

Comprehensive Annual Financial Report

For the fiscal year ended August 31, 2007



Lincoln High School

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

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



Introductory Section

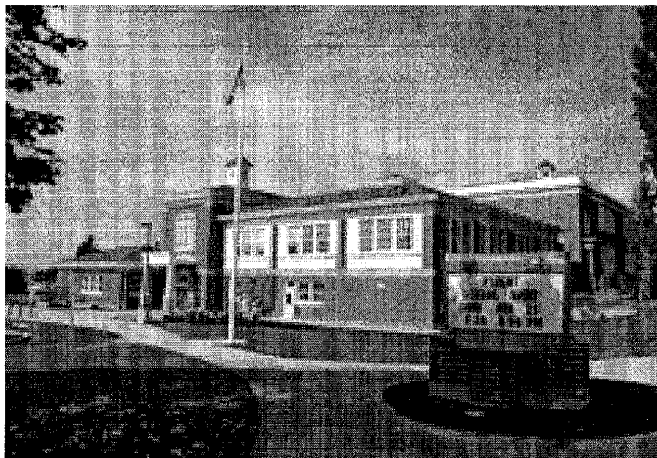
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Fern Hill Elementary School

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

ELECTED

Directors

		<u>Term</u>	<u>Expiration</u>
President	Connie Rickman	6 Years	November 2009
Vice President	James Dugan	6 Years	November 2011
	Kim Golding	6 Years	November 2011
	Debbie Winskill	6 Years	November 2007
	Kurt Miller	6 Years	November 2009

APPOINTED

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

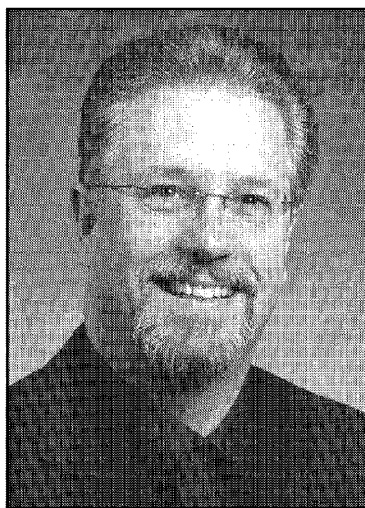
MAILING ADDRESS

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

2006-2007 Board of Directors



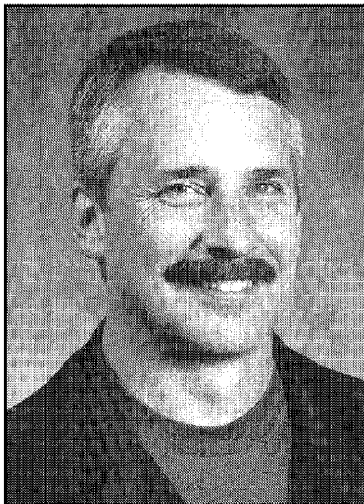
Connie Rickman, President
 Elected in 2003
 Term expires in November 2009



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



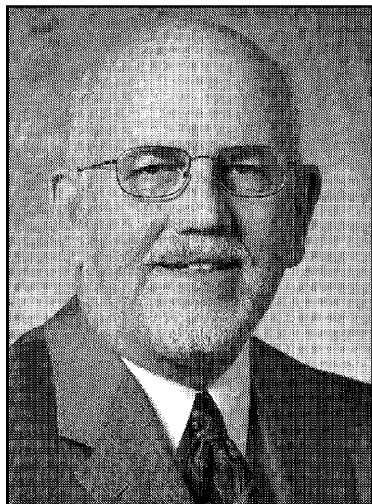
Kim Golding
 Elected in 2005
 Term expires in November 2011



Kurt Miller
 Elected in 2003
 Term expires in November 2009



Debbie Winskill
 Elected in 2001
 Term expires in November 2007



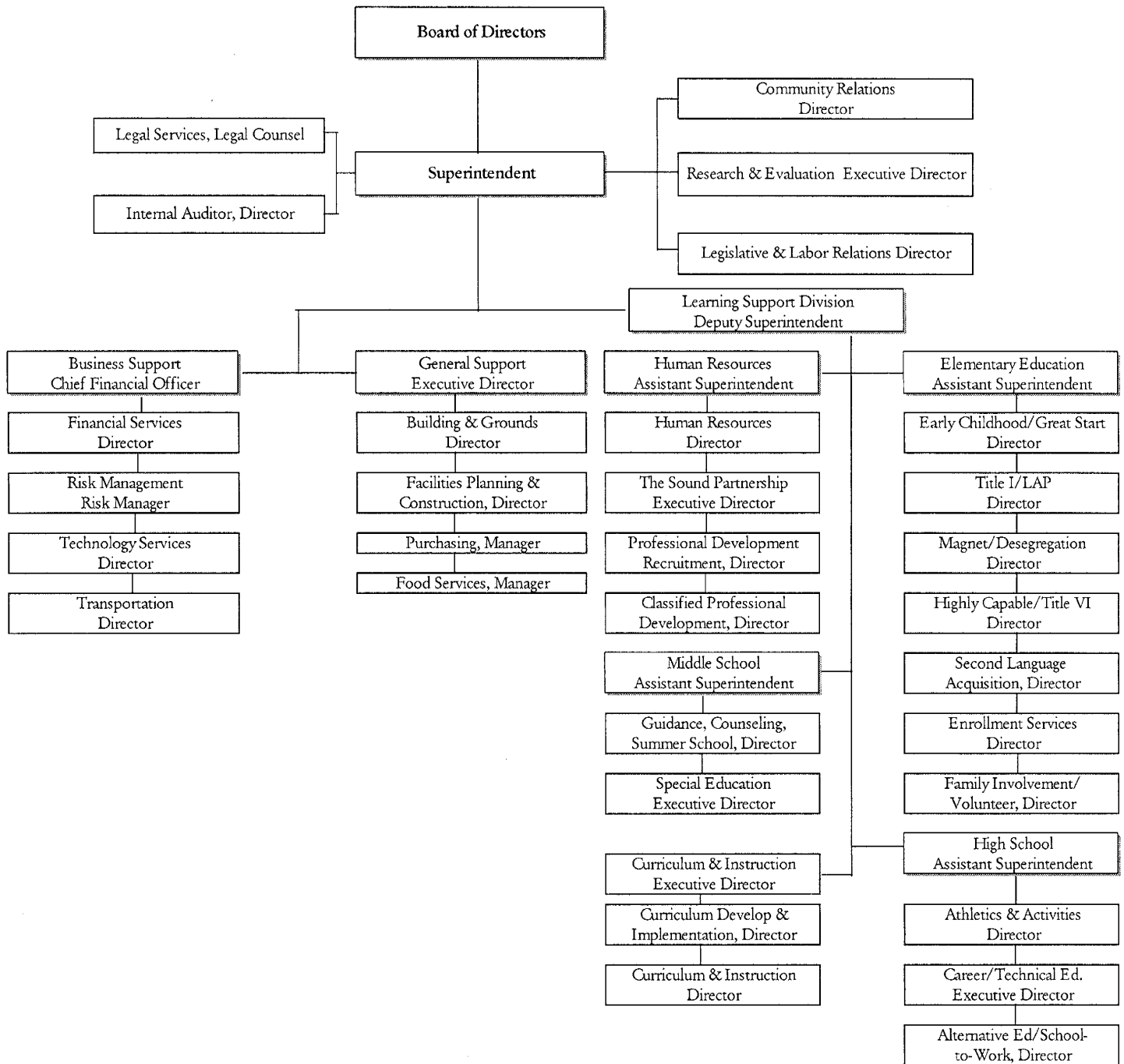
Arthur O. Jarvis became interim superintendent of Tacoma School District #10 on August 1, 2007. He came to Tacoma from the Seattle School District where he was the Chief Financial Officer. Prior to that he was superintendent for twenty-two years—eleven in Enumclaw and eleven in South Whidby school districts.

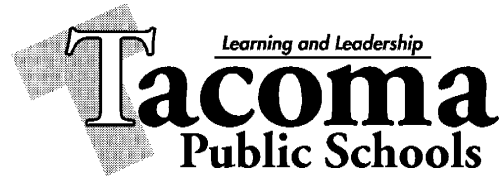
Dr. Jarvis received his bachelor, masters, and doctorate degrees from the University of Washington.

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 Organizational Chart





Arthur O. Jarvis, Ed.D.
Interim Superintendent

601 S. 8th St. - P.O. Box 1357 - Tacoma, WA 98401-1357
(253) 571-1010 - Fax (253) 571-2550

February 28, 2008

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, 2007. We believe this report presents comprehensive information about the scope and character of the district's fiscal activities and accomplishments during 2006-07. 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) require 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 the table of contents, directory of officials, district organizational chart, certificates of excellence in financial reporting, and this letter of transmittal. 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 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. With an estimated population of 790,500, Pierce County is home to the City of Tacoma, the state's second largest city.

Tacoma-Pierce County boasts a diversified economy. The deep water Port of Tacoma contributes significantly to the county's position as a major regional trade and service center. The Port's containerized shipping activity and international and domestic activity 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 economy are three major military installations: Fort Lewis, McChord Air Force Base and Madigan Army Medical Center.

Over the past three years, the Tacoma-Pierce County area has experienced an expansion in residential, commercial, and convention facilities. Population and household data indicate that since 2000, the average size of a Pierce County household is getting smaller. This is the result of an increasing number of "empty nester" households; the ageing of the population and more single-person younger households. The volume of new or used homes for sale or sold is projected to be on the decline until late 2008. The local economy and housing market both play a vital role in attracting visitors and families to the area. On a positive note, a large tract of land in Tacoma's east side Salishan area has been undergoing redevelopment into a stable, mixed-income neighborhood. When completed, the project will give way to 250 market-rate houses, 100 below market-rate house, and 815 subsidized rentals.

THE SCHOOL DISTRICT

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

The district has 37 elementary schools, 11 middle schools, five comprehensive high schools and six alternative learning sites. The district has more than 4,400 employees and is one of the largest employers in the Tacoma-Pierce County area. The district has had a strong history of passing replacement educational programs & operations levies and construction bond issues to continue its 30-year plan to renovate, remodel or replace all

of its schools. Voters passed a four-year operations levy on the second try in April 2006.

MAJOR INITIATIVES

The district's board of directors selected Charles Milligan, Ph.D as the new superintendent in 2006-07. The board of directors together with the superintendent began the year by establishing priorities designed to improve achievement of all students. The priority setting process began by adopting research-based curriculum, providing teachers with training and professional development activities, and creating a learning environment that fosters student success. The overall objective was to match up the state standards across the entire school district for each grade level.

The five board goals that were developed in 2006-07:

- Goal 1: Learning For All Students
- Goal 2: Safe, Positive, Well-Maintained Schools
- Goal 3: Quality Staff Providing Quality Services
- Goal 4: School/Family/Community & Communication
- Goal 5: Acquisition & Allocation of Resources

In connection with these goals, the district adopted a new math curriculum. Saxon Math materials were deployed in the 2006-07 school year to supplement the district's current math programs. A five year adoption cycle has been created which will allow for planning, preparation, purchase and implementation of new curriculum materials in all core areas (reading, math, writing and science).

Test results were mixed in 2006-07 as compared to 2005-06. Reading scores increased in the 3rd, 6th, 7th and 10th grades, but decreased in the 4th, 5th and 8th grades; math scores increased at all grade levels; writing scores increased in 7th and 10th grades but decreased in 4th grade; and science scores improved in 8th and 10th grades, but decreased in 5th grade.

**Percent of Tacoma School District Students Meeting WASL
Standards in 2006-07**

Grade Level	Reading	Math	Writing	Science
3rd Grade	64.7%	63.7%		
4th Grade	70.4%	45.7%	53.9%	
5th Grade	64.8%	53.7%		23.3%
6th Grade	58.0%	40.2%		
7th Grade	61.4%	43.3%	58.2%	
8th Grade	55.3%	35.6%		28.3%
10th Grade	69.6%	36.1%	70.0%	23.9%

Enrollment

The district, by student enrollment, is the third largest district in the State of Washington. Overall enrollment decreased by 718 full-time equivalent (FTE) students in 2006-07. The increases/(decreases) are as follows:

Elementary Schools (grades K-5)	(106)
Middle Schools (grades 6-8)	(356)
High Schools (grades 9-12)	(248)
Home/Private	(3)
Summer School	(14)
Running Start (college level courses)	9
Total	<u>(718)</u>

The district's average annual FTE enrollment in 2006-07 was 27,931 students. Projected enrollments for the fiscal year 2007-08 and 2008-09 are shown below.

FULL-TIME EQUIVALENT (FTE) ENROLLMENT

Actual and Projected (P) Average Enrollment						
Grade	2004	2005	2006	2007	2008 (P)	2009 (P)
Total K-5	13,541	13,081	12,791	12,685	12,830	12,809
Total 6-8	7,465	7,121	6,918	6,562	6,138	6,120
Total 9-12	9,044	8,976	8,717	8,468	8,227	7,844
Others	249	261	222	225	190	181
TOTAL K-12	30,299	29,439	28,648	27,931	27,385	26,954

Every student enrolled is converted to a full time equivalent (FTE) based on the number of instructional hours. A full-time equivalent for grades 4-12 is 900 hours (5 hours per day x 180 days), grades 1-3 requires 720 hours (4 hours per day x 180 days) and .5 FTE (half day) kindergarten is 360 hours (2 hours per day x 180 days).

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.

One large project was completed during the 2006-07 school year. Construction work on the modernization and building addition for Lincoln High School was completed and the site reopened in September 2007. Construction has begun for the new Gray Middle School which is scheduled for completion by January 2009. Plans for a new middle school to be located on the existing McIlvaigh Middle School site are underway. The district also purchased Lawson, an Enterprise Resource Planning Software Suite, and is in the process of a multi-year implementation of its modules.

For the Future

On August 1, 2007 the board of directors appointed Arthur O. Jarvis, Ed.D. interim superintendent after the departure of Dr. Charles Milligan. A number of community input sessions have been held to invite public comment on the search for a new superintendent. Ray & Associates has been hired as the search firm to conduct a national superintendent search.

As work continues on hiring a new superintendent, 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 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 the 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. The plan, with an implementation timeline from September 2007 to September 2008, outlines four key goals:

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

In addition to the district improvement plan the district has placed its school consolidation and closure plan on hold pending further demographic and facilities review. A pause in the consolidation or closure process will allow the district the opportunity to evaluate the future of projected enrollment and placement of educational programs with the goal of balancing these throughout the district.

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 2006-07, 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 over 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.

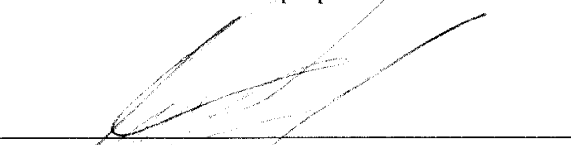
CERTIFICATES OF ACHIEVEMENT

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 14th consecutive year, a Certificate of Achievement for Excellence in Financial Reporting. Copies of the financial reporting awards are on pages 7 and 8. The district will be applying to GFOA and ASBO for the 2006-07 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 2006-07 CAFR a success.



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



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, 2006

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.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

TACOMA SCHOOL DISTRICT NO. 10

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended August 31, 2006

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

President

Executive Director

Financial Section

Independent Auditor's Opinion

Management's Discussion and Analysis

Government-Wide Financial Statements

Governmental Fund Financial Statements

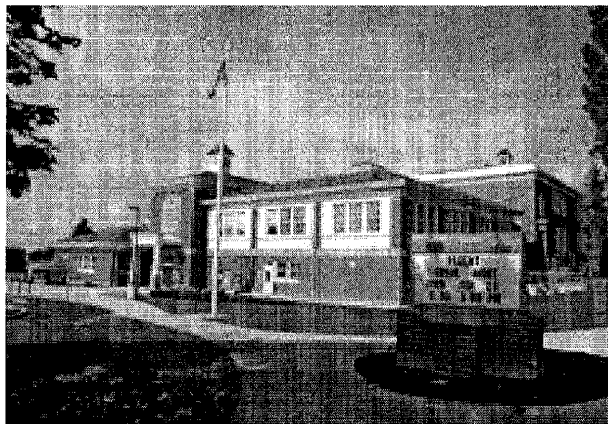
Proprietary Fund (The Sound Partnership)

Fiduciary Fund Financial Statements

Notes to the Financial Statements

Required Supplementary Information

Supplemental Data



Fern Hill Elementary School



**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

February 28, 2008

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

We have audited the accompanying financial statements of the 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, 2007, 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 97 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 the 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, 2007, 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.

The management's discussion and analysis on pages 11 through 19 and budgetary comparison information on pages 57 through 58 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of



inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying information listed as Supplemental Data on pages 59 through 86 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 other the 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", written in a cursive style.

BRIAN SONNTAG, CGFM
STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Tacoma School District No. 10's financial performance provides an overview of the district's financial activities for the fiscal year ended August 31, 2007. 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

Government-Wide:

- The assets of the district exceeded its liabilities at the close of the 2006-07 fiscal year by \$512 million. The district received revenues of \$362 million and incurred expenses of \$319 million, resulting in an increase to the district's net assets of \$42 million. A significant increase in capital assets from completed and on-going construction projects caused the majority of this rise.

Fund Level:

- At the end of the current fiscal year, the district's governmental funds reported a combined ending fund balance of \$194 million, a decrease of \$63 million from the prior year. The General Fund's total fund balance was \$35 million, an increase of \$7 million from the previous year. The increase was primarily due to higher revenues from local and state sources as well as, expenditures coming in lower than expected.

Long-term Debt:

- The district made principal payments on existing bonds of \$40 million during the year. Its overall long-term liabilities decreased by \$43 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. 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. 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 two 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. You will need to 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 \$511,509,679 at the end of fiscal year 2006-07.

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, \$25,367,369 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 \$827,364 for undesignated net assets.

