

# Comprehensive Annual Financial Report

*For the fiscal year ended August 31, 2008*



**Gray Middle School**

# Comprehensive Annual Financial Report

*For the fiscal year ended August 31, 2008*



**Gray Middle School**

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

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Prepared by the Finance Department  
**Ronald H. Hack, Chief Financial Officer**

# Introductory Section

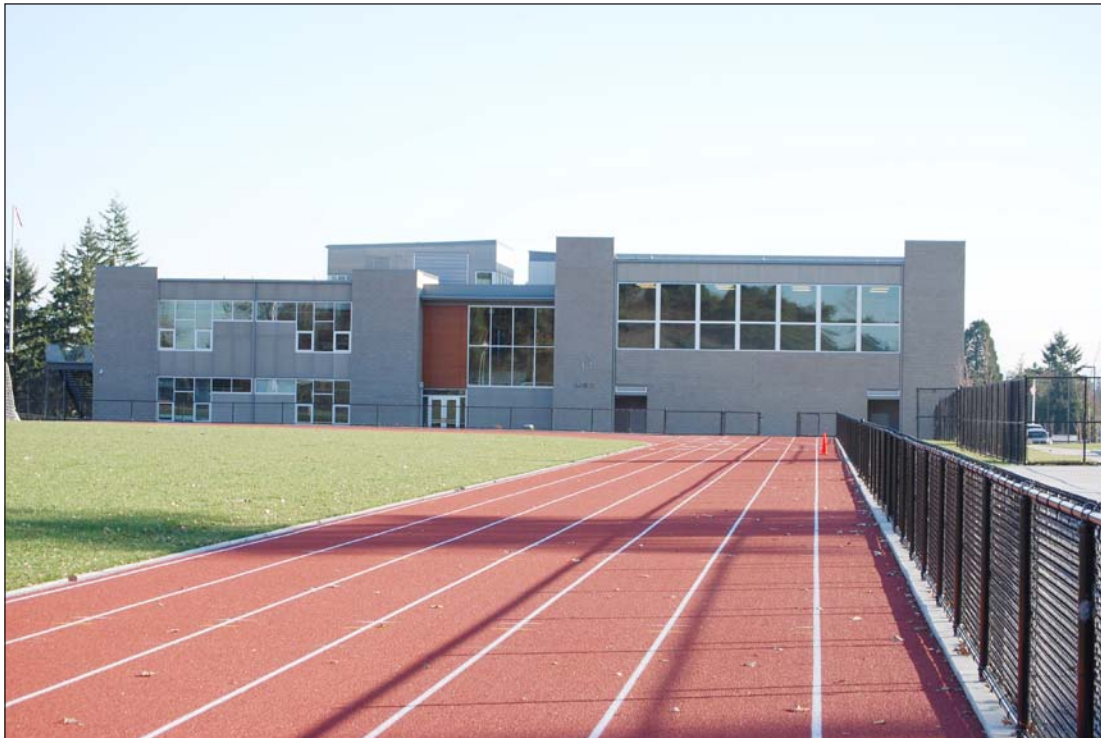
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**Gray Middle School**

**TACOMA SCHOOL DISTRICT No. 10**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended August 31, 2008**

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**TACOMA SCHOOL DISTRICT NO. 10  
2007-08 DIRECTORY OF OFFICIALS**

**ELECTED**

**Directors**

		<b><u>Term</u></b>	<b><u>Expiration</u></b>
<b>President</b>	James Dugan	6 Years	November 2011
<b>Vice President</b>	Kim Golding	6 Years	November 2011
	Kurt Miller	6 Years	November 2009
	Connie Rickman	6 Years	November 2009
	Debbie Winskill	6 Years	November 2013

**APPOINTED**

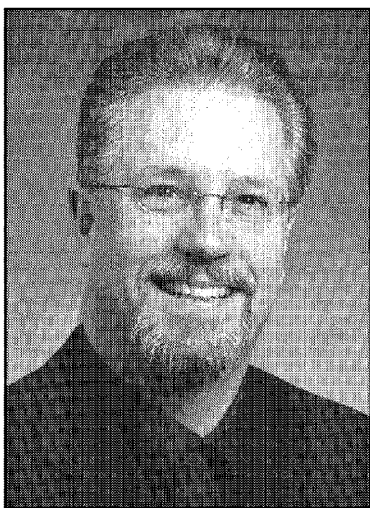
<b>Superintendent</b>	Arthur O. Jarvis
<b>Legal Counsel</b>	Susan Schreurs
<b>Chief Financial Officer</b>	Ronald H. Hack
<b>Executive Director, General Support Services</b>	Sam Bell
<b>Director, Financial Services</b>	Patricia Luat
<b>Accounting Services Manager</b>	Marianne Bigelow

**MAILING ADDRESS**

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



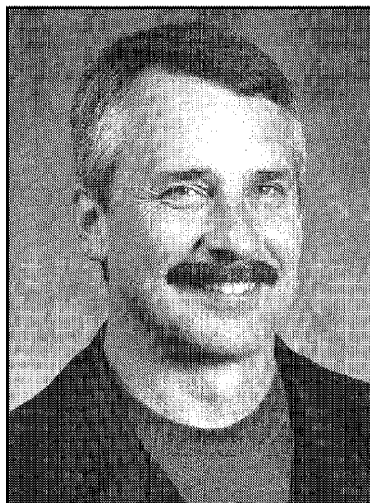
## 2007-2008 Board of Directors



**James Dugan, President**  
 Elected in 2005  
 Term expires in November 2011



**Kim Golding, Vice President**  
 Elected in 2005  
 Term expires in November 2011



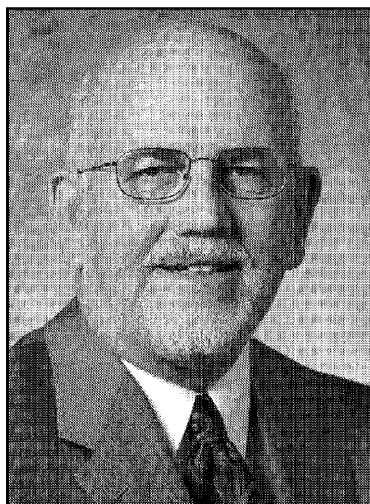
**Kurt Miller**  
 Elected in 2003  
 Term expires in November 2009



**Connie Rickman**  
 Elected in 2003  
 Term expires in November 2009



**Debbie Winskill**  
 Elected in 2007  
 Term expires in November 2013



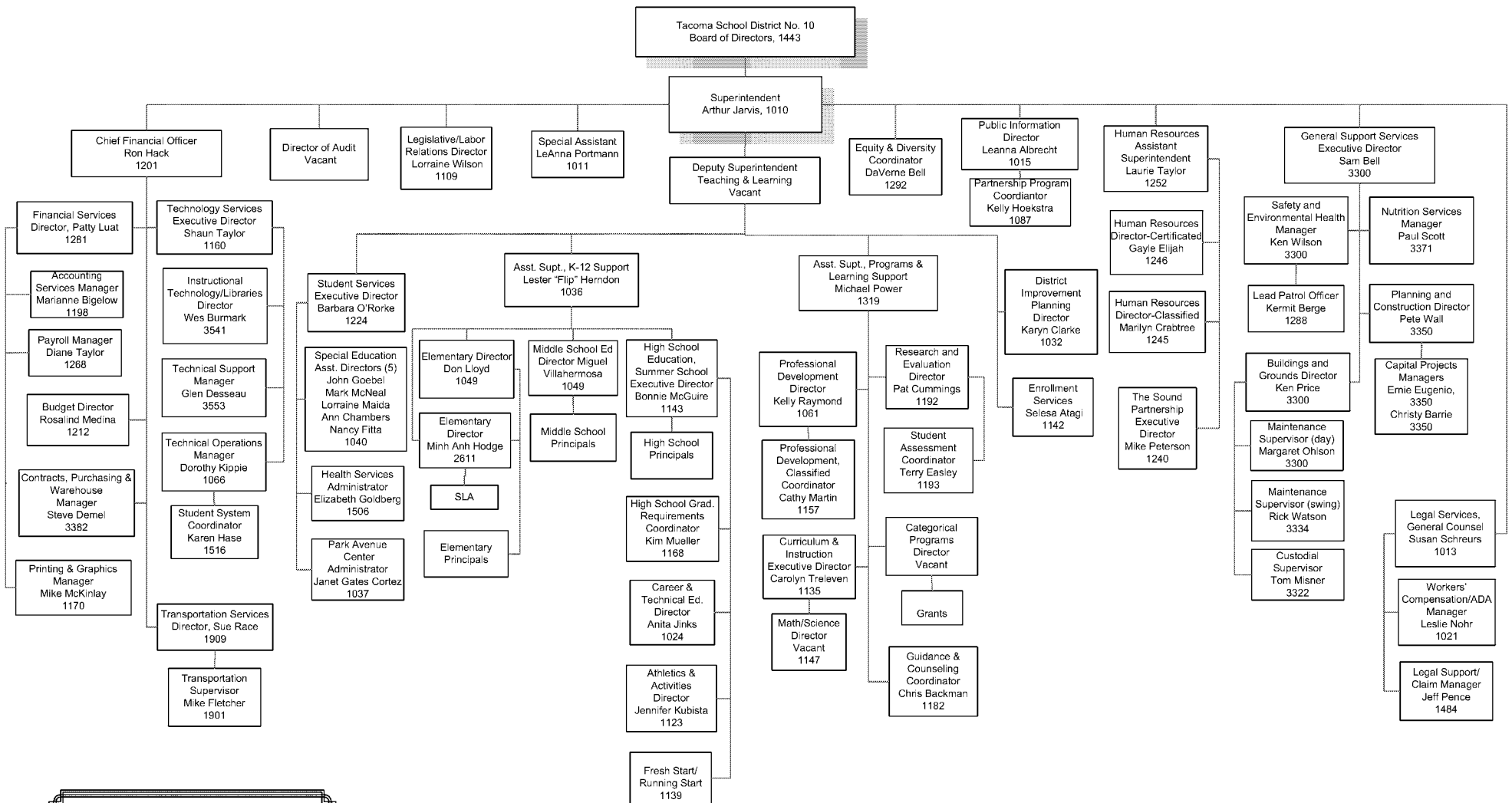
**Arthur O. Jarvis** was appointed interim superintendent of Tacoma School District No. 10 on August 1, 2007. On July 1, 2008, Dr. Jarvis was selected by the Board of Directors as the district's superintendent. He came to Tacoma from the Seattle School District where he was the Chief Financial Officer. 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: March 25, 2008  
Version 5.2



Arthur O. Jarvis, Ed.D., Superintendent  
601 South 8<sup>th</sup> Street, Tacoma, WA 98405  
253.571.1010 – Fax 253.571.2550

March 30, 2009

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, 2008. We believe this report presents comprehensive information about the scope and character of the district's fiscal activities and accomplishments during 2007-08. 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 OF THE LOCAL ECONOMY**

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, Intel Corporation, and Frank Russell Company continue to make Pierce County their home and add to the local economy. Another stabilizing influence in the area's economy are three major military installations: Madigan Army Medical Center, Fort Lewis and McChord Air Force Base.

### 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):

<b>Fiscal Year</b>	<b>Pierce County</b>	<b>City of Tacoma</b>
1999	700,000	187,200
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

*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 school district is the third largest in the state of Washington.

The district has 37 elementary schools, 11 middle schools, five comprehensive high schools and six alternative learning sites. The district approximately 5,000 employees and is one of the largest employers in the Tacoma-Pierce County area.

## MAJOR INITIATIVES

The district's board of directors selected Arthur O. Jarvis, Ed.D. as the new superintendent in 2007-08. The board of directors together with the superintendent began the year by establishing board goals designed to improve achievement of all students.

The four board district improvement goals are as follows:

- Increase achievement for all students each year by 10%.
- Decrease the gap between underperforming subgroups and the district average performance on the Washington Assessment of Student Learning by 10% annually.
- Decrease the dropout rate by 10% annually.
- Reduce the number of students not graduating by 10% annually.

Washington Assessment of Student Learning test results in 2007-08 compared to 2006-07 increased in each content area.

**Percent of Tacoma School District Students Meeting the WASL standards in 2007-08**

<b>Grade Level</b>	<b>Reading</b>	<b>Math</b>	<b>Writing</b>	<b>Science</b>
3rd Grade	70.7%	68.6%		
4th Grade	72.6%	53.6%	62.3%	
5th Grade	75.6%	61.2%		43.0%
6th Grade	68.9%	49.1%		
7th Grade	63.1%	50.5%	70.0%	
8th Grade	66.3%	51.8%		48.2%
10th Grade	81.8%	49.6%	86.8%	40.0%

### 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 2007-08 was 27,659 students. Overall enrollment decreased from 2006-07 by 272 FTE students. The increases and/or (decreases) are as follows:

Elementary Schools (grades K-5)	198
Middle Schools (grades 6-8)	(225)
High Schools (grades 9-12)	(252)
Home/Private	0
Summer School	4
Running Start (college level courses)	3
Total	(272)

Projected enrollments for the fiscal year 2008-09 and 2009-10 are shown below.

#### FULL TIME EQUIVALENT (FTE) ENROLLMENT

Actual and Projected (P) Annual Average Enrollment						
Grade	2005	2006	2007	2008	2009(P)	2010(P)
Total K-5	13,081	12,791	12,685	12,883	12,624	12,601
Total 6-8	7,121	6,918	6,562	6,337	6,039	6,157
Total 9-12	8,976	8,717	8,468	8,217	8,095	8,261
Other	261	222	216	222	187	187
<b>TOTAL K-12</b>	<b>29,439</b>	<b>28,648</b>	<b>27,931</b>	<b>27,659</b>	<b>26,945</b>	<b>27,206</b>

Sources: Demographer, W. Les Kendrick, Ph.D, and OSPI 08-09 Fiscal Budget, F-195

#### Construction and Renovations

On February 6, 2001, voters approved a \$450 million bond issue. These funds have been and are being used for additional educational facilities, capital improvements, and technology improvements which included related infrastructure improvements in district facilities.

Construction on the new Gray Middle School was completed and opened in January 2009. Gray Middle School was awarded the Council of Educational Facilities Planner International Design Concept Award for 2007. Construction for the newly named First Creek middle school began in May 2008. First Creek middle school is scheduled to open September 2009. Students from both Gault and McIlvaigh will be combined once First Creek middle school opens.

On October 9, 2008, district management presented a long range planning initiative to the board of directors as part of its master facilities plan for modernizing and replacing aging school buildings called Tacoma Renewal & Excellence program (T-REX). This plan is an extension of the community's investment in Tacoma schools and will address the capital needs of the 24 schools still in need of modernization or replacement. This four-phase T-REX program—a 15-year effort—seeks to ensure that all district students have access to facilities that are safe and provide an environment that supports learning.



The board of directors adopted a resolution on October 23, 2008 to proceed with a special election to be held March 10, 2009 asking voters to authorize a \$300 million bond measure. These bonds would be used to fund capital projects such as construction and modernization of school buildings. The \$300 million bond, if passed by voters, would cover one of four proposed phases of the Tacoma Renewal and Excellence Program (T-REX)—a long-range district facilities improvement plan that would continue through 2024.

Voters did not approve the March 10, 2009 capital improvement bond measure, which was part of the district's long-term capital facilities plan to replace or remodel the remaining district schools that have not had substantial upgrades. Approximately 47 percent of voters approved the bond and a 60 percent majority was required to pass the measure. This bond would have completed modernizations or new construction at district secondary schools and small capital projects district-wide. The average age of the schools that would have been updated is 60 years with the age of the oldest building at 84 years.

The board of directors has not determined what its next steps will be concerning a capital bond or levy. As they make that decision, the board will balance school facility and educational needs with ensuring the lowest possible financial impact on the community.

The district continues the implementation of Lawson, an Enterprise Resource Planning Software Suite, as part of the 2001 \$450 million bond issue. The procurement and financial modules were implemented in July 2008 and September 2008 respectively and it is estimated the Human Resource Planning Module will be implemented in summer of 2009.

#### 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 (WASL) 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 three years and is required to comply with the provisions of this law. The board approved the 2007-08 district improvement plan which is a revision of the plan originally created in the 2005-06 school year. The district believes the goals in this plan are realistic, measurable and achievable. Federal and state funding has been redirected to support efforts on closing the achievement gap so that all students will be successful.

Several other notable district efforts were in the development of the new Lincoln Center pilot project. The project which began in September 2008 is designed to immerse students into academic life, boost their studying skills and social development and prepare them to graduate four years later as college or career-ready.

The demographics of the 114 students enrolled in Lincoln Center mirror those of Lincoln High School, but Lincoln Center student test scores and grade point averages exceed those of Lincoln High School students—they even exceed those of the district comprehensive high schools. In addition, Lincoln Center students had fewer absences than other high school students the first semester. The pilot is already proving that the extended day, enrichment activities, community partnerships and small school atmosphere are paying big dividends in student achievement.

Another project we hope will pay similar academic dividends is the Science and Math Institute (SAMI) that will be housed at Point Defiance Park. The school board has given the district approval to continue planning for a September 2009 opening.

The vision of SAMI is to develop a high school focusing on integrated, inquiry-based experiences that combine math, science, the arts and environmental and marine studies. A key element in SAMI's vision is helping students make significant connections with the larger "real world" community. Like Tacoma School of the Arts (SOTA) and Lincoln Center, SAMI will also incorporate community partnerships, especially with Metro Parks Tacoma and other science- and math-related organizations. The hope is to bring adjunct instructors with professional expertise to SAMI as we currently do with SOTA. SAMI will start with up to 140 ninth graders.

## **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 2007-08, 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.

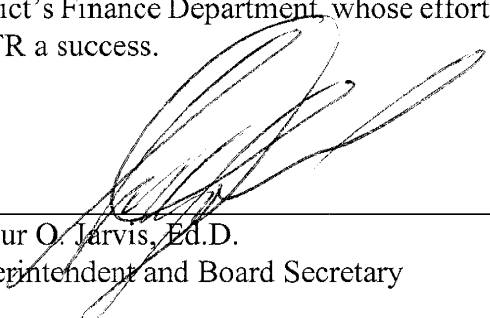
## **CERTIFICATES OF ACHIEVEMENT**

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 15th consecutive year, a Certificate of Achievement for Excellence in Financial Reporting. Copies of the financial reporting awards are on pages 10 and 11. The district will be applying to GFOA and ASBO for the 2007-08 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 2007-08 CAFR a success.



---

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



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Ronald Hack  
Chief Financial Officer

# 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, 2007

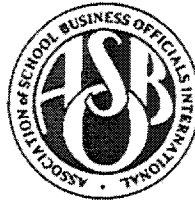
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

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 June 30, 2007

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

*Grome E. Brendel*

President

*John D. Russo*

Executive Director



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# Financial Section

**Independent Auditor's Opinion**

**Management's Discussion and Analysis**

**Government-Wide Financial Statements**

**Governmental Fund Financial Statements**

**Proprietary Fund (The Sound Partnership)**

**Fiduciary Fund Financial Statements**

**Notes to the Financial Statements**

**Required Supplementary Information**

**Supplemental Data**



**Gray Middle School**



**Washington State Auditor  
Brian Sonntag**

**INDEPENDENT AUDITOR'S REPORT**

March 30, 2009

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 the Tacoma School District No. 10, Pierce County, Washington, as of and for the year ended August 31, 2008 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 98 percent, 96 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 other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tacoma School District No. 10, Pierce County, Washington, as of August 31, 2008, 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, 2008, the District has implemented the Governmental Accounting Standards Board's Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

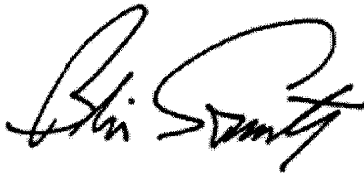


The management's discussion and analysis on pages 15 through 23, budgetary comparison information on pages 65 through 66, and actuarial valuation of post employment benefits other than pension information on page 67 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We 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 69 through 93 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 by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, 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 Introductory 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 by us and the other auditors 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

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## 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, 2008. 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, 2008, were \$526.2 million, an increase of \$14.7 million. Current and Other Assets decreased by \$46.5 million, due to a decrease in investment earnings arising from the intentional spend down of investment earnings associated with planned construction projects. Capital assets increased \$32.9 million from on-going construction projects.
- During the year, the district had revenues of \$355 million and expenses of \$341 million incurred for all governmental activities, resulting in a corresponding increase in the district's net assets by \$14.7 million.
- At the end of the current fiscal year, the district's governmental funds reported a combined ending fund balance of \$157 million; a decrease of \$37.4 million from the prior year. The General Fund's total fund balance was \$32.9 million; a decrease of \$1.9 million from the previous year. The decrease was primarily due to management's decision to use fund balance to pay for one time only purchases of technology and replacement of vehicles.
- The district made principal payments on existing bonds of \$23 million during the year. Its overall long-term liabilities decreased by \$21.3 million 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.

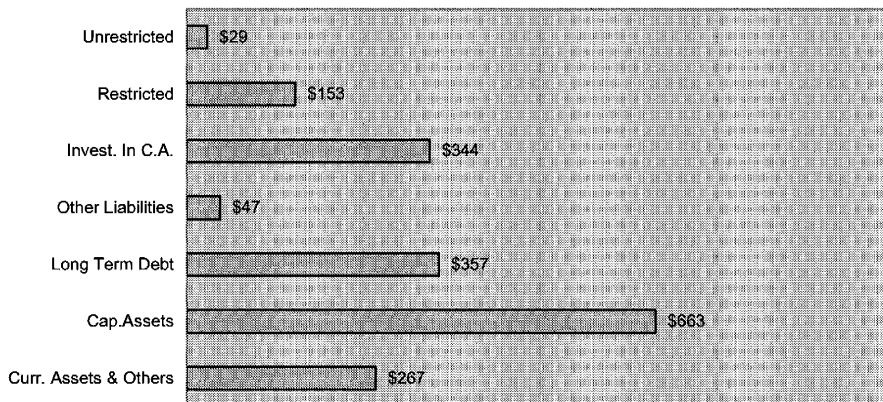
## THE DISTRICT AS A WHOLE

Net assets may serve as a useful indicator of a government's financial position. The Tacoma School District's assets exceeded liabilities by \$526,195,537 at the end of fiscal year 2007-08.

The largest portion of net assets is in the restricted category, and represents amounts reserved for capital projects, debt service, and other purposes. As the district continues to build and modernize its schools, the amount in Invested in Capital Assets, net of debt has increased substantially from last year.

Unrestricted net assets are the portion which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. Of the unrestricted amount shown, \$28,225,011 was designated for self-insurance, curriculum and instruction initiatives, carryovers, future use, and other cash items, according to the Board's Debt and Fiscal Management Policy, leaving \$946,916 for undesignated net assets.

