	37,334	37,334
Transfers	2,188,393	2,188,393	786,285	(1,402,108)

Total Other Financing Sources (Uses)

2,188,393	2,188,393	823,619	(1,364,774)
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CHANGE IN FUND BALANCE

(4,340,018)	(4,340,018)	6,482,052	10,822,070
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FUND BALANCE-September 1

39,376,176	39,376,176	39,376,176	-
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FUND BALANCE -August 31

\$ 35,036,158	\$ 35,036,158	\$ 45,858,228	\$ 10,822,070
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* 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, 2010

BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
ORIGINAL *	FINAL *		FINAL BUDGET POSITIVE (NEGATIVE)

REVENUES

General	\$ 1,450,770	\$ 1,450,770	\$ 848,492	\$ (602,278)
Athletics	243,050	243,050	269,880	26,830
Classes	385,550	385,550	267,749	(117,801)
Clubs	1,661,006	1,661,006	620,175	(1,040,831)
Private Monies	79,000	79,000	18,828	(60,172)

Total Revenues

3,819,376	3,819,376	2,025,124	(1,794,252)
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EXPENDITURES

General	1,588,547	1,588,547	874,870	713,677
Athletics	300,206	300,206	170,620	129,586
Classes	331,600	331,600	293,296	38,304
Clubs	1,635,222	1,635,222	602,360	1,032,862
Private Monies	76,314	76,314	45,297	31,017

Total Expenditures

3,931,889	3,931,889	1,986,443	1,945,446
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Changes in Fund Balance

(112,513)	(112,513)	38,681	151,194
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FUND BALANCE - September 1

2,025,244	2,025,244	2,025,244
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FUND BALANCE - August 31

\$ 1,912,731	\$ 1,912,731	\$ 2,063,925	\$ 151,194
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* The budgetary basis of accounting is modified accrual, the same as the fund basis of accounting.

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

Fiscal Year Ended August 31	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL As a Percentage of Covered Payroll
2008	August 31, 2008	\$ -	\$ 85,466,774	\$ 85,466,774	0%	\$ 163,003,749	52%
2008	August 31, 2008*	\$ -	\$ 147,686,881	\$ 147,686,881	0%	\$ 163,003,749	91%
2009	August 31, 2008*	\$ -	\$ 147,686,881	\$ 147,686,881	0%	\$ 189,434,727	78%
2010	August 31, 2010	\$ -	\$ 166,482,728	\$ 166,482,728	0%	\$ 151,445,697	110%

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

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, 2010 AND 2009

	2010	2009
ASSETS		
Cash on Hand and in Bank	243,942	178,530
Cash on Deposit with County Treasurer	743,243	11,331,339
Investments	59,230,000	48,000,000
Time Deposits	250,000	3,497,000
Property Tax Receivable	38,592,971	36,630,877
Accounts Receivable, Net	179,956	247,720
Accrued Interest Receivable	12,192	21,043
Due From Other Funds	2,060,264	3,343,627
Due From Other Governmental Units	7,075,407	3,664,828
Inventories, at Cost	1,048,881	934,029
Prepaid Items	2,086,428	1,108,807
TOTAL ASSETS	111,523,284	108,957,800
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	9,754,934	5,835,453
Accrued Wages and Benefits Payable	16,670,115	26,483,006
Due To Other Funds	216,202	59,104
Unearned Revenue	39,023,805	37,204,061
TOTAL LIABILITIES	65,665,056	69,581,624
Fund Balance:		
Nonspendable		
Nonspendable - Inventory & Prepaid Items	3,135,309	1,694,943
Restricted		
Restricted for Carryover of Restricted Revenues	539,119	
Restricted for Uninsured Risks	1,500,000	1,500,000
Committed		
Committed to Debt & Fiscal Management	8,605,955	10,009,490
Committed to Encumbrances	242,261	181,817
Committed to Other Purposes	1,000,000	13,708,677
Assigned		
Assigned to Budget Carryover	971,526	4,532,497
Assigned to Contingencies	21,516,930	-
Assigned to Curriculum & Instruction	4,576,673	5,958,057
Assigned to Special Education	3,770,455	1,790,695
TOTAL FUND BALANCE	45,858,228	39,376,176
TOTAL LIABILITIES AND FUND BALANCE	\$ 111,523,284	\$ 108,957,800

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, 2010
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2009)

	2010			2009
	BUDGET	ACTUAL	VARIANCE POSITIVE(NEGATIVE)	ACTUAL
REVENUES				
Local	\$ 79,064,155	78,957,108	\$ (107,047)	76,114,062
State	181,436,768	180,860,443	(576,325)	186,586,989
Federal	40,378,719	38,573,344	(1,805,375)	36,410,213
Federal Stimulus	17,207,635	16,707,808	(499,827)	12,666,040
Other	1,607,176	1,870,176	263,000	1,775,106
TOTAL REVENUES	319,694,453	316,968,878	(2,725,575)	313,552,410
EXPENDITURES				
CURRENT				
Regular Instruction	159,683,248	150,804,463	8,878,785	142,968,422
Federal Stimulus	17,207,635	15,708,343		12,096,304
Special Education	35,004,683	35,917,278	(912,595)	39,323,625
Career & Technical Instruction	9,492,592	9,835,694	(343,102)	9,969,499
Compensatory Instruction	30,297,988	30,930,647	(632,659)	37,496,859
Other Instructional Programs	6,829,165	3,780,501	3,048,664	3,792,643
Community Services	354,950	486,859	(131,909)	447,585
Support Services	66,177,623	63,273,284	2,904,339	62,318,533
CAPITAL OUTLAY				
Other	1,174,980	573,376	601,604	567,640
TOTAL EXPENDITURES	326,222,864	311,310,445	13,413,127	308,981,110
Excess of Revenues Over (Under) Expenditures	(6,528,411)	5,658,433	12,186,844	4,571,300
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	-	37,334	10,220	10,220
Transfers	2,188,393	786,285	(247,715)	1,940,678
Total Other Financing Sources (Uses)	2,188,393	823,619	(237,495)	1,950,898
Net Change in Fund Balance	(4,340,018)	6,482,052	10,822,070	6,522,198
FUND BALANCE-September 1	39,376,176	39,376,176	(6,522,198)	32,853,978
FUND BALANCE -August 31	\$ 35,036,158	\$ 45,858,228	\$ 4,299,872	\$ 39,376,176

* 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, 2010
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2009)

DESCRIPTION	2010		VARIANCE FAVORABLE (UNFAVORABLE)	2009 ACTUAL
	BUDGET	ACTUAL		
1000 LOCAL TAXES				
1100 Local Property Tax	\$ 72,230,723	72,876,736	\$ 646,013	\$ 69,052,008
1300 Sale of Tax Title Property	1,941	-	(1,941)	-
TOTAL LOCAL TAXES	72,232,664	72,876,736	644,072	69,052,008
2000 LOCAL NON-TAX				
2100 Tuition & Fees, Unassigned	163,200	268,891	105,691	307,051
2101 Regular Student Fees	100,000	102,546	2,546	74,659
2121 Special Ed Pre-School Tuition	86,000	68,650	(17,350)	54,405
2173 Summer School Tuition	85,000	64,950	(20,050)	68,422
2180 Convenience Fee	-	19,403	19,403	15,601
2200 Sales of Goods, Supplies & Services	-	135,871	135,871	151,684
2203 Sales of Sup. & Mat. Other	1,500	365	(1,135)	1,245
2204 Sale of Recoverable Items	102,071	116,653	14,582	112,316
2210 Other Storeroom Sales	23,147	6,844	(16,303)	16,256
2220 Copy Center Reimbursements	100,000	63,539	(36,461)	63,655
2231 Secondary CTE Sales of Goods	60,000	29,258	(30,742)	29,906
2289 Other Community Services	74,000	76,307	2,307	83,469
2291 Food Service Sales	2,193,990	2,110,818	(83,172)	2,348,998
2294 Food Serv. Sales - Special Events	80,800	45,888	(34,912)	79,570
2296 Food Service Sales - Breakfast	162,929	142,979	(19,950)	154,156
2300 Investment Earnings	850,000	164,555	(685,445)	478,052
2500 Gifts & Donations	120,000	179,341	59,341	201,686
2600 Fines & Damages	65,000	48,247	(16,753)	52,690
2700 Facility Rental	575,000	603,902	28,902	562,555
2800 Insurance Recoveries	-	93,518	93,518	56,546
2900 Local Non-Tax Unassigned	1,898,854	1,655,301	(243,553)	2,074,481
2910 E-Rate	-	5,613	5,613	74,650
2920 Commissions	90,000	76,932	(13,068)	-
TOTAL LOCAL NONTAX	\$ 6,831,491	\$ 6,080,372	\$ (751,119)	\$ 7,062,053

* 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, 2010
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2009)

DESCRIPTION	2010		VARIANCE	2009
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	
3000 STATE FUNDS, GENERAL PURPOSE				
3100 Apportionment	\$ 137,855,101	138,647,235	\$ 792,134	\$ 131,528,295
3121 Apportionment - Special Ed	5,820,898	5,910,254	89,356	5,806,505
3300 Local Effort Assistance	532,237	1,575,199	1,042,962	2,937,977
TOTAL STATE, GENERAL PURPOSE	144,208,236	146,132,687	1,924,451	140,272,777
4000 STATE FUNDS, SPECIAL PURPOSE				
4100 Special Purpose, Unassigned	4,819,839	850,520	(3,969,319)	879,562
4121 Ed. of Handicapped Children	18,146,226	18,340,405	194,179	19,126,115
4134 CTE Middle School	-	13,224	13,224	8,638
4155 Learning Assistance Program	5,431,067	5,432,893	1,826	5,183,368
4156 Institutes, Ctrs & Homes - Delinquents	1,208,936	821,867	(387,069)	1,126,250
4158 Special Pilot Programs	125,000	1,123,121	998,121	1,672,019
4165 Transitional Bilingual	1,672,090	1,788,835	116,745	1,687,663
4166 Student Achievement	-	722,922	722,922	9,888,324
4174 Highly Capable	252,069	251,151	(918)	258,040
4175 Professional Development	-	-	-	516,518
4198 School Food Service	390,770	383,218	(7,552)	386,543
4199 Transportation - Operations	5,127,174	4,999,601	(127,573)	5,565,472
4300 Other State Agencies - Unassigned	55,361	-	(55,361)	15,700
TOTAL STATE, SPECIAL PURPOSE	37,228,532	34,727,756	(2,500,776)	46,314,212
5000 FEDERAL FUNDS, GEN PURPOSE				
5200 Direct Federal Revenue - Unassigned	263,183	266,896	3,713	283,363
5400 Federal In-Lieu-Of Taxes	-	38,923	38,923	94,795
5500 Federal Forests	80,000	64,651	(15,349)	72,295
TOTAL FEDERAL, GENERAL PURPOSE	\$ 343,183	\$ 370,471	\$ 27,288	\$ 450,453
6000 FEDERAL, SPECIAL PURPOSE				
6100 Special Purpose, Unassigned	-	70,000	70,000	105,000
6110 Federal Stimulas - Title I	4,096,093	3,134,501	(961,592)	-
6112 Federal Stimulas - School Improvement	-	294,353	294,353	-
6113 Federal Stimulas - Fiscal Stabilization	6,841,522	5,664,420	(1,177,102)	12,664,469
6114 Federal Stimulas - IDEA	7,565,262	7,413,519	(151,743)	1,571
6118 Federal Stimulas - McKinney-Vento	30,000	30,000	-	-
6119 Federal Stimulas - Tech Ed	107,659	171,014	63,355	-

TACOMA SCHOOL DISTRICT No. 10
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2009)

DESCRIPTION	2010		VARIANCE	2009
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	
6124 H/C, Supplemental, IDEA, Part B	\$ 6,824,483	\$ 6,862,384	\$ 37,901	\$ 6,775,343
6138 Career & Technical Education	353,884	343,882	(10,002)	354,177
6151 Disadvantaged, Federal Title I	12,049,584	10,550,782	(1,498,802)	10,192,565
6152 School Improvement, Federal Title II	3,765,009	3,669,268	(95,741)	2,484,258
6154 Reading First, Title I	605,158	649,983	44,825	1,519,794
6164 Limited English Proficiency	314,002	492,122	178,120	234,767
6189 Other Community Services	62,050	109,701	47,651	99,412
6191 Nutrition Services Reimbursement	8,354,067	9,044,511	690,444	8,094,318
6200 Direct Special Purpose Grants	-	-	-	(894)
6261 Head Start	4,983,935	5,129,376	145,441	4,804,191
6268 Indian Education	131,496	134,838	3,342	113,599
6300 Fed Grants Thru Other Agencies	21,967	92,399	70,432	96,616
6321 Special Ed Medicaid Match	457,000	424,970	(32,030)	367,357
6998 USDA Commodities	680,000	628,659	(51,341)	719,257
TOTAL FEDERAL, SPECIAL PURPOSE	57,243,171	54,910,681	(2,332,490)	48,625,800
7000 REVENUES FROM OTHER DISTRICTS				
7121 Special Education	1,500,000	1,626,362	126,362	1,477,629
TOTAL REVENUES FROM OTHER DISTRICTS	1,500,000	1,626,362	126,362	1,477,629
8000 REVENUES FROM OTHER AGENCIES				
8100 Agency & Association Grants	107,176	221,313	114,137	285,477
8500 Educational Service Districts	-	22,500	22,500	12,000
TOTAL REVENUES FROM OTHER AGENCIES	107,176	243,813	136,637	297,477
TOTAL REVENUES	319,694,453	316,968,878	(2,725,575)	313,552,409
9000 OTHER FINANCING SOURCES				
9300 Sale of Surplus Equipment	-	37,334	37,334	10,221
9900 Operating Transfers	2,188,393	786,285	(1,402,108)	1,940,678
TOTAL OTHER FINANCING SOURCES	2,188,393	823,619	(1,364,774)	1,950,899
TOTAL REVENUES AND OTHER				
FINANCING SOURCES	\$ 321,882,846	\$ 317,792,497	\$ (4,090,349)	\$ 315,503,308