Net Assets Chart

	Net Assets	
	Governmental Activities	
	2006-07	2005-06
Current and Other Assets	\$ 313,775,641	\$ 377,623,479
Capital Assets	629,757,620	565,476,918
Total Assets	943,533,261	943,100,397
Long-Term Debt Outstanding	378,025,718	420,712,541
Other Liabilities	53,997,864	53,231,026
Total Liabilities	432,023,582	473,943,567
NET ASSETS:		
Invested in Capital Assets, net of debt	287,407,153	183,498,584
Restricted	197,907,793	262,567,611
Unrestricted	26,194,733	23,090,635
TOTAL NET ASSETS	\$ 511,509,679	\$ 469,156,830

Governmental Activities

Governmental activities improved the district's overall financial position, and increased the district's net assets by \$42.3 million over the previous year.

Changes in Net Assets

	Primary Government Governmental Activities		
	2006-07	2005-06	Changes
REVENUES			
Program Revenues:			
Charges for Services	\$ 8,737,271	\$ 8,915,642	\$ (178,371)
Operating Grants and Contributions	88,838,632	86,565,918	2,272,714
Capital Grants and Contributions	177,984	426,067	(248,083)
General Revenues:			
Property Taxes	108,906,084	105,634,562	3,271,522
Interest and Investment Earnings	13,278,226	10,971,849	2,306,377
Unallocated Revenues	141,820,613	146,571,226	(4,750,613)
TOTAL REVENUES	361,758,810	359,085,264	2,673,546
PROGRAM EXPENSES:			
Regular Instruction	156,326,162	149,234,160	7,092,002
Special Instruction	30,520,173	29,178,309	1,341,864
Career & Technical Instruction	9,623,177	9,918,936	(295,759)
Compensatory Instruction	36,450,450	35,035,205	1,415,245
Other Instructional Programs	5,230,923	5,317,223	(86,300)
Community Services	152,941	82,594	70,347
Support Services	64,172,357	60,295,526	3,876,831
Extracurricular Activities	2,126,537	2,219,507	(92,970)
Debt Payment	14,803,242	13,616,689	1,186,553
TOTAL EXPENSES	319,405,961	304,898,149	14,507,812
Excess (Deficiency) before Special Items	42,352,849	54,187,115	(11,834,266)
INCREASE (DECREASE) IN NET ASSETS	42,352,849	54,187,115	(11,834,266)
NET ASSETS - 9/1/06	469,156,830	414,969,715	54,187,115
NET ASSETS - 8/31/07	\$ 511,509,679	\$ 469,156,830	\$ 42,352,849

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

Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2006-07	2005-06	2006-07	2005-06
Regular Instruction	\$ 156,326,162	\$ 149,234,160	\$ (153,691,603)	\$ (146,710,550)
Special Instruction	30,520,173	29,178,309	(814,149)	(57,097)
Career & Tech Instruction	9,623,177	9,918,936	556,205	310,219
Compensatory Instruction	36,450,450	35,035,205	2,162,721	1,626,463
Other Instructional Programs	5,230,923	5,317,223	(1,009,699)	(1,005,224)
Community Services	152,941	82,594	384,344	221,554
Support Services	64,172,357	60,295,526	(54,411,737)	(49,926,630)
Extracurricular Activities	2,126,537	2,219,507	(24,915)	167,432
Debt payments	14,803,242	13,616,689	(14,803,242)	(13,616,689)
TOTALS	\$ 319,405,962	\$ 304,898,149	\$ (221,652,075)	\$ (208,990,522)

THE DISTRICT'S FUNDS

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 \$194.5 million, which is lower than last year's total by \$63.3 million. The reduction in fund balance comes primarily from the Capital Projects Fund as its resources are used to complete new construction and modernization projects authorized by voters.

The following table presents a summary of the governmental fund's revenues and expenditures for 2006-07 and the amounts and percentages of increases and decreases in relation to prior year.

Revenue Source	2006-07 Amount	Percent of Total	Increase (Decrease) Over 2005-06	Percent Increase (Decrease)
Local Taxes & Non-taxes	\$ 128,770,859	35.70%	\$ 5,814,666	0.05
State Revenues	191,385,962	53.06%	527,487	0.00
Federal Revenues	37,087,941	10.28%	(416,975)	(0.01)
Others	3,464,035	0.96%	(298,680)	(0.08)
Total	360,708,797	100.00%	5,626,498	0.02
Expenditures				
Regular Instruction	139,992,844	33.01%	7,104,270	0.05
Special Instruction	29,649,440	6.99%	1,099,306	0.04
Career & Tech Instruction	8,985,654	2.12%	(244,537)	(0.03)
Compensatory Instruction	35,333,345	8.33%	1,220,983	0.04
Other Instructional Programs	4,949,859	1.17%	(119,028)	(0.02)
Community Services	148,622	0.04%	67,819	0.84
Support Services	59,942,714	14.13%	2,871,474	0.05
Extracurricular Activities	2,087,909	0.49%	(85,059)	(0.04)
Capital Outlay	85,797,229	20.22%	(15,053,667)	(0.15)
Debt Service	57,236,862	13.50%	13,166,991	0.30
Total	\$ 424,124,478	100.00%	\$ 10,028,552	0.02

Chart for Revenue Sources

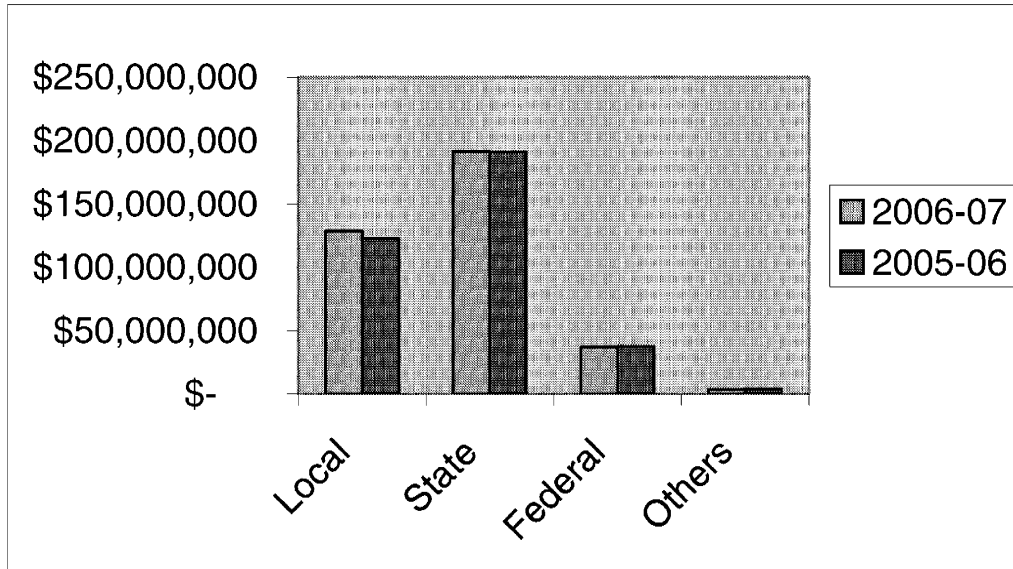
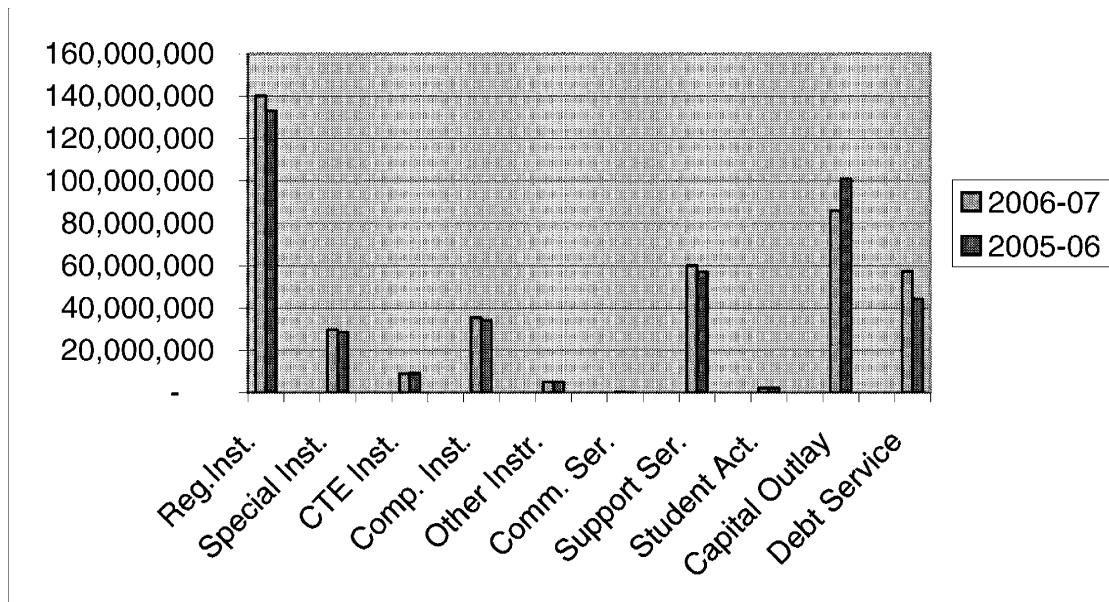


Chart for Expenditures by Program



General Fund

General fund revenues of over \$286.5 million were received and expenditures in excess of \$279.9 million were incurred. The ending fund balance was \$34,719,787 which was an increase of \$6,668,020 from the prior year. An increase in local and state revenues as well as, a decrease in spending trends account for the large ending fund balance.

The district's debt and fiscal management policy calls for: (1) the elimination of short-term borrowing, except for extreme financial emergencies; (2) maintaining an unreserved fund balance in the general fund between 1 and 3 percent of total yearly revenues; (3) establishing a cash reserve for cash flow fluctuation and emergencies; and (4) increasing the combined reserved and unreserved fund balances to a minimum of 4.5 percent of total yearly general fund revenues. In 2006-07, all these

goals were achieved, and the actual percentage of the unreserved fund balances to general fund revenues was 9.14 percent.

Associated Student Body Fund

Revenues exceeded expenditures in the ASB fund by \$13,713 and slightly increased the ending fund balance by .9 percent from the previous year. The increases were recorded at the high school level. All secondary schools and most elementary schools had activity in their ASB funds in 2006-07.

Debt Service Fund

Revenues and expenditures are up slightly, and the fund balance decreased by \$12.2 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. While the ending fund balance in this fund is significantly lower than the prior year's, the district's cash flow projections indicate this reserve is adequate to meet future needs.

Capital Projects Fund

Revenues deposited into the Capital Projects Fund are used for major construction projects, system replacements, small capital projects, and site acquisitions. Revenues and expenditures in the capital projects fund are slightly lower than the previous year. The ending fund balance is \$57.8 million lower than last year. More than 70 percent of the districts authorized construction projects from the \$450 million bond approved by the voters in December 2001 have been completed.

Transportation Vehicle Fund

The district maintains a fleet of 62 yellow buses. In 2000, the district began a plan to replace the aging bus fleet. This plan includes upgrades which address emerging safety requirements for the transportation of students.

In 2006-07, the district received four new buses. The bus replacement plan calls for replacing 12 buses between 2008 and 2010. Funding for these buses is provided from the state through its bus depreciation schedule, interest earnings, and if needed occasional transfers from the General Fund.

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 2006-07.

The beginning balance going into 2006-07 was approximately \$8.3 million higher than budget. For the year, both revenues and expenditures came in under budget. Expenditures in all categories except contractual services were below budget. The increase in contractual services expenditures were driven by unanticipated program needs. Salaries and benefits were \$9.5 million lower than budget due to a change in leadership, organizational restructure and number of staff retirements which resulted in vacant positions or positions having been unfilled for a portion of the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2006-07, the district had \$864.8 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 \$74 million or 9.36 percent over last year. School construction projects were responsible for most of this increase.

Capital Assets at Year-End

	2006-07 Governmental Activities		
	Historical Cost	Accumulated Depreciation	NET
Land	\$ 48,451,146	\$ -	\$ 48,451,146
Building and Improvements	487,855,366	(188,997,079)	298,858,287
Equipment	60,943,807	(46,131,146)	14,812,661
Construction-in-progress	267,635,526	-	267,635,526
TOTALS	\$ 864,885,845	\$ (235,128,225)	\$ 629,757,620

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

Construction Projects:

Elementary Schools	\$ 32,478,858
Middle Schools	6,617,539
High Schools	228,539,129
	<u>\$ 267,635,526</u>

The district's 2006-07 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 major a modernization was completed. The district also purchased and began preliminary design and training on the Lawson Enterprise Resource Planning System. These projects and others were financed by the 2001 capital bonds (\$450 million), approved by the voters in 2001. For more detailed information, please refer to page 42 in the notes to the financial statements.

Debt

At year-end, the district had \$342.2 million in unlimited general obligation bonds and qualified zone academy bonds outstanding versus \$381.6 million last year – a decrease of \$39.39 million or 10%. 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 November 14, 2007, the rating agency Standard & Poor's raised their assigned rating for the Washington State School District Credit Enhancement Program from AA to AA+. This was predicated by the upgrade of the state's bond rating due to voter approval of Senate Joint Resolution 8206, otherwise known as the Rainy Day Fund. This upgrade will benefit the district should future debt be issued. Additional information on debt is included in the notes to the financial statements, note 7.

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

	Governmental Activities			
	2006-07	2005-06	Increase/(Decrease)	
99 Qualified Zone Academy Bonds	3.28	3.28	0.00	0.00
00 Qualified Zone Academy Bonds	1.32	1.42	(0.10)	(0.07)
01 UTGO Bonds	38.40	43.50	(5.10)	(0.12)
03 UTGO Bonds	76.90	86.15	(9.25)	(0.11)
05 Refunding of 2001 UTGO	148.70	149.35	(0.65)	(0.00)
05 UTGO Bonds	42.90	42.89	0.01	0.00
05B UTGO Bonds	30.70	55.00	(24.30)	1.00
TOTALS	\$ 342.20	\$ 381.59	(39.39)	(0.10)

NEXT YEAR'S BUDGET AND RATES

The district's 2007-08 expenditure budget for governmental funds was set at over \$453 million. The 2007 property tax rate was \$5.50 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. Economic growth for the county as a whole was not as strong as anticipated last year. The rate of overall economic activity in the county continued to increase at a moderate pace in 2007 and will continue in 2008. Although still below the 2.7% long run average rate of growth, the county economy will be strengthening. For the year as a whole, the Pierce County Economic Index will move up by 2.3% in 2008.

An unemployment level in the 5% to 6% range indicates, for most local economies, a good balance between job growth and increases in the labor force. The annual average unemployment rate the county in 2007 was 5% and will increase by one-half a percentage point to 5.5% in 2008.

Total real income will continue to increase at a below average rate in 2008. The mild economic expansion, continuing distributional effects, and only moderate job growth in the county will income growth at 2.5%. Per capita income will rise to \$37,000, a gain of 3.7% in 2008. Median family incomes will reach \$58,900 in 2007 and \$60,100 in 2008.

Growth in retail sales activity will increase during 2008. Retail sales will move up by 4.1% on an annualized basis during the first quarter of 2008 and then by 4.8% in the second quarter.

The poorest performing and weakest sector in the county economy is the single-family housing market. Even though the market will start turning around late in 2008, problems will still exist. Multi-family rentals and commercial markets will become increasingly attractive for investors, and plans for new developments will increase however the actual economic will not be felt until after 2008.