**Net Assets Chart (in Millions)**



## Governmental Activities

Governmental activities improved the district's overall financial position, and increased the district's net assets by \$14.6 million over the previous year. Key elements of this increase are as follows:

Changes in Net Assets			
Primary Government			
Governmental Activities			
	2007-08	2006-07	Changes
<b>REVENUES</b>			
Program Revenues:			
Charges for Services	\$ 10,061,983	\$ 8,737,271	\$ 1,324,712
Operating Grants and Contributions	99,180,022	88,838,632	10,341,390
Capital Grants and Contributions	274,667	177,984	96,683
General Revenues:			
Property Taxes	106,406,893	108,906,084	(2,499,191)
Interest and Investment Earnings	6,749,852	13,278,226	(6,528,374)
Unallocated Revenues	133,258,959	141,820,613	(8,561,654)
<b>TOTAL REVENUES</b>	<b>355,932,377</b>	<b>361,758,810</b>	<b>(5,826,433)</b>
<b>PROGRAM EXPENSES:</b>			
Regular Instruction	164,420,601	156,326,162	8,094,439
Special Instruction	41,694,092	30,520,173	11,173,919
Career & Technical Instruction	9,398,193	9,623,177	(224,984)
Compensatory Instruction	40,352,551	36,450,450	3,902,101
Other Instructional Programs	4,797,569	5,230,923	(433,354)
Community Services	317,133	152,941	164,192
Support Services	64,105,022	64,172,357	(67,335)
Extracurricular Activities	2,419,682	2,126,537	293,145
Debt Payment	13,741,676	14,803,242	(1,061,566)
<b>TOTAL EXPENSES</b>	<b>341,246,519</b>	<b>319,405,961</b>	<b>21,840,558</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>14,685,858</b>	<b>42,352,849</b>	<b>(27,666,991)</b>
<b>NET ASSETS - 9/1/07</b>	<b>511,509,679</b>	<b>469,156,830</b>	<b>42,352,849</b>
<b>NET ASSETS - 8/31/08</b>	<b>\$ 526,195,537</b>	<b>\$ 511,509,679</b>	<b>\$ 14,685,858</b>

The following table presents the cost of each of the district's largest programs, 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	
	2007-08	2006-07	2007-08	2006-07
Regular Instruction	\$ 164,420,601	\$ 156,326,162	\$ (161,182,523)	\$ (153,691,603)
Special Instruction	41,694,092	30,520,173	(8,039,137)	(814,149)
Career & Tech Instruction	9,398,193	9,623,177	990,894	556,205
Compensatory Instruction	40,352,551	36,450,450	1,213,960	2,162,721
Other Instructional Programs	4,797,569	5,230,923	(680,140)	(1,009,699)
Community Services	317,133	152,941	261,946	384,344
Support Services	64,105,022	64,172,357	(46,866,822)	(54,411,737)
Extracurricular Activities	2,419,682	2,126,537	51,807	(24,915)
Debt payments	13,741,676	14,803,242	(13,741,676)	(14,803,242)
<b>TOTALS</b>	<b>\$ 341,246,519</b>	<b>\$ 319,405,962</b>	<b>\$ (227,991,691)</b>	<b>\$ (221,652,075)</b>

### 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.

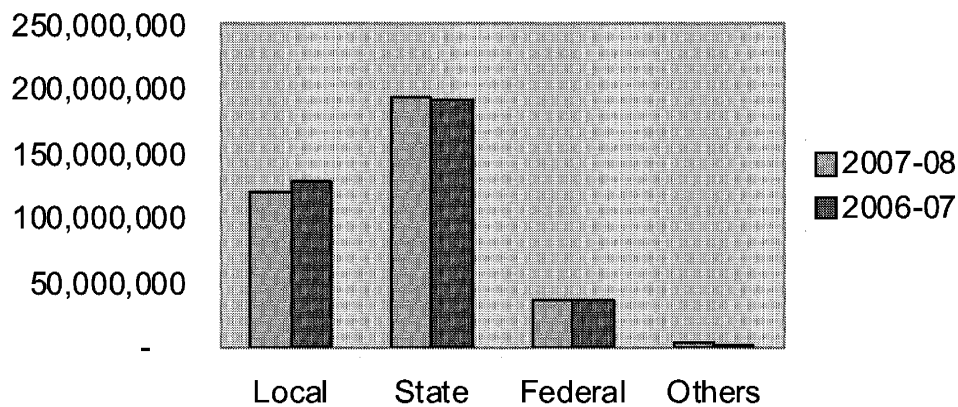
As the district completed the fiscal year, its governmental funds (as presented in the balance sheets under the governmental financial statement section) reported a combined fund balance of \$157.1 million, which is lower than last year's total by \$37.4 million. This change is the result of the following factors:

- The fund balance in the General Fund decreased by \$1.9 million, because the district has allocated additional funds to purchase textbooks, provide training for teaching new curriculum, and replace vehicles and technology equipment as part of a district technology equity program.
- The fund balance in the Special Revenue Fund (ASB) Fund increased by \$.81 million. All secondary schools and most elementary schools had activity in their ASB funds in 2007-08. The increases in both revenues and expenditures were recorded at the high school level and attributable to travel by the Stadium High School band and choir.
- The fund balance in the Debt Service Fund increased by \$1.1 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 in this fund is significantly lower than the prior year, 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 \$36.9 million. More than 70 percent of the district's authorized construction projects from the \$450 million bond approved by the voters in December 2001 have been completed.

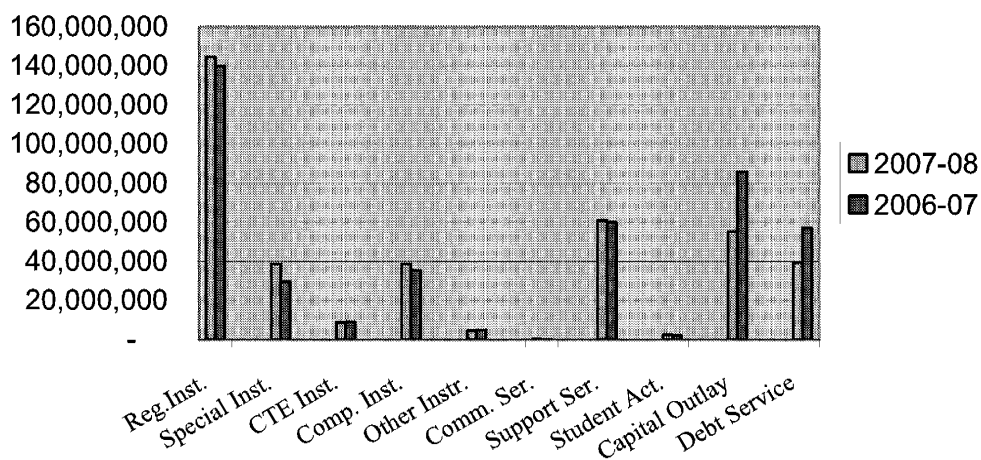
- The fund balance in the Transportation Vehicle Fund increased by \$.178 million. Four buses were purchased during 2007-08 resulting in additional funding from the state. Funding for these buses is provided from the state through its bus depreciation schedule and interest earnings.

The following table presents a summary of the governmental fund's revenues and expenditures for 2007-08 and the amounts and percentages of increases and decreases in relation to prior year. A graphical presentation of revenues and expenditures follows.

**Chart for Revenue Sources**



**Chart for Expenditures by Program**



## 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 2007-08. The beginning balance in 2007-08 was \$34.7 million as reported in the Required Supplemental Information, Schedule A-1.

Revenues were \$.82 million or .6% under budget. Local tax collections were lower than anticipated. The district budgeted \$4 million for grant capacity in state revenues and did not use \$.76 million of that grant capacity. If a grant is not awarded, neither the expenditure nor the revenue occurs. Federal grant revenues were also below budget due to lower Title I and School Improvement program revenues. Other revenue was above budget due to an increased in the number of out-of-district Special Education students served.

Washington statutes establish expenditure budgets as absolute expenditure limits, encouraging contingency budgeting. Expenditures were \$12.1 million or 3.9% below budget. The increase in expenditures for special education, is a result of an increased cost of serving this population. In addition, capital outlay has an unfavorable budget variance due to management's decision to purchase classroom technology as well as, the replacement of district vehicles.

Other financing sources were \$1.1 million below budget. The district planned to transfer \$2 million from the capital project fund to the general fund for technology purchases as permitted under state statute. During the course of the year, management decided to transfer \$.86 million in revenues from the capital projects fund rather than the \$2 million originally planned.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of the fiscal year 2007-08, the district had \$905.5 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 \$40.7 million or 4.71 percent over last year. School construction projects were responsible for most of this increase.

### Capital Assets As of August 31, 2008

This year's additions to construction-in-progress included:

Construction Projects:	
Elementary Schools	\$ 32,755,118
Middle Schools	39,162,631
High Schools	231,061,504
	<u>\$ 302,979,253</u>

The district's 2007-08 fiscal year budget for Capital Projects Fund expenditures was set at \$134.7 million. Lincoln High School reopened their campus in September of 2007 after a major

modernization was completed. Construction on the new Portland and Gray Middle Schools are well underway. 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 \$319 million in unlimited general obligation bonds and qualified zone academy bonds outstanding versus \$342.2 million last year – a decrease of \$23.1 million. The 2005B bonds insured through the Washington State School District Credit Enhancement Program received ratings of Aaa from Moody's and AAA from Standard & Poor's, while the district received underlying ratings of Aa3 from Moody's and AA- from Standard & Poor's. On February 25, 2008, the rating agency Standard & Poor's lowered their assigned rating for the Washington State School District Credit Enhancement Program from AA to A. Additional information on debt is included in the Notes to the Financial Statements, Note 7.

### Outstanding Debt at Year-End (In Millions)

Governmental Activities	2007-08	2006-07	Increase/ (Decrease)	
99 Qualified Zone Academy Bonds	3.28	3.28	0.00	0%
00 Qualified Zone Academy Bonds	1.24	1.32	(0.08)	-6%
01 UTGO Bonds	30.49	38.40	(7.91)	-21%
03 UTGO Bonds	72.60	76.90	(4.30)	-6%
05 Refunding of 2001 UTGO	148.09	148.70	(0.61)	0%
05 UTGO Bonds	42.89	42.90	(0.01)	0%
05B UTGO Bonds	20.50	30.70	(10.20)	-33%
<b>TOTALS</b>	<b>\$ 319.09</b>	<b>\$ 342.20</b>	<b>\$ (23.11)</b>	<b>-7%</b>

## NEXT YEAR'S BUDGET AND RATES

The district's 2008-09 expenditure budget for governmental funds was set at over \$448 million. The 2008 property tax rate was \$4.76 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. In 2008 Pierce County's military and health care remained fairly strong. Economic growth for the county as a whole moved upward during the last half of 2007, although not as robustly as expected. In part this was due to construction activity. Housing inventories started to accumulate, industrial space inventory growth slowed new developments and some public sector projects hit snags. The growth of military spending moderated, as troops stabilized. Container volume at the Port of Tacoma did not rise as much as in the past due to the ripple effect arising from the slowdown in the U.S. economy.



The rate of overall economic activity in the county, a measurement of inflation-adjusted economic activity, moved up by just one and a third percent, about one-half a percent less than expected in 2008. The current financial crisis had only moderate effects on the county's economy. However, cautious consumer spending, especially due to the housing market weakness and asset value erosion, has moderated projected growth.

For the future, impacts from local layoffs, bank consolidations and closures and lower stock values will spread through the entire Puget Sound area, not sparing Pierce County. Local construction spending will remain low. The impacts will have a negative affect on labor activity, unemployment rates, retail sales activity, personal income, housing and real estate, and port trade. It is unknown at this time whether the federal stimulus package could have a positive impact on the economy of Tacoma-Pierce County.

While Pierce County's economy and population is forecasted to grow, the district continues to anticipate flat or declining enrollment next year. The 2008 official enrollment count as measured by the state on the first day of school in October of each year, is only 15 students higher than the enrollment from October 2007. Elementary enrollment grew by 112 students overall, middle school declined by 89 students, and high school enrollment declined by only 8 students. It was projected that high school enrollment would decline by 250-300 students but the enrollments at the 9<sup>th</sup> and 10<sup>th</sup> grade level were higher than expected. Reasons for a higher enrollment may be a result of attracting students from private schools as a result of the economic downturn. Elementary enrollment should remain relatively stable over the next 2 years. The district's 2009-10 budget reflects another year of declining student enrollment, and this reduction may be attributed to the changing demographics of the community. In planning for the future, management continues to proactively monitor enrollment trends.

## **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.

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## 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, 2008**

			<b>Primary Government</b>
	<b>Note #</b>		<b>Governmental Activities</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	1.F.1	\$	6,264,147
Cash Held by Trustees	2.C		1,832,419
Investments	2.A		68,888,978
Time Deposits	2.A		124,148,474
Property Tax Receivable	1.F.2		53,202,650
Receivables, Net	1.F.3		2,447,236
Due From Other Governments	1.F.5		7,033,855
Inventories	1.G		1,728,625
Prepaid Items			57,327
Capital Assets, net of accumulated depreciation, where applicable:	1.I		
Land			47,454,135
Buildings & Improvements			293,884,378
Equipment			18,372,367
Construction-in-Progress			302,979,252
Unamortized Bond Issuance Costs	7.B		1,673,948
<b>TOTAL ASSETS</b>			<b>929,967,791</b>
<b>LIABILITIES</b>			
Accounts Payable			23,908,751
Accrued Wages & Benefits Payable			22,353,118
Unearned Revenue	1.J		765,679
Long-Term Liabilities	7.A		
Due within one year			28,070,684
Due in more than one year			328,674,023
<b>TOTAL LIABILITIES</b>			<b>403,772,255</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt			343,600,058
Restricted for:			
Associated Student Body			2,155,498
Capital Projects			142,828,167
Debt Service			4,757,835
Other Purposes			3,682,051
Unrestricted			29,171,927
<b>TOTAL NET ASSETS</b>		<b>\$</b>	<b>526,195,536</b>

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, 2008**

					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	\$ 164,420,601	\$ 877,796	\$ 882,539	\$ -	\$ (162,660,266)
Special Instruction	41,694,092	1,614,967	30,473,683	39,506	(9,565,936)
Career & Technical Instruction	9,398,193	39,581	10,198,576	138,757	978,721
Compensatory Instruction	40,352,551	-	41,123,736	50,827	822,012
Other Instructional Programs	4,797,569	1,271,683	2,771,524	45,577	(708,785)
Community Services	317,133	579,165	-	-	262,032
Support Services	64,105,022	3,207,302	13,729,964	-	(47,167,756)
Extracurricular Activities (ASB)	2,419,682	2,471,489	-	-	51,807
Interest Payment on Long-Term Debt	13,741,676	-	-	-	(13,741,676)
Total Governmental Activities	\$ 341,246,519	\$ 10,061,983	\$ 99,180,022	\$ 274,667	\$ (231,729,847)

**General Revenues:**

## Taxes:

Property taxes, levies for maintenance and operations	66,388,111
Property taxes, levies for debt service	40,016,240
Property taxes, levies for capital projects	2,542
Unallocated State Apportionment & Others	133,258,959
Interest and Investment earnings	6,749,852

**Total General Revenues****246,415,704****Changes in Net Assets****14,685,857****Net Assets - Beginning****511,509,679****Net Assets - Ending****\$ 526,195,536**

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

Tacoma School District No. 10

## **Governmental Fund Financial Statements**

The governmental fund financial statements consist of major governmental funds:

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

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

**TACOMA SCHOOL DISTRICT No. 10**  
**FUND BALANCE SHEETS**  
**GOVERNMENTAL FUNDS**  
**August 31, 2008**

	GENERAL FUND	SPECIAL REVENUE FUND (ASB)	DEBT SERVICE FUND	CAPITAL PROJECT FUND	TRANSPORTATION VEHICLE FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>						
Cash on Hand and in Bank	\$ 210,790	\$ 11,935	\$ -	\$ 10,000	\$ -	\$ 232,725
Cash on Deposit with County Treasurer	1,056,002	102,149	156,707	689,176	151	2,004,185
Construction Retainage Escrow	-	-	-	1,832,419	-	1,832,419
Investments	5,600,000	-	-	55,400,000	-	61,000,000
Time Deposits	52,093,400	2,150,000	4,573,000	63,320,074	2,012,000	124,148,474
Property Tax Receivable	34,172,415	-	19,014,430	15,805	-	53,202,650
Accounts Receivable, Net	320,446	550	-	-	-	320,996
Accrued Interest Receivable	417,409	15,263	28,128	1,549,773	4,812	2,015,385
Due From Other Funds	2,581,326	158,121	-	32,193	-	2,771,640
Due From Other Government Units	3,624,799	-	-	3,409,056	-	7,033,855
Inventories at Cost	1,663,396	65,229	-	-	-	1,728,625
Prepaid Items	56,052	1,275	-	-	-	57,327
<b>TOTAL ASSETS</b>	<b>101,796,035</b>	<b>2,504,522</b>	<b>23,772,265</b>	<b>126,258,496</b>	<b>2,016,963</b>	<b>256,348,281</b>
<b>LIABILITIES:</b>						
Accounts Payable	11,599,533	130,300	-	6,636,291	-	18,366,124
Retainage Payable	-	-	-	1,832,419	-	1,832,419
Accrued Wages & Benefits Payable	22,353,118	-	-	-	-	22,353,118
Due To Other Funds	192,326	77,710	-	2,497,786	-	2,767,822
Unearned Revenue	34,797,080	141,014	19,014,430	15,805	-	53,968,329
<b>TOTAL LIABILITIES</b>	<b>68,942,057</b>	<b>349,024</b>	<b>19,014,430</b>	<b>10,982,301</b>	<b>-</b>	<b>99,287,812</b>
<b>FUND BALANCES</b>						
Reserved for Inventory	1,663,396	65,229	-	-	-	1,728,625
Reserved for Encumbrances	2,018,655	97,211	-	36,600,887	-	38,716,753
Reserved for Arbitrage Rebate	-	-	-	1,489,099	-	1,489,099
Reserved for Construction	-	-	-	55,257,932	-	55,257,932
Reserved for Technology	-	-	-	19,164,530	-	19,164,530
Unreserved:						
Designated for Self Insurance	1,500,000	-	-	-	-	1,500,000
Designated for Curriculum & Instruction	6,346,845	-	-	-	-	6,346,845
Designated for Other Cash Items	7,945,738	-	-	-	-	7,945,738
Designated for Budget Carryover	4,167,693	-	-	-	-	4,167,693
Designated for Student Achievement	3,064,735	-	-	-	-	3,064,735
Designated for Future Use	5,200,000	-	-	-	-	5,200,000
Undesignated	946,916	1,993,058	4,757,835	2,763,747	2,016,963	12,478,519
<b>TOTAL FUND BALANCES</b>	<b>32,853,978</b>	<b>2,155,498</b>	<b>4,757,835</b>	<b>115,276,195</b>	<b>2,016,963</b>	<b>157,060,469</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 101,796,035</b>	<b>\$ 2,504,522</b>	<b>\$ 23,772,265</b>	<b>\$ 126,258,496</b>	<b>\$ 2,016,963</b>	<b>\$ 256,348,281</b>

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, 2008**

	<b>Total Governmental Funds</b>	<b>Long-Term Assets, Liabilities *</b>	<b>Internal Service Fund *</b>	<b>Reclassifications and Eliminations</b>	<b>Statement of Net Assets Totals</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,236,910	\$ -	\$ 4,027,237	\$ -	\$ 6,264,147
Cash Held by Trustees	1,832,419	-	-	-	1,832,419
Investments	61,000,000	-	7,888,978	-	68,888,978
Time Deposits	124,148,474	-	-	-	124,148,474
Property Tax Receivable	53,202,650	-	-	-	53,202,650
Receivables, Net	2,336,381	-	107,037	3,818	2,447,236
Due From Other Funds	2,771,640	-	-	(2,771,640)	-
Due From Other Governments	7,033,855	-	-	-	7,033,855
Inventories	1,728,625	-	-	-	1,728,625
Prepaid Items	57,327	-	-	-	57,327
Capital Assets, Net (land, bldg, eqmt)	-	662,690,132	-	-	662,690,132
Unamortized Bond Issue Costs	-	1,673,948	-	-	1,673,948
<b>TOTAL ASSETS</b>	<b>256,348,281</b>	<b>664,364,080</b>	<b>12,023,252</b>	<b>(2,767,822)</b>	<b>929,967,791</b>
<b>LIABILITIES</b>					
Accounts Payable	20,198,543	-	3,710,208	-	23,908,751
Wages, Benefits & Other Payables	22,353,118	-	-	-	22,353,118
Due To Other Funds	2,767,822	-	-	(2,767,822)	-
Unearned Revenue	53,968,329	(53,202,650)	-	-	765,679
Long-Term Liabilities	-	356,744,707	-	-	356,744,707
<b>TOTAL LIABILITIES</b>	<b>99,287,812</b>	<b>303,542,057</b>	<b>3,710,208</b>	<b>(2,767,822)</b>	<b>403,772,255</b>
<b>FUND BALANCES/NET ASSETS</b>					
Total Fund Balances/Net Assets	157,060,469	360,822,023	8,313,044	-	526,195,536
<b>TOTAL LIABILITIES AND FUND BALANCES/NET ASSETS</b>					
	<b>\$ 256,348,281</b>	<b>\$ 664,364,080</b>	<b>\$ 12,023,252</b>	<b>\$ (2,767,822)</b>	<b>\$ 929,967,791</b>

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, 2008**

	GENERAL FUND	SPECIAL REVENUE FUND (ASB)	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TRANSPORTATION VEHICLE FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>						
Local	\$ 75,188,531	\$ -	\$ 40,268,336	\$ 4,557,236	\$ 100,956	\$ 120,115,059
State	184,567,109	-	-	8,696,574	468,348	193,732,031
Federal	36,665,842	-	-	-	-	36,665,842
Miscellaneous	2,114,335	2,471,489	-	-	-	4,585,824
<b>TOTAL REVENUES</b>	<b>298,535,817</b>	<b>2,471,489</b>	<b>40,268,336</b>	<b>13,253,810</b>	<b>569,304</b>	<b>355,098,756</b>
<b>EXPENDITURES</b>						
<b>Current Operating:</b>						
Regular Instruction	144,687,443	-	-	-	-	144,687,443
Special Instruction	38,700,254	-	-	-	-	38,700,254
Career & Technical Instruction	8,894,872	-	-	-	-	8,894,872
Compensatory Instruction	38,702,671	-	-	-	-	38,702,671
Other Instructional Programs	4,587,635	-	-	-	-	4,587,635
Community Services	308,484	-	-	-	-	308,484
Support Services	60,973,493	-	-	-	-	60,973,493
Student Activities	-	2,390,735	-	-	-	2,390,735
<b>Debt Service:</b>						
Principal	-	-	23,103,578	156,815	-	23,260,393
Interest and Other Charges	-	-	16,165,782	1,769	-	16,167,551
<b>Capital Outlay:</b>						
Other	4,453,157	-	-	50,444,122	394,457	55,291,736
<b>TOTAL EXPENDITURES</b>	<b>301,308,009</b>	<b>2,390,735</b>	<b>39,269,360</b>	<b>50,602,706</b>	<b>394,457</b>	<b>393,965,267</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(2,772,192)</b>	<b>80,754</b>	<b>998,976</b>	<b>(37,348,896)</b>	<b>174,847</b>	<b>(38,866,511)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from Sale of Surplus Equipment	48,721	-	-	-	2,700	51,421
Proceeds from Sale of Surplus Property	-	-	-	1,390,464	-	1,390,464
Transfers	857,662	-	88,578	(946,240)	-	-
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>906,383</b>	<b>-</b>	<b>88,578</b>	<b>444,224</b>	<b>2,700</b>	<b>1,441,885</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,865,809)</b>	<b>80,754</b>	<b>1,087,554</b>	<b>(36,904,672)</b>	<b>177,547</b>	<b>(37,424,626)</b>
<b>Fund Balance - Beginning</b>	<b>34,719,787</b>	<b>2,074,744</b>	<b>3,670,281</b>	<b>152,180,867</b>	<b>1,839,416</b>	<b>194,485,095</b>
<b>Fund Balance - Ending</b>	<b>\$ 32,853,978</b>	<b>\$ 2,155,498</b>	<b>\$ 4,757,835</b>	<b>\$ 115,276,195</b>	<b>\$ 2,016,963</b>	<b>\$ 157,060,469</b>

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, 2008**

	<b>Total Governmental Funds</b>	<b>Long-Term Revenue, Expenses *</b>	<b>Capital Related items *</b>	<b>Internal Service Fund *</b>	<b>Long-Term Debt Transactions *</b>	<b>Statement of Activities Totals</b>
<b>REVENUES AND OTHER SOURCES</b>						
Property Taxes	\$ 106,406,893	\$ (1,134,851)	\$ -	\$ -	\$ -	\$ 105,272,042
Local Non-Taxes	13,708,166	-	-	-	-	13,708,166
State	193,732,031	-	-	-	-	193,732,031
Federal	36,665,842	-	-	-	-	36,665,842
Miscellaneous	4,585,824	-	-	526,586	-	5,112,410
<b>Other Sources:</b>						
Proceeds from Sale of Surplus Eqmt	51,421	-	-	-	-	51,421
Proceeds from Sale of Surplus Property	1,390,464	-	-	-	-	1,390,464
<b>TOTAL</b>	<b>356,540,641</b>	<b>(1,134,851)</b>	<b>-</b>	<b>526,586</b>	<b>-</b>	<b>355,932,376</b>
<b>EXPENDITURES/EXPENSES</b>						
<b>Current:</b>						
Regular Instruction	144,687,443	1,829,740	13,486,165	634,288	-	160,637,636
Special Instruction	38,700,254	1,848,273	16,617	169,656	-	40,734,800
Career & Technical Instruction	8,894,872	17,721	230,374	38,994	-	9,181,961
Compensatory Instruction	38,702,671	484,236	67,551	169,667	-	39,424,125
Other Instructional Programs	4,587,635	35,998	43,443	20,111	-	4,687,187
Community Services	308,484	-	-	1,352	-	309,836
Support Services	60,973,493	382,698	1,006,614	267,298	-	62,630,103
Student Activities	2,390,735	-	28,947	-	-	2,419,682
<b>Debt Service:</b>						
Principal	23,260,393	-	-	-	(23,260,393)	-
Interest and Other Charges	16,167,551	-	-	-	(2,425,875)	13,741,676
Capital Outlay **	55,291,736	-	(47,812,223)	-	-	7,479,513
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>393,965,267</b>	<b>4,598,666</b>	<b>(32,932,512)</b>	<b>1,301,366</b>	<b>(25,686,268)</b>	<b>341,246,519</b>
<b>NET CHANGE FOR THE YEAR</b>						
	<b>\$ (37,424,626)</b>	<b>\$ (5,733,517)</b>	<b>\$ 32,932,512</b>	<b>\$ (774,780)</b>	<b>\$ 25,686,268</b>	<b>\$ 14,685,857</b>

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

Tacoma School District No. 10

**Proprietary Fund (The Sound Partnership)**

The Sound Partnership, a blended component unit, is reported in the proprietary fund in accordance with the Governmental Accounting Standard Board (GASB), Statement No. 10 (Risk Financing).