TACOMA SCHOOL DISTRICT No. 10
GENERAL FUND
SCHEDULE OF EXPENDITURES BY PROGRAM
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010

PROGRAM NUMBER AND DESCRIPTION		2010		VARIANCE	PERCENT
		BUDGET	ACTUAL	POSITIVE (NEGATIVE)	EXPENDED
01	Basic Education	\$ 159,796,239	\$ 150,828,090	\$ 8,968,149	% 94.39
11	Federal Stimulus - Title I	3,907,367	\$ 2,990,069	917,298	76.52
12	Federal Stimulus - School Improvement	-	\$ 280,577	(280,577)	#DIV/0!
13	Federal Stimulus - State Fiscal Stabilization	5,952,255	5,192,477	759,778	87.24
14	Federal Stimulus - Special Ed IDEA	7,216,696	7,071,943	144,753	97.99
18	Federal Stimulus - Competitive Grants	28,618	28,618	-	100.00
19	Federal Stimulus - Other	102,699	163,136	(60,437)	158.85
21	Special Education, Supplemental, State	28,514,636	29,291,157	(776,521)	102.72
24	Special Education, Supplemental, Federal	6,510,047	6,628,553	(118,506)	101.82
31	Career & Technical Education, Basic, State	9,156,766	9,534,302	(377,536)	104.12
34	Career & Tech Ed - Middle School, State	-	4,160	(4,160)	0.00
38	Career & Technical Education, Federal	337,579	357,678	(20,099)	105.95
51	Disadvantaged, Federal Title I	11,511,756	10,077,428	1,434,328	87.54
52	School Improvement, Federal Title II	3,595,985	3,506,564	89,421	97.51
54	Reading First, Federal	584,694	631,434	(46,740)	107.99
55	Learning Assistance Program (LAP), State	5,180,832	5,148,370	32,462	99.37
56	State Institutions, Centers and Homes, Delinquent	1,154,667	937,113	217,554	81.16
58	Special & Pilot Programs, State	122,927	1,040,002	(917,075)	846.03
61	Head Start, Federal	4,614,753	4,749,422	(134,669)	102.92
64	Limited English Proficiency, Federal	307,845	482,473	(174,628)	156.73
65	Transitional Bilingual, State	1,672,090	1,788,835	(116,745)	106.98
66	Student Achievement, State	1,447,002	2,466,325	(1,019,323)	170.44
68	Indian Education, Federal ED	125,437	128,607	(3,170)	102.53
69	Compensatory Education, Other	-	8,147	(8,147)	0.00
73	Summer School	136,000	136,299	(299)	100.22
74	Highly Capable	330,130	282,103	48,027	85.45
75	Professional Development	600,000	372,413	227,587	62.07
79	Instructional Programs, Other	6,606,551	3,010,201	3,596,350	45.56
89	Other Community Services	354,950	486,859	(131,909)	137.16
97	District-wide Support	44,356,123	42,792,037	1,564,086	96.47
98	School Nutrition Services	11,862,558	11,609,925	252,633	97.87
99	Pupil Transportation	10,135,662	9,285,131	850,531	91.61
TOTAL EXPENDITURES		\$ 326,222,864	\$ 311,310,445	\$ 14,912,416	% 95.43

* 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, 2010

ACTIVITY NUMBER AND DESCRIPTION	2010		VARIANCE	PERCENT EXPENDED
	BUDGET	ACTUAL	POSITIVE (NEGATIVE)	

ADMINISTRATION

11	Board of Directors	\$ 939,475	\$ 1,129,280	\$ (189,805)	% 120.20
12	Superintendent's Office	1,226,363	638,594	587,769	52.07
13	Business Services	3,414,481	3,302,485	111,996	96.72
14	Human Resources	3,314,391	2,920,880	393,511	88.13
15	Public Relations	789,993	900,871	(110,878)	114.04

TOTAL ADMINISTRATION

9,684,703	8,892,110	792,593	91.82
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INSTRUCTION

21	Supervision	8,982,682	8,772,559	210,123	97.66
22	Learning Resources	5,983,616	5,634,005	349,611	94.16
23	Principal's Office	21,018,081	20,596,378	421,703	97.99
24	Guidance & Counseling	7,319,782	7,629,227	(309,445)	104.23
25	Pupil Management & Safety	4,466,946	4,307,865	159,081	96.44
26	Health Services	14,384,115	14,883,698	(499,583)	103.47
27	Teaching	194,411,935	182,148,892	12,263,043	93.69
28	Extra Curricular	3,124,165	3,691,296	(567,131)	118.15

TOTAL INSTRUCTION

259,691,322	247,663,918	12,027,404	95.37
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NUTRITION SERVICES

41	Supervision	703,888	716,539	(12,651)	101.80
42	Food	5,336,633	4,986,593	350,040	93.44
44	Operations	6,055,720	6,144,895	(89,175)	101.47
49	Nutrition Services Transfers	(233,683)	(238,102)	4,419	101.89

TOTAL NUTRITION SERVICES

11,862,558	11,609,925	252,633	97.87
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PUPIL TRANSPORTATION

51	Supervision	666,474	627,014	39,460	94.08
52	Operations	10,594,073	9,570,007	1,024,066	90.33
53	Maintenance	188,000	202,293	(14,293)	107.60
59	Transportation Services Transfers	(1,312,885)	(1,114,184)	(198,701)	84.87

TOTAL PUPIL TRANSPORTATION

\$ 10,135,662	\$ 9,285,131	\$ 850,531	% 91.61
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* 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, 2010

ACTIVITY NUMBER AND DESCRIPTION		2010		VARIANCE POSITIVE (NEGATIVE)	PERCENT EXPENDED
		BUDGET	ACTUAL		
MAINTENANCE & OPERATIONS					
61	Supervision	\$ 738,274	\$ 724,289	\$ 13,985	% 98.11
62	Grounds Maintenance	1,680,234	1,641,526	38,708	97.70
63	Building Operations	12,580,615	12,868,364	(287,749)	102.29
64	Maintenance	3,769,817	4,264,490	(494,673)	113.12
65	Utilities	7,560,541	6,805,632	754,909	90.02
67	Building Security	1,336,458	1,080,308	256,150	80.83
68	Insurance	90,000	27,116	62,884	30.13
TOTAL MAINTENANCE & OPERATIONS		27,755,939	27,411,725	344,214	98.76
OTHER SUPPORT SERVICES					
72	Information Services	6,332,896	5,515,363	817,533	87.09
73	Printing	-	191,446	(191,446)	100.00
74	Warehouse & Distributions	605,034	608,614	(3,580)	100.59
TOTAL OTHER SUPPORT SERVICES		6,937,930	6,315,424	622,506	91.03
PUBLIC ACTIVITIES					
91	Public Activities	154,750	132,213	22,537	85.44
TOTAL GENERAL FUND		\$ 326,222,864	\$ 311,310,445	\$ 14,912,419	% 95.43

TACOMA SCHOOL DISTRICT No. 10
GENERAL FUND
SCHEDULE OF EXPENDITURES BY OBJECT
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010

OBJECT NUMBER AND DESCRIPTION	2010		VARIANCE POSITIVE (NEGATIVE)	PERCENT EXPENDED
	BUDGET	ACTUAL		
0 Debit Transfer	\$ 3,490,468	\$ 2,711,934	\$ 778,534	% 77.70
1 Credit Transfer	(3,490,468)	(2,711,934)	(778,534)	77.70
2 Certificated Salaries	153,207,811	151,674,855	1,532,956	99.00
3 Classified Salaries	54,961,400	52,750,698	2,210,702	95.98
4 Employee Benefits	67,419,002	64,523,533	2,895,469	95.71
5 Supplies & Materials	21,222,693	14,033,828	7,188,865	66.13
7 Contractual Services	27,714,609	27,035,511	679,098	97.55
8 Travel	522,369	718,644	(196,275)	137.57
9 Capital Outlay	1,174,980	573,376	601,604	48.80
TOTAL GENERAL FUND	\$ 326,222,864	\$ 311,310,445	\$ 14,912,419	% 95.43

* 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, 2010 AND 2009

	2010	2009
ASSETS		
Cash on Hand and in Bank	\$ 61,985	\$ 47,728
Cash on Deposit with County Treasurer	10,462	(1,326)
Accounts Receivable	8,384	5,954
Investments	2,290,000	2,226,000
Accrued Interest Receivable	524	939
Due From Other Funds	8,153	9,078
Prepaid Items	44,607	90,723
TOTAL ASSETS	2,424,115	2,379,096
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	202,391	253,925
Accrued Wages & Benefits Payable	7,633	-
Due To Other Funds	31,432	13,900
Unearned Revenue	118,734	86,027
Total Liabilities	360,190	353,852
Fund Balance:		
Nonspendable		
Nonspendable - Inventory & Prepaid Items	44,607	88,895
Committed		
Committed to Encumbrances	4,875	11,189
Assigned		
Assigned to Fund Purposes	2,014,443	1,925,160
Total Fund Balance	2,063,925	2,025,244
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,424,115	2,379,096

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, 2010
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2009)

	2010			2009
	BUDGET	ACTUAL	VARIANCE POSITIVE(NEGATIVE)	ACTUAL
REVENUES				
General	\$ 1,450,770	848,492	\$ (602,278)	902,212
Athletics	243,050	269,880	26,830	180,123
Classes	385,550	267,749	(117,801)	234,675
Clubs	1,661,006	620,175	(1,040,831)	637,050
Private Monies	79,000	18,828	(60,172)	12,624
Total Revenues	3,819,376	2,025,124	(1,794,252)	1,966,684
EXPENDITURES				
General	1,588,547	874,870	713,677	955,859
Athletics	300,206	170,620	129,586	230,955
Classes	331,600	293,296	38,304	226,973
Clubs	1,635,222	602,360	1,032,862	674,648
Private Monies	76,314	45,297	31,017	8,503
Total Expenditures	3,931,889	1,986,443	1,945,446	2,096,938
Changes in Fund Balance	(112,513)	38,681	151,194	(130,254)
FUND BALANCE - September 1	2,025,244	2,025,244	-	2,155,498
FUND BALANCE - August 31	\$ 1,912,731	\$ 2,063,925	\$ 151,194	\$ 2,025,244

* 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, 2010 AND 2009**

	2010	2009
ASSETS		
Cash on Deposit with County Treasurer	\$ 98,908	\$ 164,544
Investments	-	1,650,000
Time Deposits	7,070,000	590,000
Property Tax Receivable	14,037,155	19,344,913
Accrued Interest Receivable	10,196	5,430
TOTAL ASSETS	21,216,259	21,754,887
LIABILITIES AND FUND BALANCE		
Liabilities:		
Unearned Revenue-Taxes Receivable	14,037,155	19,344,913
Total Liabilities	14,037,155	19,344,913
Fund Balance:		
Assigned		
Assigned to Fund Purposes	7,179,104	2,409,974
Total Fund Balance	7,179,104	2,409,974
TOTAL LIABILITIES AND FUND BALANCE	\$ 21,216,259	\$ 21,754,887

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, 2010
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2009)

2010			2009
BUDGET	ACTUAL	VARIANCE POSITIVE(NEGATIVE)	ACTUAL

REVENUES

Local Taxes	\$ 31,957,400	\$ 31,805,847	\$ (151,553)	\$ 37,226,743
Local Non-Tax	42,000	21,789	(20,211)	77,188

Total Revenues	31,999,400	31,827,636	(171,764)	37,303,931
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EXPENDITURES**DEBT SERVICE**

Principal Payment	13,428,578	13,128,578	300,000	24,598,578
Interest Expense	14,016,813	14,016,812	1	15,140,100
Bond Transfer Fees	250,000	1,694	248,306	1,692

Total Expenditures	27,695,391	27,147,084	548,307	39,740,370
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Excess of Revenues Over Expenditures	4,304,009	4,680,552	376,543	(2,436,439)
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OTHER FINANCING SOURCES(USES)

Transfers	388,578	88,578	300,000	88,578
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Total Other Financing Sources	388,578	88,578	300,000	88,578
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Changes in Fund Balance	4,692,587	4,769,130	76,543	(2,347,861)
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FUND BALANCE - September 1	2,409,974	2,409,974	-	4,757,835
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FUND BALANCE -August 31	\$ 7,102,561	\$ 7,179,104	\$ 76,543	\$ 2,409,974
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* 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, 2010 AND 2009