While Pierce County's economy and population are growing, the district continues to anticipate declining enrollment next year and into the future. The district's 2007-08 budget reflects another year of declining student enrollment, and this reduction may be attributed to the changing demographics of the community as well as a lack of property to build new homes.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Tacoma School District No. 10

Government-Wide Financial Statements

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

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

The Statement of Net Assets displays the *"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, 2007

		Primary Government
	Note #	Governmental Activities
ASSETS		
Cash and Cash Equivalents	1.F.1	\$ 5,252,699
Cash Held by Trustees	2.C	7,304,300
Investments	2.D	117,818,323
Time Deposits	2.A	111,970,452
Property Tax Receivable	1.F.3	54,337,501
Receivables, Net	1.F.4	5,471,006
Due From Other Governments	1.F.6	5,215,006
Inventories	1.G	4,538,997
Capital Assets, net of accumulated depreciation, where applicable:	1.I	
Land		48,451,146
Buildings & Improvements		298,858,287
Equipment		14,812,661
Construction-in-Progress		267,635,526
Unamortized Bond Issuance Costs	7.B	1,867,357
TOTAL ASSETS		943,533,261
LIABILITIES		
Accounts Payable		26,543,223
Accrued Wages & Benefits Payable		23,370,168
Property & Liability Insurance		3,400,936
Unearned Revenue	1.J	683,537
Long-Term Liabilities	7.A	
Due within one year		27,151,600
Due in more than one year	7.C	350,874,118
TOTAL LIABILITIES		432,023,582
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		287,407,153
Restricted for:		
Associated Student Body		2,074,744
Capital Projects		183,637,714
Debt Service		3,670,281
Encumbrances and Inventories*		8,525,054
Unrestricted		26,194,733
TOTAL NET ASSETS		\$ 511,509,679

* Imposed by laws & regulations

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, 2007

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
					PRIMARY GOVERNMENT
Functions/Programs	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
Regular Instruction	\$ 156,326,162	\$ 1,118,195	\$ 1,516,364	\$ -	\$ (153,691,603)
Special Instruction	30,520,173	782,310	28,921,758	1,956	(814,149)
Career & Technical Instruction	9,623,177	57,341	10,006,334	115,707	556,205
Compensatory Instruction	36,450,450	-	38,568,409	44,762	2,162,721
Other Instructional Programs	5,230,923	1,202,942	3,002,723	15,559	(1,009,699)
Community Services	152,941	537,285	-	-	384,344
Support Services	64,172,357	2,937,576	6,823,044	-	(54,411,737)
Extracurricular Activities (ASB)	2,126,537	2,101,622	-	-	(24,915)
Interest Payment on Long-Term Debt	14,803,242	-	-	-	(14,803,242)
Total Governmental Activities	\$ 319,405,961	\$ 8,737,271	\$ 88,838,632	\$ 177,984	\$ (221,652,074)

General Revenues:

Taxes:

Property taxes, levies for maintenance and operations	64,642,843
Property taxes, levies for debt service	44,238,901
Property taxes, levies for capital projects	24,340
Unallocated State Apportionment & Others	141,820,613
Interest and Investment earnings	13,278,226

Total General Revenues**264,004,923****Changes in Net Assets****42,352,849****Net Assets - Beginning**

469,156,830

Net Assets - Ending**\$ 511,509,679**

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, 2007

	GENERAL FUND	SPECIAL REVENUE FUND (ASB)	DEBT SERVICE FUND	CAPITAL PROJECT FUND	TRANSPORTATION VEHICLE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:						
Cash on Hand and in Bank	\$ 103,629	\$ 42,028	\$ -	\$ 10,000	\$ -	\$ 155,657
Cash on Deposit with County Treasurer	1,525,531	20,911	216,466	1,009,716	10,817	2,783,441
Construction Retainage Escrow	-	-	-	7,304,300	-	7,304,300
Investments	8,600,000	-	-	99,000,000	-	107,600,000
Time Deposits	49,254,300	2,154,300	3,413,000	55,336,852	1,812,000	111,970,452
Property Tax Receivable	32,741,536	-	21,574,283	21,682	-	54,337,501
Accounts Receivable, Net	576,876	4,986	-	125,000	-	706,862
Accrued Interest Receivable	-	20,162	40,815	4,540,957	16,599	4,618,533
Due From Other Funds	841,613	5,598	-	47,128	-	894,339
Due From Other Government Units	5,215,006	-	-	-	-	5,215,006
Inventories at Cost	4,463,516	75,481	-	-	-	4,538,997
TOTAL ASSETS	103,322,007	2,323,466	25,244,564	167,395,635	1,839,416	300,125,088
LIABILITIES:						
Accounts Payable	8,480,207	108,714	-	7,067,274	-	15,656,195
Retainage Payable	-	-	-	7,304,300	-	7,304,300
Accrued Wages & Benefits Payable	23,370,168	-	-	-	-	23,370,168
Other Liabilities - Property/Liability Insurance	3,400,936	-	-	-	-	3,400,936
Due To Other Funds	55,676	10,168	-	821,512	-	887,356
Unearned Revenue	33,295,233	129,840	21,574,283	21,682	-	55,021,038
TOTAL LIABILITIES	68,602,220	248,722	21,574,283	15,214,768	-	105,639,993
FUND BALANCES						
Reserved for Inventory	4,463,516	75,481	-	-	-	4,538,997
Reserved for Encumbrances	4,061,538	47,822	-	36,331,984	-	40,441,344
Reserved for Arbitrage Rebate	-	-	-	791,467	-	791,467
Reserved for Construction	-	-	-	83,971,486	-	83,971,486
Reserved for Technology	-	-	-	28,543,960	-	28,543,960
Unreserved:						
Designated for Self Insurance	1,500,000	-	-	-	-	1,500,000
Designated for Curriculum & Instruction	10,975,205	-	-	-	-	10,975,205
Designated for Other Cash Items	2,446,206	-	-	-	-	2,446,206
Designated for Budget Carryover	3,105,048	-	-	-	-	3,105,048
Designated for Student Achievement	3,140,910	-	-	-	-	3,140,910
Designated for Future Use	4,200,000	-	-	-	-	4,200,000
Undesignated	827,364	1,951,441	3,670,281	2,541,970	1,839,416	10,830,472
TOTAL FUND BALANCES	34,719,787	2,074,744	3,670,281	152,180,867	1,839,416	194,485,095
TOTAL LIABILITIES AND FUND BALANCES	\$ 103,322,007	\$ 2,323,466	\$ 25,244,564	\$ 167,395,635	\$ 1,839,416	\$ 300,125,088

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, 2007

	Total Governmental Funds	Long-Term Assets, Liabilities *	Internal Service Fund *	Reclassifications and Eliminations	Statement of Net Assets Totals
ASSETS					
Cash and Cash Equivalents	\$ 2,939,098	\$ -	\$ 2,313,601	\$ -	\$ 5,252,699
Cash Held by Trustees	7,304,300	-	-	-	7,304,300
Investments	107,600,000	-	10,218,323	-	117,818,323
Time Deposits	111,970,452	-	-	-	111,970,452
Property Tax Receivable	54,337,501	-	-	-	54,337,501
Receivables, Net	5,325,395	-	138,628	6,983	5,471,006
Due From Other Funds	894,339	-	-	(894,339)	-
Due From Other Governments	5,215,006	-	-	-	5,215,006
Inventories	4,538,997	-	-	-	4,538,997
Capital Assets, Net (land, bldg, eqmt)	-	629,757,620	-	-	629,757,620
Unamortized Bond Issue Costs	-	1,867,357	-	-	1,867,357
TOTAL ASSETS	300,125,088	631,624,977	12,670,552	(887,356)	943,533,261
LIABILITIES					
Accounts Payable	22,960,495	-	3,582,728	-	26,543,223
Wages, Benefits & Other Payables	23,370,168	-	-	-	23,370,168
Due To Other Funds	887,356	-	-	(887,356)	-
Unearned Revenue	55,021,038	(54,337,501)	-	-	683,537
Long-Term Liabilities	-	378,025,718	-	-	378,025,718
Other Liabilities - Property/Liability Insurance	3,400,936	-	-	-	3,400,936
TOTAL LIABILITIES	105,639,993	323,688,217	3,582,728	(887,356)	432,023,582
FUND BALANCES/NET ASSETS					
Total Fund Balances/Net Assets	194,485,095	307,936,760	9,087,824	-	511,509,679
TOTAL LIABILITIES AND FUND BALANCES/NET ASSETS	\$ 300,125,088	\$ 631,624,977	\$ 12,670,552	\$ (887,356)	\$ 943,533,261

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, 2007

	GENERAL FUND	SPECIAL REVENUE FUND (ASB)	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TRANSPORTATION VEHICLE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Local	\$ 73,761,011	\$ -	\$ 44,727,324	\$ 10,171,911	\$ 110,613	\$ 128,770,859
State	174,288,248	-	-	16,779,159	318,555	191,385,962
Federal	37,087,941	-	-	-	-	37,087,941
Miscellaneous	1,362,413	2,101,622	-	-	-	3,464,035
TOTAL REVENUES	286,499,613	2,101,622	44,727,324	26,951,070	429,168	360,708,797

EXPENDITURES						
Current Operating:						
Regular Instruction	139,992,844	-	-	-	-	139,992,844
Special Instruction	29,649,440	-	-	-	-	29,649,440
Career & Technical Instruction	8,985,654	-	-	-	-	8,985,654
Compensatory Instruction	35,333,345	-	-	-	-	35,333,345
Other Instructional Programs	4,949,859	-	-	-	-	4,949,859
Community Services	148,622	-	-	-	-	148,622
Support Services	59,942,714	-	-	-	-	59,942,714
Student Activities	-	2,087,909	-	-	-	2,087,909
Debt Service:						
Principal	-	-	39,393,578	234,289	-	39,627,867
Interest and Other Charges	-	-	17,605,408	3,587	-	17,608,995
Capital Outlay:						
Other	852,885	-	-	84,602,341	342,003	85,797,229
TOTAL EXPENDITURES	279,855,363	2,087,909	56,998,986	84,840,217	342,003	424,124,478
Excess (Deficiency) of Revenues Over Expenditures	6,644,250	13,713	(12,271,662)	(57,889,147)	87,165	(63,415,681)

OTHER FINANCING SOURCES (USES)						
Proceeds from Sale of Surplus Equipment	23,770	-	-	-	11,100	34,870
Proceeds from Sale of Surplus Property	-	-	-	125,000	-	125,000
Transfers	-	-	88,578	(88,578)	-	-
TOTAL OTHER FINANCING SOURCES AND USES	23,770	-	88,578	36,422	11,100	159,870
NET CHANGE IN FUND BALANCE	6,668,020	13,713	(12,183,084)	(57,852,725)	98,265	(63,255,811)
Fund Balance - Beginning	28,051,767	2,061,031	15,853,365	210,033,592	1,741,151	257,740,906

Fund Balance - Ending	\$ 34,719,787	\$ 2,074,744	\$ 3,670,281	\$ 152,180,867	\$ 1,839,416	\$ 194,485,095
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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, 2007

	Total Governmental Funds	Long-Term Revenue, Expenses *	Capital Related items *	Internal Service Fund *	Long-Term Debt Transactions *	Statement of Activities Totals
REVENUES AND OTHER SOURCES						
Property Taxes	\$ 108,906,084	\$ 266,584	\$ -	\$ -	\$ -	\$ 109,172,668
Local Non-Taxes	19,864,775	-	-	-	-	19,864,775
State	191,385,962	-	-	-	-	191,385,962
Federal	37,087,941	-	-	-	-	37,087,941
Miscellaneous	3,464,035	-	-	623,559	-	4,087,594
Other Sources:						
Proceeds from Sale of Surplus Eqmt	34,870	-	-	-	-	34,870
Proceeds from Sale of Surplus Property	125,000	-	-	-	-	125,000
TOTAL	360,868,667	266,584	-	623,559	-	361,758,810
EXPENDITURES/EXPENSES						
Current:						
Regular Instruction	139,992,844	(101,469)	12,107,956	1,031,422	-	153,030,753
Special Instruction	29,649,440	(4,492)	13,402	218,447	-	29,876,797
Career & Technical Instruction	8,985,654	4,509	363,951	66,203	-	9,420,317
Compensatory Instruction	35,333,345	(7,588)	95,981	260,324	-	35,682,062
Other Instructional Programs	4,949,859	31,363	102,962	36,469	-	5,120,653
Community Services	148,622	-	-	1,095	-	149,717
Support Services	59,942,714	17,884	2,417,346	441,638	-	62,819,582
Student Activities	2,087,909	-	38,628	-	-	2,126,537
Debt Service:						
Principal	39,627,867	-	-	-	(39,627,867)	-
Interest and Other Charges	17,608,995	-	-	-	(2,805,753)	14,803,242
Capital Outlay **	85,797,229	-	(79,420,928)	-	-	6,376,301
TOTAL EXPENDITURES/EXPENSES	424,124,478	(59,793)	(64,280,702)	2,055,598	(42,433,620)	319,405,961
NET CHANGE FOR THE YEAR						
	\$ (63,255,811)	\$ 326,377	\$ 64,280,702	\$ (1,432,039)	\$ 42,433,620	\$ 42,352,849

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 Standards Board (GASB), Statement No. 10 (Risk Financing).

TACOMA SCHOOL DISTRICT NO. 10
PROPRIETARY FUND (The Sound Partnership)
STATEMENT OF NET ASSETS
August 31, 2007

		Governmental Activities
		Internal Service Fund
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$	2,313,601
Investments		10,218,323
Interest Receivable		132,795
Prepaid Insurance		5,833
TOTAL ASSETS		12,670,552
LIABILITIES		
Current Liabilities		
Accounts Payable		3,582,728
TOTAL LIABILITIES		3,582,728
NET ASSETS		
Unrestricted		9,087,824
TOTAL NET ASSETS	\$	9,087,824

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 REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2007

		Governmental Activities
		Internal Service Fund
OPERATING REVENUES		
Premiums Contributions	\$	33,502,459
Miscellaneous Earnings		220,636
TOTAL OPERATING REVENUES		33,723,095
OPERATING EXPENSES		
Benefits Claims		31,445,991
Insurance Premiums		1,795,780
Administrative Expenses		2,446,251
Disease Management		51,428
Working on Wellness		41,485
TOTAL OPERATING EXPENSES		35,780,935
OPERATING INCOME (LOSS)		(2,057,840)
NONOPERATING REVENUES (EXPENSES)		
Investment Earnings		623,559
Net Appreciation in Fair Value of Investments		13,665
Net Loss on Sale of Investments		(11,423)
TOTAL NONOPERATING REVENUES (EXPENSES)		625,801
CHANGE IN NET ASSETS		(1,432,039)
NET ASSETS - BEGINNING		10,519,863
NET ASSETS - ENDING	\$	9,087,824

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, 2007

Governmental Activities
Internal Service Fund

CASH FLOWS FROM OPERATING ACTIVITIES

Premium Contributions	\$ 33,502,459
Miscellaneous Receipts	220,636
Benefits Payments	(32,922,684)
Insurance Premium Payments	(1,795,780)
Administrative	(2,446,251)
Miscellaneous Payments	(92,913)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(3,534,533)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases and Sales of Investments	1,764,577
Interest and Dividends	637,765
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,402,342

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

(1,132,191)

BALANCES - BEGINNING OF THE YEAR**BALANCES - END OF THE YEAR**

3,445,792
\$ 2,313,601

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

Operating Income (Loss)	\$ (2,057,840)
Adjustments to Reconcile Operating Income to Net Cash Provided	
(Used) by Operating Activities:	
(Increase) Decrease in Prepaid Expenses	-
Increase (Decrease) in Liabilities	(1,476,693)

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

\$ (3,534,533)

NONCASH FINANCING AND INVESTING

Depreciation in Fair Value of Investments	(13,665)
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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, 2007

	Private-Purpose Trusts	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 35,613	\$ (24,291)
Accounts Receivable	3,063	-
Investments at Fair Value	320,000	33,000
Accrued Interest Receivable	-	415
TOTAL ASSETS	358,676	9,124
LIABILITIES		
Accounts Payable	16,966	314
Custodial Accounts	-	8,810
TOTAL LIABILITIES	16,966	9,124
NET ASSETS		
Held in Trust for Gifts and Scholarships	341,710	-
TOTAL NET ASSETS	\$ 341,710	\$ -

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, 2007

		Private-Purpose Trusts
ADDITIONS		
Donations	\$	199,393
Total Additions		199,393
DEDUCTIONS		
Scholarships		89,286
Tuition and Fees		3,683
Books and Materials		53,904
Field Trips		21,032
Administrative		10,101
Total Deductions		178,006
Change in Net Assets		21,387
Net Assets, Beginning of the year		320,323
Net Assets, End of the year	\$	341,710

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, 2006 through August 31, 2007

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 8th Street
Tacoma, Washington 98405

B. BASIS OF PRESENTATION

The Tacoma School District's financial reports, as reflected by the accompanying financial statements, conform to generally accepted accounting principals. The 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.

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 2006-07.

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 is valued at cost using the weighted average method perpetual inventory system. 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 conducted annually in August. 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, 2007, the value of the USDA commodities included in this district's inventory was \$150,079.

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' 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, 2007 was \$10,976,882 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, 2007 was \$4,317,816 and reported as long-term liabilities in government-wide financial statements.

The sick leave and vacation liabilities reflect all salary related payments to employees. There are no unrecorded liabilities for employee benefits or post-employment benefits.

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	\$ 2,939,098	\$7,304,300	\$111,970,452	\$107,600,000
Sound Partnership	2,313,601	-	-	10,218,323
Total Government Wide	5,252,699	7,304,300	111,970,452	117,818,323
Fiduciary Funds	11,322	-	353,000	-
Total Deposits & Investments	\$ 5,264,021	\$7,304,300	\$112,323,452	\$117,818,323

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 (\$112,323,452) 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, 2007, the total carrying amount of the district’s investments was \$117,818,323, 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	58.82%
Under one year	41.17%

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 & 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, 2007, 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	\$834,630	\$ 55,676
Capital Projects Fund	47,128	821,512
Special Revenue Fund	5,598	10,168
Total	\$887,356	\$ 887,356

The interfund balances are liquidated on a monthly basis. The purpose of the interfund transfers is to reimburse the general fund and/or other funds for short-term loans. The amounts "Due From" and "Due To" private-purpose trust funds and agencies are combined into one amount (\$6,983) and reclassified as third party receivables/payables in the government-wide financial statements.

Planned transfers between funds are included in the budgeting process. In 2006-07, there was a transfer from the Capital Projects Fund to the Debt Service Fund for the principal payment of the QZAB bonds (\$88,578).

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 \$755,513,487 on August 31, 2007.