**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, 2008**

	Governmental Activities	Internal Service Fund
<b>OPERATING REVENUES</b>		
Premiums Contributions	\$	35,258,144
Miscellaneous Earnings		2,596
<b>TOTAL OPERATING REVENUES</b>		<b>35,260,740</b>
<b>OPERATING EXPENSES</b>		
Benefits Claims		32,723,998
Insurance Premiums		1,647,417
Administrative Expenses		2,315,342
Disease Management		8,508
Working on Wellness		57,496
<b>TOTAL OPERATING EXPENSES</b>		<b>36,752,761</b>
<b>OPERATING INCOME (LOSS)</b>		<b>(1,492,021)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment Earnings		526,586
Net Appreciation in Fair Value of Investments		190,655
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>		<b>717,241</b>
<b>CHANGE IN NET ASSETS</b>		<b>(774,780)</b>
<b>NET ASSETS - BEGINNING</b>		<b>9,087,824</b>
<b>NET ASSETS - ENDING</b>	<b>\$</b>	<b>8,313,044</b>

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, 2008**

	<b>Governmental Activities</b>	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Premium Contributions	\$ 35,258,144	
Miscellaneous Receipts	2,596	
Benefits Payments	(32,596,517)	
Insurance Premium Payments	(1,647,417)	
Administrative	(2,315,342)	
Miscellaneous Payments	(66,004)	
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(1,364,540)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases and Sales of Investments	2,520,000	
Interest and Dividends	558,176	
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>3,078,176</b>	
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,713,636</b>	
<b>BALANCES - BEGINNING OF THE YEAR</b>	<b>2,313,601</b>	
<b>BALANCES - END OF THE YEAR</b>	<b>\$ 4,027,237</b>	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (1,492,021)	
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</b>		
(Increase) Decrease in Prepaid Expenses	-	
Increase (Decrease) in Liabilities	127,481	
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (1,364,540)</b>	
<b>NONCASH FINANCING AND INVESTING</b>		
Appreciation in Fair Value of Investments		(190,655)

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

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Tacoma School District No. 10

## **Fiduciary Funds Financial Statements**

The fiduciary funds financial statements include the Private-Purpose Trust Fund 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, 2008**

	<b>Private-Purpose Trusts</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 54,627	\$ (27,348)
Accounts Receivable	2,012	-
Investments at Fair Value	295,000	35,000
Accrued Interest Receivable	-	43
<b>TOTAL ASSETS</b>	<b>351,639</b>	<b>7,695</b>
<b>LIABILITIES</b>		
Accounts Payable	39,260	145
Custodial Accounts	-	7,550
<b>TOTAL LIABILITIES</b>	<b>39,260</b>	<b>7,695</b>
<b>NET ASSETS</b>		
Held in Trust for Gifts and Scholarships	312,379	-
<b>TOTAL NET ASSETS</b>	<b>\$ 312,379</b>	<b>\$ -</b>

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, 2008**

	<b>Private-Purpose Trusts</b>
<b>ADDITIONS</b>	
Donations	\$ 190,471
<b>Total Additions</b>	<b>190,471</b>
<b>DEDUCTIONS</b>	
Scholarships	97,155
Tuition and Fees	16,777
Books and Materials	82,566
Field Trips	17,341
Administrative	5,963
<b>Total Deductions</b>	<b>219,802</b>
<b>Change in Net Assets</b>	<b>(29,331)</b>
Net Assets, Beginning of the year	341,710
Net Assets, End of the year	<b>\$ 312,379</b>

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, 2007 through August 31, 2008**

**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 3,600 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 8<sup>th</sup> 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 district has implemented GASB Statement No. 40, Deposit and Investment Risk Disclosures and GASB Statement No. 44 which significantly amends the Statistical Section. GASB Statement No. 47, Accounting for Termination Benefits, has no impact on the district as it does not provide any early-retirement incentives or severance benefits to its employees. GASB Statement No 45, Other Post Employment Benefits, was implemented in 2007-08 and is disclosed under Note 9 – Risk Management.

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 2007-08.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders) outstanding at year end are reported as reservations of 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. Property taxes receivable are measurable but not available and are therefore not accrued. However, categorical program claims and interdistrict billings are measurable and available and are accrued. The district considers revenues derived from property taxes available when they are collected within 60 days after year end.

Expenditures are recorded when the related fund liability is incurred. The fund liability is incurred when the goods or services have been received. The one exception to this rule is the recognition of principal and interest on general long-term debt, which is recognized 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 finds, which are reclassified as a third-party receivable or payable.

### **5. Due From Other Governments**

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

## **G. INVENTORIES AND PREPAID ITEMS**

Inventory has normally been valued at cost using the weighted average method perpetual inventory system, and in the district's Walker system the warehouse inventory did not include the sales tax and freight charges associated with the item. At the time the inventory was issued, the item would be marked-up by 10 percent to cover the cost of the tax and freight. When the district converted its inventory from the Walker system to its new Lawson system in July, 2008 the sales tax and freight charges were included in the item cost and the following general ledger entries were made into the Walker system to reflect the change in the item value at the time of conversion:

	<u>Old System</u>	<u>New System</u>	<u>Change</u>
Warehouse Inventory	\$359,004.57	\$391,321.27	\$32,316.70
Maintenance Inventory	65,676.11	71,583.22	5,907.11
USDA Commodities Inventory	36,378.36	36,378.36	.00

Inventory in the general fund and special revenue fund consists of expendable equipment and supplies held for consumption. The costs are recorded as expenditures at the time individual inventory items are consumed. Physical inventory is usually conducted annually in August, however this year the physical inventory and reconciliation happened in July – right before the warehouse inventory conversion from the old system to the new. The reserve for inventory is equal to the ending inventory amount to indicate a portion of the fund balance which is not available for future expenditure.

United States Dept. of Agriculture commodities consist of food donated by the USDA for use in the district's child nutrition 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, 2008, the value of the USDA commodities included in this district's inventory was \$187,158.

## **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. Capital assets are defined by the district as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of 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 years

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**

Under the provisions of RCW 28A.400.210, up to 180 days of sick leave accumulated by district employees is reimbursed at death or retirement at the rate of one day for each four days of accrued leave. Full-time employees earn sick leave at a rate of 12 days per year up to a maximum of 195 days, including the annual accumulation, as of December 31 of each year. This statute also provides for an annual buy out of an amount up to the maximum annual accumulation of twelve days. To qualify for annual sick leave buy out, the employee must have accumulated an 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 No. 16 was applied in calculating the sick leave. The amount of accrued sick leave as of August 31, 2008 was \$11,721,691 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. Employees are allowed to accrue up to a maximum of 30 days of vacation leave.

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, 2008 was \$4,443,517 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 (i.e. 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. RESERVES AND DESIGNATIONS (*Governmental Fund Financial Statements*)**

Reserves represent those portions of the fund balance not appropriable for expenditures or legally segregated for a specific future use.

Not appropriable for expenditures: Reserve for Inventory (general fund and special revenue fund) and Reserve for Encumbrances.

Legally segregated for specific future use: Reserves for Gifts & Scholarships (fiduciary funds).

Designated unreserved fund balances such as designated for self-insurance, for curriculum and instruction, for budget carryover, student achievement, and for other cash items, represent tentative plans for future use of financial resources. These plans are subject to changes and may never be legally authorized or result in expenditures.

**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	Cash Held by Trustees	Time Deposits	Investments
Governmental Funds	\$ 2,236,910	\$1,832,419	\$124,148,474	\$ 61,000,000
Sound Partnership	4,027,237	-	-	7,888,978
Total Government Wide	6,264,147	1,832,419	124,148,474	68,888,978
Fiduciary Funds	27,279	-	330,000	-
Total Deposits & Investments	\$ 6,291,426	\$1,832,419	\$124,478,474	\$68,888,978

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 (\$124,478,474) 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, 2008, the total carrying amount of the district's investments was \$68,888,978, and this amount approximates fair value as defined by GASB Statement No. 31. The district's funds are invested in governmental instruments (i.e. FNMA, FHLB, and FHLMC) and 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 majority of its investments are short term (three months or less).

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. Investment maturities are as follows:

<u>Maturity</u>	<u>Maximum Investment</u>
One to three years	26.22%
Under one year	73.78%

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 32 percent of the district's investments are in FHLB, others are in FHLMC and in FNMA.

<u>Investment Type</u>	<u>Moody's Investor Service</u>	<u>Standard &amp; Poors</u>
Local Government Investment Pool	Not rated	Not rated
Federal Home Loan Bank	Aaa	AAA
Federal Home Loan Mortgage Corp	Aaa	AAA
Federal National Mortgage Association	Aaa	AAA

## **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.

## **C. CASH HELD BY TRUSTEE**

Construction retainage which is held by the escrow companies is reported as an asset of the district.

### **Note 3. INTERFUND TRANSACTIONS**

As of August 31, 2008, 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	\$2,577,508	\$ 192,326
Capital Projects Fund	32,193	2,497,786
Special Revenue Fund	<u>158,121</u>	<u>77,710</u>
<b>Total</b>	<b><u>\$2,767,822</u></b>	<b><u>\$2,767,822</u></b>

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 (\$3,818) and reclassified as third party receivables/payables in the government-wide financial statements.

Planned transfers between funds are included in the budgeting process. In 2007-08 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 (\$857,662).

**Note 4. CHANGES IN CAPITAL ASSETS**

Purchases of equipment with a unit cost over \$1,000 are capitalized and depreciated in *government-wide financial statements*. The district's property valuation of buildings and contents for insurance purposes is \$713,457,635 on August 31, 2008.

Primary Government				
	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 48,451,146	\$ -	\$ (997,011)	\$ 47,454,135
Construction-in-Progress	267,635,526	35,343,726	-	302,979,252
Total Capital Assets, not being depreciated	<b>316,086,672</b>	<b>35,343,726</b>	<b>(997,011)</b>	<b>350,433,387</b>
Capital assets, being depreciated:				
Building and Improvements	487,855,366	4,359,143	(784,476)	491,430,033
Equipment	60,943,807	9,520,381	(6,742,560)	63,721,628
Total Capital assets, being depreciated:	<b>548,799,173</b>	<b>13,879,524</b>	<b>(7,527,036)</b>	<b>555,151,661</b>
Less Accumulated Depreciation for:				
Building and Improvements	(188,997,079)	(9,323,648)	775,072	(197,545,655)
Equipment	(46,131,146)	(5,556,063)	6,337,948	(45,349,261)
Total Accumulated Depreciation	<b>(235,128,225)</b>	<b>(14,879,711)</b>	<b>7,113,020</b>	<b>(242,894,916)</b>
Total Capital assets, being depreciated, net	<b>313,670,948</b>	<b>(1,000,187)</b>	<b>(414,016)</b>	<b>312,256,745</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$629,757,620</b>	<b>\$ 34,343,539</b>	<b>\$ (1,411,027)</b>	<b>\$662,690,132</b>

Depreciation expense was charged to governmental activities as follows:

Regular Instruction	\$ 13,486,165
Special Instruction	16,617
Career & Technical Instruction	230,374
Compensatory Instruction	67,551
Other Instruction Programs	43,443
Support Services	1,006,614
Extracurricular Activities (ASB)	28,947
	<b>\$ 14,879,711</b>

**Note 5. CONSTRUCTION IN PROGRESS**

<b>School</b>	<b>Project</b>	<b>Project Authorization</b>	<b>Accumulated Expenditures to Aug. 31, 2008</b>
<b>Elementary Schools</b>			
Cirque & Alameda	New School	\$ 19,169,377	\$ 44,754
Fern Hill	Modernization	18,142,021	16,920,704
Geiger	Modernization	7,217,387	45,370
Stafford	New School	17,090,930	15,744,290
<b>Total Elementary Schools</b>		<b>61,619,715</b>	<b>32,755,118</b>
<b>Middle Schools</b>			
Gray	New School	45,013,851	28,279,491
Portland Ave	New School	49,047,065	10,883,140
<b>Total Middle Schools</b>		<b>94,060,916</b>	<b>39,162,631</b>
<b>High Schools</b>			
Foss	Modernization	31,683,169	30,834,705
Lincoln	Modernization	75,251,312	70,642,040
Stadium	Modernization	108,269,541	103,205,828
Wilson	Modernization	28,955,729	26,378,931
<b>Total High Schools</b>		<b>244,159,751</b>	<b>231,061,504</b>
<b>GRAND-TOTAL</b>		<b>\$ 399,840,382</b>	<b>\$ 302,979,253</b>

**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 September 30, 2007:

Retirement Program	Active Members	Inactive Vested Members	Retired Members
TRS	64,939	9,428	38,091
PERS	158,022	26,583	71,244
SERS	50,825	7,674	3,141

Certificated public employees are members of TRS. Noncertificated 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 June 30, 2008, are summarized in the table below:

	7/1/07 Rate as of 7/1/07	7/1/08 Rate as of 7/1/08
<b>TRS 1</b>		
Employee Contribution Rate	0.0600	0.0600
Employer Contribution Rate	0.0474	0.0582
<b>TRS 2</b>		
Employee Contribution Rate	0.0301	0.0290
Employer Contribution Rate	0.0474	0.0582
<b>TRS 3</b>		
Employee Contribution Rate	---	---
Employer Contribution Rate	0.0474*	0.0582*
<b>PERS 1</b>		
Employee Contribution Rate	0.0600	0.0600
Employer Contribution Rate	0.0612	0.0831
<b>PERS 2</b>		
Employee Contribution Rate	0.0415	0.0545
Employer Contribution Rate	0.0612	0.0831
<b>PERS 3</b>		
Employee Contribution Rate	---	---
Employer Contribution Rate	.0612*	.0831*
<b>SERS 2</b>		
Employee Contribution Rate	0.0379	0.0390
Employer Contribution Rate	0.0485	0.0588
<b>SERS 3</b>		
Employee Contribution Rate	---	---
Employer Contribution Rate	.0485*	.0588*

\* = 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>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Plan I TRS	\$ 1,038,417	\$ 935,429	\$ 647,920
Plan II TRS	1,376,116	940,727	577,371
Plan III TRS	4,893,156	3,530,815	1,912,762
Plan I PERS	\$ 186,758	\$ 118,193	\$ 79,613
Plan II SERS	1,064,237	705,327	318,557
Plan III SERS	1,005,211	645,647	275,638

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, 2008, comprehensive annual financial report. Refer to said report for detailed trend information. It is available from:

State of Washington  
Department of Retirement Systems  
PO Box 48380  
Olympia, Washington 98504-8380  
<http://www.drs.wa.gov/>

**Note 7. LONG-TERM DEBT**

**A. CHANGES IN LONG-TERM LIABILITIES**

Bonds payable at August 31, 2008 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.

The debt service fund is established to redeem the outstanding bonds. Compensated absence liabilities are liquidated by the fund that pays the salary of the individual using the leave; 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, 2008, the following changes occurred in liabilities reported in the government-wide financial statements:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One Year
<b>GOVERNMENT ACTIVITIES</b>					
Bonds and Contracts Payable:					
1999 QZAB	3,280,000	-	-	3,280,000	-
2000 QZAB	1,328,652	-	88,578	1,240,074	88,578
2001 UTGO Bonds	38,365,000	-	7,875,000	30,490,000	12,990,000
2003 UTGO Bonds	76,900,000	-	4,300,000	72,600,000	3,500,000
2005 Refunding of 2001 UTGO	148,730,000	-	640,000	148,090,000	670,000
2005 UTGO Bonds	42,890,000	-	-	42,890,000	-
2005B UTGO Bonds	30,700,000	-	10,200,000	20,500,000	7,350,000
Total Bonds and Contracts Payable	<u>342,193,652</u>	<u>-</u>	<u>23,103,578</u>	<u>319,090,074</u>	<u>24,598,578</u>
Other Liabilities:					
Capital Leases	156,815	-	156,815	-	-
Unamortized Bond Premium	20,380,553	-	2,619,284	17,761,269	2,383,491
Net OPEB Obligation	-	6,201,122	2,462,966	3,738,156	-
Compensated Absences	15,294,698	1,796,924	936,414	16,155,208	1,088,615
Total Other Liabilities	<u>35,832,066</u>	<u>7,998,046</u>	<u>6,175,479</u>	<u>37,654,633</u>	<u>3,472,106</u>
GRAND-TOTAL	<u>\$ 378,025,718</u>	<u>\$ 7,998,046</u>	<u>\$29,279,057</u>	<u>\$356,744,707</u>	<u>\$ 28,070,684</u>

## **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	\$ 11,819		\$ 2,728	\$ 9,091
2000 Qualified Zone Academy Bonds	1,062		203	859
2001 Unlimited Tax GO Bonds	273,834		91,278	182,556
2003 Unlimited Tax GO Bonds	463,719		32,542	431,177
2005A Unlimited Tax GO Bonds	853,561		49,482	804,079
2005B Unlimited Tax GO Bonds	263,362		17,176	246,185
	<u>\$ 1,867,357</u>	<u>\$ -</u>	<u>\$ 193,409</u>	<u>\$ 1,673,948</u>

## **C. BOND PREMIUM**

Below is a schedule of the amortization of the bond premium on the 2001 unlimited tax general obligation bonds:

Schedule of Bond Premium Amortization 19-Year, \$250,000,000 Bonds				
Date	Payment	Interest Expense	Premium Amortized	Carrying Amount of Bonds
12/1/2001	\$ -	\$ -	\$ -	<b>\$ 10,879,349</b>
6/1/2002	6,214,325	7,620,511	(1,406,186)	12,285,534
12/1/2002	6,214,325	5,465,367	748,958	11,536,577
6/1/2003	6,179,325	5,433,963	745,362	10,791,215
12/1/2003	6,170,175	5,413,988	756,187	10,035,027
6/1/2004	6,077,350	5,340,147	737,203	9,297,824
12/1/2004	5,957,250	5,244,398	712,852	8,584,972
6/1/2005	5,658,050	5,033,538	7,397,212	1,187,760
12/1/2005	1,441,094	1,127,435	313,658	874,102
6/1/2006	1,088,094	902,074	186,019	688,083
12/1/2006	997,938	840,543	157,394	530,688
6/1/2007	885,438	756,623	128,814	401,874
12/1/2007	883,143	754,328	128,814	273,060
6/1/2008	706,180	612,509	93,671	<b>179,389</b>
12/1/2008	706,000	612,325	93,675	85,714
6/1/2009	506,250	456,092	50,158	35,556
12/1/2009	393,750	356,475	37,275	(1,719)
6/1/2010	206,250	204,084	2,166	(3,885)
12/1/2010	206,250	204,084	2,166	(6,050)
6/1/2011	150,000	153,034	(3,034)	(3,016)
12/1/2011	148,200	151,216	(3,016)	(0)
	<u>\$50,789,385</u>	<u>\$46,682,736</u>	<u>\$10,879,349</u>	

Below is a schedule of the amortization of the bond premium on the 2003 unlimited tax general obligation bonds:

Schedule of Bond Premium Amortization 18-Year, \$100,000,000 Bonds				
Date	Payment	Interest Expense	Premium Amortized	Carrying Amount of Bonds
12/9/2003	\$ -	\$ -	\$ -	<b>\$ 6,627,063</b>
6/1/2004	2,125,500	2,280,542	(155,042)	6,782,105
12/1/2004	2,045,500	1,575,700	469,800	6,312,305
6/1/2005	2,045,500	1,609,087	436,413	5,875,892
12/1/2005	1,947,750	1,505,051	442,699	5,433,193
6/1/2006	1,947,750	1,554,941	392,809	5,040,384
12/1/2006	1,784,000	1,384,889	399,111	4,641,273
6/1/2007	1,784,000	1,459,649	324,351	4,316,922
12/1/2007	1,721,938	1,391,858	330,080	3,986,842
6/1/2008	1,721,938	1,402,694	319,244	<b>3,667,598</b>
12/1/2008	1,669,438	1,344,673	324,764	3,342,834
6/1/2009	1,669,438	1,347,778	321,659	3,021,175
12/1/2009	1,601,938	1,274,613	327,325	2,693,850
6/1/2010	1,601,938	1,294,415	307,523	2,386,327
12/1/2010	1,435,238	1,122,096	313,142	2,073,185
6/1/2011	1,435,238	1,159,946	275,292	1,797,893
12/1/2011	1,220,663	940,180	280,483	1,517,410
6/1/2012	1,220,663	998,302	222,361	1,295,050
12/1/2012	995,663	769,147	226,516	1,068,534
6/1/2013	995,663	828,168	167,495	901,040
12/1/2013	773,750	602,877	170,873	730,167
6/1/2014	773,750	654,007	119,743	610,424
12/1/2014	638,750	516,766	121,984	488,440
6/1/2015	638,750	545,164	93,586	394,854
12/1/2015	508,750	413,310	95,440	299,414
6/1/2016	508,750	438,083	70,667	228,748
12/1/2016	378,750	306,661	72,089	156,659
6/1/2017	378,750	329,318	49,432	107,227
12/1/2017	166,250	115,832	50,419	56,808
6/1/2018	166,250	150,427	15,823	40,985
12/1/2018	116,250	100,069	16,181	24,804
6/1/2019	116,250	107,225	9,025	15,779
12/1/2019	75,000	65,793	9,207	6,572
6/1/2020	75,000	71,020	3,980	2,592
12/1/2020	33,750	29,703	4,047	(1,455)
6/1/2021	33,750	34,470	(720)	(735)
12/1/2021		735	(735)	(0)
	<b>\$ 38,383,283</b>	<b>\$ 29,725,187</b>	<b>\$ 6,627,063</b>	

Below is a schedule of the amortization of the bond premium on the 2005A unlimited tax general obligation bonds:

Schedule of Bond Premium Amortization 19-Year, \$45,000,000 Bonds				
Date	Payment	Interest Expense	Premium Amortized	Carrying Amount of Bonds
6/21/2005	\$ -	\$ -	\$ -	<b>17,519,868</b>
12/1/2005	2,815,000	4,289,672	711,094	16,808,774
6/1/2006	305,000	4,783,656	708,082	16,100,692
12/1/2006	305,000	4,779,081	707,916	15,392,776
6/1/2007	315,000	4,774,506	707,775	14,685,001
12/1/2007	315,000	4,769,388	707,318	13,977,684
6/1/2008	325,000	4,764,269	706,891	<b>13,270,792</b>
12/1/2008	325,000	4,758,581	706,196	12,564,597
6/1/2009	345,000	4,752,894	705,549	11,859,048
12/1/2009	330,000	4,746,856	704,930	11,154,118
6/1/2010	360,000	4,741,081	704,402	10,449,716
12/1/2010	335,000	4,734,781	703,929	9,745,787
6/1/2011	365,000	4,728,500	703,175	9,042,612
12/1/2011	360,000	4,721,200	702,085	8,340,527
6/1/2012	4,175,000	4,714,000	701,083	7,639,444
12/1/2012	4,175,000	4,609,625	671,989	6,967,455
6/1/2013	4,190,000	4,505,250	644,078	6,323,378
12/1/2013	4,185,000	4,400,500	617,235	5,706,142
6/1/2014	5,980,000	4,295,875	591,205	5,114,937
12/1/2014	5,965,000	4,146,375	555,913	4,559,025
6/1/2015	6,485,000	3,997,250	521,790	4,037,235
12/1/2015	6,475,000	3,835,125	486,424	3,550,811
6/1/2016	6,995,000	3,673,250	452,251	3,098,560
12/1/2016	6,980,000	3,498,375	452,251	2,646,308
6/1/2017	8,000,000	3,323,875	388,787	2,257,522
12/1/2017	7,985,000	3,123,875	388,787	1,868,735
6/1/2018	13,355,000	2,924,250	325,480	1,543,256
12/1/2018	13,340,000	2,590,375	325,480	1,217,776
6/1/2019	14,800,000	2,256,875	232,937	984,839
12/1/2019	14,790,000	1,886,875	232,937	751,902
6/1/2020	8,925,000	1,517,125	141,085	610,817
12/1/2020	8,870,000	1,294,000	141,085	469,731
6/1/2021	-	1,072,250	91,977	377,754
12/1/2021	8,275,000	1,072,250	91,977	285,777
6/1/2022	-	865,375	71,638	214,139
12/1/2022	10,620,000	865,375	71,638	142,501
6/1/2023	-	599,875	47,564	94,937
12/1/2023	11,520,000	599,875	47,564	47,373
6/1/2024	-	311,875	23,687	23,687
12/1/2024	12,475,000	311,875	23,687	0
	<b>\$195,360,000</b>	<b>\$127,636,091</b>	<b>\$17,519,868</b>	

Below is a schedule of the amortization of the bond premium on the 2005B unlimited tax general obligation bonds:

Schedule of Bond Premium Amortization 17-Year, \$55,000,000 Bonds				
Date	Payment	Interest Expense	Premium Amortized	Carrying Amount of Bonds
12/21/2005	\$ -	\$ -	\$ -	<b>1,853,628</b>
6/1/2006	1,175,556	872,485	303,071	1,550,557
12/1/2006	1,322,500	1,019,429	303,071	1,247,486
6/1/2007	1,112,500	841,769	270,731	976,755
12/1/2007	767,500	600,867	166,633	810,122
6/1/2008	767,500	600,867	166,633	<b>643,489</b>
12/1/2008	512,500	421,755	90,745	552,744
6/1/2009	512,500	421,755	90,745	461,999
12/1/2009	328,750	288,668	40,082	421,917
6/1/2010	328,750	288,668	40,082	381,835
12/1/2010	282,500	253,962	28,538	353,297
6/1/2011	282,500	253,962	28,538	324,759
12/1/2011	282,500	253,962	28,538	296,221
6/1/2012	282,500	253,962	28,538	267,683
12/1/2012	282,500	253,962	28,538	239,145
6/1/2013	282,500	253,962	28,538	210,607
12/1/2013	235,000	215,132	19,868	190,739
6/1/2014	235,000	215,132	19,868	170,871
12/1/2014	235,000	215,132	19,868	151,003
6/1/2015	235,000	215,132	19,868	131,135
12/1/2015	235,000	215,132	19,868	111,267
6/1/2016	235,000	215,132	19,868	91,399
12/1/2016	160,000	149,536	10,464	80,935
6/1/2017	160,000	149,536	10,464	70,471
12/1/2017	160,000	149,536	10,464	60,007
6/1/2018	160,000	149,536	10,464	49,543
12/1/2018	160,000	149,536	10,464	39,079
6/1/2019	160,000	149,536	10,464	28,615
12/1/2019	160,000	149,536	10,464	18,151
6/1/2020	160,000	149,536	10,464	7,687
12/1/2020	63,750	59,907	3,844	3,843
6/1/2021	63,750	59,907	3,843	-
	<b>\$ 11,340,556</b>	<b>\$ 9,486,929</b>	<b>\$ 1,853,628</b>	

**D. DEBT SERVICE REQUIREMENT TO MATURITY**

<u>Year Ending</u> August 31,	<u>UTGO &amp; QZAB Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	24,598,578	15,140,101	39,738,679
2010	13,128,578	14,016,813	27,145,391
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>\$319,090,074</u>	 <u>\$128,937,536</u>	 <u>\$ 448,027,610</u>

**E. CAPITAL LEASES**

The district made the final principal and interest payments on its capital lease in August 2008, and exercised its option to purchase the building located at 1117 Broadway Avenue in September 2008. The district has no other capital leases at this time. The capital lease can be classified as follows:

	<u>Carrying Value</u> <u>As of August 31, 2008</u>
Buildings	\$1,359,538
Less Accumulated Depreciation	( 245,473)
Total	\$1,114,065

**F. ARBITRAGE REBATE**

The district has provided a reserve in the Capital Projects Fund of \$1,489,099 for federal arbitrage rebate associated with its 2001 and 2003 bond issues. Calculations were provided by Bond Logistics, Inc.

**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 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, 2008.

Year Ending August 31	Amount
2008	\$ 68,505
2009	68,505
2010	<u>68,505</u>
Minimum payments required	\$ 205,515

**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	
2007	\$840,453	\$393,792	\$364,659	\$869,586
2008	869,586	327,510	197,585	999,511

**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 a monthly basis at a flat rate of \$50,000 per month 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	
2007	\$4,266,366	\$3,547,084	\$2,937,270	\$4,876,181
2008	4,876,181	3,628,842	3,087,317	5,417,706



### **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 \$1,519,706 for its annual premium contribution to WSRMP for its property and liability insurance coverage. For the period of September 1, 2007 to August 31, 2008, 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 2007-08 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 92 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 \$35,260,740 in 2007-08 to the Sound Partnership which is a health and welfare trust fund administered by a joint board of five management and five labor trustees. This trust provides comprehensive medical, dental, vision, life, and long-term disability coverage for qualified employees of the district. The district participates in lieu of obtaining insurance from commercial carriers, thereby minimizing the cost for benefit coverage. The Sound Partnership serves the Tacoma School District's 3,500 employees. The Trust also provides health and dental care for the Tacoma School District's employees after separation from the district until they reach the age of 65.

The district's contributions are based on a fixed sum per FTE (full-time equivalent). The total assets and liabilities of the Sound Partnership at August 31, 2008 were respectively \$12,023,252 and \$3,653,894.

### **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 approximately 50 participants in the COBRA program. The Sound Partnership maintains its financial records using the accrual basis of accounting. The total claims reported and approved for payment were \$32,508,112 and the total contributions from participants were \$35,258,144 during fiscal year 2007-08.

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

	Year Ended	
	8/31/2008	8/31/2007
Amounts Currently Payable for Claims Participants		
Balance at beginning of year	\$99,800	\$ 2,224,288
Claims reported & approved for payment	32,508,112	31,204,830
Claims Paid	(32,551,598)	(33,328,318)
Balance at End of Year	<u>56,314</u>	<u>99,800</u>
Other Obligations for Current Benefit Coverage at Estimated Amounts		
Balance at beginning of year	3,402,700	2,746,500
Net Change during the year	172,400	656,200
Balance at End of Year	<u>3,575,100</u>	<u>3,402,700</u>
Plan's Total Benefit Obligation at End of Year	<u><b>\$3,631,414</b></u>	<u><b>\$ 3,502,500</b></u>

The Sound Partnership was established in 1984 to provide health and dental care to the district's employees and dependents even after their separation from the district until they reach the age of 65. 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 day-to-day operations of the Trust. The Sound Partnership has signed a health service contract with Pierce County Medical Bureau and Group Health Cooperative of Puget Sound.

The Sound Partnership has a vision care service contract with Davis Vision to provide vision services to the district's employees and their dependents.

The district's monthly contributions to the Sound Partnership are based on the state funding calculated on "full time equivalent." Any extra coverage is paid by the district's employees through payroll deductions and the amount is remitted to the Sound Partnership on a monthly basis.

**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), 52 of the state's K-12 school and educational service districts (ESDs), and 200 political subdivisions. Additionally, the PEBB plan is available to the retirees of the remaining 249 K-12 school districts and ESDs. The Tacoma School District's retirees are eligible to participate in the plan under this arrangement.

The Washington State House Bill No. 1721 mandated the district to pay the state HCA \$60.40 per month per full time equivalent employee in 2007-08. This assessment to the district is subject to change annually.

## Plan Description

### Eligibility

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

- 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 and life insurance 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 2009:

Descriptions	Type of Coverage			
	Employee	Employee & Spouse	Employee & Children	Full Family
Aetna Public Employees Plan	513.44	1,020.79	893.95	1,401.30
Group Health Classic	508.50	1,010.91	885.31	1,387.72
Group Health Value	426.16	846.23	741.21	1,161.28
Kaiser Permanente Classic	476.60	947.11	829.48	1,299.99
Kaiser Permanente Value	433.88	861.67	754.72	1,182.51
Uniform Medical Plan	427.25	848.41	743.12	1,164.28

For 2008, after age 65 retired members receive a subsidy of 50 percent of their monthly medical premiums up to \$164.08. For 2008, retirees also receive an explicit subsidy of \$4.77/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 over a period of thirty years as of September 1, 2008 (level cost method). 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>
<b>Determination of Annual Required Contribution</b>	
Normal Cost at Year End	\$ 3,352,230
Amortization of UAAL	<u>2,848,892</u>
Annual Required Contribution (ARC)	6,201,122
 <b>Determination of Net OPEB Obligation</b>	
Annual required Contribution	6,201,122
Interest on Prior Year Net OPEB Obligation	-
Adjustment to ARC	<u>-</u>
Annual OPEB Cost	6,201,122
Less Contributions Made*	<u>(2,462,966)</u>
Increase in Net OPEB Obligation	3,738,156
 Net OPEB Obligation - End of Year	 \$ 3,738,156

\* Estimated based on 2008-09 retiree benefit amounts,  
adjusted for medical trend.

The district's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2008 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
8/31/2008	\$ 6,201,122	39.72%	\$ 3,738,156

#### Funded Status and Funding Progress

As of August 31, 2008, the most recent actuarial valuation date, the plan was 0 percent funded. The accrued liability for benefits was \$85.5 million, and the actuarial value of assets was \$0, resulting in a UAAL of \$85.5 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.

#### 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.

The health cost trend rates used for the actuarial study are as follows:

<u>Year</u>	<u>Medical Trend</u>	<u>Life Trend</u>
2008-2009	10.00%	5.00%
2009-2010	9.50%	4.50%
2010-2011	9.00%	4.50%
2011-2012	8.50%	4.00%
2012-2013	8.00%	4.00%
2013-2014	7.50%	3.50%
2014-2015	7.00%	3.50%
2015-2016	6.50%	3.50%
2016-2017	6.00%	3.50%
2017-2018	5.50%	3.50%
2018 and beyond	5.00%	3.50%

In the August 31, 2008 actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions used included a 4.5 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.

The UAAL is being amortized on a closed basis at the assumed discount rate. The remaining amortization period at August 31, 2008 was 30 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](http://osa.leg.wa.gov/Actuarial_services/OPEB/OPEB.htm).

**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.

- Cost of capital assets \$905,585,048  
Accumulated Depreciation (242,894,916)  
Net \$662,690,132
- \$1,673,948** – 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).
- Long-term liabilities of **\$356,744,707** (due within one year: \$28,070,684 due more than one year: \$328,674,023) 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.
- Property tax levies (**\$53,202,650**) 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.
- Due To and Due From (**\$2,767,822**) – 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 (\$3,818).

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 **\$12,023,252** and **\$3,710,208**) 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. **\$1,134,851** – The amount of property tax levies that do not provide current financial resources are reported as unearned revenue in Governmental Funds, and as revenues in Government-Wide Financial Statements.
2. The net amount of **\$4,598,666** represents the current year increase in compensated absences (\$860,510) and other post-employment benefits (\$3,738,156) 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	\$47,812,223
Depreciation Expense	<u>(14,879,711)</u>
Difference	<b>\$ 32,932,512</b>

- b. Governmental Funds Financial Statements report capital outlay as expenditures while Government-Wide Financial Statements report depreciation expense (\$14,879,711) allocated to various applicable programs.

4. Repayment of bond (\$23,103,578) and capital lease (\$156,815) principal amounts of **\$23,260,393** were reported as expenditures in governmental funds, and thus has 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. **\$2,425,875** – 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	\$2,619,284
Current year amortization/bond issuance costs	<u>(193,409)</u>
	<b>\$2,425,875</b>

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 loss (**\$1,301,366**), except investment income (**\$526,586**) is shown as investment earnings under miscellaneous revenues.

**Note 11. FUND EQUITY (GOVERNMENTAL FUNDS)**

<b>Changes in Undesignated Fund Balances</b>					
	<b>General Fund</b>	<b>Special Revenue Fund (ASB)</b>	<b>Debt Service</b>	<b>Capital Projects Fund</b>	<b>Trans Vehicle Fund</b>
<b>Undesignated Unres.Fund Bal.8/31/07</b>	<b>\$ 827,365</b>	<b>\$ 1,951,441</b>	<b>\$ 3,670,281</b>	<b>\$ 2,541,970</b>	<b>\$1,836,416</b>
Decr./ (Incr.) Res for Inventory	(2,800,120)	(10,252)			
Decr./ (Incr.) Res for Encumbrances	(2,042,883)	49,389		268,903	
Decr./ (Incr.) Res for Arbitrage Rebate				697,632	
Decr./ (Incr.) Res for Carryover	1,062,645			(38,092,984)	
Decr./ (Incr.) Res for Student Achvmnt	(76,175)				
Decr./ (Incr.) Res for Other Cash Items	5,499,532				
Decr./ (Incr.) Res for Curr & Instruction	(4,628,360)				
Decr./ (Incr.) Res for Self-Insurance	-				
Decr./ (Incr.) Res for Future Use	1,000,000				
Changes in Fund Balances	2,104,912	2,480	787,554	37,348,226	95,265
<b>Undesignated Unres.Fund Bal.8/31/08</b>	<b>\$ 946,916</b>	<b>\$ 1,993,058</b>	<b>\$ 4,457,835</b>	<b>\$ 2,763,747</b>	<b>\$2,016,963</b>

**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 State 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 reserves, it is very early in the legal proceedings and this information is preliminary and subject to change.

**Note 15. SUBSEQUENT EVENTS**

The district exercised its option to purchase the Ted Brown building which houses some of the Tacoma School for the Arts programs in September, 2008. The district also ran an election on March 10, 2009 requesting voters approve a \$300M capital improvement bond measure, however, the bond request failed to pass.

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, 2008**

	BUDGETED AMOUNTS		ACTUAL AMOUNT	VARIANCE WITH FINAL BUDGET POSITIVE(NEGATIVE)
	ORIGINAL *	FINAL *		
REVENUES				
Local	\$ 75,427,707	\$ 75,427,707	\$ 75,188,531	\$ (239,176)
State	185,071,631	185,071,631	184,567,109	(504,522)
Federal	37,274,282	37,274,282	36,665,842	(608,440)
Other	1,582,235	1,582,235	2,114,335	532,100
Total Revenues	299,355,855	299,355,855	298,535,817	(820,038)
EXPENDITURES				
CURRENT				
Regular Instruction	153,209,739	153,209,739	144,687,443	8,522,296
Special Education	37,272,171	37,272,171	38,700,254	(1,428,083)
Career & Technical Education	9,342,663	9,342,663	8,894,872	447,791
Compensatory Education	42,918,059	42,918,059	38,702,671	4,215,388
Other Instructional Programs	7,345,576	7,345,576	4,587,635	2,757,941
Community Services	104,000	104,000	308,484	(204,484)
Support Services	61,513,074	61,513,074	60,973,493	539,581
CAPITAL OUTLAY				
Other	1,716,402	1,716,402	4,453,157	(2,736,755)
Total Expenditures	313,421,684	313,421,684	301,308,009	12,113,675
Excess of Revenues Over (Under) Expenditures	(14,065,829)	(14,065,829)	(2,772,192)	11,293,637
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	-	-	48,721	48,721
Transfers	2,000,000	2,000,000	857,662	(1,142,338)
Total Other Financing Sources (Uses)	2,000,000	2,000,000	906,383	(1,093,617)
CHANGE IN FUND BALANCE	(12,065,829)	(12,065,829)	(1,865,809)	10,200,020
FUND BALANCE-September 1	34,719,787	34,719,787	34,719,787	-
FUND BALANCE -August 31	\$ 22,653,958	\$ 22,653,958	\$ 32,853,978	\$ 10,200,020

\* 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, 2008**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL *	FINAL *		
<b>REVENUES</b>				
General	\$ 1,643,061	\$ 1,643,061	\$ 1,085,814	\$ (557,247)
Athletics	257,380	257,380	188,149	(69,231)
Classes	304,782	304,782	255,569	(49,213)
Clubs	1,753,961	1,753,961	924,621	(829,340)
Private Monies	145,589	145,589	17,336	(128,253)
<b>Total Revenues</b>	<b>4,104,773</b>	<b>4,104,773</b>	<b>2,471,489</b>	<b>(1,633,284)</b>
<b>EXPENDITURES</b>				
General	1,584,028	1,584,028	1,135,274	448,754
Athletics	264,163	264,163	140,358	123,805
Classes	246,755	246,755	239,874	6,881
Clubs	1,569,960	1,569,960	855,936	714,024
Private Monies	150,123	150,123	19,293	130,830
<b>Total Expenditures</b>	<b>3,815,029</b>	<b>3,815,029</b>	<b>2,390,735</b>	<b>1,424,294</b>
<b>Changes in Fund Balance</b>	<b>289,744</b>	<b>289,744</b>	<b>80,754</b>	<b>(208,990)</b>
<b>FUND BALANCE - September 1</b>	<b>2,074,744</b>	<b>2,074,744</b>	<b>2,074,744</b>	
<b>FUND BALANCE - August 31</b>	<b>\$ 2,364,488</b>	<b>\$ 2,364,488</b>	<b>\$ 2,155,498</b>	<b>\$ (208,990)</b>

\* 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%

GASBS 45 was implemented for the fiscal year ended August 31, 2008. No information prior to August 31, 2008 is available.

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## 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, 2008 AND 2007**

	2008	2007
<b>ASSETS</b>		
Cash on Hand and in Bank	\$ 210,790	\$ 103,629
Cash on Deposit with County Treasurer	1,056,002	1,525,531
Investments	5,600,000	8,600,000
Time Deposits	52,093,400	49,254,300
Property Tax Receivable	34,172,415	32,741,536
Accounts Receivable, Net	320,446	576,876
Accrued Interest Receivable	417,409	
Due From Other Funds	2,581,326	841,613
Due From Other Governmental Units	3,624,799	5,215,006
Inventories, at Cost	1,663,396	4,463,516
Prepaid Items	56,052	-
<b>TOTAL ASSETS</b>	<b>101,796,035</b>	<b>103,322,007</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts Payable	11,599,533	11,881,143
Accrued Wages and Benefits Payable	22,353,118	23,370,168
Due To Other Funds	192,326	55,676
Unearned Revenue	34,797,080	33,295,233
<b>TOTAL LIABILITIES</b>	<b>68,942,057</b>	<b>68,602,220</b>
<b>Fund Balance:</b>		
Reserve for Inventory	1,663,396	4,463,516
Reserve for Encumbrances	2,018,655	4,061,538
Unreserved:		
Designated for Self Insurance	1,500,000	1,500,000
Designated for Curriculum & Instruction	6,346,845	10,975,205
Designated for Other Items	7,945,738	2,446,206
Designated for Budget Carryover	4,167,693	3,105,048
Designated for Student Achievement	3,064,735	3,140,910
Unreserved, Designated for Future Use	5,200,000	4,200,000
Unreserved	946,916	827,364
<b>TOTAL FUND BALANCE</b>	<b>32,853,978</b>	<b>34,719,787</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 101,796,035</b>	<b>\$ 103,322,007</b>

**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, 2008**  
**(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2007)**

	2008			2007
	BUDGET	ACTUAL	VARIANCE POSITIVE(NEGATIVE)	ACTUAL
<b>REVENUES</b>				
Local	\$ 75,427,707	\$ 75,188,531	\$ (239,176)	\$ 73,761,011
State	185,071,631	184,567,109	(504,522)	174,288,248
Federal	37,274,282	36,665,841	(608,441)	37,087,941
Other	1,582,235	2,114,335	532,100	1,362,413
<b>TOTAL REVENUES</b>	<b>299,355,855</b>	<b>298,535,816</b>	<b>(820,039)</b>	<b>286,499,613</b>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
Regular Instruction	153,209,739	144,687,443	8,522,296	139,992,844
Special Education	37,272,171	38,700,253	(1,428,082)	29,649,440
Career & Technical Instruction	9,342,663	8,894,872	447,791	8,985,654
Compensatory Instruction	42,918,059	38,702,671	4,215,388	35,333,345
Other Instructional Programs	7,345,576	4,587,635	2,757,941	4,949,859
Community Services	104,000	308,484	(204,484)	148,622
Support Services	61,513,074	60,973,493	539,581	59,942,714
<b>CAPITAL OUTLAY</b>				
Other	1,716,402	4,453,157	(2,736,755)	852,885
<b>TOTAL EXPENDITURES</b>	<b>313,421,684</b>	<b>301,308,008</b>	<b>12,113,676</b>	<b>279,855,363</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(14,065,829)</b>	<b>(2,772,192)</b>	<b>11,293,637</b>	<b>6,644,250</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Equipment	-	48,721	48,721	23,770
Transfers	2,000,000	857,662	(1,142,338)	-
<b>Total Other Financing Sources (Uses)</b>	<b>2,000,000</b>	<b>906,383</b>	<b>(1,093,617)</b>	<b>23,770</b>
<b>Net Change in Fund Balance</b>	<b>(12,065,829)</b>	<b>(1,865,809)</b>	<b>10,200,020</b>	<b>6,668,020</b>
<b>FUND BALANCE-September 1</b>	<b>34,719,787</b>	<b>34,719,787</b>	<b>-</b>	<b>28,051,767</b>
<b>FUND BALANCE -August 31</b>	<b>\$ 22,653,958</b>	<b>\$ 32,853,978</b>	<b>\$ 10,200,020</b>	<b>\$ 34,719,787</b>

\* 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, 2008**  
**(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2007)**