	2010	2009
ASSETS		
Cash on Hand and in Bank	\$ 10,000	\$ 10,000
Cash on Deposit with County Treasurer	21,459	601
Investments	62,758,000	82,474,000
Time Deposits	4,342,918	4,431,496
Cash Held by Trustee:		
Construction Retainage Escrow	-	2,243,917
Property Tax Receivable	2,726	14,918
Accrued Interest Receivable	209,460	2,610,633
Due From Other Funds	205,387	50,172
Prepaid Items	26,093	-
TOTAL ASSETS	67,576,043	91,835,737
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	5,939,748	6,032,926
Accrued Salaries & Benefits Payable	11,453	-
Retainage Payable	-	2,243,917
Due to Other Funds	2,021,201	3,323,783
Unearned Revenue-Taxes Receivable	2,726	14,918
TOTAL LIABILITIES	7,975,128	11,615,544
Fund Balance:		
Restricted		
Restricted for Arbitrage Rebate	692,764	1,276,583
Restricted for Construction	16,479,999	60,378,713
Restricted for Debt Service	4,342,918	-
Restricted for Technology	10,805,177	17,528,259
Restricted for Uninsured Risk	337,143	-
Committed		
Committed to Encumbrances	24,469,299	354,289
Assigned		
Assigned to Fund Purposes	2,473,615	682,349
TOTAL FUND BALANCE	59,600,915	80,220,193
TOTAL LIABILITIES AND FUND BALANCE	\$ 67,576,043	\$ 91,835,737

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, 2010
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2009)

	2010			2009
	BUDGET	ACTUAL	VARIANCE POSITIVE(NEGATIVE)	ACTUAL
REVENUES				
Local Taxes	\$ -	\$ 36	\$ (36)	\$ 315
Local Non-Tax	311,800	494,020	(182,220)	1,900,404
State, Special Purpose	5,348,255	3,539,083	1,809,172	19,287,778
TOTAL REVENUES	5,660,055	4,033,139	1,626,917	21,188,497
EXPENDITURES				
Capital Outlay				
Sites	164,300	3,107,327	(2,943,027)	14,994,333
Buildings	45,382,600	15,223,925	30,158,675	29,586,537
Equipment	7,062,300	6,913,734	148,566	9,605,786
Sale of Real Estate		29,162	(29,162)	28,587
Bond Issuance	150,000	82,187	67,813	-
TOTAL EXPENDITURES	52,759,200	25,356,335	27,402,865	54,215,243
Excess Of Revenues Over (Under) Expenditures	(47,099,145)	(21,323,196)	25,775,949	(33,026,746)
OTHER FINANCING SOURCES (USES)				
Transfers	(2,276,971)	(874,863)	(1,402,108)	(2,029,256)
Sale of Bonds	4,100,000	-	(4,100,000)	-
Sale of Property	1,580,000	1,578,781	1,219	-
TOTAL OTHER FINANCING SOURCES (USES)	3,403,029	703,918	(5,500,889)	(2,029,256)
Changes in Fund Balance	(43,696,116)	(20,619,278)	23,076,838	(35,056,002)
FUND BALANCE (DEFICITS) - September 1	80,220,193	80,220,193	35,056,002	115,276,195
FUND BALANCE - August 31	\$ 36,524,077	\$ 59,600,915	\$ 58,132,840	\$ 80,220,193

* 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, 2010 AND 2009

	2010	2009
ASSETS		
Cash on Deposit with County Treasurer	\$ 9,313	\$ 595
Accrued Interest Receivable	462	594
Investments	2,415,000	2,333,000
TOTAL ASSETS	2,424,775	2,334,189
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	-	-
Total Liabilities	-	-
Fund Balance:		
Committed		
Committed to Encumbrances	-	337,071
Assigned		
Assigned to Fund Purposes	2,424,775	1,997,118
Total Fund Balance	2,424,775	2,334,189
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,424,775	\$ 2,334,189

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, 2010
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2009)

	2010			2009
	BUDGET	ACTUAL	VARIANCE POSITIVE(NEGATIVE)	ACTUAL
REVENUES				
Local Non-Tax	\$ 15,000	\$ 9,425	\$ 5,575	\$ 33,064
State, Special Purpose	485,000	543,488	(58,488)	438,436
TOTAL REVENUES	500,000	552,913	(52,913)	471,500
EXPENDITURES				
Purchase of Buses	1,105,000	478,438	626,562	167,250
TOTAL EXPENDITURES	1,105,000	478,438	626,562	167,250
Excess of Revenues (Under) Expenditures	(605,000)	74,475	573,649	304,250
OTHER FINANCING SOURCES (USES)				
Sale of Equipment/Buses	-	16,111	(16,111)	12,976
TOTAL OTHER FINANCING SOURCES(USES)	-	16,111	(16,111)	12,976
Changes in Fund Balance	(605,000)	90,586	695,586	317,226
FUND BALANCE - September 1	2,334,189	2,334,189	(317,226)	2,016,963
FUND BALANCE - August 31	\$ 1,729,189	\$ 2,424,775	\$ 695,586	\$ 2,334,189

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

TACOMA SCHOOL DISTRICT No. 10
FIDUCIARY FUNDS
COMBINING BALANCE SHEET
AUGUST 31, 2010
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2009)

	PRIVATE- PURPOSES TRUSTS	AGENCY FUNDS	2010 TOTAL	2009 TOTAL
ASSETS				
Cash and Cash Equivalents	\$ 11,790	\$ 540	\$ 12,330	\$ 38,741
Accounts Receivable	10,332	-	10,332	1,711
Investments	388,250	4,000	392,250	391,000
Accrued Interest Receivable	-	-	-	16
Prepaid Items	-	-	-	457
TOTAL ASSETS	410,372	4,540	414,912	431,925
LIABILITIES				
Accounts Payable	15,462	82	15,544	35,998
Unearned Revenue	3,159	-	3,159	5,252
Custodial Accounts	-	4,458	4,458	5,105
TOTAL LIABILITIES	18,621	4,540	23,161	46,355
NET ASSETS				
Reserve for Gifts and Scholarships	391,751	-	391,751	312,379
TOTAL NET ASSETS	\$ 391,751	\$ -	\$ 312,379	\$ 312,379

TACOMA SCHOOL DISTRICT No. 10
PRIVATE-PURPOSE TRUSTS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2009)

	MISC. K-12 TRUST	KAISER MEMORIAL TRUST	2010 TOTAL	2009 TOTAL
ADDITIONS				
Donations	\$ 210,676	\$ -	\$ 210,676	\$ 289,841
TOTAL ADDITIONS	210,676	-	210,676	289,841
DEDUCTIONS				
Scholarships	63,684	-	63,684	70,323
Tuition and Fees	19,923	-	19,923	26,794
Supplies & Materials	100,682	-	100,682	103,950
Field Trips & Travel	12,659	-	12,659	15,073
Purchased Services	1,101	-	1,101	-
Salaries & Benefits	5,774	-	5,774	107
Administrative	672	-	672	403
TOTAL DEDUCTIONS	204,495	-	204,495	216,650
CHANGE IN NET ASSETS	6,181	-	6,181	73,191
Net Assets, Beginning of the year	377,039	8,531	385,570	312,379
Net Assets, End of the year	\$ 383,220	\$ 8,531	\$ 391,751	\$ 385,570

TACOMA SCHOOL DISTRICT No. 10
PRIVATE-PURPOSES TRUSTS
COMBINING BALANCE SHEET
AUGUST 31, 2010
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2009)

	MISC. K-12 TRUST	KAISER MEMORIAL TRUST	2010 TOTAL	2009 TOTAL
ASSETS				
Cash and Cash Equivalents	\$ 11,790	\$ -	\$ 11,790	\$ 32,699
Accounts Receivable	10,332	-	10,332	1,711
Investment	379,719	8,531	388,250	391,000
Prepaid Items		-	-	457
TOTAL ASSETS	401,841	8,531	410,372	425,867
LIABILITIES				
Account Payable	15,462	-	15,462	35,045
Unearned Revenue	3,159	-	3,159	5,252
TOTAL LIABILITIES	18,621	-	18,621	40,297
NET ASSETS				
Committed				
Committed to Encumbrances	3,879	-	3,879	-
Committed to Other Purposes	379,160	8,531	391,751	385,570
TOTAL NET ASSETS	\$ 379,160	\$ 8,531	\$ 391,751	\$ 385,570

TACOMA SCHOOL DISTRICT No. 10
AGENCY FUNDS
COMBINING BALANCE SHEET
AUGUST 31, 2010
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2009)

INTERNATIONAL SCHOOL OF LAGOS FUND	MISCELLANEOUS AGENCIES FUND	T O T A L	
		2010	2009

ASSETS

Cash on Hand and In Bank	\$	540	\$	-	\$	540	\$	6,042
Investments		2,283		1,717		4,000		-
Accrued Interest Receivable		-		-		-		16

TOTAL ASSETS

2,823	1,717	4,540	6,058
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LIABILITIES

Accounts Payable		82		-		82		953
Custodial Accounts		2,741		1,717		4,458		5,105

TOTAL LIABILITIES

\$ 2,823	\$ 1,717	\$ 4,540	\$ 6,058
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TACOMA SCHOOL DISTRICT No. 10
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010

INTERNATIONAL SCHOOL OF LAGOS

BALANCE			BALANCE
9/1/2009	ADDITIONS	DEDUCTIONS	8/31/2010

ASSETS

Cash on Hand and In Bank	\$ 4,333	\$ -	\$ 3,793	\$ 540
Investments	-	2,283		2,283
Accrued Interest Receivable	11	-	11	-

TOTAL ASSETS	4,344	2,283	3,804	2,823
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LIABILITIES

Accounts Payable	953	82	953	82
Custodial Accounts	3,391	2,741	3,391	2,741

TOTAL LIABILITIES	4,344	2,823	4,344	2,823
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MISCELLANEOUS AGENCIES FUND

BALANCE			BALANCE
9/1/2009	ADDITIONS	DEDUCTIONS	8/31/2010

ASSETS

Cash on Hand and In Bank	1,709	-	1,709	-
Investments	-	1,717	-	1,717
Accrued Interest Receivable	5	-	5	-

TOTAL ASSETS	1,714	1,717	1,714	1,717
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LIABILITIES

Accounts Payable	-	-	-	-
Custodial Accounts	1,714	3	-	1,717

TOTAL LIABILITIES	1,714	3	-	1,717
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COMBINED TOTAL FOR ALL AGENCY FUNDS

BALANCE			BALANCE
9/1/2009	ADDITIONS	DEDUCTIONS	8/31/2010

ASSETS

Cash on Hand and In Bank	6,042	-	5,502	540
Investments	-	4,000	-	4,000
Accrued Interest Receivable	16	-	16	-

TOTAL ASSETS	6,058	4,000	5,518	4,540
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LIABILITIES

Accounts Payable	953	82	953	82
Custodial Accounts	5,105	2,744	3,391	4,458

TOTAL LIABILITIES	\$ 6,058	\$ 2,826	\$ 4,344	\$ 4,540
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TACOMA SCHOOL DISTRICT No. 10
SCHEDULE OF CHANGES IN LONG-TERM DEBT
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010

	BALANCE			BALANCE
	9/1/2009	INCREASES	DECREASES	8/31/2010
Unlimited G. O. Bonds	\$ 290,060,000	\$ -	\$ 13,040,000	\$ 277,020,000
Limited Tax G.O. Bonds	4,431,496	-	88,578	4,342,918
Compensated Absences	19,244,077	48,289	1,091,620	18,200,746
Unamortized Bond Premium	15,377,778	-	2,163,785	13,213,993
Net OPEB Obligation	14,167,173	13,465,862	4,697,914	22,935,121
TOTAL	\$ 343,280,524	\$ 13,514,151	\$ 21,081,897	\$ 335,712,778