Primary Government				
	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 48,050,024	\$ 401,122	\$ -	\$ 48,451,146
Construction-in-Progress	199,238,350	68,397,176	-	267,635,526
Total Capital Assets, not being depreciated	247,288,374	68,798,298	0	316,086,672
Capital assets, being depreciated:				
Building and Improvements	484,950,407	6,815,661	(3,910,702)	487,855,366
Equipment	58,590,784	4,610,692	(2,257,669)	60,943,807
Total Capital assets, being depreciated:	543,541,191	11,426,353	(6,168,371)	548,799,173
Less Accumulated Depreciation for:				
Building and Improvements	(183,013,568)	(9,131,965)	3,148,454	(188,997,079)
Equipment	(42,339,079)	(6,008,261)	2,216,194	(46,131,146)
Total Accumulated Depreciation	(225,352,647)	(15,140,226)	5,364,648	(235,128,225)
Total Capital assets, being depreciated, net	318,188,544	(3,713,873)	(803,723)	313,670,948
Governmental Activities Capital Assets, Net	\$565,476,918	\$ 65,084,425	\$ (803,723)	\$629,757,620

Depreciation expense was charged to governmental activities as follows:

Regular Instruction	\$ 12,107,956
Special Instruction	13,402
Career & Technical Instruction	363,951
Compensatory Instruction	95,981
Other Instruction Programs	102,962
Support Services	2,417,346
Extracurricular Activities (ASB)	38,628
	<u>\$ 15,140,226</u>

Note 5. CONSTRUCTION IN PROGRESS

School	Project	Project Authorization	Accumulated Expenditures to Aug. 31, 2007
Elementary Schools			
Cirque & Alameda	New School	\$ 19,169,377	\$ 44,754
Fern Hill	Modernization	18,142,021	16,704,202
Geiger	Modernization	7,217,387	45,370
Stafford	New School	17,944,940	15,684,532
Total Elementary Schools		<u>62,473,725</u>	<u>32,478,858</u>
Middle Schools			
Gray	New School	31,150,552	5,857,242
Portland Ave	New School	35,267,499	760,297
Total Middle Schools		<u>66,418,051</u>	<u>6,617,539</u>
High Schools			
Foss	Modernization	31,683,169	30,806,615
Lincoln	Modernization	75,251,312	68,842,339
Stadium	Modernization	108,265,834	102,714,802
Wilson	Modernization	28,680,101	26,175,374
Total High Schools		<u>243,880,416</u>	<u>228,539,129</u>
GRAND-TOTAL		<u>\$ 372,772,192</u>	<u>\$ 267,635,526</u>

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, 2006:

Retirement Program	Active Members	Inactive Vested Members	Retired Members
TRS	67,736	7,811	38,252
PERS	155,027	25,610	70,201
SERS	50,818	6,894	2,758

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, 2006, are summarized in the table below:

	7/1/06 Rate as of 7/1/06	7/1/07 Rate as of 7/1/07
TRS 1		
Employee Contribution Rate	0.0600	0.0600
Employer Contribution Rate	0.0292	0.0474
TRS 2		
Employee Contribution Rate	0.0248	0.0301
Employer Contribution Rate	0.0292	0.0474
TRS 3		
Employee Contribution Rate	---	---
Employer Contribution Rate	0.0292*	0.0474*
PERS 1		
Employee Contribution Rate	0.0600	0.0600
Employer Contribution Rate	0.0369	0.0612
PERS 2		
Employee Contribution Rate	0.0350	0.0415
Employer Contribution Rate	0.0369	0.0612
PERS 3		
Employee Contribution Rate	---	---
Employer Contribution Rate	.0369*	.0612*
SERS 2		
Employee Contribution Rate	0.0275	0.0379
Employer Contribution Rate	0.0294	0.0485
SERS 3		
Employee Contribution Rate	---	---
Employer Contribution Rate	.0294*	.0485*

* = Defined benefit portion only.

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

<u>Plan</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
Plan I TRS	\$ 935,429	\$ 647,920	\$ 352,803
Plan II TRS	940,727	577,371	266,879
Plan III TRS	3,530,815	1,912,762	873,946
 Plan I PERS	 \$ 118,193	 \$ 79,613	 \$ 67,309
Plan II SERS	705,327	318,557	187,888
Plan III SERS	645,647	275,638	145,268

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, 2007, comprehensive annual financial report. Refer to said report for detailed trend information. It is available from:

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

Note 7. LONG-TERM DEBT

A. CHANGES IN LONG-TERM LIABILITIES

Bonds payable at August 31, 2007 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 payments are liquidated by the general fund. Besides the long-term liabilities, the district also has short-term liabilities such as general accounts payable, wages and benefits payable, and deferred revenues. Those are on-going liabilities and will liquidate within one year. The district does not have conduit debt or hold demand bonds.

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One Year
GOVERNMENT ACTIVITIES					
Bonds and Contracts Payable:					
1999 QZAB	3,280,000	-	-	3,280,000	-
2000 QZAB	1,417,230	-	88,578	1,328,652	88,578
2001 UTGO Bonds	43,500,000	-	5,135,000	38,365,000	7,875,000
2003 UTGO Bonds	86,150,000	-	9,250,000	76,900,000	4,300,000
2005 Refunding of 2001 UTGO	149,350,000	-	620,000	148,730,000	640,000
2005 UTGO Bonds	42,890,000	-	-	42,890,000	-
2005B UTGO Bonds	55,000,000	-	24,300,000	30,700,000	10,200,000
Total Bonds and Contracts Payable	<u>381,587,230</u>	<u>-</u>	<u>39,393,578</u>	<u>342,193,652</u>	<u>23,103,578</u>
Other Liabilities:					
Capital Leases	391,104	-	234,289	156,815	156,815
Unamortized Bond Premium	23,379,716	-	2,999,163	20,380,553	2,396,799
Compensated Absences	15,354,491	1,339,584	1,399,377	15,294,698	1,494,408
Total Other Liabilities	<u>39,125,311</u>	<u>1,339,584</u>	<u>4,632,829</u>	<u>35,832,066</u>	<u>4,048,022</u>
GRAND-TOTAL	<u>\$ 420,712,541</u>	<u>\$ 1,339,584</u>	<u>\$44,026,407</u>	<u>\$378,025,718</u>	<u>\$ 27,151,600</u>

During the year ending August 31, 2007, the following changes occurred in liabilities reported in the government-wide financial statements:

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	\$ 14,547		\$ 2,728	\$ 11,819
2000 Qualified Zone Academy Bonds	1,265		203	1,062
2001 Unlimited Tax GO Bonds	365,112		91,278	273,834
2003 Unlimited Tax GO Bonds	496,261		32,542	463,719
2005A Unlimited Tax GO Bonds	903,043		49,482	853,561
2005B Unlimited Tax GO Bonds	280,538		17,176	263,362
	<u>\$ 2,060,766</u>	<u>\$ -</u>	<u>\$ 193,409</u>	<u>\$ 1,867,357</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	\$ -	\$ -	\$ -	\$ 10,879,349
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	179,389
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	\$ -	\$ -	\$ -	\$ 6,627,063
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	3,667,598
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)
	\$ 38,383,283	\$ 29,725,187	\$ 6,627,063	

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	\$ -	\$ -	\$ -	17,519,868
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	13,270,792
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
	\$195,360,000	\$127,636,091	\$17,519,868	

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	\$ -	\$ -	\$ -	1,853,628
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	643,489
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	-
	<u>\$ 11,340,556</u>	<u>\$ 9,486,929</u>	<u>\$ 1,853,628</u>	

D. DEBT SERVICE REQUIREMENT TO MATURITY

<u>Year Ending</u>	<u>UTGO & QZAB Bonds</u>		<u>Conditional Sales (*)</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
August 31,					
2008	23,103,578	16,163,918	156,815	1,769	39,426,080
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
<hr/>					
TOTAL	\$342,193,652	\$145,101,454	\$ 156,815	\$ 1,769	\$ 487,453,690

(*) Capitalized leases for the buildings of the School of the Arts; leases are for five years. Rates and amounts are as follows: \$355,177 at 1.40%, \$354,411 at 1.80%, \$353,648 at 2.20%, \$352,886 at 2.60%, and \$352,128 at 3.00%.

E. CAPITAL LEASES

The district exercised its option to purchase the building located at 1950 Pacific Avenue in September 2006, leaving it with a single capital lease for the School of the Arts site at 1117 Broadway Avenue. The remaining capital lease has been restated based on an updated payment schedule, and can be classified as follows:

	<u>Carrying Value</u>
	<u>As of August 31, 2007</u>
Buildings	\$1,244,809
Less Accumulated Depreciation	(165,224)
Total	\$1,079,585

The future minimum lease obligations and the net present value of the minimum lease payments as of August 31, 2007 were as follows:

	<u>Government Activities</u>
2007-08	\$ 158,584
Less interest	(1,769)
Present value of minimum lease payments	\$ 156,815

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, 2007.

Year Ending August 31	Amount
2007	392,000
2008	353,400
2009	<u>135,000</u>
Minimum payments required	\$ 880,400

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	
2006	\$454,407	\$698,200	\$312,154	\$840,453
2007	840,453	393,792	364,659	869,586

An adjustment was made in the 2006 figures on this table to correct the additions column from the figure presented previously of \$696,790 to \$698,200. This also changed the ending balance of 2006 from \$839,043 to \$840,453.

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.

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 property and liability insurance coverage. For the period of September 1, 2006 to August 31, 2007, 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 \$15 million per occurrence; \$8 million per occurrence for sexual molestation.

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 97 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 \$32,977,196 in 2006-07 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, 2007 were respectively \$12,670,552 and \$3,582,728.

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 \$31,204,830, and the total contributions from participants were \$33,502,459 during fiscal year 2006-07.

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

	Year Ended	
	8/31/2007	8/31/2006
Amounts Currently Payable for Claims Participants		
Balance at beginning of year	\$ 2,224,288	\$ 1,469,646
Claims reported & approved for payment	31,204,830	30,130,466
Claims Paid	(33,329,318)	(29,375,824)
Balance at End of Year	<u>99,800</u>	<u>2,224,288</u>
Other Obligations for Current Benefit Coverage at Estimated Amounts		
Balance at beginning of year	2,746,500	2,812,107
Net Change during the year	656,200	(65,607)
Balance at End of Year	<u>3,402,700</u>	<u>2,746,500</u>
Plan's Total Benefit Obligation at End of Year	<u>\$ 3,502,500</u>	<u>\$ 4,970,788</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.

The Washington State House Bill No. 1721 requires the Sound Partnership to pay the state Health Care Authority (state agency providing health and welfare to state employees) \$55.15 per month per full time equivalent employee. This amount is subject to change annually.

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

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

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

1. Cost of capital assets	\$864,885,845
Accumulated Depreciation	(235,128,225)
Net	\$629,757,620

2. **\$1,867,357** – Unamortized Bond Issuance Costs – In governmental funds, bond issuance costs were charged to expenditures, while the unamortized bond issuance costs are shown as deferred charges on the Statement of Net Assets. Refer to Note 7B (Unamortized bond issuance costs).
3. Long-term liabilities of **\$378,025,718** (due within one year: \$27,151,600, due more than one year: \$350,874,118) applicable to the district’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities – both current and long-term – are reported in the Statement of Net Assets.
4. Property tax levies (**\$54,337,501**) that will not be collected for several months after year-end and are not considered “available.” Therefore, they are reported as unearned revenue in governmental funds.
5. Due To and Due From (**\$887,356**) – 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 (\$6,983).
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 **\$12,670,552** and **\$3,582,728**) 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. **\$266,584** – 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 **\$59,793** represents the current year decrease in compensated absences which are not reported in governmental funds. This amount is reported in the Statement of Activities as a reduction of 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	\$79,420,928
Depreciation Expense	<u>(15,140,226)</u>
Difference	\$ 64,280,702

- b. Governmental Funds Financial Statements report capital outlay as expenditures while Government-Wide Financial Statements report depreciation expense (\$15,012,027) allocated to various applicable programs.
4. Repayment of bond principal **\$39,627,867** was reported as an expenditure 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. **\$2,805,754** – 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	\$2,999,163
Current year amortization/bond issuance costs	<u>(193,409)</u>
	\$2,805,754

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 (\$2,055,598), except investment income (\$623,559) is shown as investment earnings under miscellaneous revenues.

Note 11. FUND EQUITY (GOVERNMENTAL FUNDS)

Changes in Undesignated Fund Balances					
	General Fund	Special Revenue Fund (ASB)	Debt Service	Capital Projects Fund	Trans Vehicle Fund
Undesignated Unres.Fund Bal.8/31/06	\$ 444,099	\$ 1,839,427	\$15,853,366	\$ 1,736,916	\$1,741,151
Decr./Incr.) Res for Inventory	1,815,794	(51,935)		(24,834,268)	
Decr./Incr.) Res for Encumbrances	1,748,127	(46,366)			
Decr./Incr.) Res for Arbitrage Rebate				791,467	
Decr./Incr.) Res for Carryover	(2,287,044)			(34,614,978)	
Decr./Incr.) Res for Student Achvmnt	1,630,998				
Decr./Incr.) Res for Other Cash Items	(2,962,680)				
Decr./Incr.) Res for Curr & Instruction	4,639,559				
Decr./Incr.) Res for Self-Insurance	-				
Decr./Incr.) Res for Future Use	1,700,000				
Changes in Fund Balances	(5,901,488)	210,315	(12,183,085)	59,462,833	95,265
Undesignated Unres.Fund Bal.8/31/07	\$ 827,365	\$ 1,951,441	\$ 3,670,281	\$ 2,541,970	\$1,836,416

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.

Note 15. SUBSEQUENT EVENTS

The district closed the sale of surplus property at the Rogers elementary school site on December 29, 2007 for \$1.6M.

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, 2007

	BUDGETED AMOUNTS		ACTUAL AMOUNT	VARIANCE WITH FINAL BUDGET POSITIVE(NEGATIVE)
	ORIGINAL *	FINAL *		
REVENUES				
Local	\$ 71,372,663	\$ 71,372,663	\$ 73,761,011	\$ 2,388,348
State	175,950,313	175,950,313	174,288,248	(1,662,065)
Federal	36,182,551	36,182,551	37,087,941	905,390
Other	921,647	921,647	1,362,413	440,766
Total Revenues	284,427,174	284,427,174	286,499,613	2,072,439
EXPENDITURES				
CURRENT				
Regular Instruction	144,468,371	144,468,371	139,992,844	4,475,527
Special Education	31,540,471	31,540,471	29,649,440	1,891,031
Career & Technical Education	9,184,583	9,184,583	8,985,654	198,929
Compensatory Education	37,591,906	37,591,906	35,333,345	2,258,561
Other Instructional Programs	7,193,760	7,193,760	4,949,859	2,243,901
Community Services	104,000	104,000	148,622	(44,622)
Support Services	58,261,297	58,261,297	59,942,714	(1,681,417)
CAPITAL OUTLAY				
Other	2,994,092	2,994,092	852,885	2,141,207
Total Expenditures	291,338,480	291,338,480	279,855,363	11,483,117
Excess of Revenues Over (Under) Expenditures				
	(6,911,306)	(6,911,306)	6,644,250	13,555,556
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	-	-	23,770	23,770
Total Other Financing Sources (Uses)	-	-	23,770	23,770
CHANGE IN FUND BALANCE	(6,911,306)	(6,911,306)	6,668,020	13,579,326
FUND BALANCE-September 1	19,734,606	28,051,767	28,051,767	19,734,606
FUND BALANCE -August 31	\$ 12,823,300	\$ 21,140,461	\$ 34,719,787	\$ 33,313,932

* 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, 2007

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL *	FINAL *		
REVENUES				
General	\$ 1,786,450	\$ 1,786,450	\$ 1,114,454	\$ (671,996)
Athletics	263,680	263,680	176,983	(86,697)
Classes	474,403	474,403	209,801	(264,602)
Clubs	1,628,466	1,628,466	569,911	(1,058,555)
Private Monies	242,334	242,334	30,473	(211,861)
Total Revenues	4,395,333	4,395,333	2,101,622	(2,293,711)
EXPENDITURES				
General	1,621,600	1,621,600	1,188,781	432,819
Athletics	305,634	305,634	115,689	189,945
Classes	376,355	376,355	181,619	194,736
Clubs	1,427,046	1,427,046	555,988	871,058
Private Monies	241,450	241,450	45,832	195,618
Total Expenditures	3,972,085	3,972,085	2,087,909	1,884,176
Changes in Fund Balance	423,248	423,248	13,713	(409,535)
FUND BALANCE - September 1	2,061,031	2,061,031	2,061,031	
FUND BALANCE - August 31	\$ 2,484,279	\$ 2,484,279	\$ 2,074,744	\$ (409,535)

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

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, 2007 AND 2006

	2007	2006
ASSETS		
Cash on Hand and in Bank	\$ 103,629	\$ 251,385
Cash on Deposit with County Treasurer	1,525,531	2,435,062
Investments	8,600,000	-
Time Deposits	49,254,300	50,220,000
Property Tax Receivable	32,741,536	31,542,852
Accounts Receivable, Net	576,876	284,524
Due From Other Funds	841,613	870,117
Due From Other Governmental Units	5,215,006	2,938,506
Inventories, at Cost	4,463,516	2,647,721
Prepaid Items	-	150
TOTAL ASSETS	103,322,007	91,190,317
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	8,480,207	8,362,490
Accrued Wages and Benefits Payable	23,370,168	18,574,983
Other Liabilities - Property/Liability Insurance	3,400,936	3,596,036
Due To Other Funds	55,676	36,762
Unearned Revenue	33,295,233	32,568,279
TOTAL LIABILITIES	68,602,220	63,138,550
Fund Balance:		
Reserve for Inventory	4,463,516	2,647,721
Reserve for Encumbrances	4,061,538	2,313,411
Unreserved:		
Designated for Self Insurance	1,500,000	1,500,000
Designated for Curriculum & Instruction	10,975,205	6,335,646
Designated for Other Items	2,446,206	5,408,886
Designated for Budget Carryover	3,105,048	5,392,092
Designated for Student Achievement	3,140,910	1,509,912
Unreserved, Designated for Future Use	4,200,000	2,500,000
Unreserved	827,364	444,099
TOTAL FUND BALANCE	34,719,787	28,051,767
TOTAL LIABILITIES AND FUND BALANCE	\$ 103,322,007	\$ 91,190,317

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, 2007
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2006)

	2007			2006
	BUDGET	ACTUAL	VARIANCE POSITIVE(NEGATIVE)	ACTUAL
REVENUES				
Local	\$ 71,372,663	\$ 73,761,011	\$ 2,388,348	\$ 69,629,972
State	175,950,313	174,288,248	(1,662,065)	167,990,989
Federal	36,182,551	37,087,941	905,390	37,504,916
Other	921,647	1,362,413	440,766	1,375,776
TOTAL REVENUES	284,427,174	286,499,613	2,072,439	276,501,653
EXPENDITURES				
CURRENT				
Regular Instruction	144,468,371	139,992,844	4,475,527	132,888,574
Special Education	31,540,471	29,649,440	1,891,031	28,550,134
Career & Technical Instruction	9,184,583	8,985,654	198,929	9,230,191
Compensatory Instruction	37,591,906	35,333,345	2,258,561	34,112,362
Other Instructional Programs	7,193,760	4,949,859	2,243,901	5,068,887
Community Services	104,000	148,622	(44,622)	80,803
Support Services	58,261,297	59,942,714	(1,681,417)	57,071,240
CAPITAL OUTLAY				
Other	2,994,092	852,885	2,141,207	1,191,708
TOTAL EXPENDITURES	291,338,480	279,855,363	11,483,117	268,193,899
Excess of Revenues Over (Under) Expenditures	(6,911,306)	6,644,250	13,555,556	8,307,754
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	-	23,770	23,770	9,407
Total Other Financing Sources (Uses)	-	23,770	23,770	9,407
Net Change in Fund Balance	(6,911,306)	6,668,020	13,579,326	8,317,161
FUND BALANCE-September 1	28,051,767	28,051,767	-	19,734,606
FUND BALANCE -August 31	\$ 21,140,461	\$ 34,719,787	\$ 13,579,326	\$ 28,051,767