DESCRIPTION	2008		VARIANCE FAVORABLE (UNFAVORABLE)	2007 ACTUAL
	BUDGET	ACTUAL		
<b>1000 LOCAL TAXES</b>				
1100 Local Property Tax	\$ 67,169,758	\$ 66,388,111	\$ (781,647)	\$ 64,629,970
1300 Sale of Tax Title Property	1,941	-	(1,941)	12,873
<b>TOTAL LOCAL TAXES</b>	<b>67,171,699</b>	<b>66,388,111</b>	<b>(783,588)</b>	<b>64,642,843</b>
<b>2000 LOCAL NON-TAX</b>				
2100 Tuition & Fees, Unassigned	921,100	998,042	76,942	789,794
2101 Full Day Kindergarten Fees	40,000	54,944	14,944	53,281
2121 Special Ed Pre-School Tuition	30,000	50,930	20,930	43,091
2173 Summer School Tuition	185,000	63,490	(121,510)	60,216
2203 Sales of Sup. & Mat. Other	1,500	1,474	(26)	1,895
2204 Sales of Supplies & Materials Recovery	102,071	92,431	(9,640)	106,116
2210 Other Storeroom Sales	23,147	17,414	(5,733)	15,638
2220 Copy Center Reimbursements	100,000	100,054	54	95,416
2231 Secondary CTE Sales of Goods	60,000	34,808	(25,192)	51,567
2291 Food Service Sales	2,171,706	2,252,817	81,111	2,370,634
2292 Food Service Sales - Fed Programs	34,807	369	(34,438)	64
2293 Food Service Refunds	-	23	23	
2294 Food Serv. Sales - Special Events	37,535	71,990	34,455	48,866
2296 Food Service Sales - Breakfast	177,694	150,802	(26,892)	142,600
2300 Investment Earnings	2,000,000	1,912,442	(87,558)	2,580,507
2500 Gifts & Donations	103,500	206,469	102,969	118,642
2600 Fines & Damages	86,965	59,146	(27,819)	58,307
2700 Facility Rental	400,000	563,821	163,821	500,390
2701 Facility Rental - Computer Lab Fees	-	80	80	1,750
2702 Facility Rental - Utility Surcharge	-	15,350	15,350	10,306
2800 Insurance Recoveries	-	17,561	17,561	
2900 Local Non-Tax Unassigned	1,700,983	2,066,659	365,676	2,052,154
2910 E-Rate	80,000	69,305	(10,695)	16,934
<b>TOTAL LOCAL NONTAX</b>	<b>\$ 8,256,008</b>	<b>\$ 8,800,421</b>	<b>\$ 544,413</b>	<b>\$ 9,118,168</b>

\* 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, 2008**  
**(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2007)**

DESCRIPTION	2008		VARIANCE FAVORABLE (UNFAVORABLE)	2007 ACTUAL
	BUDGET	ACTUAL		
<b>3000 STATE FUNDS, GENERAL PURPOSE</b>				
3100 Apportionment	\$ 127,911,530	\$ 129,752,210	\$ 1,840,680	\$ 129,966,045
3121 Apportionment - Special Ed	5,365,671	5,208,441	(157,230)	-
3300 Local Effort Assistance	2,922,440	3,167,789	245,349	4,132,587
<b>TOTAL STATE, GENERAL PURPOSE</b>	<b>136,199,641</b>	<b>138,128,440</b>	<b>1,928,799</b>	<b>134,098,632</b>
<b>4000 STATE FUNDS, SPECIAL PURPOSE</b>				
4100 Special Purpose, Unassigned	4,801,492	777,324	(4,024,168)	637,461
4121 Ed. of Handicapped Children	16,883,725	18,013,539	1,129,814	15,638,112
4155 Learning Assistance Program	4,078,523	4,080,625	2,102	4,001,228
4156 State Inst Strs & Homes Delinquent	1,272,275	1,082,697	(189,578)	1,192,822
4158 Special Pilot Programs	373,383	880,980	507,597	499,447
4163 Promoting Academic Success	836,022	907,932	71,910	151,410
4165 Transitional Bilingual	1,576,310	1,597,610	21,300	1,515,186
4166 Student Achievement	12,617,118	12,626,280	9,162	10,789,912
4174 Highly Capable	240,958	244,455	3,497	206,430
4175 Professional Development	296,000	482,376	186,376	-
4198 School Food Service	342,381	378,799	36,418	317,445
4199 Transportation - Operations	5,356,090	5,210,981	(145,109)	5,043,230
4300 Other State Agencies - Unassigned	197,713	155,071	(42,642)	196,934
<b>TOTAL STATE, SPECIAL PURPOSE</b>	<b>48,871,990</b>	<b>46,438,669</b>	<b>(2,433,321)</b>	<b>40,189,617</b>
<b>5000 FEDERAL FUNDS, GEN PURPOSE</b>				
5200 Direct Federal Revenue - Unassigned	263,026	263,677	651	244,963
5400 Federal In-Lieu-Of Taxes	-	152,342	152,342	111,513
5500 Federal Forests	80,000	75,938	(4,062)	77,728
<b>TOTAL FEDERAL, GENERAL PURPOSE</b>	<b>\$ 343,026</b>	<b>\$ 491,957</b>	<b>\$ 148,931</b>	<b>\$ 434,204</b>
<b>6000 FEDERAL, SPECIAL PURPOSE</b>				
6100 Special Purpose, Unassigned	-	87,000	87,000	100,000
6121 Federal Special Purpose - Medical	236,000	316,031	80,031	456,855
6124 H/C, Supplemental, IDEA, Part B	6,740,839	6,975,178	234,339	7,341,736
6138 Career & Technical Education	383,451	450,399	66,948	402,070

**TACOMA SCHOOL DISTRICT No. 10**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2008**  
**(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2007)**

DESCRIPTION	2008		VARIANCE	2007
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	
6151 Disadvantaged, Federal Title I	\$ 12,372,262	\$ 11,616,748	\$ (755,514)	\$ 10,353,649
6152 School Improvement, Federal Title II	2,863,474	1,593,940	(1,269,534)	3,055,750
6153 Migrant, Title I	30,049	-	(30,049)	15,813
6154 Reading First, Title I	1,497,222	1,630,415	133,193	1,780,988
6157 Inst. Neg. & Del., Title I	53,971	49,298	(4,673)	52,553
6164 Limited English Proficiency	276,301	203,980	(72,321)	268,085
6189 Other Community Services	104,000	60,050	(43,950)	133,514
6191 Regular Lunch Reimbursement	209,029	199,667	(9,362)	207,490
6192 Red. Price Lunch Reimbursement	754,123	812,212	58,089	748,299
6193 Free Lunch reimbursement	4,240,451	4,434,579	194,128	4,217,370
6195 Reg. Breakfast Program Reimbursement	24,273	25,452	1,179	24,186
6196 Red. Price Breakf. Prog. Reimbursement	183,182	214,158	30,976	182,987
6197 Free Breakfast Program Reimbursement	1,371,194	1,483,864	112,670	1,366,936
6198 Food Services-Free Snack Reimbursement	50,855	46,825	(4,030)	51,159
6200 Direct Special Purpose Grants	21,765	205,911	184,146	488,436
6261 Head Start	4,831,556	4,839,570	8,014	4,663,737
6268 Indian Education	177,034	198,790	21,756	221,272
6300 Fed Grants Thru Other Agencies	22,467	57,966	35,499	26,489
6352 School Improvement	487,758	671,851	184,093	-
6354 Reading First	-	-	-	58,513
6998 USDA Commodities	-	-	-	435,849
<b>TOTAL FEDERAL, SPECIAL PURPOSE</b>	<b>36,931,256</b>	<b>36,173,884</b>	<b>(757,372)</b>	<b>36,653,736</b>
<b>7000 REVENUES FROM OTHER DISTRICTS</b>				
7121 Special Education	1,116,000	1,608,984	492,984	774,167
<b>TOTAL REVENUES FROM OTHER DISTRICTS</b>	<b>1,116,000</b>	<b>1,608,984</b>	<b>492,984</b>	<b>774,167</b>
<b>8000 REVENUES FROM OTHER AGENCIES</b>				
8100 Agency & Association Grants	466,235	505,351	39,116	588,246
<b>TOTAL REVENUES FROM OTHER AGENCIES</b>	<b>466,235</b>	<b>505,351</b>	<b>39,116</b>	<b>588,246</b>
<b>TOTAL REVENUES</b>	<b>299,355,855</b>	<b>298,535,817</b>	<b>(820,038)</b>	<b>286,499,613</b>
<b>9000 OTHER FINANCING SOURCES</b>				
9300 Sale of Surplus Equipment	-	48,721	48,721	23,770
9900 Operating Transfers	2,000,000	857,662	(1,142,338)	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>2,000,000</b>	<b>906,383</b>	<b>(1,093,617)</b>	<b>23,770</b>
<b>TOTAL REVENUES AND OTHER</b>				
<b>FINANCING SOURCES</b>	<b>\$ 301,355,855</b>	<b>\$ 299,442,200</b>	<b>\$ (1,913,655)</b>	<b>\$ 286,523,383</b>

**TACOMA SCHOOL DISTRICT No. 10**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES BY PROGRAM**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2008**

PROGRAM NUMBER AND DESCRIPTION	2008		VARIANCE POSITIVE (NEGATIVE)	PERCENT EXPENDED
	BUDGET	ACTUAL		
01 Basic Education	\$ 153,352,983	\$ 147,946,224	\$ 5,406,759	% 96.47
21 Special Ed, Basic, State	30,533,332	31,764,582	(1,231,250)	104.03
24 Special Ed, Supplemental, Federal	6,740,839	6,975,178	(234,339)	103.48
31 Career & Technical Instruction, State	9,239,400	8,601,920	637,480	93.10
38 Career & Technical Instruction, Federal	365,888	431,708	(65,820)	117.99
51 Disadvantaged, Federal Title I	11,813,426	11,108,866	704,560	94.04
52 School Improvement, Federal Title II	2,744,670	1,529,110	1,215,560	55.71
53 Migrant, Federal	28,673	-	28,673	0.00
54 Reading First, Federal	1,446,591	1,575,324	(128,733)	108.90
55 Learning Assistance, State	3,891,721	3,670,748	220,973	94.32
56 Institutions, State	1,214,003	1,139,367	74,636	93.85
57 Institutions, Federal	51,499	46,987	4,512	91.24
58 Special & Pilot Programs, State	361,157	715,285	(354,128)	198.05
61 Head Start, Federal	4,283,402	4,298,292	(14,890)	100.35
63 Promoting Academic Success, State	797,731	557,933	239,798	69.94
64 Limited English Proficiency, Federal	270,883	199,980	70,903	73.83
65 Transitional Bilingual, State	1,576,310	1,597,610	(21,300)	101.35
66 Student Achievement, State	13,997,067	12,124,152	1,872,915	86.62
68 Indian Education, Federal	168,926	189,845	(20,919)	112.38
73 Summer School	236,000	124,370	111,630	52.70
74 Highly Capable	315,729	327,347	(11,618)	103.68
75 Professional Development	296,000	142,192	153,808	48.04
79 Instructional Programs, Other	7,843,192	4,039,303	3,803,889	51.50
89 Other Community Services	104,000	308,484	(204,484)	296.62
97 District-wide Support	41,996,197	41,366,336	629,861	98.50
98 Nutrition Services	10,138,104	10,828,147	(690,043)	106.81
99 Pupil Transportation	9,613,961	9,698,719	(84,758)	100.88
<b>TOTAL EXPENDITURES</b>	<b>\$ 313,421,684</b>	<b>\$ 301,308,009</b>	<b>\$ 12,113,675</b>	<b>% 96.14</b>

\* 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, 2008**

ACTIVITY NUMBER AND DESCRIPTION		2008		VARIANCE POSITIVE (NEGATIVE)	PERCENT EXPENDED
		BUDGET	ACTUAL		
ADMINISTRATION					
11	Board of Directors	\$ 659,501	\$ 870,462	\$ (210,961)	% 131.99
12	Superintendent's Office	617,325	659,912	(42,587)	106.90
13	Business Office	3,112,536	2,921,778	190,758	93.87
14	Human Resources	3,427,660	2,998,899	428,761	87.49
15	Public Relations	552,708	603,900	(51,192)	109.26
TOTAL ADMINISTRATION		8,369,730	8,054,951	314,779	96.24
INSTRUCTION					
21	Supervision	8,792,671	7,912,471	880,200	89.99
22	Learning Resources	5,517,002	5,403,004	113,998	97.93
23	Principal's Office	20,483,745	19,841,884	641,861	96.87
24	Guidance and Counseling	7,631,661	7,372,727	258,934	96.61
25	Pupil Mgmt & Safety	3,668,291	3,845,773	(177,482)	104.84
26	Health Services	13,227,938	13,230,484	(2,546)	100.02
27	Teaching	189,754,331	178,393,634	11,360,697	94.01
28	Extra Curricular	2,907,982	3,329,067	(421,085)	114.48
TOTAL INSTRUCTION		251,983,621	239,329,044	12,654,577	94.98
NUTRITION SERVICES					
41	Supervision	633,146	613,321	19,825	96.87
42	Food	3,715,803	4,545,213	(829,410)	122.32
44	Operations	5,944,326	5,832,792	111,534	98.12
49	Nutrition Services Transfers	(155,171)	(163,179)	8,008	105.16
TOTAL NUTRITION SERVICES		10,138,104	10,828,147	(690,043)	106.81
PUPIL TRANSPORTATION					
51	Supervision	664,955	644,243	20,712	96.89
52	Operations	8,963,602	9,173,378	(209,776)	102.34
53	Maintenance	145,000	390,124	(245,124)	269.05
59	Transportation Services Transfers	(476,983)	(509,243)	32,260	106.76
TOTAL PUPIL TRANSPORTATION		\$ 9,296,574	\$ 9,698,502	\$ (401,928)	% 104.32

\* 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, 2008**

ACTIVITY NUMBER AND DESCRIPTION		2008		VARIANCE POSITIVE (NEGATIVE)	PERCENT EXPENDED
		BUDGET	ACTUAL		
MAINTENANCE & OPERATIONS					
61	Supervision	\$ 866,618	\$ 827,144	\$ 39,474	% 95.45
62	Grounds Care	1,467,601	1,645,582	(177,981)	112.13
63	Plant Operations	11,776,372	12,176,374	(400,002)	103.40
64	Plant Maintenance	3,893,269	3,885,584	7,685	99.80
65	Utilities	7,060,598	7,192,506	(131,908)	101.87
67	Plant Security	1,304,885	1,045,461	259,424	80.12
68	Insurance	90,000	14,775	75,225	16.42
TOTAL MAINTENANCE & OPERATIONS		26,459,343	26,787,426	(328,083)	101.24
OTHER SUPPORT SERVICES					
72	Information Services	6,280,047	5,588,841	691,206	88.99
73	Printing	183,301	185,959	(2,658)	101.45
74	Warehouse & Distributions	606,964	703,613	(96,649)	115.92
TOTAL OTHER SUPPORT SERVICES		7,070,312	6,478,413	591,899	91.63
PUBLIC ACTIVITIES					
91	Public Activities	104,000	131,526	(27,526)	126.47
TOTAL GENERAL FUND		\$ 313,421,684	\$ 301,308,009	\$ 12,113,675	% 96.14

**TACOMA SCHOOL DISTRICT No. 10**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES BY OBJECT**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2008**

OBJECT NUMBER AND DESCRIPTION	2008		VARIANCE POSITIVE (NEGATIVE)	PERCENT EXPENDED
	BUDGET	ACTUAL		
0 Debit Transfer	\$ 2,380,314	\$ 2,221,759	\$ 158,555	% 93.34
1 Credit Transfer	(2,380,314)	(2,221,759)	(158,555)	93.34
2 Certificated Salaries	148,844,511	142,321,148	6,523,363	95.62
3 Classified Salaries	52,023,405	49,717,460	2,305,945	95.57
4 Employee Benefits	64,886,544	62,559,091	2,327,453	96.41
5 Supplies & Materials	22,667,142	19,301,452	3,365,690	85.15
7 Contractual Services	22,982,734	22,094,947	887,787	96.14
8 Travel	300,946	860,754	(559,808)	286.02
9 Capital Outlay	1,716,402	4,453,157	(2,736,755)	259.45
<b>TOTAL GENERAL FUND</b>	<b>\$ 313,421,684</b>	<b>\$ 301,308,009</b>	<b>\$ 12,113,675</b>	<b>% 96.14</b>

\* 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, 2008 AND 2007**

	2008	2007
<b>ASSETS</b>		
Cash on Hand and in Bank	\$ 11,935	\$ 42,028
Cash on Deposit with County Treasurer	102,149	20,911
Accounts Receivable	550	4,986
Time Deposits	2,150,000	2,154,300
Accrued Interest Receivable	15,263	20,162
Due From Other Funds	158,121	5,598
Inventory - Schools	65,229	75,481
Prepaid Items	1,275	-
<b>TOTAL ASSETS</b>	<b>2,504,522</b>	<b>2,323,466</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts Payable	130,300	108,714
Due To Other Funds	77,710	10,168
Unearned Revenue	141,014	129,840
<b>Total Liabilities</b>	<b>349,024</b>	<b>248,722</b>
<b>Fund Balance:</b>		
Reserve for Inventory	65,229	75,481
Reserve for Encumbrances	97,211	47,822
Unreserved Fund Balance	1,993,058	1,951,441
<b>Total Fund Balance</b>	<b>2,155,498</b>	<b>2,074,744</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,504,522</b>	<b>\$ 2,323,466</b>

**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, 2008**  
**(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2007)**

	2008			2007
	BUDGET	ACTUAL	VARIANCE POSITIVE(NEGATIVE)	ACTUAL
<b>REVENUES</b>				
General	\$ 1,643,061	\$ 1,085,814	\$ (557,247)	\$ 1,114,454
Athletics	257,380	188,149	(69,231)	176,983
Classes	304,782	255,569	(49,213)	209,801
Clubs	1,753,961	924,621	(829,340)	569,911
Private Monies	145,589	17,336	(128,253)	30,473
<b>Total Revenues</b>	<b>4,104,773</b>	<b>2,471,489</b>	<b>(1,633,284)</b>	<b>2,101,622</b>
<b>EXPENDITURES</b>				
General	1,584,028	1,135,274	448,754	1,188,781
Athletics	264,163	140,358	123,805	115,689
Classes	246,755	239,874	6,881	181,619
Clubs	1,569,960	855,936	714,024	555,988
Private Monies	150,123	19,293	130,830	45,832
<b>Total Expenditures</b>	<b>3,815,029</b>	<b>2,390,735</b>	<b>1,424,294</b>	<b>2,087,909</b>
<b>Changes in Fund Balance</b>	<b>289,744</b>	<b>80,754</b>	<b>(208,990)</b>	<b>13,713</b>
<b>FUND BALANCE - September 1</b>	<b>2,074,744</b>	<b>2,074,744</b>	<b>-</b>	<b>2,061,031</b>
<b>FUND BALANCE - August 31</b>	<b>\$ 2,364,488</b>	<b>\$ 2,155,498</b>	<b>\$ (208,990)</b>	<b>\$ 2,074,744</b>

\* 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, 2008 AND 2007**

	2008	2007
<b>ASSETS</b>		
Cash on Deposit with County Treasurer	\$ 156,707	\$ 216,466
Time Deposits	4,573,000	3,413,000
Property Tax Receivable	19,014,430	21,574,283
Accrued Interest Receivable	28,128	40,815
<b>TOTAL ASSETS</b>	<b>23,772,265</b>	<b>25,244,564</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Unearned Revenue-Taxes Receivable	19,014,430	21,574,283
<b>Total Liabilities</b>	<b>19,014,430</b>	<b>21,574,283</b>
<b>Fund Balance:</b>		
Unreserved Fund Balance	4,757,835	3,670,281
<b>Total Fund Balance</b>	<b>4,757,835</b>	<b>3,670,281</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 23,772,265</b>	<b>\$ 25,244,564</b>

**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, 2008**  
**(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2007)**

	2008			2007
	BUDGET	ACTUAL	VARIANCE POSITIVE(NEGATIVE)	ACTUAL
<b>REVENUES</b>				
Local Taxes	\$ 40,564,049	\$ 40,016,240	\$ (547,809)	\$ 44,238,901
Local Non-Tax	425,000	252,096	(172,904)	488,423
<b>Total Revenues</b>	<b>40,989,049</b>	<b>40,268,336</b>	<b>(720,713)</b>	<b>44,727,324</b>
<b>EXPENDITURES</b>				
<b>DEBT SERVICE</b>				
Principal Payment	23,103,578	23,103,578	-	39,393,578
Interest Expense	16,163,918	16,163,916	2	17,603,713
Bond Transfer Fees	250,000	1,866	248,134	1,695
<b>Total Expenditures</b>	<b>39,517,496</b>	<b>39,269,360</b>	<b>248,136</b>	<b>56,998,986</b>
<b>Excess of Revenues Over Expenditures</b>	<b>1,471,553</b>	<b>998,976</b>	<b>(472,577)</b>	<b>(12,271,662)</b>
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers	88,578	88,578	-	88,578
<b>Total Other Financing Sources</b>	<b>88,578</b>	<b>88,578</b>	<b>-</b>	<b>88,578</b>
<b>Changes in Fund Balance</b>	<b>1,560,131</b>	<b>1,087,554</b>	<b>(472,577)</b>	<b>(12,183,084)</b>
<b>FUND BALANCE - September 1</b>	<b>3,670,281</b>	<b>3,670,281</b>	<b>-</b>	<b>15,853,365</b>
<b>FUND BALANCE -August 31</b>	<b>\$ 5,230,412</b>	<b>\$ 4,757,835</b>	<b>\$ (472,577)</b>	<b>\$ 3,670,281</b>

\* 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, 2008 AND 2007**

	<b>2008</b>	<b>2007</b>
<b>ASSETS</b>		
Cash on Hand and in Bank	\$ 10,000	\$ 10,000
Cash on Deposit with County Treasurer	689,176	1,009,716
Investments	55,400,000	99,000,000
Time Deposits	63,320,074	55,336,852
Cash Held by Trustee:		
Construction Retainage Escrow	1,832,419	7,304,300
Property Tax Receivable	15,805	21,682
Accrued Interest Receivable	1,549,773	4,540,957
Due From Other Funds	32,193	47,128
Due From Other Governmental Units	3,409,056	
Accounts Receivable	-	125,000
<b>TOTAL ASSETS</b>	<b>126,258,496</b>	<b>167,395,635</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts Payable	6,636,291	7,067,274
Retainage Payable	1,832,419	7,304,300
Due to Other Funds	2,497,786	821,512
Unearned Revenue-Taxes Receivable	15,805	21,682
<b>TOTAL LIABILITIES</b>	<b>10,982,301</b>	<b>15,214,768</b>
<b>FUND BALANCE</b>		
Reserve for Encumbrances	36,600,887	36,331,984
Reserve for Arbitrage Rebate	1,489,099	791,467
Reserve for Construction	55,257,932	83,971,486
Reserve for Technology	19,164,530	28,543,960
Unreserved, Designated for Contingency	2,763,747	2,541,970
<b>TOTAL FUND BALANCE</b>	<b>115,276,195</b>	<b>152,180,867</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 126,258,496</b>	<b>\$ 167,395,635</b>

**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, 2008**  
**(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2007)**

	2008			2007
	BUDGET	ACTUAL	VARIANCE POSITIVE(NEGATIVE)	ACTUAL
<b>REVENUES</b>				
Local Taxes	\$ -	\$ 2,542	\$ 2,542	\$ 24,340
Local Non-Tax	4,245,961	4,554,694	308,733	10,147,571
State, Special Purpose	11,340,198	8,696,574	(2,643,624)	16,779,159
<b>TOTAL REVENUES</b>	<b>15,586,159</b>	<b>13,253,810</b>	<b>(2,332,349)</b>	<b>26,951,070</b>
<b>EXPENDITURES</b>				
Capital Outlay				
Sites	1,264,060	861,688	402,372	7,311,927
Buildings	81,650,915	38,690,770	42,960,145	66,546,742
Equipment	10,951,016	10,891,664	59,352	10,743,672
Debt Service				
Principal	-	156,815	(156,815)	234,289
Interest	-	1,769	(1,769)	3,587
<b>TOTAL EXPENDITURES</b>	<b>93,865,991</b>	<b>50,602,706</b>	<b>43,263,285</b>	<b>84,840,217</b>
<b>Excess Of Revenues Over (Under) Expenditures</b>	<b>(78,279,832)</b>	<b>(37,348,896)</b>	<b>40,930,936</b>	<b>(57,889,147)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	(2,088,578)	(946,240)	1,142,338	(88,578)
Sale of Property	1,600,000	1,390,464	(209,536)	125,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(488,578)</b>	<b>444,224</b>	<b>932,802</b>	<b>36,422</b>
<b>Changes in Fund Balance</b>	<b>(78,768,410)</b>	<b>(36,904,672)</b>	<b>41,863,738</b>	<b>(57,852,725)</b>
<b>FUND BALANCE (DEFICITS) - September 1</b>	<b>152,180,867</b>	<b>152,180,867</b>	<b>-</b>	<b>210,033,592</b>
<b>FUND BALANCE - August 31</b>	<b>\$ 73,412,457</b>	<b>\$ 115,276,195</b>	<b>\$ 41,863,738</b>	<b>\$ 152,180,867</b>