**TACOMA SCHOOL DISTRICT No. 10
OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS
AUGUST 31, 2010**

DUE DATE	2001 UTGO BOND ISSUE DATED: 12/1/01		2003 UTGO BOND ISSUE DATED: 12/9/03		2004 REFUNDED BOND DATED: 6/1/05		2005 UTGO BOND ISSUE DATED: 6/1/05		2005B-UTGO BOND-ISSUE DATED: 12/21/05		2005B-UTGO BOND-ISSUE DATED: 12/21/05		AMOUNT: \$55,000,000	AMOUNT: \$3,280,000	AMOUNT: \$1,860,120	TOTAL DEBT	TOTAL BY	TOTAL YEAR
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST						
Dec. 1, 2009	7,500,000	393,750	3,000,000	1,669,438	330,000	3,674,606	-	1,072,250	-	328,750	18,013,083	44,289	-	44,289	18,013,083	27,146,390		
Jun. 1, 2010	-	206,250	-	1,601,938	360,000	3,668,831	-	1,072,250	-	328,750	9,132,308	44,289	-	44,289	9,132,308	17,704,758		
Dec. 1, 2010	2,500,000	206,250	8,000,000	1,601,938	335,000	3,662,531	-	1,072,250	-	282,500	-	-	-	-	-	-		
Jun. 1, 2011	90,000	150,000	-	1,435,238	365,000	3,656,250	-	1,072,250	-	282,500	7,095,527	44,289	-	44,289	7,095,527	24,800,284		
Dec. 1, 2011	7,410,000	148,200	9,000,000	1,435,238	360,000	3,648,950	-	1,072,250	-	282,500	36,681,427	44,289	-	44,289	36,681,427	-		
Jun. 1, 2012	-	-	-	1,220,663	4,175,000	3,641,750	-	1,072,250	-	282,500	11,322,214	930,051	-	-	11,322,214	38,003,640		
Dec. 1, 2012	-	-	9,000,000	1,220,663	4,175,000	3,537,375	-	1,072,250	-	282,500	19,287,788	-	-	-	19,287,788	-		
Jun. 1, 2013	-	-	-	995,663	4,190,000	3,433,000	-	1,072,250	-	282,500	11,875,413	-	-	-	11,875,413	31,161,200		
Dec. 1, 2013	-	-	9,000,000	995,663	4,185,000	3,328,250	-	1,072,250	-	235,000	18,816,163	-	-	-	18,816,163	-		
Jun. 1, 2014	-	-	-	773,750	5,980,000	3,223,625	-	1,072,250	-	235,000	11,284,625	-	-	-	11,284,625	39,100,788		
Dec. 1, 2014	-	-	5,400,000	773,750	5,965,000	3,074,125	-	1,072,250	-	235,000	16,520,125	-	-	-	16,520,125	-		
Jun. 1, 2015	-	-	-	638,750	6,485,000	2,925,000	-	1,072,250	-	235,000	11,356,000	-	-	-	11,356,000	27,876,125		
Dec. 1, 2015	-	-	5,200,000	638,750	6,475,000	2,762,875	-	1,072,250	-	235,000	16,388,875	-	-	-	16,388,875	-		
Jun. 1, 2016	-	-	-	508,750	6,995,000	2,601,000	-	1,072,250	-	235,000	14,412,000	-	-	-	14,412,000	30,795,875		
Dec. 1, 2016	-	-	5,200,000	508,750	6,980,000	2,426,125	-	1,072,250	-	160,000	16,347,125	-	-	-	16,347,125	-		
Jun. 1, 2017	-	-	-	378,750	8,000,000	2,251,625	-	1,072,250	-	160,000	11,862,625	-	-	-	11,862,625	28,209,750		
Dec. 1, 2017	-	-	8,500,000	378,750	7,985,000	2,051,625	-	1,072,250	-	160,000	20,147,625	-	-	-	20,147,625	-		
Jun. 1, 2018	-	-	-	166,250	13,355,000	1,852,000	-	1,072,250	-	160,000	16,605,500	-	-	-	16,605,500	36,753,125		
Dec. 1, 2018	-	-	2,000,000	166,250	13,340,000	1,518,125	-	1,072,250	-	160,000	18,256,625	-	-	-	18,256,625	-		
Jun. 1, 2019	-	-	-	116,250	14,800,000	1,184,625	-	1,072,250	-	160,000	17,333,125	-	-	-	17,333,125	35,589,750		
Dec. 1, 2019	-	-	1,650,000	116,250	14,790,000	814,625	-	1,072,250	-	160,000	18,603,125	-	-	-	18,603,125	-		
Jun. 1, 2020	-	-	-	75,000	8,925,000	444,875	-	1,072,250	-	160,000	14,527,125	-	-	-	14,527,125	33,130,250		
Dec. 1, 2020	-	-	1,650,000	75,000	8,870,000	221,750	-	1,072,250	-	63,750	11,952,750	-	-	-	11,952,750	15,672,500		
Jun. 1, 2021	-	-	1,500,000	33,750	-	-	-	1,072,250	-	63,750	10,881,000	-	-	-	10,881,000	-		
Dec. 1, 2021	-	-	-	33,750	-	-	-	1,072,250	-	-	865,375	-	-	-	865,375	11,746,375		
Jun. 1, 2022	-	-	-	-	-	-	-	865,375	-	-	11,485,375	-	-	-	11,485,375	-		
Dec. 1, 2022	-	-	-	-	10,620,000	865,375	-	865,375	-	-	599,875	-	-	-	599,875	12,085,250		
Jun. 1, 2023	-	-	-	-	-	-	-	599,875	-	-	12,419,875	-	-	-	12,419,875	-		
Dec. 1, 2023	-	-	-	-	11,520,000	599,875	-	599,875	-	-	311,875	-	-	-	311,875	12,431,750		
Jun. 1, 2024	-	-	-	-	-	-	-	311,875	-	-	12,786,875	-	-	-	12,786,875	-		
Dec. 1, 2024	-	-	-	-	12,475,000	311,875	-	311,875	-	-	-	-	-	-	-	-		
Jun. 1, 2025	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Dec. 1, 2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
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TACOMA SCHOOL DISTRICT No. 10
SCHEDULE OF CAPITAL ASSETS BY LOCATION
August 31, 2010

PROPERTY	LOCATION	LAND	BUILDINGS & IMPROVEMENTS	EQUIPMENT	TOTALS
SENIOR HIGH SCHOOLS					
Foss	2112 S. Tyler St.	\$ 1,125,732	\$ 42,484,366	\$ 700,399	\$ 44,310,497
Lincoln	701 S. 37th St.	1,470,611	20,823,592	1,519,150	23,813,353
Lincoln Bowl	S. 37th & G St.	1,979,476	1,419,029	-	3,398,505
Mount Tahoma (New)	4634 S. 74th St.	7,431,453	72,918,027	1,058,785	81,408,265
Oakland	3319 S. Adams St.	99,270	1,473,057	111,747	1,684,074
Science & Math Institute	Pt Defiance Park	-	1,061,210	30,317	1,091,527
School of the Arts	1950 Pacific Ave.	493,085	11,967,090	129,147	12,589,322
Stadium	111 North E St.	4,272,371	114,660,454	1,346,537	120,279,362
Stadium Bowl	N. 1st & E St.	4,825,151	987,324	-	5,812,475
Wilson	1202 N. Orchard St.	389,823	35,840,147	839,683	37,069,653
MIDDLE SCHOOLS					
Baker	8320 S. I St.	2,408,821	5,730,340	229,361	8,368,522
Gault	1115 E. Division Lane	67,314	3,104,517	42,574	3,214,405
Giaudrone	4902 S. Alaska St.	206,675	23,373,427	174,958	23,755,060
Gray	3109 S. 60th St.	963,141	4,355,340	300,294	5,618,775
Hunt	6501 S. 10th St.	60,230	3,576,542	242,565	3,879,337
Jason Lee	602 N. Sprague Ave.	1,918,440	25,290,235	304,814	27,513,489
Mason	3901 N. 28th St.	1,388,445	23,678,896	442,570	25,509,911
McIlvaigh	1801 E. 56th St.	167,722	3,734,501	170,345	4,072,568
Meeker	4402 Nassau Ave NE	1,416,692	12,054,802	285,812	13,757,306
Stewart	5010 Pacific Ave.	176,943	4,222,606	203,536	4,603,085
Truman	5801 N. 35th St.	2,201,371	20,244,297	292,550	22,738,218
First Creek	1801 E. 56th St.	-	-	197,079	197,079
ELEMENTARY SCHOOLS					
Arlington	3002 S. 72nd St.	68,537	866,183	78,734	1,013,454
Birney	1202 S. 76th St.	97,147	2,507,981	136,661	2,741,789
Blix	1302 E. 38th St.	2,209,037	11,730,949	275,443	14,215,429
Boze	1140 E. 65th St.	110,155	4,615,199	134,308	4,859,662
Browns Point	1526 - 51st. St. NE	567,653	3,680,292	176,803	4,424,748
Bryant	717 S. Grant Ave.	194,551	1,516,480	46,290	1,757,321
Crescent Heights	4410 Nassau Ave NE	533,450	10,497,346	230,800	11,261,596
DeLong	4901 S. 14th St.	64,384	4,616,268	116,137	4,796,789
Downing	2502 N. Orchard St.	107,558	1,855,045	219,834	2,182,437
Edison	5830 S. Pine St.	561,262	10,386,423	276,143	11,223,828
Fawcett	126 E. 60th St.	151,289	4,918,348	159,023	5,228,660
Fern Hill	8442 S. Park Ave.	94,728	18,808,537	371,724	19,274,989
Franklin	1402 S. Lawrence	1,733,534	11,626,513	240,001	13,600,048
Geiger	621 S. Jackson Ave.	455,146	1,725,548	108,005	2,288,699
Grant	1018 N. Prospect St.	133,229	1,895,656	149,014	2,177,899
Jefferson	4302 N. 13th St.	59,160	11,887,207	218,098	12,164,465
Larchmont	8601 E. B St.	237,033	7,412,234	107,522	7,756,789
Lister	2106 E. 44th St.	704,349	11,652,796	148,144	12,505,289
Lowell	810 N. 13th St.	120,732	2,048,861	196,967	2,366,560
Lyon	101 E. 46th St.	28,646	2,145,393	85,950	2,259,989
Manitou Park	4430 S. 66th St.	778,177	9,638,780	148,182	10,565,139
Mann	1002 S. 52nd. St.	1,052,818	9,513,673	148,390	10,714,881
McCarver	2111 S. J St.	379,460	3,058,760	132,253	3,570,473
McKinley	3702 McKinley	93,447	1,884,077	48,298	2,025,822
Northeast Tacoma	5412 29th St. NE	158,628	7,773,082	232,910	8,164,620
Point Defiance	4330 N. Visscher St.	266,166	5,940,946	208,733	6,415,845

TACOMA SCHOOL DISTRICT NO. 10
SCHEDULE OF CAPITAL ASSETS BY LOCATION
August 31, 2010

PROPERTY	LOCATION	LAND	BUILDINGS &		EQUIPMENT	TOTALS
			IMPROVEMENTS			
Reed	1802 S. 36th St.	\$ 179,489	\$ 5,488,347	\$ 130,233	\$ 5,798,069	
Roosevelt	3550 E. Roosevelt Ave.	282,537	6,408,059	51,883	6,742,479	
Sheridan	6317 McKinley Ave.	1,061,019	7,452,261	200,024	8,713,304	
Sherman	4415 N. 38th St.	696,848	9,607,953	312,151	10,616,952	
Skyline	2301 N. Mildred St.	137,380	1,446,922	280,437	1,864,739	
Stafford	1615 S. 92nd St.	124,198	15,771,219	206,324	16,101,741	
Stanley	1712 S. 17th St.	9,714	7,675,856	25,463	7,711,033	
Wainwright	130 Alameda Ave.	143,892	1,720,242	101,609	1,965,743	
Washington-Hoyt	3701 N. 26th St.	108,427	1,915,977	149,502	2,173,906	
Whitman	1120 S. 39th St.	111,880	8,017,611	100,661	8,230,152	
Whittier	777 Elm Tree Lane	568,662	2,652,379	244,265	3,465,306	
OTHER BLDGS. & SITES						
Building & Grounds	3223 S. Union Ave.	144,351	8,216,687	3,558,716	11,919,754	
Central Administration Bldg. (CAB)	601 S. 8th St.	271,228	8,034,136	9,270,202	17,575,566	
CAB Annex	708 S. G St.	-	110,357	77,416	187,773	
Camp Joshua Taylor	Longbranch	30,000	27,872	-	57,872	
Lincoln Tree Farm	28001 Mountain Highway	1,986	5,431,488	101,760	5,535,234	
Madison - Head Start Use	3102 S. 43rd St.	143,962	1,236,115	163,156	1,543,233	
District-Wide		-	-	54,267	54,267	
Old Gray Middle School	3109 S. 60th	-	251,424	-	251,424	
Park Avenue Center	6701 Park Ave.	156,079	1,205,963	-	1,362,042	
Pearl Street Center	815 S. Pearl St.	-	-	-	-	
Professional Development Ctr	6501 N. 23rd St.	107,352	4,093,666	580,522	4,781,540	
Purchasing/Food Services	3321 S. Union Ave.	-	71,883	742,831	814,714	
Remann Hall	5501 6th Ave.	-	27,502	9,236	36,738	
Transportation	4002 S. Cedar	280,880	346,528	5,220,512	5,847,920	
Willard	3201 South D St.	2,299	767,979	94,302	864,580	
VACANT SITES						
Blueberry Farm	E. 80th & D St.	365,680	-	-	365,680	
38th Elementary School	S. 56th & Alameda St.	60,525	58,886	-	119,411	
Construction-in-Progress		-	161,363,893	-	161,363,893	
TOTALS		\$ 49,011,430	\$ 856,603,581	\$ 34,692,062	\$ 940,307,073	

Statistical Section

The statistical section includes certain financial and non-financial data to provide context for interpreting information in the financial statements, note disclosures, and required supplementary information. The additional information is provided to present the economic, financial, and social framework in which the district operates, and to assist the financial statement users to better understand the overall operations and financial health of the Tacoma School District.

Financial Trends - Tables I-VI present trend information to provide historical context for the district's financial performance and financial health.

Revenue Capacity - Tables VII-X present information on key factors that affect the district's ability to generate property taxes.

Debt Capacity - Tables XI-XV present information to help the reader assess affordability of current levels of outstanding debt and assess the ability of the district to issue additional debt in the future.

Demographic and Economic Information - Tables XVI-XVIII present demographic and economic indicators to help the reader understand the environment in which the district's financial activities take place, and to provide a history of district operations and comparisons with other governments.