* 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, 2007
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2006)

DESCRIPTION	2007		VARIANCE FAVORABLE (UNFAVORABLE)	2006 ACTUAL
	BUDGET	ACTUAL		
1000 LOCAL TAXES				
1100 Local Property Tax	\$ 64,190,548	\$ 64,629,970	\$ 439,422	\$ 61,709,167
1300 Sale of Tax Title Property	1,941	12,873	10,932	22,174
TOTAL LOCAL TAXES	64,192,489	64,642,843	450,354	61,731,341
2000 LOCAL NON-TAX				
2100 Tuition & Fees, Unassigned	886,340	789,794	(96,546)	707,324
2101 Full Day Kindergarten Fees	40,000	53,281	13,281	58,118
2121 Special Ed Pre-School Tuition	30,000	43,091	13,091	34,250
2173 Summer School Tuition	185,000	60,216	(124,784)	83,178
2203 Sales of Sup. & Mat. Other	1,500	1,895	395	(9,663)
2204 Sales of Supplies & Materials Recovery	102,071	106,116	4,045	117,017
2210 Other Storeroom Sales	23,147	15,638	(7,509)	11,404
2220 Copy Center Reimbursements	75,000	95,416	20,416	87,291
2231 Secondary CTE Sales of Goods	60,000	51,567	(8,433)	62,634
2291 Food Service Sales	2,236,715	2,370,634	133,919	2,306,879
2292 Food Service Sales - Fed Programs	40,429	64	(40,365)	7
2294 Food Serv. Sales - Special Events	177,117	48,866	(128,251)	125,738
2296 Food Service Sales - Breakfast	55,129	142,600	87,471	96,730
2300 Investment Earnings	1,000,000	2,580,507	1,580,507	1,602,077
2500 Gifts & Donations	3,500	118,642	115,142	139,860
2600 Fines & Damages	86,965	58,307	(28,658)	62,777
2700 Facility Rental	400,000	500,390	100,390	436,353
2701 Facility Rental - Computer Lab Fees	-	1,750	1,750	-
2702 Facility Rental - Utility Surcharge	-	10,306	10,306	-
2900 Local Non-Tax Unassigned	1,697,261	2,052,154	354,893	1,886,958
2910 E-Rate	80,000	16,934	(63,066)	89,699
TOTAL LOCAL NONTAX	\$ 7,180,174	\$ 9,118,168	\$ 1,937,994	\$ 7,898,631

* 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, 2007
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2006)

DESCRIPTION	2007		VARIANCE FAVORABLE (UNFAVORABLE)	2006 ACTUAL
	BUDGET	ACTUAL		
3000 STATE FUNDS, GENERAL PURPOSE				
3100 Apportionment	\$ 128,566,058	\$ 129,966,045	\$ 1,399,987	\$ 126,306,194
3300 Local Effort Assistance	3,667,819	4,132,587	464,768	4,855,353
TOTAL STATE, GENERAL PURPOSE	132,233,877	134,098,632	1,864,755	131,161,547
4000 STATE FUNDS, SPECIAL PURPOSE				
4100 Special Purpose, Unassigned	4,655,742	637,461	(4,018,281)	629,832
4121 Ed. of Handicapped Children	15,060,025	15,638,112	578,087	15,137,511
4155 Learning Assistance Program	3,922,107	4,001,228	79,121	3,349,752
4156 State Inst Strs & Homes Delinquent	1,297,800	1,192,822	(104,978)	1,302,404
4158 Special Pilot Programs	158,050	499,447	341,397	507,519
4163 Promoting Academic Success	789,154	151,410	(637,744)	107,689
4165 Transitional Bilingual	1,576,716	1,515,186	(61,530)	1,487,438
4166 Student Achievement	10,758,885	10,789,912	31,027	8,868,705
4174 Highly Capable	204,442	206,430	1,988	202,701
4198 School Food Service	307,840	317,445	9,605	158,113
4199 Transportation - Operations	4,787,962	5,043,230	255,268	4,833,804
4300 Other State Agencies - Unassigned	197,713	196,934	(779)	243,974
TOTAL STATE, SPECIAL PURPOSE	43,716,436	40,189,617	(3,526,819)	36,829,442
5000 FEDERAL FUNDS, GEN PURPOSE				
5200 Direct Federal Revenue - Unassigned	215,249	244,963	29,714	249,628
5400 Federal In-Lieu-Of Taxes	-	111,513	111,513	131,852
5500 Federal Forests	80,000	77,728	(2,272)	79,310
TOTAL FEDERAL, GENERAL PURPOSE	\$ 295,249	\$ 434,204	\$ 138,955	\$ 460,790
6000 FEDERAL, SPECIAL PURPOSE				
6100 Special Purpose, Unassigned	-	100,000	100,000	125,000
6121 Federal Special Purpose - Medical	236,000	456,855	220,855	369,270
6124 H/C, Supplemental, IDEA, Part B	6,686,494	7,341,736	655,242	7,125,783
6138 Career & Technical Education	383,451	402,070	18,619	369,703

TACOMA SCHOOL DISTRICT NO. 10
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2007
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2006)

DESCRIPTION	2007		VARIANCE FAVORABLE (UNFAVORABLE)	2006 ACTUAL
	BUDGET	ACTUAL		
6151 Disadvantaged, Federal Title I	\$ 10,870,058	\$ 10,353,649	\$ (516,409)	\$ 10,114,964
6152 School Improvement, Federal Title II	2,863,474	3,055,750	192,276	3,260,030
6153 Migrant, Title I	30,049	15,813	(14,236)	40,360
6154 Reading First, Title I	1,880,975	1,780,988	(99,987)	1,579,570
6157 Inst. Neg. & Del., Title I	53,695	52,553	(1,142)	61,224
6164 Limited English Proficiency	190,000	268,085	78,085	336,228
6189 Other Community Services	104,000	133,514	29,514	80,803
6191 Regular Lunch Reimbursement	191,717	207,490	15,773	202,630
6192 Red. Price Lunch Reimbursement	804,031	748,299	(55,732)	791,817
6193 Free Lunch reimbursement	4,048,289	4,217,370	169,081	4,014,953
6195 Reg. Breakfast Program Reimbursement	31,251	24,186	(7,065)	47,238
6196 Red. Price Breakf. Prog. Reimbursement	159,367	182,987	23,620	195,813
6197 Free Breakfast Program Reimbursement	1,160,371	1,366,936	206,565	1,364,148
6198 Food Services-Free Snack Reimbursement	43,664	51,159	7,495	40,999
6200 Direct Special Purpose Grants	445,476	488,436	42,960	606,753
6261 Head Start	4,793,405	4,663,737	(129,668)	4,926,026
6268 Indian Education	333,138	221,272	(111,866)	577,900
6300 Fed Grants Thru Other Agencies	28,864	26,489	(2,375)	173,346
6352 School Improvement	-	0	-	58,556
6354 Reading First	61,775	58,513	(3,262)	74,496
6998 USDA Commodities	487,758	435,849	(51,909)	506,516
TOTAL FEDERAL, SPECIAL PURPOSE	35,887,302	36,653,736	766,434	37,044,126
7000 REVENUES FROM OTHER DISTRICTS				
7121 Special Education	900,000	774,167	(125,833)	1,034,840
TOTAL REVENUES FROM OTHER DISTRICTS	900,000	774,167	(125,833)	1,034,840
8000 REVENUES FROM OTHER AGENCIES				
8100 Agency & Association Grants	21,647	588,246	566,599	340,936
TOTAL REVENUES FROM OTHER AGENCIES	21,647	588,246	566,599	340,936
TOTAL REVENUES	284,427,174	286,499,613	2,072,439	276,501,653
9000 OTHER FINANCING SOURCES				
9300 Sale of surplus equipment	-	23,770	23,770	9,407
TOTAL OTHER FINANCING SOURCES	-	23,770	23,770	9,407
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 284,427,174	\$ 286,523,383	\$ 2,096,209	\$ 276,511,060

TACOMA SCHOOL DISTRICT NO. 10
GENERAL FUND
SCHEDULE OF EXPENDITURES BY PROGRAM
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2007

PROGRAM NUMBER AND DESCRIPTION	2007		VARIANCE POSITIVE (NEGATIVE)	PERCENT EXPENDED
	BUDGET	ACTUAL		
01 Basic Education	\$ 145,443,844	\$ 140,029,652	\$ 5,414,192	% 96.28
21 Special Ed, Basic, State	24,899,477	22,310,919	2,588,558	89.60
24 Special Ed, Supplemental, Federal	6,686,494	7,340,477	(653,983)	109.78
31 Career & Technical Instruction, State	9,187,198	8,715,971	471,227	94.87
38 Career & Technical Instruction, Federal	366,238	385,389	(19,151)	105.23
51 Disadvantaged, Federal Title I	10,389,775	9,883,027	506,748	95.12
52 School Improvement, Federal Title II	2,746,953	2,935,453	(188,500)	106.86
53 Migrant, Federal	28,700	15,104	13,596	52.63
54 Reading First, Federal	1,879,142	1,779,495	99,647	94.70
55 Learning Assistance, State	3,746,042	3,810,127	(64,085)	101.71
56 Institutions, State	1,239,542	1,137,143	102,399	91.74
57 Institutions, Federal	51,285	50,250	1,035	97.98
58 Special & Pilot Programs, State	141,620	459,282	(317,662)	324.31
61 Head Start, Federal	4,249,640	4,252,259	(2,619)	100.06
63 Promoting Academic Success, State	753,729	374,770	378,959	49.72
64 Limited English Proficiency, Federal	186,275	262,829	(76,554)	141.10
65 Transitional Bilingual, State	1,576,716	1,517,822	58,894	96.26
66 Student Achievement, State	10,275,917	8,674,554	1,601,363	84.42
68 Indian Education, Federal	318,183	211,960	106,223	66.62
69 Compensatory Education, Other	46,637	14,032	32,605	30.09
73 Summer School	236,000	140,279	95,721	59.44
74 Highly Capable	247,552	294,747	(47,195)	119.06
79 Instructional Programs, Other	7,761,553	4,530,393	3,231,160	58.37
89 Other Community Services	104,000	148,622	(44,622)	142.91
97 District-wide Support	39,630,573	41,752,016	(2,121,443)	105.35
98 Food Services	10,000,741	9,980,145	20,596	99.79
99 Pupil Transportation	9,144,654	8,848,648	296,007	96.76
TOTAL EXPENDITURES	\$ 291,338,480	\$ 279,855,363	\$ 11,483,116	% 96.06

* 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, 2007

ACTIVITY NUMBER AND DESCRIPTION		2007		VARIANCE POSITIVE (NEGATIVE)	PERCENT EXPENDED
		BUDGET	ACTUAL		
ADMINISTRATION					
11	Board of Directors	\$ 357,679	\$ 801,650	(443,971)	% 224.13
12	Superintendent's Office	1,064,397	1,229,912	(165,515)	115.55
13	Business Office	2,894,124	2,669,275	224,849	92.23
14	Human Resources	3,194,146	3,095,758	98,388	96.92
15	Public Relations	133,201	140,726	(7,525)	105.65
TOTAL ADMINISTRATION		7,643,547	7,937,321	(293,774)	103.84
INSTRUCTION					
21	Supervision	7,498,247	7,566,390	(68,143)	100.91
22	Learning Resources	5,417,079	5,351,466	65,613	98.79
23	Principal's Office	19,232,665	18,847,803	384,862	98.00
24	Guidance and Counseling	7,438,891	7,380,030	58,861	99.21
25	Pupil Mgmt & Safety	3,746,110	4,002,479	(256,369)	106.84
26	Health Services	12,012,805	11,875,958	136,847	98.86
27	Teaching	176,108,052	162,893,916	13,214,136	92.50
28	Extra Curricular	2,800,810	3,141,801	(340,991)	112.17
TOTAL INSTRUCTION		234,254,659	221,059,843	13,194,816	94.37
FOOD SERVICE					
41	Supervision	626,577	577,318	49,259	92.14
42	Food	3,613,873	3,996,233	(382,360)	110.58
44	Operations	5,952,731	5,652,918	299,813	94.96
49	Nutrition Services Transfers	(192,440)	(246,324)	53,884	128.00
TOTAL FOOD SERVICE		10,000,741	9,980,145	20,596	99.79
PUPIL TRANSPORTATION					
51	Supervision	633,837	639,202	(5,365)	100.85
52	Operations	8,760,781	8,043,601	717,180	91.81
53	Maintenance	101,500	272,661	(171,161)	268.63
59	Transportation Services Transfers	(655,567)	(406,228)	(249,339)	
TOTAL PUPIL TRANSPORTATION		\$ 8,840,551	\$ 8,549,236	291,315	% 96.70

* 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, 2007**

ACTIVITY NUMBER AND DESCRIPTION		2007		VARIANCE POSITIVE (NEGATIVE)	PERCENT EXPENDED
		BUDGET	ACTUAL		
MAINTENANCE & OPERATIONS					
61	Supervision	\$ 833,562	\$ 777,860	\$ 55,702	% 93.32
62	Grounds Care	1,333,000	1,619,816	(286,816)	121.52
63	Operation of Plant	11,385,836	11,587,937	(202,101)	101.78
64	Plant	3,796,238	4,504,420	(708,182)	118.65
65	Utilities	7,420,093	7,573,281	(153,188)	102.06
67	Plant Security	614,386	551,947	62,439	-
68	Insurance	90,000	35,672	54,328	39.64
TOTAL MAINTENANCE & OPERATIONS		25,473,115	26,650,933	(1,177,818)	104.62
OTHER SUPPORT SERVICES					
72	Information Services	4,232,030	5,196,173	(964,143)	122.78
73	Printing	197,218	(12,829)	210,047	(6.51)
74	Warehouse & Distributions	592,619	345,919	246,700	58.37
TOTAL OTHER SUPPORT SERVICES		5,021,867	5,529,263	(507,396)	110.10
PUBLIC ACTIVITIES					
91	Public Activities	104,000	148,622	(44,622)	142.91
TOTAL GENERAL FUND		\$ 291,338,480	\$ 279,855,363	\$ 11,483,117	% 96.06

TACOMA SCHOOL DISTRICT NO. 10
GENERAL FUND
SCHEDULE OF EXPENDITURES BY OBJECT
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2007

OBJECT NUMBER AND DESCRIPTION	2007		VARIANCE POSITIVE (NEGATIVE)	PERCENT EXPENDED
	BUDGET	ACTUAL		
0 Debit Transfer	\$ 2,574,459	\$ 2,410,496	\$ 163,963	% 93.63
1 Credit Transfer	(2,574,459)	(2,410,496)	(163,963)	93.63
2 Certificated Salaries	139,104,841	135,291,583	3,813,258	97.26
3 Classified Salaries	51,539,382	47,829,575	3,709,807	92.80
4 Employee Benefits	59,992,639	57,841,771	2,150,868	96.41
5 Supplies & Materials	16,024,573	15,499,561	525,012	96.72
7 Contractual Services	21,110,346	21,990,446	(880,100)	104.17
8 Travel	572,607	549,542	23,065	95.97
9 Capital Outlay	2,994,092	852,885	2,141,207	28.49
TOTAL GENERAL FUND	\$ 291,338,480	\$ 279,855,363	\$ 11,483,117	% 96.06

* 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, 2007 AND 2006**

	2007	2006
ASSETS		
Cash on Hand and in Bank	\$ 42,028	\$ 60,840
Cash on Deposit with County Treasurer	20,911	3,260
Accounts Receivable	4,986	9,948
Time Deposits	2,154,300	2,150,000
Accrued Interest Receivable	20,162	17,432
Due From Other Funds	5,598	30,399
Inventory - Schools	75,481	127,416
TOTAL ASSETS	2,323,466	2,399,295
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	108,714	154,710
Due To Other Funds	10,168	40,587
Unearned Revenue	129,840	142,967
Total Liabilities	248,722	338,264
Fund Balance:		
Reserve for Inventory	75,481	127,416
Reserve for Encumbrances	47,822	94,188
Unreserved Fund Balance	1,951,441	1,839,427
Total Fund Balance	2,074,744	2,061,031
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,323,466	\$ 2,399,295

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, 2007
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2006)

	2007			2006
	BUDGET	ACTUAL	VARIANCE POSITIVE(NEGATIVE)	ACTUAL
REVENUES				
General	\$ 1,786,450	\$ 1,114,454	\$ (671,996)	\$ 1,222,869
Athletics	263,680	176,983	(86,697)	169,560
Classes	474,403	209,801	(264,602)	201,377
Clubs	1,628,466	569,911	(1,058,555)	726,397
Private Monies	242,334	30,473	(211,861)	66,736
Total Revenues	4,395,333	2,101,622	(2,293,711)	2,386,939
EXPENDITURES				
General	1,621,600	1,188,781	432,819	912,254
Athletics	305,634	115,689	189,945	239,154
Classes	376,355	181,619	194,736	231,635
Clubs	1,427,046	555,988	871,058	743,715
Private Monies	241,450	45,832	195,618	46,210
Total Expenditures	3,972,085	2,087,909	1,884,176	2,172,968
Changes in Fund Balance	423,248	13,713	(409,535)	213,971
FUND BALANCE - September 1	2,061,031	2,061,031	-	1,847,060
FUND BALANCE - August 31	\$ 2,484,279	\$ 2,074,744	\$ (409,535)	\$ 2,061,031