\* 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, 2008 AND 2007**

	<b>2008</b>	<b>2007</b>
<b>ASSETS</b>		
Cash on Deposit with County Treasurer	\$ 151	\$ 10,817
Accrued Interest Receivable	4,812	16,599
Time Deposits	2,012,000	1,812,000
<b>TOTAL ASSETS</b>	<b>2,016,963</b>	<b>1,839,416</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts Payable	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>
<b>Fund Balance:</b>		
Unreserved Fund Balance	2,016,963	1,839,416
<b>Total Fund Balance</b>	<b>2,016,963</b>	<b>1,839,416</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,016,963</b>	<b>\$ 1,839,416</b>

**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, 2008**  
**(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2007)**

	2008			2007
	BUDGET	ACTUAL	VARIANCE POSITIVE(NEGATIVE)	ACTUAL
<b>REVENUES</b>				
Local Non-Tax	\$ 75,000	\$ 100,956	\$ 25,956	\$ 110,613
State, Special Purpose	300,000	468,348	168,348	318,555
<b>TOTAL REVENUES</b>	<b>375,000</b>	<b>569,304</b>	<b>194,304</b>	<b>429,168</b>
<b>EXPENDITURES</b>				
Purchase of Buses	1,900,000	394,457	1,505,543	342,003
<b>TOTAL EXPENDITURES</b>	<b>1,900,000</b>	<b>394,457</b>	<b>1,505,543</b>	<b>342,003</b>
<b>Excess of Revenues (Under) Expenditures</b>	<b>(1,525,000)</b>	<b>174,847</b>	<b>1,699,847</b>	<b>87,165</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Equipment/Buses	-	2,700	2,700	11,100
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<b>-</b>	<b>2,700</b>	<b>2,700</b>	<b>11,100</b>
<b>Changes in Fund Balance</b>	<b>(1,525,000)</b>	<b>177,547</b>	<b>1,702,547</b>	<b>98,265</b>
<b>FUND BALANCE - September 1</b>	1,839,416	1,839,416	(98,265)	1,741,151
<b>FUND BALANCE - August 31</b>	<b>\$ 314,416</b>	<b>\$ 2,016,963</b>	<b>\$ 1,702,547</b>	<b>\$ 1,839,416</b>

\* 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, 2008**  
**(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2007)**

	<b>PRIVATE- PURPOSES TRUSTS</b>	<b>AGENCY FUNDS</b>	<b>2008 TOTAL</b>	<b>2007 TOTAL</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 54,627	\$ (27,348)	\$ 27,279	\$ 11,322
Accounts Receivable	2,012	-	2,012	3,063
Investments	295,000	35,000	330,000	353,000
Accrued Interest Receivable	-	43	43	415
<b>TOTAL ASSETS</b>	<b>351,639</b>	<b>7,695</b>	<b>359,334</b>	<b>367,800</b>
<b>LIABILITIES</b>				
Accounts Payable	39,260	145	39,405	17,280
Custodial Accounts	-	7,550	7,550	8,810
<b>TOTAL LIABILITIES</b>	<b>39,260</b>	<b>7,695</b>	<b>46,955</b>	<b>26,090</b>
<b>NET ASSETS</b>				
Reserve for Gifts and Scholarships	312,379	-	312,379	341,710
<b>TOTAL NET ASSETS</b>	<b>\$ 312,379</b>	<b>\$ -</b>	<b>\$ 312,379</b>	<b>\$ 341,710</b>

**TACOMA SCHOOL DISTRICT No. 10**  
**PRIVATE-PURPOSE TRUSTS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2008**  
**(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2007)**

	<b>MISC. K-12 TRUST</b>	<b>KAISER MEMORIAL TRUST</b>	<b>2008 TOTAL</b>	<b>2007 TOTAL</b>
<b>ADDITIONS</b>				
Donations	\$ 190,471	\$ -	\$ 190,471	\$ 199,393
<b>TOTAL ADDITIONS</b>	<b>190,471</b>	<b>-</b>	<b>190,471</b>	<b>199,393</b>
<b>DEDUCTIONS</b>				
Scholarships	97,155	-	97,155	89,286
Tuition and Fees	16,777	-	16,777	3,683
Books and Materials	82,566	-	82,566	53,904
Field Trips	17,341	-	17,341	21,032
Administrative	5,963	-	5,963	10,101
<b>TOTAL DEDUCTIONS</b>	<b>219,802</b>	<b>-</b>	<b>219,802</b>	<b>178,006</b>
<b>CHANGE IN NET ASSETS</b>	<b>(29,331)</b>	<b>-</b>	<b>(29,331)</b>	<b>21,387</b>
<b>Net Assets, Beginning of the year</b>	<b>333,179</b>	<b>8,531</b>	<b>341,710</b>	<b>320,323</b>
<b>Net Assets, End of the year</b>	<b>\$ 303,848</b>	<b>\$ 8,531</b>	<b>\$ 312,379</b>	<b>\$ 341,710</b>



**TACOMA SCHOOL DISTRICT No. 10**  
**PRIVATE-PURPOSES TRUSTS**  
**COMBINING BALANCE SHEET**  
**AUGUST 31, 2008**  
**(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2007)**

	<b>MISC. K-12 TRUST</b>	<b>KAISER MEMORIAL TRUST</b>	<b>2008 TOTAL</b>	<b>2007 TOTAL</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 54,627	\$ -	\$ 54,627	\$ 35,613
Accounts Receivable	2,012	-	2,012	3,063
Investment	286,469	8,531	295,000	320,000
<b>TOTAL ASSETS</b>	<b>343,108</b>	<b>8,531</b>	<b>351,639</b>	<b>358,676</b>
<b>LIABILITIES</b>				
Account Payable	39,260	-	39,260	16,966
<b>TOTAL LIABILITIES</b>	<b>39,260</b>		<b>39,260</b>	<b>16,966</b>
<b>NET ASSETS</b>				
Reserve for Gifts and Scholarships	303,848	8,531	312,379	341,710
<b>TOTAL NET ASSETS</b>	<b>\$ 303,848</b>	<b>\$ 8,531</b>	<b>\$ 312,379</b>	<b>\$ 341,710</b>

**TACOMA SCHOOL DISTRICT No. 10**  
**AGENCY FUNDS**  
**COMBINING BALANCE SHEET**  
**AUGUST 31, 2008**  
**(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2007)**

INTERNATIONAL SCHOOL OF LAGOS FUND			MISCELLANEOUS AGENCIES FUND		T O T A L	
					2008	2007
ASSETS						
Cash on Hand and In Bank	\$	-	\$	(27,348)	\$ (27,348)	\$ (24,291)
Investments		6,022		28,978	35,000	33,000
Accrued Interest Receivable		32		11	43	415
TOTAL ASSETS		6,054		1,641	7,695	9,124
LIABILITIES						
Accounts Payable		145		-	145	314
Custodial Accounts		5,909		1,641	7,550	8,810
TOTAL LIABILITIES		\$ 6,054	\$ 1,641	\$ 7,695	\$ 9,124	

**TACOMA SCHOOL DISTRICT No. 10**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2008**

**INTERNATIONAL SCHOOL OF LAGOS**

<b>BALANCE</b>			<b>BALANCE</b>
<b>9/1/2007</b>	<b>ADDITIONS</b>	<b>DEDUCTIONS</b>	<b>8/31/2008</b>

**ASSETS**

Cash on Hand and In Bank	\$ -	\$ -	\$ -	\$ -
Investments	6,889	6,022	6,889	6,022
Accrued Interest Receivable	343	32	343	32

**TOTAL ASSETS**

<b>7,232</b>	<b>6,054</b>	<b>7,232</b>	<b>6,054</b>
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**LIABILITIES**

Accounts Payable	314	145	314	145
Custodial Accounts	6,918	5,909	6,918	5,909

**TOTAL LIABILITIES**

<b>7,232</b>	<b>6,054</b>	<b>7,232</b>	<b>6,054</b>
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**MISCELLANEOUS AGENCIES FUND**

<b>BALANCE</b>			<b>BALANCE</b>
<b>9/1/2007</b>	<b>ADDITIONS</b>	<b>DEDUCTIONS</b>	<b>8/31/2008</b>

**ASSETS**

Cash on Hand and In Bank	(24,291)	(27,348)	(24,291)	(27,348)
Investments	26,111	28,978	26,111	28,978
Accrued Interest Receivable	72	11	72	11

**TOTAL ASSETS**

<b>1,892</b>	<b>1,641</b>	<b>1,892</b>	<b>1,641</b>
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**LIABILITIES**

Accounts Payable	-	-	-	-
Custodial Accounts	1,892	1,641	1,892	1,641

**TOTAL LIABILITIES**

<b>1,892</b>	<b>1,641</b>	<b>1,892</b>	<b>1,641</b>
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**COMBINED TOTAL FOR ALL AGENCY FUNDS**

<b>BALANCE</b>			<b>BALANCE</b>
<b>9/1/2007</b>	<b>ADDITIONS</b>	<b>DEDUCTIONS</b>	<b>8/31/2008</b>

**ASSETS**

Cash on Hand and In Bank	(24,291)	(27,348)	(24,291)	(27,348)
Investments	33,000	35,000	33,000	35,000
Accrued Interest Receivable	415	43	415	43

**TOTAL ASSETS**

<b>9,124</b>	<b>7,695</b>	<b>9,124</b>	<b>7,695</b>
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**LIABILITIES**

Accounts Payable	314	145	314	145
Custodial Accounts	8,810	7,550	8,810	7,550

**TOTAL LIABILITIES**

<b>\$ 9,124</b>	<b>\$ 7,695</b>	<b>\$ 9,124</b>	<b>\$ 7,695</b>
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**TACOMA SCHOOL DISTRICT No. 10**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2008**

	<b>BALANCE</b>				<b>BALANCE</b>
	<b>9/1/2007</b>	<b>INCREASES</b>	<b>DECREASES</b>		<b>8/31/2008</b>
Unlimited G. O. Bonds	\$ 337,585,000	\$ -	\$ 23,015,000	\$	314,570,000
Limited Tax G.O. Bonds	4,608,652	-	88,578		4,520,074
Capital Leases (SOTA)	156,815	-	156,815		-
Compensated Absences	15,294,698	1,796,924	936,414		16,155,208
Unamortized Bond Premium	20,380,553	-	2,619,284		17,761,269
<b>TOTAL</b>	<b>\$ 378,025,718</b>	<b>\$ 1,796,924</b>	<b>\$ 26,816,091</b>	<b>\$</b>	<b>353,006,551</b>

**TACOMA SCHOOL DISTRICT No. 10**  
**OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS**  
**AUGUST 31, 2008**

	AMOUNT: \$250,000,000 2001 UTGO BOND ISSUE DATED: 12/1/01		AMOUNT: \$100,000,000 2003 UTGO BOND ISSUE DATED: 12/9/03		AMOUNT: \$150,360,000 2001 REFUNDED BOND DATED: 6/1/05		AMOUNT: \$45,000,000 2005 UTGO BOND ISSUE DATED: 6/1/05		AMOUNT: \$55,000,000 2005B UTGO BOND ISSUE DATED: 12/21/05		AMOUNT: \$3,280,000 QZAB 12/20/1999	AMOUNT: \$1,860,120 QZAB 8/1/2000	TOTAL DEBT	TOTAL BY
DUE DATE	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	PRINCIPAL	SERVICE	YEAR
Dec. 1, 2007	7,865,000	883,143	4,300,000	1,784,000	315,000	3,697,138	-	1,072,250	-	767,500		44,289	20,728,320	
Jun. 1, 2008	10,000	706,180		1,721,938	325,000	3,692,019	-	1,072,250	10,200,000	767,500		44,289	18,539,176	39,267,495
Dec. 1, 2008	7,990,000	706,000	3,500,000	1,721,938	325,000	3,686,331	-	1,072,250	-	512,500		44,289	19,558,308	
Jun. 1, 2009	5,000,000	506,250		1,669,438	345,000	3,680,644	-	1,072,250	7,350,000	512,500		44,289	20,180,371	39,738,678
Dec. 1, 2009	7,500,000	393,750	3,000,000	1,669,438	330,000	3,674,606	-	1,072,250	-	328,750		44,289	18,013,083	
Jun. 1, 2010		206,250		1,601,938	360,000	3,668,831	-	1,072,250	1,850,000	328,750		44,289	9,132,308	27,145,390
Dec. 1, 2010	2,500,000	206,250	8,000,000	1,601,938	335,000	3,662,531	-	1,072,250	-	282,500		44,289	17,704,758	
Jun. 1, 2011	90,000	150,000		1,435,238	365,000	3,656,250	-	1,072,250	-	282,500		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	3,280,000	44,289	26,681,427	
Jun. 1, 2012		-		1,220,663	4,175,000	3,641,750	-	1,072,250	-	282,500		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	
Jun. 1, 2013				995,663	4,190,000	3,433,000	-	1,072,250	1,900,000	282,500			11,873,413	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	
Jun. 1, 2014				773,750	5,980,000	3,223,625	-	1,072,250	-	235,000			11,284,625	30,100,788
Dec. 1, 2014			5,400,000	773,750	5,965,000	3,074,125	-	1,072,250	-	235,000			16,520,125	
Jun. 1, 2015				638,750	6,485,000	2,925,000	-	1,072,250	-	235,000			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			16,383,875	
Jun. 1, 2016				508,750	6,995,000	2,601,000	-	1,072,250	3,000,000	235,000			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	
Jun. 1, 2017				378,750	8,000,000	2,251,625	-	1,072,250	-	160,000			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	
Jun. 1, 2018				166,250	13,355,000	1,852,000	-	1,072,250	-	160,000			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	
Jun. 1, 2019				116,250	14,800,000	1,184,625	-	1,072,250	-	160,000			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	
Jun. 1, 2020				75,000	8,925,000	444,875	-	1,072,250	3,850,000	160,000			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	
Jun. 1, 2021				33,750			-	1,072,250	2,550,000	63,750			3,719,750	15,672,500
Dec. 1, 2021			1,500,000	33,750			8,275,000	1,072,250	-	-			10,881,000	
Jun. 1, 2022							-	865,375					865,375	11,746,375
Dec. 1, 2022							10,620,000	865,375					11,485,375	
Jun. 1, 2023							-	599,875					599,875	12,085,250
Dec. 1, 2023							11,520,000	599,875					12,119,875	
Jun. 1, 2024							-	311,875					311,875	12,431,750
Dec. 1, 2024							12,475,000	311,875					12,786,875	
	\$ 38,365,000	\$ 3,906,023	\$ 76,900,000	\$ 24,456,250	\$ 148,730,000	\$ 74,359,675	\$ 42,890,000	\$ 34,649,500	\$ 30,700,000	\$ 7,730,000	\$ 3,280,000	\$ 1,328,652	\$ 487,295,100	\$ 474,508,225

**TACOMA SCHOOL DISTRICT No. 10**  
**SCHEDULE OF CAPITAL ASSETS BY LOCATION**  
**August 31, 2008**

PROPERTY	LOCATION	LAND	BUILDINGS & IMPROVEMENTS	EQUIPMENT	TOTALS
<b>SENIOR HIGH SCHOOLS</b>					
Foss	2112 S. Tyler St.	\$ 1,125,732	\$ 10,783,866	\$ 1,714,573	\$ 13,624,171
Lincoln	701 S. 37th St.	1,470,611	20,721,672	2,461,450	24,653,733
Lincoln Bowl	S. 37th & G St.	1,979,476	1,281,722	-	3,261,198
Mount Tacoma (New)	4634 S. 74th St.	7,431,453	72,816,354	2,249,354	82,497,161
Oakland	3319 S. Adams St.	99,270	1,288,513	269,218	1,657,001
School of the Arts	1950 Pacific Ave.	493,085	7,989,902	611,283	9,094,270
Stadium	111 North E St.	4,049,108	14,387,772	2,559,801	20,996,681
Stadium Bowl	N. 1st & E St.	4,825,151	112,692	-	4,937,843
Wilson	1202 N. Orchard St.	389,823	8,317,940	1,416,561	10,124,324
<b>MIDDLE SCHOOLS</b>					
Baker	8320 S. I St.	175,491	5,409,766	945,433	6,530,690
Gault	1115 E. Division Lane	67,314	2,876,842	461,600	3,405,756
Giaudrone	4902 S. Alaska St.	206,675	23,368,766	922,736	24,498,177
Gray	3109 S. 60th St.	165,092	4,352,274	500,204	5,017,570
Hunt	6501 S. 10th St.	60,230	3,566,596	589,597	4,216,423
Jason Lee	602 N. Sprague Ave.	1,918,440	24,997,610	1,100,464	28,016,514
Mason	3901 N. 28th St.	1,388,445	23,626,381	886,950	25,901,776
McIlvaigh	1801 E. 56th St.	167,722	3,179,163	881,198	4,228,083
Meeker	4402 Nassau Ave NE	1,416,692	11,876,877	717,130	14,010,699
Stewart	5010 Pacific Ave.	176,943	4,034,053	688,340	4,899,336
Truman	5801 N. 35th St.	2,201,371	20,201,742	1,149,536	23,552,649
<b>ELEMENTARY SCHOOLS</b>					
Arlington	3002 S. 72nd St.	68,537	743,263	351,324	1,163,124
Birney	1202 S. 76th St.	97,147	2,457,739	394,130	2,949,016
Blix	1302 E. 38th St.	2,209,037	11,730,949	707,016	14,647,002
Boze	1140 E. 65th St.	110,155	3,849,612	680,684	4,640,451
Browns Point	1526 - 51st. St. NE	567,653	3,624,747	449,763	4,642,163
Bryant	717 S. Grant Ave.	194,551	1,336,970	402,468	1,933,989
Crescent Heights	4410 Nassau Ave NE	533,450	10,424,998	737,348	11,695,796
DeLong	4901 S. 14th St.	64,384	4,611,278	347,767	5,023,429
Downing	2502 N. Orchard St.	107,558	1,602,650	615,791	2,325,999
Edison	5830 S. Pine St.	561,262	10,109,421	690,874	11,361,557
Fawcett	126 E. 60th St.	151,289	4,916,228	373,994	5,441,511
Fern Hill	8442 S. Park Ave.	94,728	1,885,673	547,007	2,527,408
Franklin	1402 S. Lawrence	1,733,534	11,604,925	293,022	13,631,481
Geiger	621 S. Jackson Ave.	455,146	1,623,528	376,805	2,455,479
Grant	1018 N. Prospect St.	133,229	1,725,497	522,251	2,380,977
Jefferson	4302 N. 13th St.	59,160	11,868,467	360,503	12,288,130
Larchmont	8601 E. B St.	237,033	7,316,193	236,755	7,789,981
Lister	2106 E. 44th St.	704,349	11,602,072	541,313	12,847,734
Lowell	810 N. 13th St.	120,732	1,993,975	432,244	2,546,951
Lyon	101 E. 46th St.	28,646	1,666,416	605,556	2,300,618
Manitou Park	4430 S. 66th St.	778,177	9,630,417	315,088	10,723,682
Mann	1002 S. 52nd. St.	1,052,818	9,489,826	429,388	10,972,032
McCarver	2111 S. J St.	379,460	3,014,437	336,537	3,730,434
McKinley	3702 McKinley	93,447	1,711,109	347,713	2,152,269
Northeast Tacoma	5412 29th St. NE	158,628	7,770,832	405,631	8,335,091
Point Defiance	4330 N. Visscher St.	266,166	5,478,412	459,640	6,204,218

**TACOMA SCHOOL DISTRICT NO. 10**  
**SCHEDULE OF CAPITAL ASSETS BY LOCATION**  
**August 31, 2008**

PROPERTY	LOCATION	LAND	BUILDINGS &		EQUIPMENT	TOTALS
			IMPROVEMENTS			
Reed	1802 S. 36th St.	\$ 179,489	\$ 5,219,535	\$ 664,714	\$ 6,063,738	
Roosevelt	3550 E. Roosevelt Ave.	282,537	6,260,864	373,954	6,917,355	
Sheridan	6317 McKinley Ave.	1,061,019	7,407,006	469,247	8,937,272	
Sherman	4415 N. 38th St.	696,848	9,584,918	691,537	10,973,303	
Skyline	2301 N. Mildred St.	137,380	1,418,779	465,231	2,021,390	
Stafford	1615 S. 92nd St.	124,198	11,653	552,368	688,219	
Stanley	1712 S. 17th St.	9,714	7,644,434	262,996	7,917,144	
Wainwright	130 Alameda Ave.	143,892	1,531,495	291,809	1,967,196	
Washington-Hoyt	3701 N. 26th St.	108,427	1,892,439	337,211	2,338,077	
Whitman	1120 S. 39th St.	111,880	8,014,387	437,096	8,563,363	
Whittier	777 Elm Tree Lane	568,662	2,612,448	515,749	3,696,859	
OTHER BLDGS. & SITES						
Building & Grounds	3223 S. Union Ave.	144,351	8,084,979	3,625,958	11,855,288	
Central Administration Bldg. (CAB)	601 S. 8th St.	271,228	7,798,982	10,019,313	18,089,523	
CAB Annex	708 S. G St.		110,357	171,351	281,708	
Camp Joshua Taylor	Longbranch	30,000			30,000	
Lincoln Tree Farm	28001 Mountain Highway	1,986	5,305,903	255,877	5,563,766	
Madison - Head Start Use	3102 S. 43rd St.	143,962	1,145,364	393,573	1,682,899	
Mount Tahoma (Old)	6229 S. Tyler	1,685,746	1,936,083		3,621,829	
Park Avenue Center	6701 Park Ave.	156,079	1,176,135	97,651	1,429,865	
Pearl Street Cnter	815 S. Pearl St.				-	
Private Schools	Various Locations			53,725	53,725	
Professional Development Ctr	6501 N. 23rd St.	107,352	4,086,124	5,619,820	9,813,296	
Purchasing/Food Services	3321 S. Union Ave.		71,883	856,603	928,486	
Remann Hall	5501 6th Ave.		27,502	76,892	104,394	
Transportation	4002 S. Cedar	280,880	326,514	4,866,661	5,474,055	
Willard	3201 South D St.	2,299	767,979	536,252	1,306,530	
VACANT SITES						
Blueberry Farm	E. 80th & D St.	365,680			365,680	
S. 52nd & Cheyenne St.	S. 52nd & Cheyenne St.	11,601			11,601	
38th Elementary School	S. 56th & Alameda St.	60,525	14,133		74,658	
Construction-in-Progress			302,979,252		302,979,252	
TOTALS		\$ 47,454,135	\$ 794,409,285	\$ 63,721,628	\$ 905,585,048	

# 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.

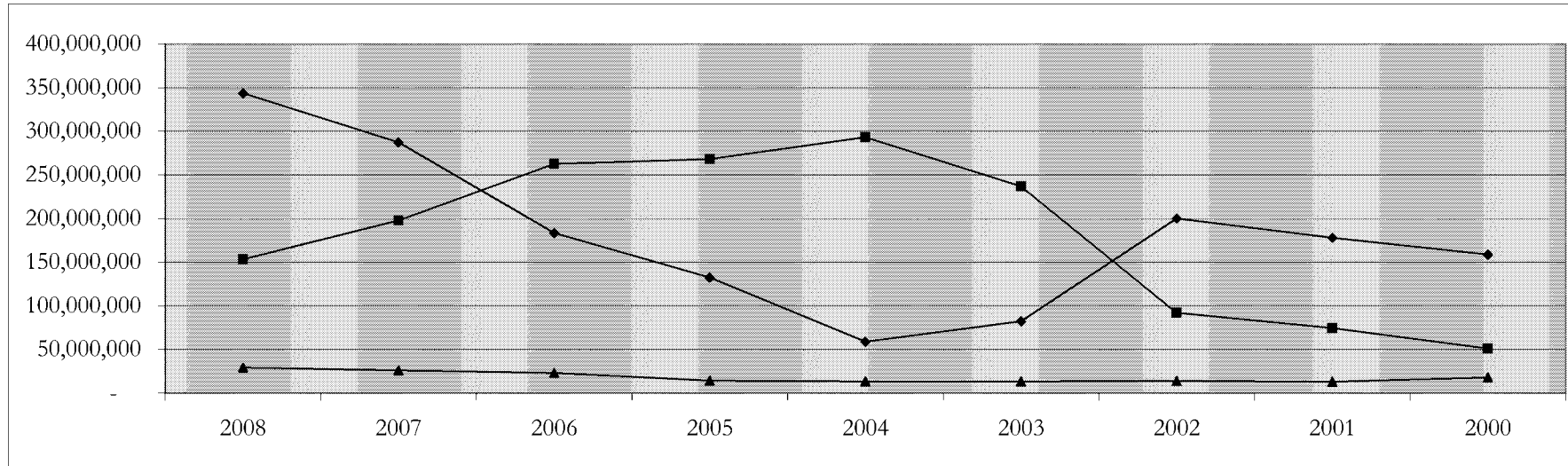
**Operating Information - Tables XIX-XXIII** present information about district operations and resources to help the reader understand how district financial information relates to services the district provides and to the activities the district performs.