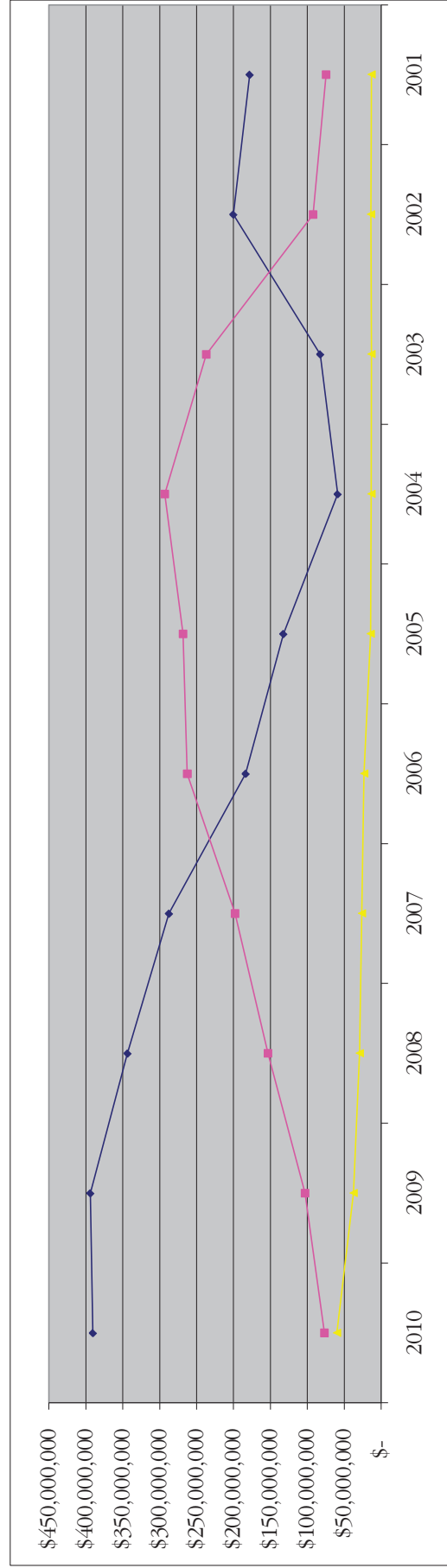
Operating Information - Tables XIX-XXIII present information about district operations and resources to help the reader understand how district financial information relates to services the district provides and to the activities the district performs.

Table I

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

The three components of net assets are shown separately and in total. This table presents information from the Schedule of Net Assets since it became a part of the CAFR in 1999-2000.

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Governmental Activities										
Invested in Capital Assets, Net of	\$ 390,590,421	\$ 394,062,543	\$ 343,600,058	\$ 287,407,153	\$ 183,498,584	\$ 132,366,783	\$ 58,768,336	\$ 82,410,998	\$ 200,184,926	\$ 178,001,761
Related Debt										
Restricted	76,739,255	102,945,364	153,423,551	197,907,793	262,567,611	268,256,372	293,191,174	236,838,514	92,196,571	74,579,816
Unrestricted	59,868,566	37,499,416	29,171,927	26,194,733	23,090,635	14,346,560	13,322,222	13,309,920	13,933,474	13,172,528
Total Governmental Activities Net Assets	\$ 527,198,242	\$ 534,507,323	\$ 526,195,536	\$ 511,509,679	\$ 469,156,830	\$ 414,969,715	\$ 365,281,732	\$ 332,559,432	\$ 306,314,971	\$ 265,754,105



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

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
EXPENSES										
Governmental Activities:										
Regular Instruction	\$ 179,431,742	\$ 174,351,344	\$ 164,420,601	\$ 156,326,162	\$ 149,234,160	\$ 138,740,033	\$ 141,922,048	\$ 140,509,840	\$ 136,359,153	\$ 133,412,052
Federal Stimulus	16,381,307	12,689,246	-	-	-	-	-	-	-	-
Special Instruction	37,471,143	42,166,389	41,691,092	30,520,173	29,178,309	27,462,651	29,506,331	25,979,612	24,791,209	23,276,390
Career & Technical Instruction	10,266,650	11,173,411	9,398,193	9,623,177	9,918,936	9,004,395	9,590,188	8,405,639	8,778,879	6,974,345
Compensatory Instruction	32,111,417	38,702,893	40,352,551	36,450,450	35,035,205	33,814,991	33,624,081	27,931,265	24,361,038	21,811,348
Other Instructional Programs	3,926,777	3,938,143	4,797,569	5,230,923	5,317,223	5,584,411	6,008,281	6,996,210	10,261,785	10,064,152
Community Services	493,678	474,692	317,133	152,941	82,594	116,253	118,850	94,739	104,691	104,522
Support Services	67,074,218	70,777,237	64,105,022	64,172,357	60,295,526	59,535,299	65,322,369	59,618,994	55,599,334	55,266,389
Extracurricular Activities (ASB)	1,988,996	2,102,491	2,419,682	2,126,537	2,219,507	2,414,283	2,761,137	2,666,311	2,545,688	2,312,910
Interest on Long-Term Debt	12,048,130	12,951,711	13,741,676	14,803,241	13,616,689	7,552,948	12,459,076	11,252,477	6,862,088	879,460
Total Governmental Activities Expenses	361,194,058	369,327,557	341,243,519	319,405,961	304,898,149	284,225,263	301,312,361	283,455,087	269,663,865	254,101,568
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
Regular Instruction	\$ 1,609,631	\$ 977,061	\$ 877,796	\$ 1,118,195	\$ 1,091,413	\$ 2,509,931	\$ 4,616,768	\$ 7,521,594	\$ 1,750,664	\$ 1,035,120
Federal Stimulus	-	-	-	-	-	-	-	-	-	-
Special Instruction	1,633,529	1,485,568	1,614,967	782,310	1,034,840	614,971	857,457	714,035	802,418	731,591
Career & Technical Instruction	42,150	213,596	39,581	57,341	76,667	69,246	56,413	43,693	45,412	128,708
Compensatory Instruction	9,599	3,700	-	-	-	-	-	-	-	-
Other Instructional Programs	413,810	416,539	1,271,683	1,202,942	914,182	1,022,742	817,399	782,901	931,950	766,192
Community Services	678,450	645,545	579,165	537,285	304,148	314,140	123,796	84,115	88,348	41,862
Support Services	2,975,681	3,417,989	3,207,302	2,937,576	3,107,453	3,170,440	2,960,153	2,972,871	3,092,327	3,153,472
Extracurricular Activities (ASB)	2,025,124	1,966,684	2,471,489	2,101,622	2,386,939	2,439,263	2,579,591	2,588,855	2,558,131	2,514,526
Operating Grants and Contributions	118,095,063	123,551,671	99,180,022	88,838,632	86,565,918	82,410,500	80,890,978	70,702,124	66,363,578	60,239,485
Capital Grants and Contributions	135,941	79,914	274,667	177,984	426,067	217,099	578,215	313,205	720,185	315,493
Total Governmental Activities Program Revenues	127,618,978	132,758,267	109,516,672	97,753,887	95,907,627	92,768,332	93,480,770	85,723,393	76,353,013	68,926,449
NET (EXPENSE)/REVENUE	(233,575,080)	(236,569,290)	(231,726,847)	(221,652,074)	(208,990,522)	(191,456,931)	(207,831,591)	(197,731,694)	(193,310,852)	(185,175,119)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes:										
Property Taxes for Maintenance & Operations	\$ 72,876,736	\$ 69,052,008	\$ 66,388,111	\$ 64,642,843	\$ 61,731,341	\$ 59,201,540	\$ 56,297,209	\$ 53,523,215	\$ 50,583,207	\$ 50,144,954
Property Taxes for Debt Service	31,805,847	37,226,743	40,016,240	44,238,901	43,786,896	41,230,008	29,152,664	13,488,138	5,413,421	1,488,850
Property Taxes for Capital Projects	36	315	2,542	24,340	116,325	345,040	9,871,097	23,800,930	29,030,627	31,334,016
Unallocated State Apportionment & Others	121,135,325	136,088,259	133,258,959	141,820,613	146,571,226	134,447,216	140,721,155	128,982,277	138,728,118	136,150,115
Interest and Investment Earnings	448,055	2,513,752	6,749,852	13,278,226	10,971,849	5,921,111	4,511,765	4,181,595	10,116,344	3,812,804
Total Governmental Activities	226,265,999	244,881,077	246,415,704	264,004,923	263,177,637	241,144,915	240,553,890	223,976,155	233,871,717	222,930,739
Change in Net Assets	\$ (7,309,081)	\$ 8,311,787	\$ 14,688,857	\$ 42,352,849	\$ 54,187,115	\$ 49,687,984	\$ 32,722,299	\$ 26,244,461	\$ 40,560,865	\$ 37,755,620

TACOMA SCHOOL DISTRICT No. 10

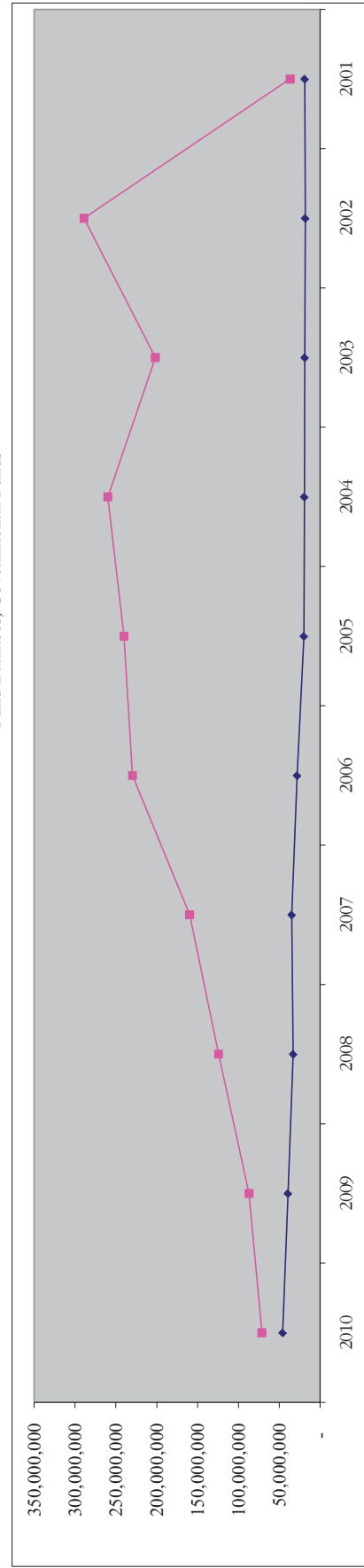
Table III

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										
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	
General Fund											
Nonspendable	\$ 3,135,309	\$ 1,876,760	\$ 3,682,051	\$ 8,525,054	\$ 4,961,132	\$ 5,388,046	\$ 5,872,964	\$ 5,391,461	\$ 6,066,814	\$ 6,547,112	
Restricted	2,039,119	3,290,695	4,564,735	4,640,910	3,009,912	2,331,787	1,500,000	1,500,000	1,500,000	1,500,000	
Committed	9,848,216	10,009,490	7,945,738	2,446,206	5,408,886	5,048,611	5,715,000	6,715,000	440,186	6,011,719	
Assigned	30,835,584	24,199,231	15,714,538	18,280,253	14,227,738	4,818,093	6,084,636	3,340,000	8,400,000	3,238,000	
Unassigned	-	-	946,916	827,364	444,099	2,148,069	22,586	1,754,920	1,619,275	1,378,039	
Total General Fund	45,858,228	39,376,176	32,853,978	34,719,787	28,051,767	19,734,606	19,195,186	18,701,381	18,026,275	18,674,870	
All Other Governmental Funds											
Nonspendable	44,607	88,895	65,229	75,481	127,416	283,542	133,909	110,351	72,875	79,256	
Restricted	32,658,001	79,183,555	75,911,561	113,306,913	147,130,424	170,996,188	229,730,608	114,560,882	-	-	
Committed	24,474,174	702,549	36,698,098	36,379,806	61,260,440	51,262,899	10,865,077	59,915,923	8,021,148	3,911,610	
Assigned to:											
Special Revenue Fund (ASB)	2,014,443	1,936,349	1,993,058	1,951,441	1,839,427	1,532,000	1,455,440	1,670,782	1,738,237	1,738,835	
Debt Service Fund	7,179,104	2,409,974	4,757,835	3,670,281	15,853,366	13,597,792	15,855,338	6,431,328	7,825,819	696,291	
Capital Project Fund	2,473,615	682,349	2,763,747	2,541,970	1,736,916	583,730	911,888	18,469,185	271,147,435	30,148,249	
Transportation Vehicle Fund	2,424,775	1,997,118	2,016,963	1,839,416	1,741,151	1,824,147	973,626	566,930	235,776	99,357	
Total All Other Governmental Funds	\$ 71,268,719	\$ 87,000,789	\$ 124,206,491	\$ 159,765,308	\$ 229,689,140	\$ 240,080,298	\$ 259,925,886	\$ 201,725,381	\$ 289,041,290	\$ 36,673,598	