* 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, 2007 AND 2006**

	2007	2006
ASSETS		
Cash on Deposit with County Treasurer	\$ 216,466	\$ 298,329
Time Deposits	3,413,000	15,355,000
Property Tax Receivable	21,574,283	22,461,379
Accrued Interest Receivable	40,815	200,037
TOTAL ASSETS	25,244,564	38,314,745
LIABILITIES AND FUND BALANCE		
Liabilities:		
Unearned Revenue-Taxes Receivable	21,574,283	22,461,379
Total Liabilities	21,574,283	22,461,379
Fund Balance:		
Unreserved Fund Balance	3,670,281	15,853,366
Total Fund Balance	3,670,281	15,853,366
TOTAL LIABILITIES AND FUND BALANCE	\$ 25,244,564	\$ 38,314,745

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, 2007
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2006)

	2007			2006
	BUDGET	ACTUAL	VARIANCE POSITIVE(NEGATIVE)	ACTUAL
REVENUES				
Local Taxes	\$ 44,107,685	\$ 44,238,901	\$ 131,216	\$ 43,786,896
Local Non-Tax	625,000	488,423	(136,577)	530,456
Total Revenues	44,732,685	44,727,324	(5,361)	44,317,352
EXPENDITURES				
DEBT SERVICE				
Principal Payment	39,393,578	39,393,578	-	26,938,578
Interest Expense	17,603,713	17,603,713	-	16,771,322
Bond Transfer Fees	250,000	1,695	248,305	2,095
Total Expenditures	57,247,291	56,998,986	248,305	43,711,995
Excess of Revenues Over Expenditures	(12,514,606)	(12,271,662)	242,944	605,357
OTHER FINANCING SOURCES(USES)				
Bond Premium	-	-	-	1,561,639
Transfers	88,578	88,578	-	88,578
Total Other Financing Sources	88,578	88,578	-	1,650,217
Changes in Fund Balance	(12,426,028)	(12,183,084)	242,944	2,255,574
FUND BALANCE - September 1	15,853,365	15,853,365	-	13,597,791
FUND BALANCE -August 31	\$ 3,427,337	\$ 3,670,281	\$ 242,944	\$ 15,853,365

* 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, 2007 AND 2006**

	2007	2006
ASSETS		
Cash on Hand and in Bank	\$ 10,000	\$ 10,000
Cash on Deposit with County Treasurer	1,009,716	992,871
Investments	99,000,000	149,563,488
Time Deposits	55,336,852	63,241,230
Cash Held by Trustee:		
Construction Retainage Escrow	7,304,300	5,882,889
Property Tax Receivable	21,682	66,686
Accrued Interest Receivable	4,540,957	7,446,124
Due From Other Funds	47,128	8,919
Due From Other Governmental Units	-	30,518
Accounts Receivable	125,000	-
TOTAL ASSETS	167,395,635	227,242,725
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	7,067,274	10,432,103
Retainage Payable	7,304,300	5,882,889
Due to Other Funds	821,512	827,455
Unearned Revenue-Taxes Receivable	21,682	66,686
TOTAL LIABILITIES	15,214,768	17,209,133
FUND BALANCE		
Reserve for Encumbrances	36,331,984	61,166,252
Reserve for Arbitrage Rebate	791,467	-
Reserve for Construction	83,971,486	111,380,904
Reserve for Technology	28,543,960	35,749,520
Unreserved, Designated for Contingency	2,541,970	1,736,916
TOTAL FUND BALANCE	152,180,867	210,033,592
TOTAL LIABILITIES AND FUND BALANCE	\$ 167,395,635	\$ 227,242,725

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, 2007
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2006)

	2007			2006
	BUDGET	ACTUAL	VARIANCE POSITIVE(NEGATIVE)	ACTUAL
REVENUES				
Local Taxes	\$ -	\$ 24,340	\$ 24,340	\$ 116,325
Local Non-Tax	5,920,190	10,147,571	4,227,381	8,823,319
State, Special Purpose	18,947,312	16,779,159	(2,168,153)	22,558,737
TOTAL REVENUES	24,867,502	26,951,070	2,083,568	31,498,381
EXPENDITURES				
Capital Outlay				
Sites	4,452,997	7,311,927	(2,858,930)	8,386,302
Buildings	115,906,246	66,546,742	49,359,504	81,160,188
Equipment	14,353,162	10,743,672	3,609,490	9,359,739
Bond Issuance	-	-	-	291,989
Debt Service				
Principal	-	234,289	(234,289)	352,867
Interest	-	3,587	(3,587)	5,009
TOTAL EXPENDITURES	134,712,405	84,840,217	49,872,188	99,556,094
Excess Of Revenues Over (Under) Expenditures	(109,844,903)	(57,889,147)	51,955,756	(68,057,713)
OTHER FINANCING SOURCES (USES)				
Transfers	(88,578)	(88,578)	-	(88,578)
Bonds, Sale	-	-	-	55,000,000
Bonds, Premium on Sale	-	-	-	291,989
Bonds, Refund from Bond Escrow	-	-	-	76,595
Sale of Property	-	125,000	125,000	-
TOTAL OTHER FINANCING SOURCES (USES)	(88,578)	36,422	125,000	55,280,006
Changes in Fund Balance	(109,933,481)	(57,852,725)	52,080,756	(12,777,707)
FUND BALANCE (DEFICITS) - September 1	210,033,592	210,033,592	-	222,811,299
FUND BALANCE - August 31	\$ 100,100,111	\$ 152,180,867	\$ 52,080,756	\$ 210,033,592

* 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, 2007 AND 2006**

	2007	2006
ASSETS		
Cash on Deposit with County Treasurer	\$ 10,817	\$ 616
Accrued Interest Receivable	16,599	13,535
Time Deposits	1,812,000	1,727,000
TOTAL ASSETS	1,839,416	1,741,151
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	-	-
Total Liabilities	-	-
Fund Balance:		
Unreserved Fund Balance	1,839,416	1,741,151
Total Fund Balance	1,839,416	1,741,151
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,839,416	\$ 1,741,151

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, 2007
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2006)

	2007			2006
	BUDGET	ACTUAL	VARIANCE POSITIVE(NEGATIVE)	ACTUAL
REVENUES				
Local Non-Tax	\$ 20,000	\$ 110,613	\$ 90,613	\$ 69,225
State, Specific Purpose	300,000	318,555	18,555	308,749
TOTAL REVENUES	320,000	429,168	109,168	377,974
EXPENDITURES				
Purchase of Buses	1,900,000	342,003	1,557,997	460,970
TOTAL EXPENDITURES	1,900,000	342,003	1,557,997	460,970
Excess of Revenues (Under) Expenditures	(1,580,000)	87,165	1,667,165	(82,996)
OTHER FINANCING SOURCES (USES)				
Sale of Equipment/Buses	-	11,100	11,100	-
TOTAL OTHER FINANCING SOURCES(USES)	-	11,100	11,100	-
Changes in Fund Balance	(1,580,000)	98,265	1,678,265	(82,996)
FUND BALANCE - September 1	1,741,151	1,741,151	82,996	1,824,147
FUND BALANCE - August 31	\$ 161,151	\$ 1,839,416	\$ 1,678,265	\$ 1,741,151

* 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, 2007
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2006)

	PRIVATE- PURPOSES TRUSTS	AGENCY FUNDS	2007 TOTAL	2006 TOTAL
ASSETS				
Cash and Cash Equivalents	\$ 35,613	\$ (24,291)	\$ 11,322	\$ 3,478
Accounts Receivable	3,063	-	3,063	2,004
Investments	320,000	33,000	353,000	357,000
Accrued Interest Receivable	-	415	415	23
TOTAL ASSETS	358,676	9,124	367,800	362,505
LIABILITIES				
Accounts Payable	16,966	314	17,280	23,159
Custodial Accounts	-	8,810	8,810	19,023
TOTAL LIABILITIES	16,966	9,124	26,090	42,182
NET ASSETS				
Reserve for Gifts and Scholarships	341,710	-	341,710	320,323
TOTAL NET ASSETS	\$ 341,710	\$ -	\$ 341,710	\$ 320,323

TACOMA SCHOOL DISTRICT NO. 10
PRIVATE-PURPOSE TRUSTS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2007
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2006)

	MISC. K-12 TRUST	KAISER MEMORIAL TRUST	2007 TOTAL	2006 TOTAL
ADDITIONS				
Donations	\$ 198,393	\$ 1,000	\$ 199,393	\$ 169,351
TOTAL ADDITIONS	198,393	1,000	199,393	169,351
DEDUCTIONS				
Scholarships	88,286	1,000	89,286	55,851
Tuition and Fees	3,683	-	3,683	27,083
Books and Materials	53,904	-	53,904	88,640
Field Trips	21,032	-	21,032	15,564
Administrative	10,101	-	10,101	13,985
TOTAL DEDUCTIONS	177,006	1,000	178,006	201,123
CHANGE IN NET ASSETS	21,387	-	21,387	(31,772)
Net Assets, Beginning of the year	311,792	8,531	320,323	352,095
Net Assets, End of the year	\$ 333,179	\$ 8,531	\$ 341,710	\$ 320,323

TACOMA SCHOOL DISTRICT NO. 10
PRIVATE-PURPOSES TRUSTS
COMBINING BALANCE SHEET
AUGUST 31, 2007
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2006)

	MISC. K-12 TRUST	KAISER MEMORIAL TRUST	2007 TOTAL	2006 TOTAL
ASSETS				
Cash and Cash Equivalents	\$ 35,613	\$ -	\$ 35,613	\$ 11,363
Accounts Receivable	3,063	-	3,063	2,004
Investment	311,469	8,531	320,000	330,000
TOTAL ASSETS	350,145	8,531	358,676	343,367
LIABILITIES				
Account Payable	16,966	-	16,966	23,044
TOTAL LIABILITIES	16,966	-	16,966	23,044
NET ASSETS				
Reserve for Gifts and Scholarships	333,179	8,531	341,710	320,323
TOTAL NET ASSETS	\$ 333,179	\$ 8,531	\$ 341,710	\$ 320,323

TACOMA SCHOOL DISTRICT NO. 10
AGENCY FUNDS
COMBINING BALANCE SHEET
AUGUST 31, 2007
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2006)

		INTERNATIONAL SCHOOL OF LAGOS FUND	MISCELLANEOUS AGENCIES FUND	T O T A L	
				2007	2006
ASSETS					
Cash on Hand and In Bank	\$	-	\$	(24,291)	\$ (7,885)
Investments		6,889		26,111	33,000
Accrued Interest		343		72	415
TOTAL ASSETS		7,232	1,892	9,124	19,138
LIABILITIES					
Accounts Payable		314	-	314	115
Custodial Accounts		6,918	1,892	8,810	19,023
TOTAL LIABILITIES		\$ 7,232	\$ 1,892	\$ 9,124	\$ 19,138

TACOMA SCHOOL DISTRICT NO. 10
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2007

INTERNATIONAL SCHOOL OF LAGOS

BALANCE 9/1/2006	ADDITIONS	DEDUCTIONS	BALANCE 8/31/2007
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ASSETS

Cash on Hand and In Bank	\$ -	\$ -	\$ -	\$ -
Investments	6,003	10,657	9,771	6,889
Accrued Interest Receivable	7	343	7	343

TOTAL ASSETS	6,010	11,000	9,778	7,232
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LIABILITIES

Accounts Payable	115	314	115	314
Custodial Accounts	5,895	10,801	9,778	6,918

TOTAL LIABILITIES	6,010	11,115	9,893	7,232
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MISCELLANEOUS AGENCIES FUND

BALANCE 9/1/2006	ADDITIONS	DEDUCTIONS	BALANCE 8/31/2007
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ASSETS

Cash on Hand and In Bank	(7,885)	-	16,406	(24,291)
Investments	20,997	5,459	345	26,111
Accrued Interest Receivable	16	72	16	72

TOTAL ASSETS	13,128	5,531	16,767	1,892
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LIABILITIES

Accounts Payable	-	-	-	-
Custodial Accounts	13,128	5,531	16,767	1,892

TOTAL LIABILITIES	13,128	5,531	16,767	1,892
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COMBINED TOTAL FOR ALL AGENCY FUNDS

BALANCE 9/1/2006	ADDITIONS	DEDUCTIONS	BALANCE 8/31/2007
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ASSETS

Cash on Hand and In Bank	(7,885)	-	16,406	(24,291)
Investments	27,000	16,116	10,116	33,000
Accrued Interest Receivable	23	415	23	415

TOTAL ASSETS	19,138	16,531	26,545	9,124
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LIABILITIES

Accounts Payable	115	314	115	314
Custodial Accounts	19,023	16,332	26,545	8,810

TOTAL LIABILITIES	\$ 19,138	\$ 16,646	\$ 26,660	\$ 9,124
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TACOMA SCHOOL DISTRICT NO. 10
SCHEDULE OF CHANGES IN LONG-TERM DEBT
FOR THE FISCAL YEAR ENDED AUGUST 31, 2007

	BALANCE			BALANCE
	9/1/2006	INCREASES	DECREASES	8/31/2007
Unlimited G. O. Bonds	\$ 376,890,000		\$ 39,305,000	\$ 337,585,000
Limited Tax G.O. Bonds	4,697,230		88,578	4,608,652
Capital Leases (SOTA)	391,104		234,289	156,815
Compensated Absences	15,354,491	1,339,584	1,399,377	15,294,698
Unamortized Bond Premium	23,379,716		2,999,163	20,380,553
TOTAL	\$ 420,712,541	\$ 1,339,584	\$ 44,026,407	\$ 378,025,718

TACOMA SCHOOL DISTRICT NO. 10
OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS
AUGUST 31, 2007

DUE DATE	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 SERVICE	TOTAL BY YEAR
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	PRINCIPAL			
Dec. 1, 2006	5,000,000	997,938	9,250,000	1,947,750	305,000	3,706,831	-	1,072,250	10,500,000	1,322,500		44,289	34,146,558		
Jun. 1, 2007	135,000	885,438		1,784,000	315,000	3,702,256	-	1,072,250	13,800,000	1,112,500		44,289	22,850,733		56,997,290
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	8,925,000	221,750	-	1,072,250	-	63,750			11,952,750		
Jun. 1, 2021				33,750	8,870,000		-	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		
	\$ 43,500,000	\$ 5,789,398	\$ 86,150,000	\$ 28,188,000	\$ 149,350,000	\$ 81,768,762	\$ 42,890,000	\$ 36,794,000	\$ 55,000,000	\$ 10,165,000	\$ 3,280,000	\$ 1,417,230	\$ 544,292,390	\$ 531,505,515	

TACOMA SCHOOL DISTRICT NO. 10
SCHEDULE OF CAPITAL ASSETS BY LOCATION
August 31, 2007

PROPERTY	LOCATION	LAND	BUILDINGS & IMPROVEMENTS	EQUIPMENT	TOTALS
SENIOR HIGH SCHOOLS					
Foss	2112 S. Tyler St.	\$ 1,125,732	\$ 10,378,549	\$ 1,783,372	\$ 13,287,653
Lincoln	701 S. 37th St.	1,470,611	20,687,531	3,202,456	25,360,598
Lincoln Bowl	S. 37th & G St.	1,979,476	957,109		2,936,585
Mount Tahoma (New)	4634 S. 74th St.	7,431,453	72,798,130	2,779,160	83,008,743
Oakland	3319 S. Adams St.	99,270	1,226,412	212,862	1,538,544
School of the Arts	1950 Pacific Ave.	493,085	7,388,565	657,772	8,539,422
Stadium	111 North E St.	4,049,108	14,386,603	3,021,202	21,456,913
Stadium Bowl	N. 1st & E St.	4,825,151	101,116		4,926,267
Wilson	1202 N. Orchard St.	389,823	7,712,733	1,830,316	9,932,872
MIDDLE SCHOOLS					
Baker	8320 S. I St.	175,491	5,388,968	1,031,774	6,596,233
Gault	1115 E. Division Lane	67,314	2,876,842	592,723	3,536,879
Giaudrone	4902 S. Alaska St.	206,675	23,369,953	922,141	24,498,769
Gray	3109 S. 60th St.	165,092	4,352,274	598,321	5,115,687
Hunt	6501 S. 10th St.	60,230	3,566,596	615,338	4,242,164
Jason Lee	602 N. Sprague Ave.	1,918,440	24,982,379	1,205,190	28,106,009
Mason	3901 N. 28th St.	1,388,445	23,626,381	792,124	25,806,950
McIlvaigh	1801 E. 56th St.	167,722	3,179,163	942,088	4,288,973
Meeker	4402 Nassau Ave NE	1,416,692	11,875,615	623,076	13,915,383
Stewart	5010 Pacific Ave.	176,943	4,010,367	701,241	4,888,551
Truman	5801 N. 35th St.	2,201,371	20,195,766	1,225,665	23,622,802
ELEMENTARY SCHOOLS					
Arlington	3002 S. 72nd St.	68,537	404,711	321,019	794,267
Birney	1202 S. 76th St.	97,147	2,457,739	384,224	2,939,110
Blix	1302 E. 38th St.	2,209,037	11,730,949	675,222	14,615,208
Boze	1140 E. 65th St.	110,155	3,817,107	639,029	4,566,291
Browns Point	1526 - 51st. St. NE	567,653	3,613,794	335,133	4,516,580
Bryant	717 S. Grant Ave.	194,551	1,336,970	380,817	1,912,338
Crescent Heights	4410 Nassau Ave NE	533,450	10,424,998	794,597	11,753,045
DeLong	4901 S. 14th St.	64,384	4,468,711	334,356	4,867,451
Downing	2502 N. Orchard St.	107,558	1,526,738	494,370	2,128,666
Edison	5830 S. Pine St.	561,262	10,098,046	653,728	11,313,036
Fawcett	126 E. 60th St.	151,289	4,904,517	348,564	5,404,370
Fern Hill	8442 S. Park Ave.	94,728	1,885,673	539,612	2,520,013
Franklin	1402 S. Lawrence	1,733,534	11,587,373	301,643	13,622,550
Geiger	621 S. Jackson Ave.	455,146	1,623,528	389,957	2,468,631
Grant	1018 N. Prospect St.	133,229	1,725,497	520,988	2,379,714
Jefferson	4302 N. 13th St.	59,160	11,868,467	358,157	12,285,784
Larchmont	8601 E. B St.	237,033	7,307,911	301,657	7,846,601
Lister	2106 E. 44th St.	704,349	11,592,293	612,661	12,909,303
Lowell	810 N. 13th St.	120,732	1,903,093	335,914	2,359,739
Lyon	101 E. 46th St.	28,646	1,660,995	608,907	2,298,548
Manitou Park	4430 S. 66th St.	778,177	9,604,163	371,080	10,753,420
Mann	1002 S. 52nd. St.	1,052,818	9,489,826	411,887	10,954,531
McCarver	2111 S. J St.	379,460	2,925,472	375,984	3,680,916
McKinley	3702 McKinley	93,447	1,699,265	361,525	2,154,237
Northeast Tacoma	5412 29th St. NE	158,628	7,770,832	334,959	8,264,419
Point Defiance	4330 N. Visscher St.	266,166	5,001,152	375,994	5,643,312