**TACOMA SCHOOL DISTRICT No. 10**  
**NET ASSETS BY COMPONENT**  
**Last Nine 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								
	2008	2007	2006	2005	2004	2003	2002	2001	2000
Governmental Activities									
Invested in Capital Assets, Net of Related Debt	\$ 343,600,058	\$ 287,407,153	\$ 183,498,584	\$ 132,366,783	\$ 58,768,336	\$ 82,410,998	\$ 200,184,926	\$ 178,001,761	\$ 158,715,076
Restricted	153,423,551	197,907,793	262,567,611	268,256,372	293,191,174	236,838,514	92,196,571	74,579,816	51,230,207
Unrestricted	29,171,927	26,194,733	23,090,635	14,346,560	13,322,222	13,309,920	13,933,474	13,172,528	18,053,202
<b>Total Governmental Activities Net Assets</b>	<b>\$ 526,195,536</b>	<b>\$ 511,509,679</b>	<b>\$ 469,156,830</b>	<b>\$ 414,969,715</b>	<b>\$ 365,281,732</b>	<b>\$ 332,559,432</b>	<b>\$ 306,314,971</b>	<b>\$ 265,754,105</b>	<b>\$ 227,998,485</b>



**TACOMA SCHOOL DISTRICT No. 10**  
**CHANGES IN NET ASSETS**  
**Last Nine 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. This table represents information from the Statement of Activities since it became a part of the CAFR in 1999-2000.

	Fiscal Year								
	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>EXPENSES</b>									
<b>Governmental Activities:</b>									
Regular Instruction	\$ 164,420,601	\$ 156,326,162	\$ 149,234,160	\$ 138,740,033	\$ 141,922,048	\$ 140,509,840	\$ 136,359,153	\$ 133,412,052	\$ 98,023,826
Special Instruction	41,691,092	30,520,173	29,178,309	27,462,651	29,506,331	25,979,612	24,791,209	23,276,390	24,931,300
Career & Technical Instruction	9,398,193	9,623,177	9,918,936	9,004,395	9,590,188	8,405,639	8,778,879	6,974,345	7,151,566
Compensatory Instruction	40,352,551	36,450,450	35,035,205	33,814,991	33,624,081	27,931,265	24,361,038	21,811,348	18,911,980
Other Instructional Programs	4,797,569	5,230,923	5,317,223	5,584,411	6,008,281	6,996,210	10,261,785	10,064,152	9,037,720
Community Services	317,133	152,941	82,594	116,253	118,850	94,739	104,691	104,522	87,870
Support Services	64,105,022	64,172,357	60,295,526	59,535,299	65,322,369	59,618,994	55,599,334	55,266,389	81,865,252
Extracurricular Activities (ASB)	2,419,682	2,126,537	2,219,507	2,414,283	2,761,137	2,666,311	2,545,688	2,312,910	2,302,293
Interest on Long-Term Debt	13,741,676	14,803,241	13,616,689	7,552,948	12,459,076	11,252,477	6,862,088	879,460	962,963
<b>Total Governmental Activities Expenses</b>	<b>341,243,519</b>	<b>319,405,961</b>	<b>304,898,149</b>	<b>284,225,263</b>	<b>301,312,361</b>	<b>283,455,087</b>	<b>269,663,865</b>	<b>254,101,568</b>	<b>243,274,770</b>
<b>PROGRAM REVENUES</b>									
<b>Governmental Activities:</b>									
Charges for Services:									
Regular Instruction	\$ 877,796	\$ 1,118,195	\$ 1,091,413	\$ 2,509,931	4,616,768	7,521,594	1,750,664	1,035,120	495,039
Special Instruction	1,614,967	782,310	1,034,840	614,971	857,457	714,035	802,418	731,591	643,236
Career & Technical Instruction	39,581	57,341	76,667	69,246	56,413	43,693	45,412	128,708	54,081
Compensatory Instruction	-	-	-	-	-	-	-	-	-
Other Instructional Programs	1,271,683	1,202,942	914,182	1,022,742	817,399	782,901	931,950	766,192	665,383
Community Services	579,165	537,285	304,148	314,140	123,796	84,115	88,348	41,862	34,149
Support Services	3,207,302	2,937,576	3,107,453	3,170,440	2,960,153	2,972,871	3,092,327	3,153,472	3,508,192
Extracurricular Activities (ASB)	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	99,180,022	88,838,632	86,565,918	82,410,500	80,890,978	70,702,124	66,363,578	60,239,485	66,063,937
Capital Grants and Contributions	274,667	177,984	426,067	217,099	578,215	313,205	720,185	315,493	-
<b>Total Governmental Activities Program Revenues</b>	<b>109,516,672</b>	<b>97,753,887</b>	<b>95,907,627</b>	<b>92,768,332</b>	<b>93,480,770</b>	<b>85,723,393</b>	<b>76,353,013</b>	<b>68,926,449</b>	<b>71,464,017</b>
<b>NET (EXPENSE)/REVENUE</b>	<b>(231,726,847)</b>	<b>(221,652,074)</b>	<b>(208,990,522)</b>	<b>(191,456,931)</b>	<b>(207,831,591)</b>	<b>(197,731,694)</b>	<b>(193,310,852)</b>	<b>(185,175,119)</b>	<b>(171,810,753)</b>
<b>General Revenues and Other Changes in Net Assets</b>									
<b>Governmental Activities:</b>									
Taxes:									
Property Taxes for Maintenance & Operations	\$ 66,388,111	\$ 64,642,843	\$ 61,731,341	\$ 59,201,540	56,297,209	53,523,215	50,583,207	50,144,954	73,215,587
Property Taxes for Debt Service	40,016,240	44,238,901	43,786,896	41,230,008	29,152,664	13,488,138	5,413,421	1,488,850	2,152,138
Property Taxes for Capital Projects	2,542	24,340	116,325	345,040	9,871,097	23,800,930	29,030,627	31,334,016	42,233,194
Unallocated State Apportionment & Others	133,258,959	141,820,613	146,571,226	134,447,216	140,721,155	128,982,277	138,728,118	136,150,115	124,340,259
Interest and Investment Earnings	6,749,852	13,278,226	10,971,849	5,921,111	4,511,765	4,181,595	10,116,344	3,812,804	2,968,768
<b>Total Governmental Activities</b>	<b>246,415,704</b>	<b>264,004,923</b>	<b>263,177,637</b>	<b>241,144,915</b>	<b>240,553,890</b>	<b>223,976,155</b>	<b>233,871,717</b>	<b>222,930,739</b>	<b>244,909,946</b>
<b>Change in Net Assets</b>	<b>\$ 14,688,857</b>	<b>\$ 42,352,849</b>	<b>\$ 54,187,115</b>	<b>\$ 49,687,984</b>	<b>\$ 32,722,299</b>	<b>\$ 26,244,461</b>	<b>\$ 40,560,865</b>	<b>\$ 37,755,620</b>	<b>\$ 73,099,193</b>

**TACOMA SCHOOL DISTRICT No. 10**

Table III

**FUND BALANCES, GOVERNMENTAL FUNDS**

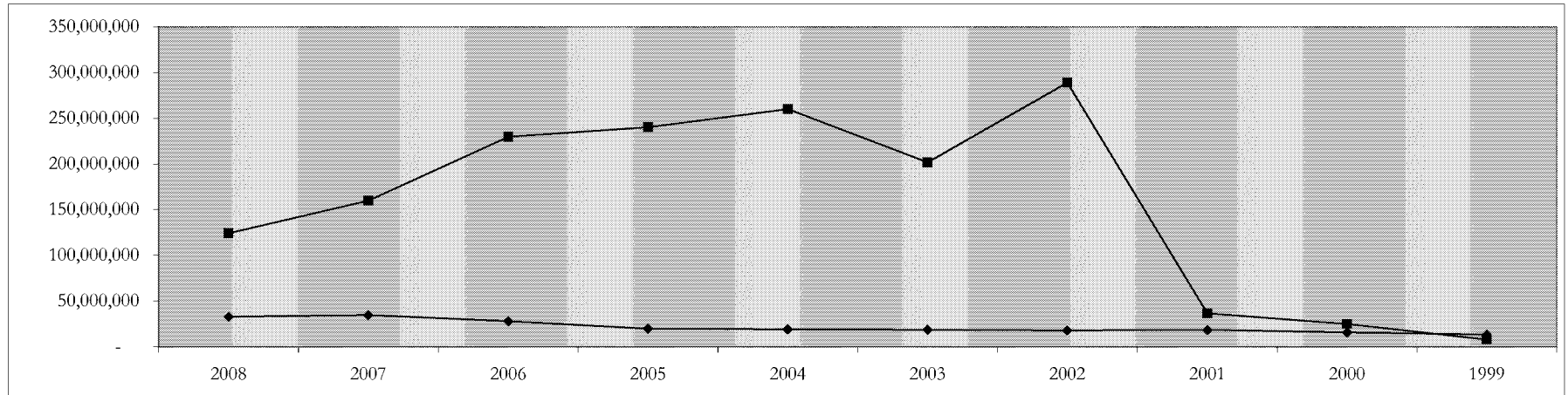
**Last Ten Fiscal Years**

(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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>General Fund</b>										
Reserved	\$ 3,682,051	\$ 8,525,054	\$ 4,961,132	\$ 5,388,046	\$ 5,872,964	\$ 5,391,461	\$ 6,066,814	\$ 6,547,112	\$ 5,871,299	\$ 4,500,277
Unreserved	29,171,927	26,194,733	23,090,635	14,346,560	13,322,222	13,309,920	11,959,461	12,127,758	10,028,376	8,824,349
<b>Total General Fund</b>	<b>32,853,978</b>	<b>34,719,787</b>	<b>28,051,767</b>	<b>19,734,606</b>	<b>19,195,186</b>	<b>18,701,381</b>	<b>18,026,275</b>	<b>18,674,870</b>	<b>15,899,675</b>	<b>13,324,626</b>
<b>All Other Governmental Funds</b>										
Reserved	112,674,888	149,762,200	208,518,280	222,542,629	240,729,594	174,587,156	8,094,023	3,990,866	1,783,815	1,944,793
Unreserved reported in:										
Special Revenue Fund (ASB)	1,993,058	1,951,441	1,839,427	1,532,000	1,455,440	1,670,782	1,738,237	1,738,835	1,431,148	1,425,235
Debt Service Fund	4,757,835	3,670,281	15,853,366	13,597,792	15,855,338	6,431,328	7,825,819	696,291	949,105	1,126,590
Capital Project Fund	2,763,747	2,541,970	1,736,916	583,730	911,888	18,469,185	271,147,435	30,148,249	20,640,339	3,327,772
Transportation Vehicle Fund	2,016,963	1,839,416	1,741,151	1,824,147	973,626	566,930	235,776	99,357	91,511	83,162
<b>Total All Other Governmental Funds</b>	<b>\$ 124,206,491</b>	<b>\$ 159,765,308</b>	<b>\$ 229,689,140</b>	<b>\$ 240,080,298</b>	<b>\$ 259,925,886</b>	<b>\$ 201,725,381</b>	<b>\$ 289,041,290</b>	<b>\$ 36,673,598</b>	<b>\$ 24,895,918</b>	<b>\$ 7,907,552</b>

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.

	<b>FISCAL YEAR</b>									
	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
<b>REVENUES</b>										
Local Taxes	\$ 106,406,893	\$ 108,906,084	\$ 105,634,562	\$ 100,776,588	\$ 101,283,214	\$ 90,817,247	\$ 85,027,255	\$ 80,595,296	\$ 76,824,900	\$ 72,804,294
Local Non-Tax	13,708,167	19,864,775	17,321,631	12,252,308	4,149,542	9,834,604	16,403,550	8,689,619	9,152,170	7,017,116
State Funds, General Purpose	138,128,440	134,098,632	131,161,547	130,237,393	131,575,092	132,871,497	132,436,280	128,363,766	122,857,745	118,472,572
State Funds, Special Purpose	55,603,591	57,287,331	59,696,928	47,662,248	55,174,141	35,544,374	37,342,620	38,478,344	34,511,151	33,135,319
Federal Funds, General Purpose	491,957	434,204	460,790	372,302	360,829	325,567	352,321	347,022	156,158	222,625
Federal Funds, Special Purpose	36,173,884	36,653,736	37,044,126	37,864,899	33,479,260	32,983,466	30,670,350	28,852,258	27,805,437	25,416,180
Revenues from Other Districts	1,608,984	774,167	1,034,840	614,971	857,457	712,128	793,874	718,435	642,026	604,873
Revenues from Other Agencies	505,351	588,246	340,936	617,718	1,244,474	1,028,157	998,964	351,078	482,276	403,696
Miscellaneous	2,471,489	2,101,622	2,386,939	2,439,263	2,579,591	2,588,854	2,558,132	2,514,526	2,408,052	2,490,945
<b>TOTAL REVENUES</b>	<b>355,098,756</b>	<b>360,708,797</b>	<b>355,082,299</b>	<b>332,837,690</b>	<b>330,703,600</b>	<b>306,705,894</b>	<b>306,583,346</b>	<b>288,910,344</b>	<b>274,839,915</b>	<b>260,567,620</b>
<b>EXPENDITURES</b>										
Regular Instruction	148,591,332	139,992,844	132,888,574	132,488,019	130,608,680	131,925,265	124,544,999	123,542,590	89,507,548	87,671,154
Special Instruction	38,700,254	29,649,440	28,550,134	28,449,433	26,787,850	25,679,896	24,081,287	23,054,478	24,630,398	18,785,597
Career & Technical Instruction	8,894,872	8,985,654	9,230,191	8,944,708	8,402,209	8,079,691	8,458,711	6,922,895	7,103,431	6,898,659
Compensatory Education	38,702,671	35,333,345	34,112,362	34,715,833	30,469,429	27,619,539	23,772,717	21,573,917	18,597,508	19,289,032
Other Instructional Programs	4,587,635	4,949,859	5,068,887	5,488,760	5,344,820	6,812,579	9,938,104	9,956,707	8,840,324	7,462,854
Community Services	308,484	148,622	80,803	121,032	108,309	94,118	102,927	103,976	87,655	86,712
Support Services	57,069,604	59,942,714	57,071,240	57,238,978	56,852,458	56,586,798	53,243,274	54,584,234	81,065,415	77,268,624
Student Activities	2,390,735	2,087,909	2,172,968	2,369,376	2,719,115	2,624,906	2,512,449	2,295,096	2,279,373	2,283,934
Capital Outlay	55,291,736	85,797,229	100,850,896	83,141,804	91,444,859	107,554,359	57,376,752	29,445,115	26,020,169	49,001,810
Debt Service:										
Interest	22,260,393	17,608,995	16,778,426	15,791,159	14,282,817	12,706,403	6,861,859	932,223	1,001,674	425,815
Principal	16,167,551	39,627,867	27,291,445	31,522,206	12,078,545	15,901,417	4,898,133	2,059,311	1,939,326	3,670,000
<b>TOTAL EXPENDITURES</b>	<b>392,965,267</b>	<b>424,124,478</b>	<b>414,095,926</b>	<b>400,271,308</b>	<b>379,099,091</b>	<b>395,584,971</b>	<b>315,791,212</b>	<b>274,470,542</b>	<b>261,072,821</b>	<b>272,844,191</b>
<b>Excess of Revenues Over/(Under)</b>										
<b>Expenditures</b>	<b>(37,866,511)</b>	<b>(63,415,681)</b>	<b>(59,013,626)</b>	<b>(67,433,618)</b>	<b>(48,395,491)</b>	<b>(88,879,077)</b>	<b>(9,207,866)</b>	<b>14,439,802</b>	<b>13,767,094</b>	<b>(12,276,571)</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Sale of Equipment & Property	1,441,885	159,870	9,407	28,489	462,737	470,022	47,618	4,222	688,935	21,404
Long-Term Financing	-	-	-	-	-	-	-	108,850	-	-
Sales of Bonds	-	-	55,000,000	31,543,986	100,000,000	-	250,000,000	-	5,140,120	13,000,000
Bond Premium/(Discount)	-	-	1,853,628	16,554,973	6,627,063	-	10,879,349	-	(32,734)	206,440
Capital Leases	-	-	-	-	-	1,768,250	-	-	-	-
Refund from Bond Escrow Account	-	-	76,595	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,441,885</b>	<b>159,870</b>	<b>56,939,630</b>	<b>48,127,448</b>	<b>107,089,800</b>	<b>2,238,272</b>	<b>260,926,967</b>	<b>113,072</b>	<b>5,796,321</b>	<b>13,227,844</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (36,424,626)</b>	<b>\$ (63,255,811)</b>	<b>\$ (2,073,996)</b>	<b>\$ (19,306,170)</b>	<b>\$ 58,694,309</b>	<b>\$ (86,640,805)</b>	<b>\$ 251,719,101</b>	<b>\$ 14,552,874</b>	<b>\$ 19,563,415</b>	<b>\$ 951,273</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>										
	<b>11.38%</b>	<b>16.92%</b>	<b>14.07%</b>	<b>14.92%</b>	<b>9.16%</b>	<b>9.93%</b>	<b>4.55%</b>	<b>1.22%</b>	<b>1.25%</b>	<b>1.83%</b>

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.

<b>FISCAL YEAR</b>	<b>LOCAL TAXES</b>	<b>STATE FUNDS</b>	<b>FEDERAL FUNDS</b>	<b>LOCAL NON-TAX REVENUE</b>
1999	44,731,324	147,659,952	25,638,805	5,591,695
2000	47,869,699	151,611,206	27,961,595	5,920,656
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

<b>FISCAL YEAR</b>	<b>PAYMENTS FROM OTHER DISTRICTS</b>	<b>PAYMENTS FROM OTHER AGENCIES AND ASSOC.</b>	<b>TOTAL REVENUES GENERAL FUND</b>
1999	604,873	403,696	224,630,345
2000	642,026	482,276	234,487,458
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

<b>FISCAL YEAR</b>	<b>SPECIAL REVENUE FUNDS</b>	<b>DEBT SERVICE FUND</b>	<b>*CAPITAL PROJECTS FUNDS</b>	<b>TOTAL ALL FUNDS</b>
1999	2,490,945	2,122,182	31,324,148	260,567,620
2000	2,408,052	1,580,763	36,363,642	274,839,915
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

\* 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.

<b>GENERAL FUND</b>					
<b>FISCAL YEAR</b>	<b>ADMIN</b>	<b>INSTRUCTION</b>	<b>NUTRITION SERVICES</b>	<b>PUPIL TRANSPORT</b>	<b>MAINT. &amp; OPERATIONS</b>
1999	6,649,047	173,240,309	8,141,164	8,393,752	21,998,667
2000	7,055,715	181,976,258	8,364,497	8,852,146	22,638,699
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

<b>FISCAL YEAR</b>	<b>INFORMATION SERVICES</b>	<b>PRINTING</b>	<b>WAREHOUSE DISTRIBUTION</b>	<b>OTHER SERVICES (1)</b>	<b>TOTAL GENERAL FUND</b>
1999	4,134,935	(118)	512,761	85,084	223,155,601
2000	4,056,865	164,073	517,380	146,897	233,772,530
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

	<b>SPECIAL REVENUE FUND</b>	<b>DEBT SERVICE FUND</b>	<b>CAPITAL PROJECTS FUND</b>	<b>TRANSPORTATION VEHICLE FUND</b>	
<b>FISCAL YEAR</b>	<b>STUDENT ACTIVITIES</b>	<b>DEBT SERVICE</b>	<b>FACILITIES CONSTRUCTION</b>	<b>BUS PURCHASES</b>	<b>TOTAL ALL FUNDS</b>
1999	2,283,934	4,095,815	43,308,841	-	272,844,191
2000	2,279,373	2,453,680	39,660,008	-	278,165,591
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

(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
1998	71,083,211	(130,043)	68,588,539	96.49	2,052,565
1999	75,031,518	(209,984)	72,251,636	96.49	2,079,577
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

CALENDAR YEAR	TOTAL TAX COLLECTIONS	TOTAL COLLECTIONS AS PERCENT OF CURRENT LEVY
1998	70,641,104	99.38
1999	74,331,213	99.07
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

@ 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
1999	8,821,967,776	4.8583	0.1785	2.7481	0.0015
2000	9,632,065,972	4.8110	0.1215	2.8075	0.1710
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	21,975,625,731	3.0970	1.7110	-	-

CALENDAR YEAR	STATE SCHOOL	CITY	METRO PARK	PORT OF TACOMA	COUNTY	TOTAL
1999	3.3192	4.1652	0.9407	0.1859	1.7155	18.1129
2000	3.1806	4.1569	1.1246	0.1873	1.7591	18.3195
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



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

TAXPAYER	TYPE OF BUSINESS	2008				1999			
		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	\$ 231,151,284	1	%	1.16	\$ 109,471,325	6		1.14
Simpson Kraft Company	Paper Products	133,083,027	2		0.67	99,742,665	10		1.04
Qwest Corporation	Telecommunications	70,407,120	3		0.35	220,457,703	3		2.29
Puget Sound Energy/Gas	Utility	69,275,403	4		0.35	234,501,741	2		2.43
Simpson Lumber Company LLC	Timber	66,264,600	5		0.33				
AT&T Mobility LLC	Telecommunications	60,262,907	6		0.30				
CSC of Tacoma LLC	Correctional Services	54,111,000	7		0.27				
Fred Meyer Stores Inc #615	Retail	52,786,825	8		0.26	152,830,322	5		1.59
NGP Centennial Tacoma LLC	Real Estate	52,496,000	9		0.26				
909 A Street LLC	Real Estate	50,093,700	10		0.25				
The Boeing Company	Aircraft				-	354,989,599	1		3.69
Puget Sound Energy/Gas	Natural Gas				-	166,762,855	4		1.73
Intel Corporation	Electronics	-			-	106,890,181	7		1.11
Matsushita Semiconductor Corp	Electronics	-			-	106,333,800	8		1.10
Lakewood Industrial Park	Industrial	-			-	101,190,805	9		1.05

\* Percentage of total assessed value of \$21,975,625,731

**\$ 839,931,866**

%

**1.35**

**\$ 1,653,170,996**

%

**10.27**

Source data: Pierce County Assessor's Office

**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
1998	8,821,967,776	8,822,000,000	2,416	202,668,415
1999	9,632,065,972	9,632,000,000	2,747	250,071,000
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

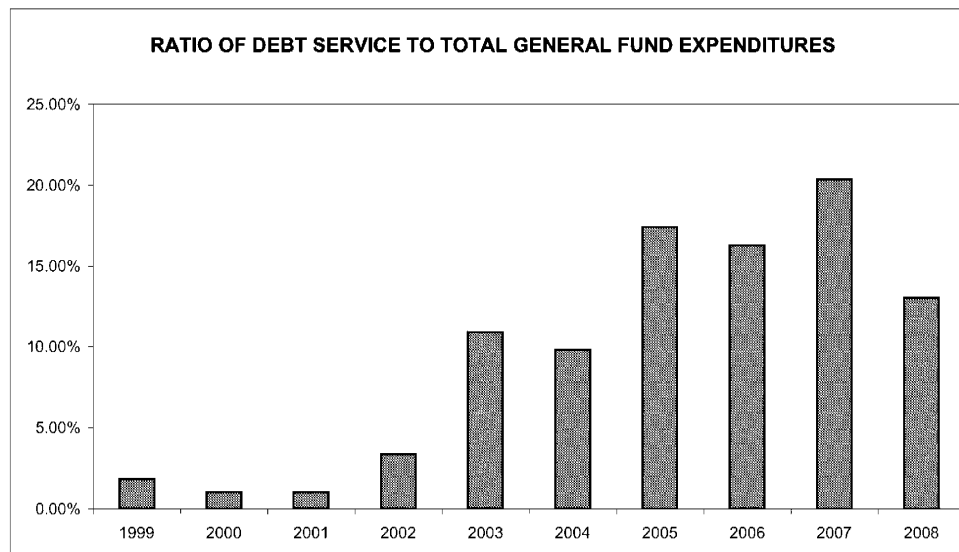
**TACOMA SCHOOL DISTRICT No. 10**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR**  
**GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

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		
1999	3,670,000	425,025	4,095,025	223,155,601	1.84
2000	1,655,000	798,680	2,453,680	233,772,530	1.05
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

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

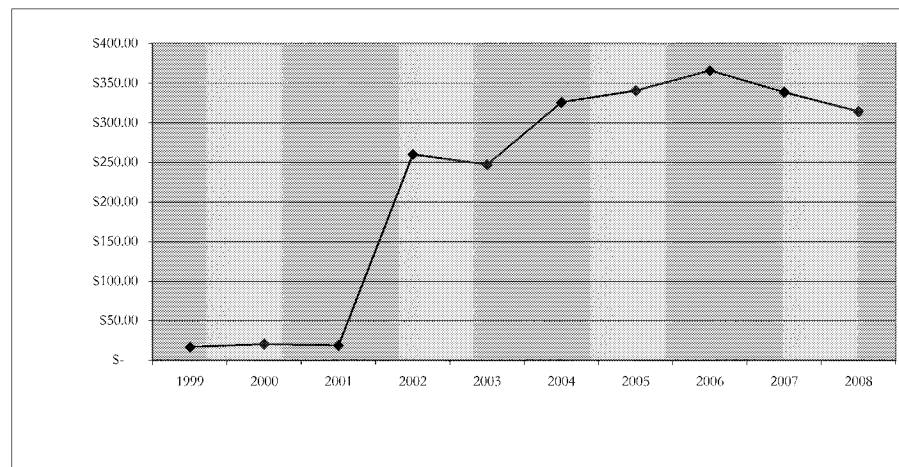
(2) Excludes bond issuance and other costs.