Fund Balances, Governmental Funds



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									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
REVENUES										
Local Taxes	\$ 104,682,619	\$ 106,279,067	\$ 106,406,893	\$ 108,906,084	\$ 105,634,562	\$ 100,776,588	\$ 101,283,214	\$ 90,817,247	\$ 85,027,255	\$ 80,595,296
Local Non-Tax	6,605,606	9,072,709	13,708,167	19,864,775	17,321,631	12,252,308	4,149,542	9,834,604	16,403,550	8,689,619
State Funds, General Purpose	146,132,687	140,272,777	138,128,440	134,098,632	131,161,547	130,237,393	131,575,092	132,871,497	132,436,280	128,363,766
State Funds, Special Purpose	38,810,327	66,040,426	55,603,591	57,287,331	59,696,928	47,662,248	55,174,141	35,544,374	37,342,620	38,478,344
Federal Funds, General Purpose	370,471	450,453	491,957	434,204	460,790	372,302	360,829	325,567	352,321	347,022
Federal Funds, Special Purpose	54,910,681	48,625,800	36,173,884	36,653,736	37,044,126	37,864,899	33,479,260	32,983,466	30,670,350	28,852,258
Revenues from Other Districts	1,626,362	1,477,629	1,608,984	774,167	1,034,840	614,971	857,457	712,128	793,874	718,435
Revenues from Other Agencies	243,813	297,477	505,351	588,246	340,936	617,718	1,244,474	1,028,157	998,964	351,078
Miscellaneous	2,025,124	1,966,684	2,471,489	2,101,622	2,386,939	2,439,263	2,579,591	2,588,854	2,558,132	2,514,526
TOTAL REVENUES	355,407,690	374,483,022	355,098,756	360,708,797	355,082,299	332,837,690	330,703,600	306,705,894	306,583,346	288,910,344
EXPENDITURES										
Regular Instruction	150,804,463	142,968,422	148,591,332	139,992,844	132,888,574	132,488,019	130,608,680	131,925,265	124,544,999	123,542,590
Federal Stimulus	15,708,343	12,096,304	-	-	-	-	-	-	-	-
Special Instruction	35,917,278	39,323,625	38,700,254	29,649,440	28,550,134	28,449,433	26,787,850	25,679,896	24,081,287	23,054,478
Career & Technical Instruction	9,835,694	9,969,499	8,894,872	8,985,654	9,230,191	8,944,708	8,402,209	8,079,691	8,458,711	6,922,895
Compensatory Education	30,930,647	37,496,859	38,702,671	35,333,345	34,112,362	34,715,833	30,469,429	27,619,539	23,772,717	21,573,917
Other Instructional Programs	3,780,501	3,792,643	4,587,635	4,949,859	5,068,887	5,488,760	5,344,820	6,812,579	9,938,104	9,956,707
Community Services	486,859	447,585	308,484	148,622	80,803	121,032	108,309	94,118	102,927	103,976
Support Services	63,273,284	62,318,533	57,069,604	59,942,714	57,071,240	57,238,978	56,852,458	56,586,798	53,243,274	54,584,234
Student Activities	1,986,443	2,096,938	2,390,735	2,087,909	2,172,968	2,369,376	2,719,115	2,624,906	2,512,449	2,295,096
Capital Outlay	26,408,149	54,950,133	55,291,736	85,797,229	100,850,896	83,141,804	91,444,859	107,554,359	57,376,752	29,445,115
Debt Service:										
Interest	14,018,506	15,141,792	22,260,393	17,608,995	16,778,426	15,791,159	14,282,817	12,706,403	6,861,859	932,223
Principal	-	24,598,578	16,167,551	39,627,867	27,291,445	31,522,206	12,078,545	15,901,417	4,898,133	2,059,311
TOTAL EXPENDITURES	366,278,745	405,200,911	392,965,267	424,124,478	414,095,926	400,271,308	379,099,091	395,584,971	315,791,212	274,470,542
Excess of Revenues Over/(Under) Expenditures	(10,871,055)	(30,717,889)	(37,866,511)	(63,415,681)	(59,013,626)	(67,433,618)	(48,395,491)	(88,879,077)	(9,207,866)	14,439,802
OTHER FINANCING SOURCES (USES)										
Sale of Equipment & Property	1,632,226	23,196	1,441,885	159,870	9,407	28,489	462,737	470,022	47,618	4,222
Long-Term Financing	-	-	-	-	-	-	-	-	-	108,850
Sales of Bonds	-	-	-	-	55,000,000	31,543,986	100,000,000	-	250,000,000	-
Bond Premium/(Discount)	-	-	-	-	1,853,628	16,554,973	6,627,063	10,879,349	-	-
Capital Leases	-	-	-	-	-	-	-	1,768,250	-	-
Refund from Bond Escrow Account	-	-	-	-	76,595	-	-	-	-	-
Total Other Financing Sources (Uses)	1,632,226	23,196	1,441,885	159,870	56,939,630	48,127,448	107,089,800	2,238,272	260,926,967	113,072
NET CHANGE IN FUND BALANCES	\$ (9,238,829)	\$ (30,694,693)	\$ (36,424,626)	\$ (63,255,811)	\$ (2,073,996)	\$ (19,306,170)	\$ 58,694,309	\$ (86,640,805)	\$ 251,719,101	\$ 14,552,874
Debt Service as a Percentage of Noncapital Expenditures	4.12%	11.35%	11.38%	16.92%	14.07%	14.92%	9.16%	9.93%	4.55%	1.22%

Source data: Tacoma School District CAFR Schedules: 4, B-3, C-2, D-2, E-2, and F-2

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
2001	49,368,370	160,456,429	29,199,280	6,703,748
2002	50,583,207	166,133,251	31,022,670	6,631,413
2003	53,526,944	165,662,165	33,309,032	5,887,595
2004	56,297,209	167,449,797	33,840,090	5,962,244
2005	59,201,540	164,849,344	38,237,201	7,019,819
2006	61,731,341	167,990,989	37,504,916	7,898,631
2007	64,642,843	174,288,249	37,087,940	9,118,168
2008	66,388,111	184,567,109	36,665,841	8,800,421
2009	69,052,008	186,586,989	49,076,253	7,062,054
2010	72,876,736	180,860,443	55,281,152	6,080,372

FISCAL YEAR	PAYMENTS FROM OTHER DISTRICTS	PAYMENTS FROM OTHER AGENCIES AND ASSOC.	TOTAL REVENUES GENERAL FUND
2001	718,435	351,078	246,797,340
2002	793,874	998,964	256,163,379
2003	712,128	1,028,157	260,126,022
2004	857,457	1,244,474	265,651,271
2005	614,971	617,718	270,540,593
2006	1,034,840	340,936	276,501,653
2007	774,167	588,246	286,499,613
2008	1,608,984	505,351	298,535,817
2009	1,477,629	297,477	313,552,410
2010	1,626,362	243,813	316,968,878

FISCAL YEAR	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	*CAPITAL PROJECTS FUNDS	TOTAL ALL FUNDS
2001	2,514,526	1,458,163	38,140,315	288,910,344
2002	2,558,132	5,554,463	42,307,371	306,583,345
2003	2,588,854	13,596,912	30,394,107	306,705,895
2004	2,579,591	29,292,030	33,180,708	330,703,600
2005	2,439,263	41,510,405	18,347,429	332,837,690
2006	2,386,939	44,317,352	31,876,355	355,082,299
2007	2,101,622	44,727,324	27,380,238	360,708,797
2008	2,471,489	40,268,336	13,823,114	355,098,756
2009	1,966,684	37,303,931	21,659,997	374,483,022
2010	2,025,124	31,827,636	4,586,052	355,407,690

* 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
2001	7,368,478	188,770,597	8,675,948	8,941,021	23,335,894
2002	7,155,132	197,271,974	9,626,642	10,837,294	24,170,077
2003	8,078,327	202,399,206	9,450,900	9,395,642	23,668,546
2004	7,901,178	208,029,924	9,899,073	8,922,354	23,670,570
2005	7,866,570	213,510,881	10,410,009	8,873,990	24,020,756
2006	8,462,545	212,201,005	9,847,517	8,232,114	24,523,664
2007	7,937,321	221,059,843	9,980,145	8,549,236	26,650,933
2008	8,054,951	239,329,044	10,828,147	9,698,502	26,787,426
2009	8,440,020	245,992,520	11,560,475	8,155,673	27,792,244
2010	8,892,110	247,663,918	11,609,925	9,285,131	27,411,725

FISCAL YEAR	INFORMATION SERVICES	PRINTING	WAREHOUSE DISTRIBUTION	OTHER SERVICES (1)	TOTAL GENERAL FUND
2001	5,790,115	168,821	457,053	164,106	243,672,033
2002	6,320,436	336,906	544,746	102,927	256,366,134
2003	6,592,337	244,378	433,423	94,128	260,356,888
2004	5,428,191	288,946	437,752	108,309	264,686,297
2005	4,049,247	211,957	463,684	121,032	269,528,126
2006	4,100,831	187,622	557,798	80,803	268,193,899
2007	5,196,173	(12,829)	345,919	148,622	279,855,363
2008	5,588,841	185,959	703,613	131,526	301,308,009
2009	6,079,366	(22,410)	655,790	327,432	308,981,110
2010	5,515,363	191,446	608,614	132,213	311,310,445

FISCAL YEAR	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TRANSPORTATION VEHICLE FUND	TOTAL ALL FUNDS
	STUDENT ACTIVITIES	DEBT SERVICE	FACILITIES CONSTRUCTION	BUS PURCHASES	
2001	2,343,195	2,515,765	25,536,476	403,073	274,470,542
2002	2,512,449	8,655,436	48,257,192	-	315,791,211
2003	2,624,906	28,404,981	103,331,969	866,227	395,584,971
2004	2,719,115	25,997,910	85,221,131	474,638	379,099,091
2005	2,369,376	46,955,489	81,418,317	-	400,271,308
2006	2,172,968	43,711,995	99,556,094	460,970	414,095,926
2007	2,087,909	56,998,986	84,840,217	342,003	424,124,478
2008	2,390,735	39,269,360	50,602,706	394,457	393,965,267
2009	2,096,938	39,740,370	54,215,243	167,250	405,200,911
2010	1,986,443	27,147,084	25,356,335	478,438	366,278,745

(1) Other Services includes 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
2000	79,654,835	(343,991)	76,831,598	96.46	2,388,553
2001	83,575,801	(343,991)	80,148,207	95.90	2,571,372
2002	88,624,406	(78,375)	84,412,509	95.25	2,662,952
2003	92,286,543	(233,749)	88,667,081	96.08	2,145,511
2004	98,443,516	(460,708)	95,130,458	96.63	3,317,816
2005	102,309,960	(594,553)	99,015,003	96.78	1,545,957
2006	109,798,162	(425,551)	106,281,886	96.80	3,003,495
2007	109,938,536	(360,264)	106,078,588	96.49	2,733,996
2008	105,699,741	(618,296)	101,945,879	96.45	2,723,280
2009	110,170,949	(965,380)	105,923,086	96.14	2,746,515

CALENDAR YEAR	TOTAL TAX COLLECTIONS	TOTAL COLLECTIONS AS PERCENT OF CURRENT LEVY
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2000	79,220,151	99.45
2001	82,719,579	98.98
2002	87,075,461	98.25
2003	90,812,592	98.40
2004	98,448,274	100.00
2005	100,560,960	98.29
2006	109,285,381	99.53
2007	108,812,584	98.98
2008	104,669,159	99.02
2009	108,669,601	98.64

@ 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
2001	10,286,717,152	4.5200	0.1343	2.8232	-
2002	11,171,728,984	4.2754	0.7654	2.2578	-
2003	12,135,554,297	4.3934	1.4225	1.6073	-
2004	12,424,183,839	4.4194	3.0787	-	-
2005	13,127,711,870	4.2638	3.0163	-	-
2006	14,039,768,452	3.8231	2.7323	-	-
2007	16,736,729,965	3.3053	2.1753	-	-
2008	19,992,921,762	3.0970	1.7110	-	-
2009	22,171,379,203	3.0695	1.6959	-	0.0013
2010	22,966,978,151	3.1474	1.6545	-	-

CALENDAR YEAR	STATE SCHOOL	CITY	METRO PARK	PORT OF TACOMA	COUNTY	TOTAL
2001	2.9987	4.2592	0.8728	0.1788	1.7484	17.5354
2002	2.9160	4.0584	0.9809	0.1859	1.6773	17.1171
2003	2.9385	4.3989	0.9772	0.1840	1.6728	17.5946
2004	3.0260	4.2891	0.9857	0.1863	1.6137	17.5989
2005	2.9119	4.1344	0.8512	0.1863	1.5283	16.8922
2006	2.6388	3.3830	0.8768	0.1857	1.3354	14.9751
2007	2.2912	3.0797	0.7603	0.1856	1.1355	12.9329
2008	2.0688	2.8396	0.7310	0.1851	1.0838	11.7162
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

Source data: Pierce County Assessor's Office

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

TAXPAYER	TYPE OF BUSINESS	2010			2001		
		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	\$ 188,528,663	1	%	\$ 121,060,318	1	%
CSC of Tacon	Correctional Services	87,062,500	2	0.38			1.00
Simpson Tacoma Kraft Company	Paper Products	83,789,541	3	0.36	118,595,729	2	0.98
Puget Sound Energy/Gas	Utility	73,899,742	4	0.32	52,169,244	4	0.43
AT&T Mobility LLC	Telecommunications	72,618,691	5	0.32	33,945,844	7	0.28
Qwest Corporation	Telecommunications	70,081,419	6	0.31	97,576,637	3	0.80
Simpson Lumber Company LLC	Timber	66,000,100	7	0.29			
MultiCare Health Systems	Health	50,257,300	8	0.22			
909 A Street LLC	Real Estate	50,093,700	9	0.22			
NGP Centennial Tacoma LLC	Real Estate	49,785,600	10	0.22			
Pioneer Chlor Alkali Co.	Chemical			-	31,201,600	8	0.26
Johnson Security LLC	Security			-	39,777,900	5	0.33
Elman Centennial Associate LP(**)				-	36,215,600	6	0.30
Haub Brothers Enterprises Trust(**)				-	30,966,400	9	0.26
University Street Properties 1 LLC	Non-Residential Prop Mgmt				30,500,900	10	0.25
		\$ 792,117,256		%	\$ 592,010,172		%
				1.25			4.88