TACOMA SCHOOL DISTRICT NO. 10
SCHEDULE OF CAPITAL ASSETS BY LOCATION
August 31, 2007

PROPERTY	LOCATION	LAND	BUILDINGS & IMPROVEMENTS	EQUIPMENT	TOTALS
Reed	1802 S. 36th St.	\$ 179,489	\$ 5,122,467	\$ 677,589	\$ 5,979,545
Roosevelt	3550 E. Roosevelt Ave.	282,537	6,244,691	369,865	6,897,093
Sheridan	6317 McKinley Ave.	1,061,019	7,392,827	553,990	9,007,836
Sherman	4415 N. 38th St.	696,848	9,584,918	714,574	10,996,340
Skyline	2301 N. Mildred St.	137,380	1,394,338	489,856	2,021,574
Stafford	1615 S. 92nd St.	124,198		544,307	668,505
Stanley	1712 S. 17th St.	9,714	7,528,419	271,318	7,809,451
Wainwright	130 Alameda Ave.	143,892	1,488,724	324,587	1,957,203
Washington-Hoyt	3701 N. 26th St.	108,427	1,865,162	257,708	2,231,297
Whitman	1120 S. 39th St.	111,880	8,014,387	443,417	8,569,684
Whittier	777 Elm Tree Lane	568,662	2,612,448	451,376	3,632,486
OTHER BLDGS. & SITES					
Building & Grounds	3223 S. Union Ave.	144,351	7,842,849	3,462,343	11,449,543
Central Administration Bldg. (CAB)	601 S. 8th St.	271,228	7,568,004	10,001,423	17,840,655
CAB Annex	708 S. G St.		110,357	174,609	284,966
Camp Joshua Taylor	Longbranch	30,000			30,000
Lincoln Tree Farm	28001 Mountain Highway	1,986	5,305,903	267,226	5,575,115
Madison - Head Start Use	3102 S. 43rd St.	143,962	1,145,364	391,218	1,680,544
Mount Tahoma (Old)	6229 S. Tyler	1,685,746	1,936,083		3,621,829
Park Avenue Center	6701 Park Ave.	156,079	1,175,577	108,284	1,439,940
Pearl Street Center	815 S. Pearl St.				-
Private Schools	Various Locations			57,400	57,400
Professional Development Ctr	6501 N. 23rd St.	107,352	4,039,489	716,247	4,863,088
Purchasing/Food Services	3321 S. Union Ave.		71,883	1,265,300	1,337,183
Remann Hall	5501 6th Ave.		27,502	101,195	128,697
Rogers	1301 E. 34th St.	997,011	784,476		1,781,487
Transportation	4002 S. Cedar	280,880	326,514	4,447,341	5,054,735
Willard	3201 South D St.	2,299	767,979	553,829	1,324,107
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			267,635,526		267,635,526
TOTALS		\$ 48,451,146	\$ 755,490,892	\$ 60,943,807	\$ 864,885,845

TACOMA SCHOOL DISTRICT NO. 10
SCHEDULE OF CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
AS OF AUGUST 31, 2007

FUNCTION & ACTIVITY	LAND	BUILDINGS & IMPROVEMENT	EQUIPMENT	TOTALS
ADMINISTRATION				
Board of Directors	\$ -	\$ -	\$ 3,262	\$ 3,262
Superintendent's Office	-	-	263,357	263,357
Finance	-	-	568,951	568,951
Human Resources	-	-	15,451	15,451
General Buildings	3,501,442	\$ 19,948,219	8,119,627	31,569,288
Total Administration	3,501,442	19,948,219	8,970,648	32,420,309
INSTRUCTION				
Supervision	-	\$ -	1,363,141	1,363,141
Learning Resources	-	\$ -	473,496	473,496
Principal's Office	-	\$ -	220,325	220,325
Guidance & Counseling	-	\$ -	95,263	95,263
Pupil Management & Safety	-	\$ -	135,484	135,484
Health Services	-	\$ -	45,947	45,947
Teaching	-	\$ -	22,073,122	22,073,122
Extra-Curricular	-	\$ -	138,085	138,085
School Buildings	44,524,473	\$ 460,548,276	12,105,147	517,177,896
Total Instruction	44,524,473	460,548,276	36,650,010	541,722,759
FOOD SERVICES				
Supervision	-	\$ -	304,347	304,347
Operations	-	\$ -	672,721	672,721
Total Food Services	-	-	977,068	977,068
PUPIL TRANSPORTATION				
Supervision	280,880	\$ 319,228	4,694,641	5,294,749
Total Pupil Transportation	280,880	319,228	4,694,641	5,294,749
MAINTENANCE & OPERATIONS				
Supervision	144,351	\$ 7,039,643	\$ 3,341,796	10,525,790
Total Maint. & Operations	144,351	7,039,643	3,341,796	10,525,790
OTHER SERVICES				
Information Services	-	-	5,918,328	5,918,328
Printing & Graphics	-	-	163,117	163,117
Warehouse & Distribution	-	-	228,200	228,200
Total Other Services	-	-	6,309,645	6,309,645
Total capital assets allocated to functions & activities	48,451,146	487,855,366	60,943,807	597,250,319
Construction-In-Progress		267,635,526		267,635,526
TOTAL CAPITAL ASSETS	\$ 48,451,146	\$ 755,490,892	\$ 60,943,807	\$ 864,885,845

TACOMA SCHOOL DISTRICT NO. 10
STATEMENT OF CHANGES IN CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED AUGUST 31, 2007

FUNCTION AND ACTIVITY	GENERAL FIXED ASSETS 9/1/2006	ADDITIONS	DEDUCTIONS	GENERAL FIXED ASSETS 8/31/2007
ADMINISTRATION				
Board of Directors	\$ 3,262	-	-	\$ 3,262
Superintendent's Office	263,357	-	-	263,357
Finance	561,787	7,164	-	568,951
Human Resources	11,572	3,879	-	15,451
General Buildings	26,561,341	5,031,611	23,664	31,569,288
Total Administration	27,401,319	5,042,654	23,664	32,420,309
INSTRUCTION				
Supervision	1,343,081	20,060	-	1,363,141
Learning Resources	473,496	-	-	473,496
Principal's Office	219,143	1,182	-	220,325
Guidance & Counseling	95,263	-	-	95,263
Pupil Management & Safety	135,484	-	-	135,484
Health Services	43,991	1,956	-	45,947
Teaching	23,615,858	216,619	1,759,354	22,073,123
Extra-Curricular	100,140	41,336	3,392	138,084
School Buildings	515,461,637	6,018,581	4,302,322	517,177,896
Total Instruction	541,488,093	6,299,734	6,065,068	541,722,759
FOOD SERVICES				
Supervision	299,046	5,301	-	304,347
Operations	751,323	-	78,602	672,721
Total Food Services	1,050,369	5,301	78,602	977,068
PUPIL TRANSPORTATION				
Supervision	4,460,043	353,427	1,037	4,812,433
Maintenance	482,316	-	-	482,316
Total Pupil Transportation	4,942,359	353,427	1,037	5,294,749
MAINTENANCE & OPERATIONS				
Supervision	10,459,226	66,564	-	10,525,790
Total Maint. & Operations	10,459,226	66,564	#	10,525,790
OTHER SERVICES				
Information Services	5,908,498	9,830	-	5,918,328
Printing & Graphics	151,747	11,370	-	163,117
Warehouse & Distribution	189,604	38,596	-	228,200
Total Other Services	6,249,849	59,796	-	6,309,645
Total capital assets allocated to functions & activities	591,591,215	11,827,475	6,168,371	597,250,319
Construction-In-Progress	199,238,350	68,397,176	-	267,635,526
TOTAL CAPITAL ASSETS	\$ 790,829,565	\$ 80,224,651	\$ 6,168,371	\$ 864,885,845

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-XIX 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.

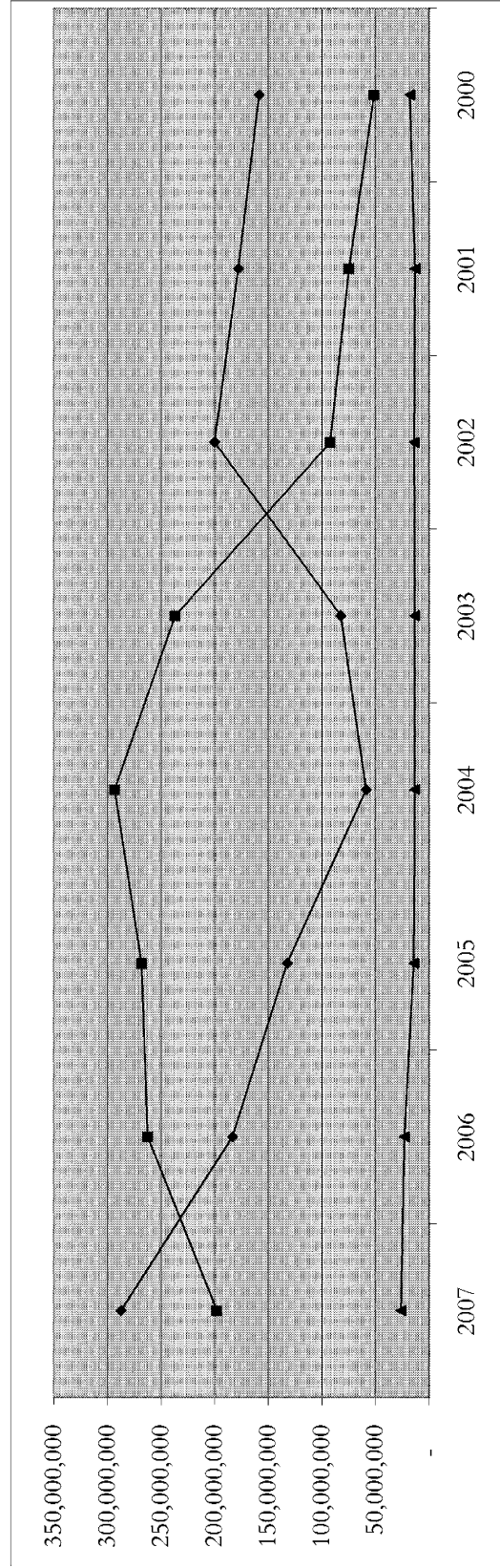
Operating Information - Tables XX-XXIII present information about district operations and resources to help the reader understand how district financial information relates to services the district provides and to the activities the district performs.

Table I

TACOMA SCHOOL DISTRICT NO. 10
NET ASSETS BY COMPONENT
Last Eight 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							
	2007	2006	2005	2004	2003	2002	2001	2000
Governmental Activities								
Invested in Capital Assets, Net of	\$ 287,407,153	\$ 183,498,584	\$ 132,366,783	\$ 58,768,336	\$ 82,410,998	\$ 200,184,926	\$ 178,001,761	\$ 158,715,076
Related Debt								
Restricted	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	26,194,733	23,090,635	14,346,560	13,322,222	13,309,920	13,933,474	13,172,528	18,053,202
Total Governmental Activities Net Assets	\$ 511,509,679	\$ 469,156,830	\$ 414,969,715	\$ 365,281,732	\$ 332,559,432	\$ 306,314,971	\$ 265,754,105	\$ 227,998,485



TACOMA SCHOOL DISTRICT NO. 10
CHANGES IN NET ASSETS
Last Eight 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							
	2007	2006	2005	2004	2003	2002	2001	2000
EXPENSES								
Governmental Activities:								
Regular Instruction	\$ 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	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	9,623,177	9,918,936	9,004,395	9,590,188	8,405,639	8,778,879	6,974,345	7,151,566
Compensatory Instruction	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	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	152,941	82,594	116,253	118,850	94,739	104,691	104,522	87,870
Support Services	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)	2,126,537	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	14,803,241	13,616,689	7,552,948	12,459,076	11,252,477	6,862,088	879,460	962,963
Total Governmental Activities Expenses	319,405,961	304,898,149	284,225,264	301,312,360	283,455,087	269,663,865	254,101,568	243,274,770
PROGRAM REVENUES								
Governmental Activities:								
Charges for Services:								
Regular Instruction	\$ 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	782,310	1,034,840	614,971	857,457	714,035	802,418	731,591	643,236
Career & Technical Instruction	57,341	76,667	69,246	56,413	43,693	45,412	128,708	54,081
Compensatory Instruction	-	-	-	-	-	-	-	-
Other Instructional Programs	1,202,942	914,182	1,022,742	817,399	782,901	931,950	766,192	665,383
Community Services	537,285	304,148	314,140	123,796	84,115	88,348	41,862	34,149
Support Services	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)	2,101,622	2,386,939	2,439,263	2,579,591	2,588,855	2,558,131	2,514,526	-
Operating Grants and Contributions	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	177,984	426,067	217,099	578,215	313,205	720,185	315,493	-
Total Governmental Activities Program Revenues	97,753,887	95,907,627	92,768,332	93,480,770	85,723,393	76,353,013	68,926,449	71,464,017
NET (EXPENSE)/REVENUE	(221,652,074)	(208,990,522)	(191,456,932)	(207,831,590)	(197,731,694)	(193,310,852)	(185,175,119)	(171,810,753)
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Taxes:								
Property Taxes for Maintenance & Operations	\$ 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	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	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	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	13,278,226	10,971,849	5,921,111	4,511,765	4,181,595	10,116,344	3,812,804	2,968,768
Total Governmental Activities	264,004,923	263,177,637	241,144,915	240,553,890	223,976,155	233,871,717	222,930,739	244,909,946
Change in Net Assets	\$ 42,352,849	\$ 54,187,115	\$ 49,687,983	\$ 32,722,300	\$ 26,244,461	\$ 40,560,865	\$ 37,755,620	\$ 73,099,193

TACOMA SCHOOL DISTRICT NO. 10

Table III

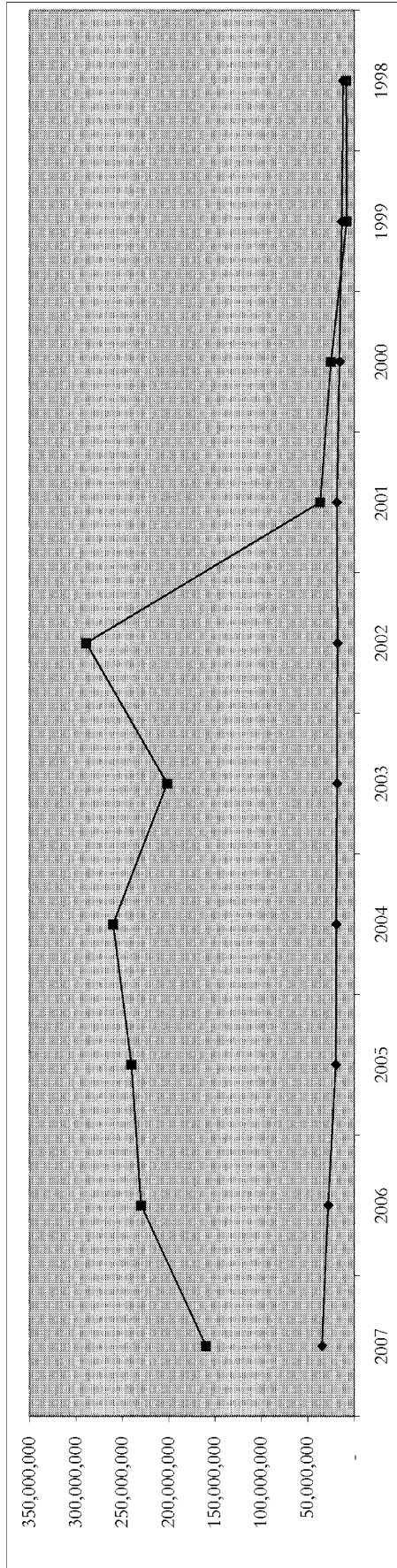
FUND BALANCES, GOVERNMENTAL FUNDS

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									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Fund										
Reserved	\$ 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	\$ 5,642,632
Unreserved	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	6,234,177
Total General Fund	34,719,787	28,051,767	19,734,606	19,195,186	18,701,381	18,026,275	18,674,870	15,899,675	13,324,626	11,876,809
All Other Governmental Funds										
Reserved	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	718,976
Unreserved reported in:										
Special Revenue Fund (ASB)	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	1,266,842
Debt Service Fund	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	756,345
Capital Project Fund	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	5,563,710
Transportation Vehicle Fund	1,839,416	1,741,151	1,824,147	973,626	566,930	235,776	99,357	91,511	83,162	98,222
Total All Other Governmental Funds	\$ 159,765,308	\$ 229,689,140	\$ 240,080,298	\$ 259,925,886	\$ 201,725,381	\$ 289,041,290	\$ 36,673,598	\$ 24,895,918	\$ 7,907,552	\$ 8,404,095

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.