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

<b>FISCAL YEAR</b>	<b>POPULATION</b>	<b>ASSESSED VALUE</b>	<b>GROSS BONDED DEBT</b>	<b>LESS DEBT SERVICE FUNDS AVAILABLE</b>	<b>NET BONDED DEBT</b>	<b>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</b>	<b>NET BONDED DEBT PER CAPITA</b>
1999	187,200	9,632,065,972	18,110,000	1,126,590	16,983,410	0.1763%	91
2000	187,200	10,286,717,152	21,595,120	949,105	20,646,015	0.2007%	110
2001	193,556	11,171,728,984	19,845,120	696,291	19,148,829	0.1714%	99
2002	194,500	12,135,554,297	268,051,542	7,825,819	260,225,723	2.1443%	1,338
2003	194,900	12,424,183,839	253,810,529	6,431,328	247,379,201	1.9911%	1,269
2004	196,300	13,127,711,870	341,731,984	15,855,048	325,876,936	2.4824%	1,660
2005	198,100	14,039,768,452	354,269,779	13,597,791	340,671,988	2.4265%	1,720
2006	199,600	16,736,729,965	381,978,334	15,853,366	366,124,968	2.1876%	1,834
2007	201,700	19,992,921,762	342,350,467	3,670,281	338,680,186	1.6940%	1,679
2008	202,700	21,975,625,731	319,090,074	4,757,835	314,332,239	1.4304%	1,551

**Net Bonded Debt**

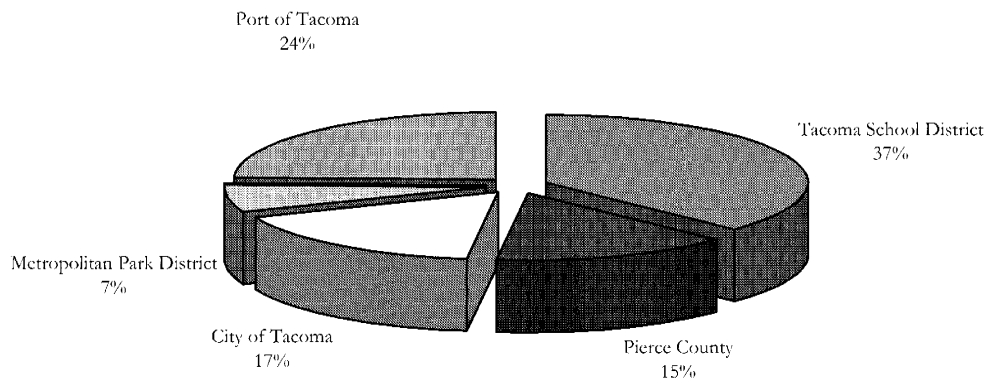


Source data: City of Tacoma, Pierce County, and Tacoma School District CAFR Schedule D-1 and Long-Term Debt Tables

**TACOMA SCHOOL DISTRICT No. 10**  
**STATEMENT OF DIRECT AND OVERLAPPING DEBT**  
**August 31, 2008**  
**(Unaudited)**

	<b>AREA DEBT OUTSTANDING</b>	<b>PERCENT APPLICABLE DISTRICT*</b>	<b>DEBT WITHIN DISTRICT BOUNDARY</b>
Tacoma School District	\$ 319,090,074	% 100.00	\$ 319,090,074
Pierce County	124,684,798	26.96	33,615,022
City of Tacoma	146,568,000	100.00	146,568,000
Metropolitan Park District	57,810,405	100.00	57,810,405
Port of Tacoma	208,170,000	26.96	56,122,632
<b>TOTALS:</b>	<b><u>\$ 856,323,277</u></b>		<b><u>\$ 613,206,133</u></b>

## 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, 2008**

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.

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**NON-VOTED DEBT**

FOR GENERAL PURPOSES (1)

3/8% of Assessed Valuation (2)	\$ 74,973,457
Less: Limited Tax G.O. Bonds	<u>(4,520,074)</u>

DEBT CAPACITY AVAILABLE FOR NON-VOTED DEBT	<u>70,453,383</u>
--	-------------------

**BY 3/5 OF THE PEOPLE AUTHORIZATION VOTE**

FOR GENERAL PURPOSES(1)

2 1/8% of Assessed Valuation(2)	424,849,587
Add: Bond Fund Cash	4,729,707
Bond Fund Taxes Receivable	19,014,430
Less: Bonds Outstanding	<u>(314,570,000)</u>

BOND CAPACITY AVAILABLE FOR GENERAL PURPOSES	<u>134,023,724</u>
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FOR ADDITIONAL CAPITAL OUTLAY(1)

Add: 2 1/2% of Assessed Valuation	<u>499,823,044</u>
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BOND CAPACITY FOR ADDITIONAL CAPITAL OUTLAY	499,823,044
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**UNUSED PORTION OF INDEBTEDNESS LIMIT**

\$ 704,300,151

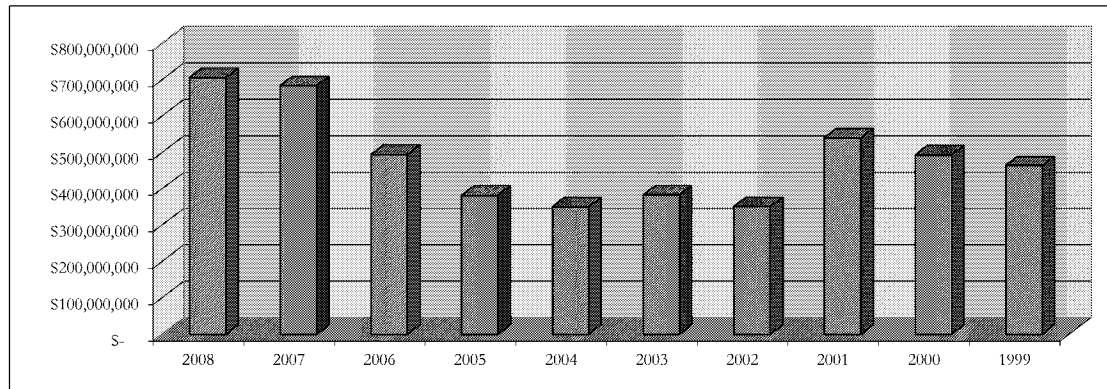
(1) Per 39.36.015 and 39.36.020 Revised Code Of Washington

(2) 2007 Assessment for 2008 Tax Base \$21,975,625,731 (for Bond Levy)

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

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

	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Debt Limit:</b>										
Non-Voted Debt	\$ 74,973,457	\$ 74,973,457	\$ 62,762,737	\$ 52,649,132	\$ 49,228,920	\$ 46,590,689	\$ 45,508,329	\$ 41,893,984	\$ 38,575,189	\$ 36,120,247
Voted Debt/General Purposes	424,849,587	424,849,587	355,655,512	298,345,081	278,963,877	264,013,907	257,880,529	237,399,241	218,592,739	204,681,402
Voted Debt/Additional Capital Outlay	499,823,044	499,823,044	418,418,249	350,994,213	328,192,797	310,604,596	303,388,857	279,293,225	257,167,929	240,801,649
<b>Total Debt Limit</b>	<b>999,646,088</b>	<b>999,646,088</b>	<b>836,836,498</b>	<b>701,988,426</b>	<b>656,385,594</b>	<b>621,209,192</b>	<b>606,777,715</b>	<b>558,586,450</b>	<b>514,335,857</b>	<b>481,603,298</b>
<b>Total Net Debt Applicable to Limit</b>	<b>295,345,937</b>	<b>316,833,088</b>	<b>343,081,418</b>	<b>320,025,026</b>	<b>306,031,089</b>	<b>238,663,825</b>	<b>255,885,333</b>	<b>18,672,332</b>	<b>21,633,294</b>	<b>18,323,556</b>
<b>Legal Debt Margin</b>	<b>\$ 704,300,151</b>	<b>\$ 682,813,000</b>	<b>\$ 493,755,080</b>	<b>\$ 381,963,400</b>	<b>\$ 350,354,505</b>	<b>\$ 382,545,367</b>	<b>\$ 350,892,382</b>	<b>\$ 539,914,118</b>	<b>\$ 492,702,563</b>	<b>\$ 463,279,742</b>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	29.55%	31.69%	41.00%	45.59%	46.62%	38.42%	42.17%	3.34%	4.21%	3.80%
<b>Assessed Valuation (Revenue Base)</b>	<b>21,975,625,731</b>	<b>16,736,729,965</b>	<b>14,039,768,452</b>	<b>13,127,711,870</b>	<b>12,424,183,839</b>	<b>12,135,554,297</b>	<b>11,171,728,984</b>	<b>10,286,717,152</b>	<b>9,632,065,972</b>	<b>8,821,967,776</b>



**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.

<b>YEAR</b>	<b>POPULATION (a)</b>	<b>PER CAPITA PERSONAL INCOME (b)</b>	<b>UNEMPLOYMENT PERCENTAGE RATE (c)</b>	<b>F.T.E. AVERAGES K- 12 ENROLLMENT (d)</b>	<b>FREE &amp; REDUCED LUNCH K-12 PERCENTAGE RATE (e)</b>
1999	187,200	26,071	4.30%	30,579	50.40%
2000	187,200	27,580	5.00%	30,622	49.00%
2001	193,556	28,818	6.50%	30,842	50.50%
2002	194,500	29,405	8.10%	31,119	47.60%
2003	194,900	29,989	8.20%	31,057	54.90%
2004	196,300	31,206	7.10%	30,299	52.00%
2005	198,100	32,448	5.90%	29,439	52.80%
2006	199,600	35,800	5.20%	28,649	52.50%
2007	201,700	37,100	5.01%	27,932	54.80%
2008	202,700	39,500	5.93%	27,659	56.60%

(a) City of Tacoma

(b) U.S. Department of Commerce, Bureau of Economic Analysis (currently updated only through 2005)

(c) WA State Employment Security Department (monthly rates averaged)

(d) WA State Office of Superintendent of Public Instruction, Report P223

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



Table XVII

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

EMPLOYER	2008				1999			
	EMPLOYEES	RANK		PERCENTAGE OF TOTAL	EMPLOYEES	RANK		PERCENTAGE OF TOTAL
Federal Government	55,882	1	%	50.98	33,000	1	%	54.86
Local Government	33,028	2		30.13	12,393	2		20.60
MultiCare Health Systems	5,832	3		5.32	5,081	3		8.45
Franciscan Health Systems	4,041	4		3.69	2,306	4		3.83
Fred Meyer Stores	2,383	5		2.17	1,206	8		2.00
Wal-Mart	1,990	6		1.82	-	-		-
Emerald Queen Casino	1,915	7		1.75	-	-		-
Boeing Company	1,760	8		1.61	1,300	6		2.16
Safeway Stores, Inc.	1,635	9		1.49	1,526	5		2.54
Russell Investments	1,144	10		1.04	1,133	9		1.88
Intel Corporation					1,300	7		2.16
McDonald's Restaurants					910	10		1.51
<b>Total</b>	<b>109,610</b>		<b>%</b>	<b>100.00</b>	<b>60,155</b>		<b>%</b>	<b>100.00</b>

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

Year Incorporated (Tacoma School District)	1878
Population (City of Tacoma)	202,700
Total Personal Income in 2007 (Pierce County)	23,776,091,000
Land Area	49.05 Square Miles
Average Rainfall	38.82 Inches
Average Temperature Summer	76.4° F.
Average Temperature Winter	36.6° 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	11
	High	7
Students	Elementary (Grades K-5)	12,883
	Middle School (Grades 6-8)	6,337
	High School (Grades 9-12)	8,439
Average FTE (District Total)		<hr/> 27,659

**OTHER SCHOOLS**

Private Schools (Above Kindergarten)	20
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

Rose Owens

Alice Shaw

Christina Weaver

### **FINANCE**

Lela Cross

Patricia Luat

Robert Peters

### **PRINTING AND ART WORK**

David Gjertsen

Mike Griswold

Dee Kirkevold

Greg Weber

Sue Wilson

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

Program Description	FISCAL YEAR									
	2008*	2007*	2006*	2005*	2004*	2003*	2002*	2001*	2000*	1999**
Regular Instruction										
Certificated	1,359.463	1,430.135	1,437.151	1,504.650	1,563.525	1,574.198	1,579.603	1,606.920	1,645.813	1,617.400
Classified	219.807	204.968	217.619	223.379	224.547	228.630	227.831	229.230	227.573	255.876
Special Instruction										
Certificated	307.456	240.287	248.882	259.389	247.252	246.234	244.271	248.713	227.342	225.990
Classified	189.475	181.179	172.982	178.889	176.684	164.130	163.453	151.748	145.712	177.746
Career & Technical Instruction										
Certificated	89.700	91.891	94.997	93.082	93.158	88.962	90.667	80.649	83.214	82.600
Classified	10.834	13.405	15.211	15.350	12.611	11.212	7.741	9.471	10.114	14.125
Compensatory Instruction										
Certificated	289.341	300.757	269.794	270.859	245.844	254.425	214.497	176.583	144.463	148.300
Classified	102.572	99.995	113.555	114.794	111.068	114.269	121.109	148.254	142.967	191.652
Other Instructional Programs										
Certificated	22.500	28.562	28.448	35.499	35.395	38.640	69.444	69.973	59.900	27.100
Classified	13.915	13.788	14.630	15.186	12.903	24.197	18.827	22.639	19.871	20.713
Support Services										
Certificated	3.000	4.000	5.000	3.000	3.000	3.250	3.250	3.000	4.000	3.000
Classified	374.100	387.426	420.858	431.281	418.306	425.559	420.862	409.621	411.361	414.655
Food Services										
Classified	109.554	110.836	113.447	115.190	117.387	113.044	112.529	112.867	109.233	161.605
Transportation										
Classified	44.978	44.959	48.365	50.928	48.685	49.260	47.160	48.145	49.210	67.313
Planning & Construction (CPF)										
Certificated	1.000	4.000	-	-	-	-	-	-	-	-
Classified	17.995	13.219	15.239	13.731	13.719	12.606	9.230	7.850	8.900	15.025
<b>TOTAL</b>	<b>3,155.690</b>	<b>3,169.407</b>	<b>3,216.178</b>	<b>3,325.207</b>	<b>3,324.084</b>	<b>3,348.616</b>	<b>3,330.474</b>	<b>3,325.663</b>	<b>3,289.673</b>	<b>3,423.100</b>

Source data:

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

\*\*Tacoma School District staffing reports

**TACOMA SCHOOL DISTRICT No. 10**  
**CERTIFICATED INSTRUCTIONAL STAFF INFORMATION**  
**LAST SEVEN 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.

<b>Year</b>	<b>Certificated Instructional Staff (1)</b>	<b>Derived Base Salary (1)</b>	<b>Average Base Salary (1)</b>	<b>Average Other Salaries (1)</b>	<b>Average Years of Experience (2)</b>	<b>Percent of Staff with Master's Degree or Higher (3)</b>
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%
2002	1,758.711	26,933	42,316	6,402	13.90	45.70%

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

(2) From OSPI Washington State Report Card

Table XXII

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

<b>Fiscal Year</b>	<b>Expenses (1)</b>	<b>Average FTE Enrollment (2)</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Classroom Teachers (3)</b>	<b>Pupil/Teacher Ratio</b>
1999	225,865,350	30,579	7,386	2.84	2,117	14.4
2000	243,274,770	30,622	7,944	7.56	2,131	14.4
2001	254,101,568	30,842	8,239	3.71	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	337,508,363	27,659	12,203	6.71	1,734	16.0

(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, 2008**

PROPERTY	LOCATION	YEAR BUILT	SQUARE FOOTAGE	ACREAGE
<b>SENIOR HIGH SCHOOLS</b>				
Foss	2112 S. Tyler St.	1972	256,013	31.88
Lincoln	701 S. 37th St.	1913	238,719	25.15
Mount Tahoma (New)	4634 S. 74th St.	2004	277,912	46.83
Oakland	3319 S. Adams St.	1911	34,276	2.95
School of the Arts	1950 Pacific Ave.	1965	21,600	0.25
School of the Arts	1818 Tacoma Ave.	1966	6,088	0.45
Stadium	111 North E St.	2006	295,792	9.81
Wilson	1202 N. Orchard St.	1958	246,699	41.20
<b>MIDDLE SCHOOLS</b>				
Baker	8320 S. I St.	1954	98,366	4.69
Gault	1115 E. Division Lane	1925	109,582	7.20
Giaudrone	4902 S. Alaska St.	2003	118,104	15.54
Gray	3109 S. 60th St.	1924	130,279	7.00
Hunt	6501 S. 10th St.	1957	112,321	24.83
Jason Lee	602 N. Sprague Ave.	2001	127,053	8.37
Mason	3901 N. 28th St.	2003	114,869	7.92
McIlvaigh	1801 E. 56th St.	1962	66,080	37.41
Meeker	4402 Nassau Ave NE	1991	103,588	25.00
Stewart	5010 Pacific Ave.	1924	147,657	7.29
Truman	5801 N. 35th St.	1999	124,750	13.00
<b>ELEMENTARY SCHOOLS</b>				
Arlington	3002 S. 72nd St.	1924	39,061	6.30
Birney	1202 S. 76th St.	1961	57,559	8.70
Blix	1302 E. 38th St.	2002	62,028	8.66
Boze	1140 E. 65th St.	1969	52,456	14.57
Browns Point	1526 - 51st. St. NE	1952	74,778	8.70
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.	1986	56,412	13.50
Downing	2502 N. Orchard St.	1948	60,698	10.08
Edison	5830 S. Pine St.	1997	62,834	4.00
Fawcett	126 E. 60th St.	1987	55,808	5.59
Fern Hill	8442 S. Park Ave.	2006	58,257	3.96
Franklin	1402 S. Lawrence	1997	62,525	6.00
Geiger	621 S. Jackson Ave.	1948	48,751	7.22
Grant	1018 N. Prospect St.	1955	51,386	3.51
Jefferson	4302 N. 13th St.	2004	60,440	3.55
Larchmont	8601 E. B St.	1969	61,496	14.06
Lister	2106 E. 44th St.	1998	73,504	6.90
Lowell	810 N. 13th St.	1949	55,600	2.84
Lyon	101 E. 46th St.	1924	41,017	2.82
Manitou Park	4430 S. 66th St.	1994	72,855	2.40
Mann	1002 S. 52nd. St.	1968	67,756	3.30
McCarver	2111 S. J St.	1924	100,457	5.79
McKinley	3702 McKinley	1957	53,422	2.44
Northeast Tacoma	5412 29th St. NE	1994	54,863	4.34
Point Defiance	4330 N. Visscher St.	1987	55,944	12.44

**TACOMA SCHOOL DISTRICT NO. 10  
BUILDINGS & PROPERTIES  
August 31, 2008**

PROPERTY	LOCATION	Year Built	Square Footage	Acreage
Rced	1802 S. 36th St.	1987	57,815	5.39
Roosevelt	3550 E. Roosevelt Ave.	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.	1963	58,083	19.80
Stafford	1615 S. 92nd St.	2005	63,610	10.04
Stanley	1712 S. 17th St.	1987	59,679	3.00
Wainwright	130 Alameda Ave.	1922	48,441	7.26
Washington-Hoyt	3701 N. 26th St.	1948	50,175	2.67
Whitman	1120 S. 39th St.	2001	63,971	3.64
Whittier	777 Elm Tree Lane	1961	62,205	5.14
<b>OTHER BLDGS. &amp; SITES</b>				
Building & Grounds	3223 S. Union Ave.	1940	81,344	6.92
Central Administration Bldg. (CAB)	601 S. 8th St.	1930	96,968	3.33
*CAB Annex	708 S. G St.	1960	8,842	
Camp Joshua Taylor	Longbranch	1975	3,851	14.92
Lincoln Tree Farm	28001 Mountain Highway	1969	13,704	332.16
Madison - Head Start Use	3102 S. 43rd St.	1968	29,966	9.00
Mount Tahoma (Old)	6229 S. Tyler	1960	61,698	44.60
Park Avenue Center	6701 Park Ave.	1949	44,613	19.80
**Professional Development Ctr	6501 N. 23rd St.	1963	77,583	
Willard	3201 South D St.	1951	25,471	1.03
<b>VACANT SITES</b>				
Blueberry Farm	E. 80th & D St.			50.49
S. 52nd & Cheyenne St.	S. 52nd & Cheyenne St.			7.77
38th Elementary School	S. 56th & Alameda St.			14.08
<b>TOTALS</b>			5,248,976	1,072

\*CAB Annex is part of CAB site

\*\*PDC is part of Skyline Elementary site





[www.tacomaschools.org](http://www.tacomaschools.org)

## 2008-2009 Board of Directors

Kim Golding, President

Debbie Winskill, Vice President

Jim Dugan

Kurt Miller

Connie Rickman

Arthur O. Jarvis, Ed.D., Superintendent

### CAMBODIAN

ផ្ញើក្លាប់មកជាមួយនេះគឺជាឯកសារដ៏សំខាន់មកពីសាលារៀនរបស់កូនអ្នក ។ 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 No. 10 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 Dr. Da Verne S. Bell, coordinator, equity and diversity, telephone 253.571.1292. Inquiries regarding the application of Title IX should be directed to Dr. Da Verne S. Bell, coordinator, equity and diversity, telephone 253.571.1292. 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 Chris Backman, coordinator of guidance and counseling, telephone 253.571.1182. Inquiries regarding accommodations for disabled employees and the public should be directed to Leslie Nohr, disability accommodation officer, telephone, 253.571.1021. These individuals may be contacted by mail at P.O. Box 1357, Tacoma, WA 98401-1357.*