* Percentage of total assessed value of \$22,966,978,151
Source data: Pierce County Assessor's Office

**Registered Trade Name

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	BUILDING PERMITS	
			NUMBER	VALUE
2000	10,286,717,152	10,287,000,000	2,399	287,742,000
2001	11,171,728,984	11,172,000,000	2,599	284,359,070
2002	12,135,554,297	12,136,000,000	2,339	297,617,993
2003	12,424,183,839	12,424,000,000	2,441	383,810,794
2004	13,127,711,870	13,128,000,000	2,441	323,424,000
2005	14,039,768,452	14,040,000,000	2,586	345,444,070
2006	16,736,729,965	16,737,000,000	2,746	482,193,093
2007	19,992,921,762	19,993,000,000	2,628	519,576,251
2008	22,171,379,203	22,171,000,000	2,146	343,884,905
2009	22,966,978,151	22,967,000,000	1,796	214,530,401

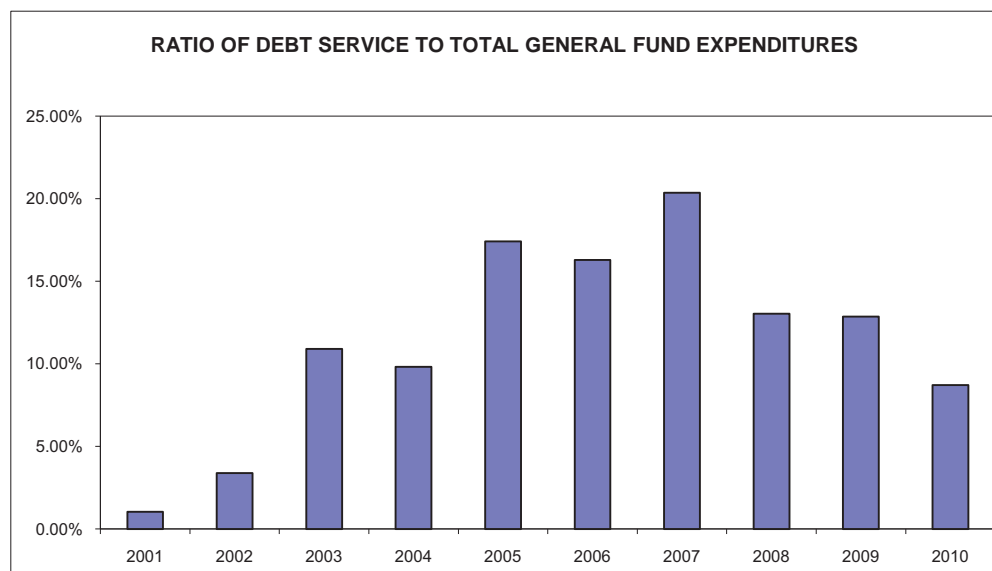
TACOMA SCHOOL DISTRICT No. 10
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN FISCAL YEARS
(Unaudited)

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		
2001	1,750,000	765,765	2,515,765	243,672,033	1.03
2002	1,793,577	6,861,859	8,655,436	256,366,134	3.38
2003	15,698,578	12,706,403	28,404,981	260,356,888	10.91
2004	11,718,578	14,279,332	25,997,910	264,686,297	9.82
2005	31,168,578	15,786,911	46,955,489	269,528,126	17.42
2006	26,938,578	16,771,322	43,709,900	268,193,899	16.30
2007	39,393,578	17,603,713	56,997,291	279,855,363	20.37
2008	23,103,578	16,163,916	39,267,494	301,308,008	13.03
2009	24,598,578	15,140,100	39,738,678	308,981,110	12.86
2010	13,128,578	14,016,812	27,145,390	311,310,445	8.72

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

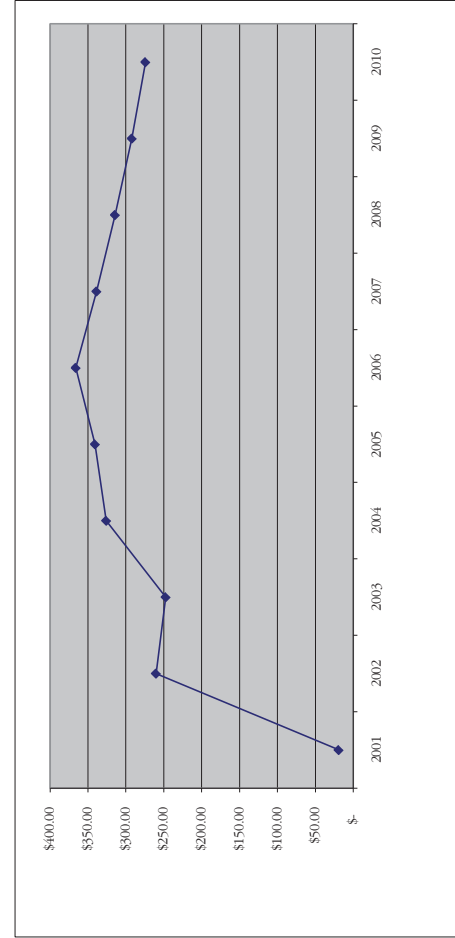
(2) Excludes bond issuance and other costs.



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	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
2001	193,556	11,171,728,984	19,845,120	696,291	19,148,829	0.1714%	0.3433%	99
2002	194,500	12,135,554,297	268,051,542	7,825,819	260,225,723	2.1443%	4.6427%	1,338
2003	194,900	12,424,183,839	253,810,529	6,431,328	247,379,201	1.9911%	4.3165%	1,269
2004	196,300	13,127,711,870	341,731,984	15,855,048	325,876,936	2.4824%	5.5357%	1,660
2005	198,100	14,039,768,452	354,269,779	13,597,791	340,671,988	2.4265%	5.5108%	1,720
2006	199,600	16,736,729,965	381,978,334	15,853,366	366,124,968	2.1876%	5.6530%	1,834
2007	201,700	19,992,921,762	342,350,467	3,670,281	338,680,186	1.6940%	4.5970%	1,679
2008	202,700	22,171,379,203	319,090,074	4,757,835	314,332,239	1.4177%	4.0194%	1,551
2009	203,400	22,966,978,151	294,491,496	2,409,974	292,081,522	1.2717%	3.6406%	1,436
2010	204,200	21,961,694,749	281,362,918	7,179,104	274,183,814	1.2485%	3.5574%	1,343

Net Bonded Debt

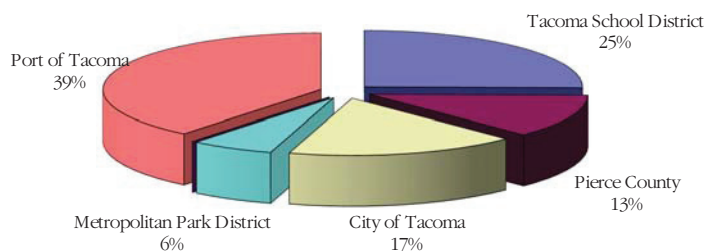


Source data: Office of Financial Management, Pierce County Assessor's Office, and Tacoma School District CAFR Schedule D-1 and Long-Term Debt Tables

TACOMA SCHOOL DISTRICT No. 10
STATEMENT OF DIRECT AND OVERLAPPING DEBT
August 31, 2010
(Unaudited)

	AREA DEBT OUTSTANDING	PERCENT APPLICABLE DISTRICT*	DEBT WITHIN DISTRICT BOUNDARY
Tacoma School District	\$ 281,362,918	% 100.00	\$ 281,362,918
Pierce County	137,252,320	26.96	37,003,225
City of Tacoma	190,021,000	100.00	190,021,000
Metropolitan Park District	68,393,697	100.00	68,393,697
Port of Tacoma	436,845,000	26.96	117,773,412
TOTALS:	\$ 1,113,874,935		\$ 694,554,252

AREA OF DEBT OUTSTANDING



* Information provided by Pierce County Assessor's Office

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

TACOMA SCHOOL DISTRICT No. 10
CONSTITUTIONAL LIMIT OF INDEBTEDNESS
August 31, 2010

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)	\$ 86,126,168
Less: Limited Tax G.O. Bonds	(4,342,918)

DEBT CAPACITY AVAILABLE FOR NON-VOTED DEBT	81,783,250
--------------------------------------------	------------

BY 3/5 OF THE PEOPLE AUTHORIZATION VOTE

FOR GENERAL PURPOSES(1)

2 1/8% of Assessed Valuation(2)	488,048,286
Add: Bond Fund Cash	7,168,908
Bond Fund Taxes Receivable	14,037,155
Less: Bonds Outstanding	(277,020,000)

BOND CAPACITY AVAILABLE FOR GENERAL PURPOSES	232,234,349
----------------------------------------------	-------------

FOR ADDITIONAL CAPITAL OUTLAY(1)

Add: 2 1/2% of Assessed Valuation	574,174,454
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BOND CAPACITY FOR ADDITIONAL CAPITAL OUTLAY	574,174,454
---------------------------------------------	-------------

UNUSED PORTION OF INDEBTEDNESS LIMIT

	\$ 888,192,053
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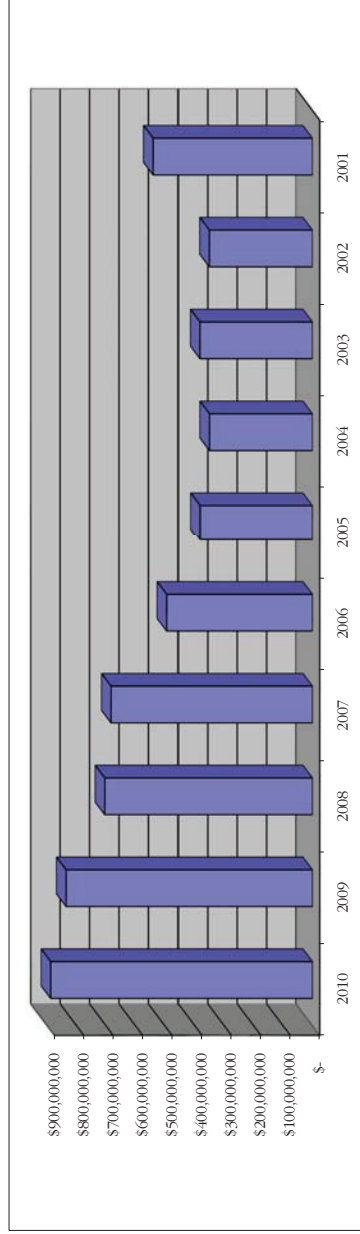
(1) Per 39.36.015 and 39.36.020 Revised Code Of Washington

(2) 2009 Assessment for 2010 Tax Base \$22,966,978,151 (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.

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Debt Limit:										
Non-Voted Debt	\$ 86,126,168	\$ 83,142,672	\$ 74,973,457	\$ 74,973,457	\$ 62,762,737	\$ 52,649,132	\$ 49,228,920	\$ 46,590,689	\$ 45,508,329	\$ 41,893,984
Voted Debt/General Purposes	488,048,286	471,141,808	424,849,587	424,849,587	355,655,512	298,345,081	278,963,877	264,013,907	257,880,529	237,399,241
Voted Debt/Additional Capital Outlay	574,174,454	554,284,480	499,823,044	499,823,044	418,418,249	350,994,213	328,192,797	310,604,596	303,388,857	279,293,225
Total Debt Limit	1,148,348,908	1,108,568,960	999,646,088	999,646,088	836,836,498	701,988,426	656,385,594	621,209,192	606,777,715	558,586,450
Total Net Debt Applicable to Limit	260,156,855	272,742,039	295,345,937	316,833,088	343,081,418	320,025,026	306,031,089	238,663,825	255,885,333	18,672,332
Legal Debt Margin	\$ 888,192,053	\$ 835,826,921	\$ 704,300,151	\$ 682,813,000	\$ 493,755,080	\$ 381,963,400	\$ 350,354,505	\$ 382,545,367	\$ 350,892,382	\$ 539,914,118
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	22.65%	24.60%	29.55%	31.69%	41.00%	45.59%	46.62%	38.42%	42.17%	3.34%
Assessed Valuation (Revenue Base)	22,966,978,151	22,171,379,203	19,992,921,762	16,736,729,965	14,039,768,452	13,127,711,870	12,424,183,839	12,135,554,297	11,171,728,984	10,286,717,152



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)
2001	193,556	21,206,910	28,818	6.50%	30,842	50.50%
2002	194,500	21,934,934	29,405	8.10%	31,119	47.60%
2003	194,900	22,790,634	29,989	8.20%	31,057	54.90%
2004	196,300	23,906,049	31,206	7.10%	30,299	52.00%
2005	198,100	25,580,131	32,448	5.90%	29,439	52.80%
2006	199,600	27,915,671	36,527	5.20%	28,649	52.50%
2007	201,700	29,863,847	38,581	5.01%	27,932	54.80%
2008	202,700	31,046,350	39,444	5.93%	27,659	56.60%
2009	203,400	30,126,350	37,744	9.29%	28,088	58.80%
2010	204,200	30,809,350	38,159	9.20%	27,828	57.00%

(a) Office of Financial Management

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

(c) WA State Employment Security Department

(d) WA State Office of Superintendent of Public Instruction

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

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

EMPLOYER	2010				2001			
	EMPLOYEES	RANK		PERCENTAGE OF TOTAL	EMPLOYEES	RANK		PERCENTAGE OF TOTAL
Federal Government	56,420	1	%	51.77	51,616	1	%	52.57
Local Government	32,604	2		29.92	31,104	2		31.68
MultiCare Health Systems	6,410	3		5.88	5,000	3		5.09
Franciscan Health Systems	5,028	4		4.61	2,553	4		2.60
Emerald Queen Casino	2,105	5		1.93	1,000	9		1.02
The Boeing Company	1,440	6		1.32	1,450	7		1.48
Wal-Mart	1,406	7		1.29	-			-
Fred Meyer Stores	1,301	8		1.19	1,919	5		1.95
Costco	1,151	9		1.06	-			-
Safeway Stores, Inc.	1,123	10		1.03	-			-
Intel Corporation					1,600	6		1.63
Russell Investments					922	10		0.94
State Farm Insurance Companies					1,021	8		1.04
Total	108,988		%	100.00	98,185		%	100.00

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

Year Incorporated (Tacoma School District)	1878
Population (City of Tacoma)	204,200
Total Personal Income (Pierce County)	30,809,350
Land Area	50.1 Square Miles
Average Rainfall	39.0 Inches
Average Temperature Summer	74.6 F.
Average Temperature Winter	41.8 F.
Number of Police Stations	6
Number of Fire Stations	16
Number of Hospitals	4
Number of City Operated Public Libraries	10 Branches

TACOMA SCHOOL DISTRICT

Schools	Elementary	37
	Middle	10
	High	8
Students	Elementary (Grades K-5)	13,336
	Middle School (Grades 6-8)	6,216
	High School (Grades 9-12)	8,276
Average FTE (District Total)		<hr/> 27,828

OTHER SCHOOLS

Private Schools (Above Kindergarten)	25
Business Colleges (Private)	2
Technical Colleges	1
Community Colleges	1
Universities (Private)	2
Universities (Branch Campus)	1

RECREATION - CITY OWNED

Parks	78
Tidelands	6
Swimming Pools	5
Golf Courses (Public)	1
Playfields/Athletic Fields	39
Professional Baseball Park	1
Domed Stadiums	1

TACOMA SCHOOL DISTRICT No. 10 CONTRIBUTING STAFF

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

ACCOUNTING SERVICES

Marianne Bigelow

Kati Boe

Wanda Moore

Alice Shaw

Christina Weaver

Anne Cumings

FINANCE

Lela Cross

Patricia Luat

Robert Peters

PRINTING AND ART WORK

David Gjertsen

Mike Griswold

Greg Weber

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

Program Description	FISCAL YEAR									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Regular Instruction										
Certificated	1,348.652	1,379.660	1,359.463	1,430.135	1,437.151	1,504.650	1,563.525	1,574.198	1,579.603	1,606.920
Classified	225.080	222.436	219.807	204.968	217.619	223.379	224.547	228.630	227.831	229.230
Federal Stimulus										
Certificated	129.456	-	-	-	-	-	-	-	-	-
Classified	48.778	-	-	-	-	-	-	-	-	-
Special Instruction										
Certificated	274.661	308.579	307.456	240.287	248.882	259.389	247.252	246.234	244.271	248.713
Classified	151.997	195.082	189.475	181.179	172.982	178.889	176.684	164.130	163.453	151.748
Career & Technical Instruction										
Certificated	91.283	90.754	89.700	91.891	94.997	93.082	93.158	88.962	90.667	80.649
Classified	8.468	7.822	10.834	13.405	15.211	15.350	12.611	11.212	7.741	9.471
Compensatory Instruction										
Certificated	189.615	284.069	289.341	300.757	269.794	270.859	245.844	254.425	214.497	176.583
Classified	101.416	105.145		99.995	113.555	114.794	111.068	114.269	121.109	148.254
Other Instructional Programs										
Certificated	15.200	15.000	22.500	28.562	28.448	35.499	35.395	38.640	69.444	69.973
Classified	13.603	14.190	13.915	13.788	14.630	15.186	12.903	24.197	18.827	22.639
Other Community Services										
Classified	0.688	-	-	-	-	-	-	-	-	-
Support Services										
Certificated	4.000	4.000	3.000	4.000	5.000	3.000	3.000	3.250	3.250	3.000
Classified	368.486	374.065	374.100	387.426	420.858	431.281	418.306	425.559	420.862	409.621
Food Services										
Classified	111.193	108.278	109.554	110.836	113.447	115.190	117.387	113.044	112.529	112.867
Transportation										
Classified	44.842	43.883	44.978	44.959	48.365	50.928	48.685	49.260	47.160	48.145
Planning & Construction (CPF)										
Certificated	1.600	1.401	1.000	4.000	-	-	-	-	-	-
Classified	15.413	17.834	17.995	13.219	15.239	13.731	13.719	12.606	9.230	7.850
TOTAL	3,144.431	3,172.198	3,155.690	3,169.407	3,216.178	3,325.207	3,324.084	3,348.616	3,330.474	3,325.663

Source data:

State of Washington's Office of Supt. of Public Instruction's 1801 Reports

TACOMA SCHOOL DISTRICT No. 10
CERTIFICATED INSTRUCTIONAL STAFF INFORMATION
LAST EIGHT 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. Information prior to 2002 was not available.

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)
2010	1,941.582	34,237	53,175	13,747	13.10	55.70%
2009	1,969.494	34,209	52,370	12,505	13.00	54.90%
2008	1,954.333	32,600	49,617	11,670	13.30	54.40%
2007	1,946.098	31,008	47,237	11,228	13.10	53.10%
2006	1,957.372	30,066	45,769	10,403	13.30	51.60%
2005	2,040.179	29,699	44,978	9,314	13.50	49.90%
2004	2,062.805	28,472	43,895	8,849	13.60	48.20%
2003	2,082.209	27,700	43,532	8,009	13.30	44.60%

(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
2001	254,101,568	30,842	8,239	11.54	2,199	14.0
2002	269,663,865	31,119	8,666	5.18	1,914	16.3
2003	283,455,086	31,057	9,127	5.32	1,893	16.4
2004	301,312,360	30,299	9,945	8.96	1,897	16.0
2005	284,225,264	29,439	9,655	(2.92)	1,864	15.8
2006	304,898,149	28,649	10,643	10.23	1,771	16.2
2007	319,405,961	27,932	11,435	7.45	1,741	16.0
2008	341,246,519	27,659	12,338	7.89	1,734	16.0
2009	369,327,557	28,088	13,149	6.58	1,703	16.5
2010	361,194,058	27,828	12,980	(1.29)	1,677	16.6

(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, 2010

PROPERTY	LOCATION	YEAR BUILT	YEAR OF ADDITION/ MODERNIZATION	SQUARE FOOTAGE	ACREAGE
SENIOR HIGH SCHOOLS					
Foss	2112 S. Tyler St.	1972	2005 1956, 1967, 1973, 1979,	256,013	34.29
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	1950 Pacific Ave.	1904	1965	21,601	0.25
School of the Arts	1818 Tacoma Ave.	1919	1966	7,518	0.45
School of the Arts	1117-1123 Broadway	1922	2002, 2005	33,516	0.13
Science and Math Institute	5501 N Pearl St.	2009		9,047	-
Stadium	111 North E St.	1912	1974, 2006	295,792	9.81
Wilson	1202 N. Orchard St.	1958	1968, 2006	246,699	41.20
MIDDLE SCHOOLS					
Baker	8320 S. I St.	1954	1963, 1969, 1979	98,366	13.06
First Creek	1801 E. 56th St.	2009		119,872	37.41
Giaudrone	4902 S. Alaska St.	2003		118,104	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	25.00
Stewart	5010 Pacific Ave.	1924	1963, 1973	147,657	7.29
Truman	5801 N. 35th St.	1999		124,750	13.00
ELEMENTARY SCHOOLS					
Arlington	3002 S. 72nd St.	1924	1938, 1953	39,061	6.30
Birney	1202 S. 76th St.	1961	1964, 1971	57,559	8.70
Blix	1302 E. 38th St.	2002		62,028	8.80
Boze	1140 E. 65th St.	1969	1971, 1989	52,456	14.57
Browns Point	1526 - 51st. St. NE	1952	1956, 1960	74,778	18.72
Bryant	717 S. Grant Ave.	1960		40,662	2.60
Crescent Heights	4410 Nassau Ave NE	1999		60,648	15.00
DeLong	4901 S. 14th St.	1953	1986	56,412	5.00
Downing	2502 N. Orchard St.	1948	1953, 1958, 1973	60,698	10.08
Edison	5830 S. Pine St.	1952	1967, 1983	62,834	4.00
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	621 S. Jackson Ave.	1949	1952, 1954, 1957, 1974	48,751	7.22
Grant	1018 N. Prospect St.	1900	1920, 1955, 1967	51,386	3.51
Hoyt	2708 N. Union Ave.	1959		7,495	0.86
Jefferson	4302 N. 13th St.	2003		60,440	3.55
Larchmont	8601 E. B St.	1969	2002	73,504	14.06
Lister	2106 E. 44th St.	1998		70,782	6.90
Lowell	810 N. 13th St.	1949	1951	55,600	2.84
Lyon	101 E. 46th St.	1924	1949, 1966	41,017	2.82
Manitou Park	4430 S. 66th St.	1994		67,055	2.40
Mann	1002 S. 52nd. St.	1953	1967, 2003	67,756	3.30
McCarver	2111 S. J St.	1925	1961	100,457	5.79
McKinley	3702 McKinley	1908	1910, 1954, 1958, 1967	53,876	2.44
Northeast Tacoma	5412 29th St. NE	1992		54,863	4.34
Point Defiance	4330 N. Visscher St.	1911	1920, 1946, 1957, 1979, 1980, 1987	55,944	12.44

TACOMA SCHOOL DISTRICT NO. 10
BUILDINGS & PROPERTIES
August 31, 2010

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	9.80
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	130 Alameda Ave.	1924	1948, 1954, 1957, 1971	48,441	7.26
Washington	3701 N. 26th St.	1901	1905, 1967, 1968	42,680	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	74,428	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
Park Avenue Center	6701 Park Ave.	1912	1949	44,613	19.80
Professional Development Ctr	6501 N. 23rd St.	1950	1963, 1968, 1979, 2003	78,849	10.00
VACANT SITES					
Blueberry Farm	E. 80th & D St.				50.49
Camp Joshua Taylor	Longbranch	1975		3,851	14.92
Gault	1115 E. Division Lane	1925	1952, 1973, 1979 1943, 1952, 1963, 1973,	109,582	7.20
Gray (old)	3109 S. 60th St.	1924	1970	130,279	7.33
38th Elementary School	S. 56th & Alameda St.				14.08
Willard	3201 South D St.	1951		25,471	1.03
TOTALS				5,482,881	1,091.93



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2010-2011 Board of Directors

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CAMBODIAN

ផ្ញើក្តាប់មកជាមួយនេះគឺជាឯកសារដ៏សំខាន់មកពីសាលារៀនរបស់កូនអ្នក ។ សូមមេត្តារកគេជួយបកប្រែឯកសារនេះឲ្យអ្នក ។ សូមអរគុណ ។

KOREAN

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

LAOTIAN

ຂັດຕິດມາພ້ອມນີ້ແມ່ນເອກະສານສຳຄັນ ຈາກໂຮງຮຽນຂອງລູກທ່ານ. ກະລຸນາຮັບເອົາເອກະສານຊຶ່ງພວກເຮົາໄດ້ແປໃຫ້ທ່ານແລ້ວນີ້ໄວ້ດ້ວຍ. ຂອບໃຈ.

RUSSIAN

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

SPANISH

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

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 School District complies with all federal and state laws and regulations and does not discriminate on the basis of race, color, religion, sex, gender identity, sexual orientation, national origin, or ancestry, the presence of any sensory, mental or physical disability or use of a trained guide dog or service animal by a person with a disability, age, familial or marital status, honorably discharged veteran or military status. This applies to all educational programs and extra-curricular activities. Inquiries regarding the application of the above should be directed to Laurie Taylor, Assist. Supt. Human Resources, telephone 253-571-1252. Inquiries regarding the application of Title IX should be directed to Jennifer Kubista, Director of Athletics and Activities, telephone 253-571-1123. Inquiries regarding the application of Section 504 of the Rehabilitation Act (concerning students with disabilities who are not eligible for special education) should be directed to Jennifer Trautler, Executive Director, Student Services, telephone 253-571-1224. Inquiries regarding accommodations for disabled employees and the public should be directed to Leslie Nohr, Disability Accommodations Office, telephone 253-571-1021. These individuals may be contacted by mail at P.O. Box 1357, Tacoma, WA 98401-1357.