	F I S C A L Y E A R									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
REVENUES										
Local Taxes	\$ 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	\$ 67,894,777
Local Non-Tax	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	5,337,827
State Funds, General Purpose	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	116,735,822
State Funds, Special Purpose	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	37,073,455
Federal Funds, General Purpose	434,204	460,790	372,302	360,829	325,567	352,321	347,022	156,158	222,625	181,048
Federal Funds, Special Purpose	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	23,360,340
Revenues from Other Districts	774,167	1,034,840	614,971	857,457	712,128	793,874	718,435	642,026	604,873	591,857
Revenues from Other Agencies	588,246	340,936	617,718	1,244,474	1,028,157	998,964	351,078	482,276	403,696	305,082
Miscellaneous	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	2,129,853
TOTAL REVENUES	360,708,797	355,082,299	332,837,690	330,703,600	306,705,894	306,583,346	288,910,344	274,839,915	260,567,620	253,610,061
EXPENDITURES										
Regular Instruction	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	90,257,151
Special Instruction	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	17,596,280
Career & Technical Instruction	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	6,548,907
Compensatory Education	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	17,639,469
Other Instructional Programs	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	6,857,575
Community Services	148,622	80,803	121,032	108,309	94,118	102,927	103,976	87,655	86,712	67,361
Support Services	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	73,257,684
Student Activities	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	2,002,784
Capital Outlay	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	34,197,253
Debt Service:										
Interest	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	659,279
Principal	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	5,567,820
TOTAL EXPENDITURES	424,124,478	414,095,926	400,271,308	379,099,091	395,584,971	315,791,212	274,470,542	261,072,821	272,844,191	254,651,563
Excess of Revenues Over/(Under) Expenditures	(63,415,681)	(59,013,627)	(67,433,617)	(48,395,491)	(88,879,077)	(9,207,866)	14,439,802	13,767,094	(12,276,571)	(1,041,502)
OTHER FINANCING SOURCES (USES)										
Sale of Equipment & Property	159,870	9,407	28,489	462,737	470,022	47,618	4,222	688,935	21,404	16,837
Long-Term Financing	-	-	-	-	-	-	108,850	-	-	1,184,035
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	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	159,870	56,939,630	48,127,448	107,089,800	2,238,272	260,926,967	113,072	5,796,321	13,227,844	1,200,872
NET CHANGE IN FUND BALANCES	\$ (63,255,811)	\$ (2,073,997)	\$ (19,306,169)	\$ 58,694,309	\$ (86,640,805)	\$ 251,719,101	\$ 14,552,874	\$ 19,563,415	\$ 951,273	\$ 159,370
Debt Service as a Percentage of Noncapital Expenditures	16.92%	14.07%	14.92%	9.16%	9.93%	4.55%	1.22%	1.25%	1.83%	2.82%

Source data: Tacoma School District CAFR Schedule 4

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

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

FISCAL YEAR	LOCAL TAXES	STATE FUNDS	FEDERAL FUNDS	LOCAL NON-TAX REVENUE
1998	43,900,150	145,400,615	23,541,388	4,810,434
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

FISCAL YEAR	PAYMENTS FROM OTHER DISTRICTS	PAYMENTS FROM OTHER AGENCIES AND ASSOC.	TOTAL REVENUES GENERAL FUND
1998	591,857	305,082	218,549,526
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

FISCAL YEAR	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	*CAPITAL PROJECTS FUND	TOTAL ALL FUNDS
1998	2,129,853	2,644,898	19,838,533	243,162,810
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

* Capital Projects Fund and Transportation Vehicle Fund

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

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

GENERAL FUND					
FISCAL YEAR	ADMIN	INSTRUCTION	FOOD SERVICES	PUPIL TRANSPORT	MAINT. & OPERATIONS
1998	6,198,466	169,263,628	7,817,702	7,493,283	21,833,471
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

FISCAL YEAR	INFORMATION SERVICES	PRINTING	WAREHOUSE DISTRIBUTION	OTHER SERVICES (1)	TOTAL GENERAL FUND
1998	4,408,308	83,360	510,699	321,998	217,930,915
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

	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TRANSPORTATION VEHICLE FUND	
FISCAL YEAR	STUDENT ACTIVITIES	DEBT SERVICE	FACILITIES CONSTRUCTION	BUS PURCHASES	TOTAL ALL FUNDS
1998	2,002,784	5,970,549	28,747,315	-	254,651,563
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

(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
1997	64,795,473	(159,545)	62,393,559	96.15	1,867,146
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

CALENDAR YEAR	TOTAL TAX COLLECTIONS	TOTAL COLLECTIONS AS PERCENT OF CURRENT LEVY
1997	64,260,705	99.17
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

@ 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
1998	8,821,967,776	4.6041	0.2599	2.7962	0.1201
1999	9,632,065,972	4.8583	0.1785	2.7481	0.0015
2000	10,286,717,152	4.8110	0.1215	2.8075	0.1710
2001	11,171,728,984	4.5200	0.1343	2.8232	-
2002	12,135,554,297	4.2754	0.7654	2.2578	-
2003	12,424,183,839	4.3934	1.4225	1.6073	-
2004	13,127,711,870	4.4194	3.0787	-	-
2005	14,039,768,452	4.2638	3.0163	-	-
2006	16,736,729,965	3.8231	2.7323	-	-
2007	19,992,921,762	3.3213	2.1865	-	-

CALENDAR YEAR	STATE SCHOOL	CITY	METRO PARK	PORT OF TACOMA		
				COUNTY	TOTAL	
1998	3.4509	4.2315	1.0506	0.1873	1.6479	18.3485
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	12.9601

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

TAXPAYER	TYPE OF BUSINESS	2007			1998		
		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	\$ 166,667,856	1	% 1.00	\$ 126,606,209	6	% 1.31
Simpson Tacoma Kraft	Paper Products	88,674,405	2	0.53	115,225,321	8	1.20
Cingular Wireless	Telecommunications	73,768,430	3	0.44	-	-	-
Qwest Corporation, Inc.	Telecommunications	69,178,834	4	0.41	175,542,764	3	1.82
Simpson Timber Co	Timber	54,256,200	5	0.32	-	-	-
Puget Sound Energy/Gas	Utility	51,868,635	6	0.31	200,443,557	2	2.08
CSC of Tacoma LLC	Correctional Svcs	51,052,000	7	0.31	-	-	-
Hemlock Equipment LLC	Equipment Maintenance	43,273,430	8	0.26	-	-	-
909 A Street LLC	Real Estate	42,024,700	9	0.25	-	-	-
NGP Centennial Tacoma LLC	Real Estate	40,237,600	10	0.24	-	-	-
The Boeing Company	Manufacturer	-	-	-	367,908,412	1	3.82
Washington Natural Gas	Utility	-	-	-	151,032,078	4	1.57
Rainy River Forest	Timber	-	-	-	130,645,206	5	1.36
Fred Meyer Stores	Retail	-	-	-	125,971,942	7	1.31
Matsushita Semiconductor Corp.	Electronic	-	-	-	106,713,400	9	1.11
Intel Corporation	Manufacturer	-	-	-	104,572,165	10	1.09
		\$ 228,456,365		1.37	\$ 1,187,286,740		12.33
			%	%			%

* Percentage of total assessed value of \$16,736,729,965
 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
1997	8,821,967,776	8,822,000,000	2,416	202,668,415
1998	9,632,065,972	9,632,000,000	2,497	199,097,189
1999	10,286,717,152	10,287,000,000	2,747	250,071,000
2000	11,171,728,984	11,172,000,000	2,399	287,742,000
2001	12,135,554,297	12,136,000,000	2,599	284,359,070
2002	12,424,183,839	12,424,000,000	2,339	297,617,993
2003	13,127,711,870	13,128,000,000	2,441	383,810,794
2004	14,039,768,452	14,040,000,000	2,441	323,424,000
2005	16,736,729,965	16,737,000,000	2,586	345,444,070
2006	19,992,921,762	19,993,000,000	2,746	482,193,093

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		
1998	5,340,000	629,613	5,969,613	217,930,915	2.74
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

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

(2) Excludes bond issuance and other costs.

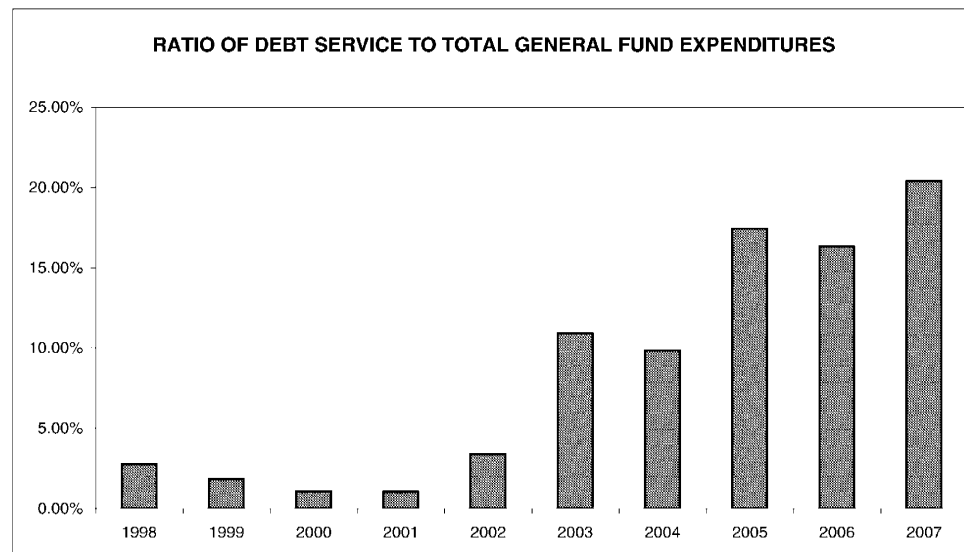
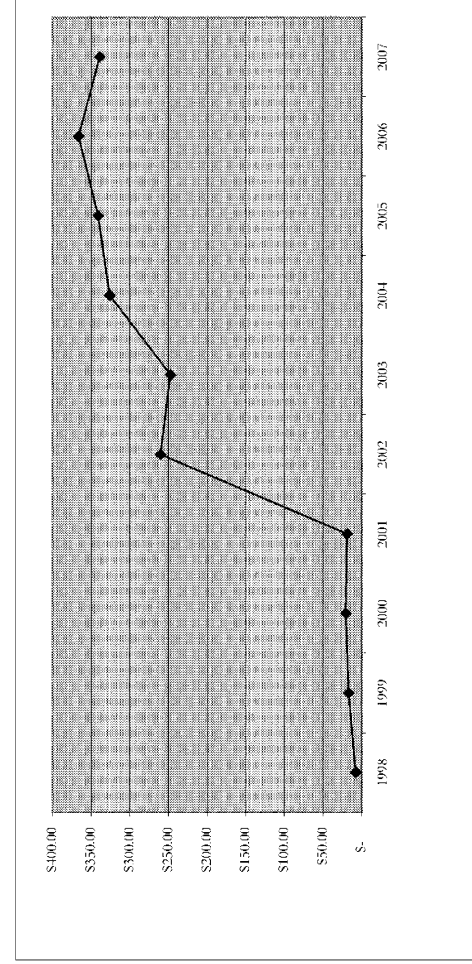


Table XII

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

FISCAL YEAR	POPULATION	ASSESSED VALUE	GROSS BONDED DEBT	LESS DEBT SERVICE FUNDS AVAILABLE	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
1998	186,000	8,821,967,776	8,780,000	756,345	8,023,655	0.00091	43
1999	187,200	9,632,065,972	18,110,000	1,126,590	16,983,410	0.00176	91
2000	187,200	10,286,717,152	21,595,120	949,105	20,646,015	0.00201	110
2001	193,556	11,171,728,984	19,845,120	696,291	19,148,829	0.00171	99
2002	194,500	12,135,554,297	268,051,542	7,825,819	260,225,723	0.02144	1,338
2003	194,900	12,424,183,839	253,810,529	6,431,328	247,379,201	0.01991	1,269
2004	196,300	13,127,711,870	341,731,984	15,855,048	325,876,936	0.02482	1,660
2005	198,100	14,039,768,452	354,269,779	13,597,791	340,671,988	0.02426	1,720
2006	199,600	16,736,729,965	381,978,334	15,853,366	366,124,968	0.02188	1,834
2007	201,700	19,992,921,762	342,350,467	3,670,281	338,680,186	0.01694	1,679

Net Bonded Debt

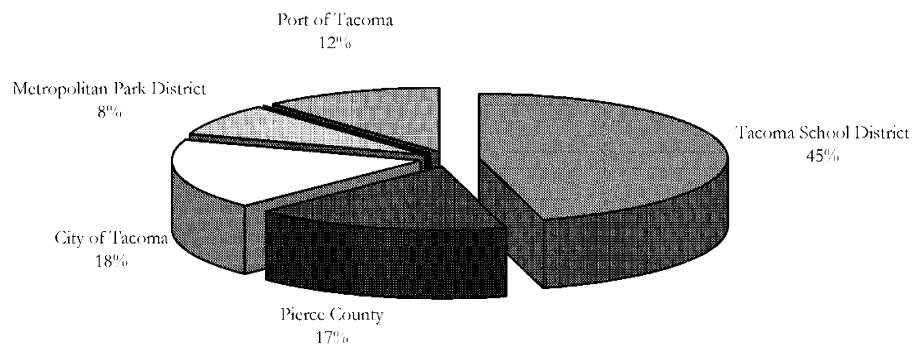


Source data: City of Tacoma, Pierce County, and Tacoma School District Financial Statements

TACOMA SCHOOL DISTRICT NO. 10
STATEMENT OF DIRECT AND OVERLAPPING DEBT
August 31, 2006
(Unaudited)

	AREA DEBT OUTSTANDING	PERCENT APPLICABLE DISTRICT	DEBT WITHIN DISTRICT BOUNDARY
Tacoma School District	\$ 342,350,467	% 100.00	\$ 342,350,467
Pierce County	125,671,002	26.96	33,880,902
City of Tacoma	132,754,000	100.00	132,754,000
Metropolitan Park District	61,275,280	100.00	61,275,280
Port of Tacoma	86,860,000	26.96	23,417,456
TOTALS:	<u>\$ 748,910,749</u>		<u>\$ 593,678,105</u>

AREA OF DEBT OUTSTANDING



TACOMA SCHOOL DISTRICT NO. 10
CONSTITUTIONAL LIMIT OF INDEBTEDNESS
August 31, 2007

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: Long-term Financing	156,815
Limited Tax G.O. Bonds	<u>(4,608,652)</u>

DEBT CAPACITY AVAILABLE FOR NON-VOTED DEBT	<u>70,521,620</u>
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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	3,629,466
Bond Fund Taxes Receivable	21,574,283
Less: Bonds Outstanding	<u>(337,585,000)</u>

BOND CAPACITY AVAILABLE FOR GENERAL PURPOSES	<u>112,468,336</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

\$ 682,813,000

- (1) Per 39.36.015 and 39.36.020 Revised Code Of Washington
(2) 2005 Assessment for 2006 Tax Base \$16,736,729,965 (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.

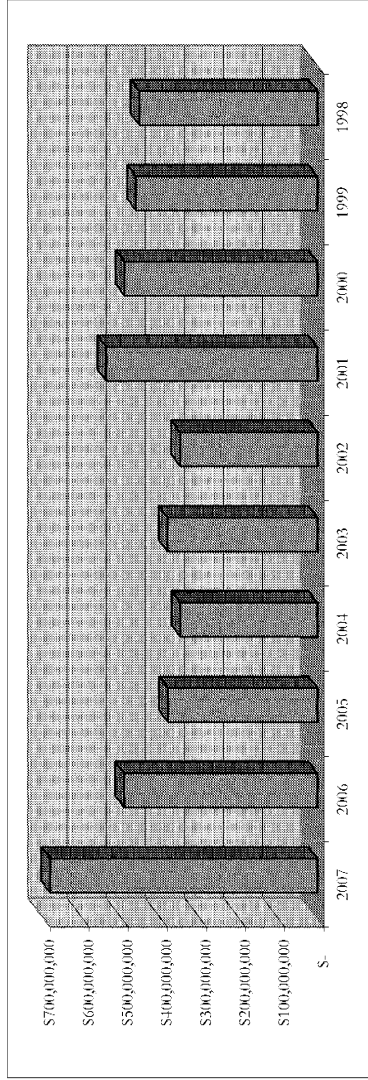
		FISCAL YEAR																				
		2007	2006	2005	2004	2003	2002	2001	2000	1999	1998											
Debt Limit:																						
Non-Voted Debt	\$	74,973,457	\$	62,762,737	\$	52,649,132	\$	49,228,920	\$	41,893,984	\$	38,575,189	\$	36,120,247	\$	34,779,127						
Voted Debt/General Purposes		424,849,587		355,655,512		298,345,081		278,963,877		264,013,907		257,880,529		237,399,241		204,681,402						
Voted Debt/Additional Capital Outlay		499,823,044		418,418,249		350,994,213		328,192,797		310,604,596		303,388,857		279,293,225		240,801,649						
Total Debt Limit		999,646,088		836,836,498		701,988,426		656,385,594		621,209,192		606,777,715		558,586,450		481,603,298						
Total Net Debt Applicable to Limit																						
		316,833,088		343,081,418		320,025,026		306,031,089		238,663,825		255,885,333		18,672,332		18,323,556		9,004,818				
Legal Debt Margin																						
	\$	682,813,000	\$	493,755,080	\$	381,963,400	\$	350,354,505	\$	382,545,367	\$	350,892,382	\$	539,914,118	\$	492,702,563	\$	463,279,742	\$	454,716,870		

Total Net Debt Applicable to the Limit
as a Percentage of Debt Limit

31.69% 41.00% 45.59% 46.62% 38.42% 42.17% 3.34% 4.21% 3.80% 1.94%

Assessed Valuation (Revenue Base)

19,992,921,762 16,736,729,965 14,039,768,452 13,127,711,870 12,424,183,839 12,135,554,297 11,171,728,984 10,286,717,152 9,632,065,972 8,821,967,776



**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. Ten years of full-time equivalent enrollment averages are presented along with nine years May free and reduced lunch population percents (records were available from 1999 on).

YEAR	POPULATION (a)	PER CAPITA PERSONAL INCOME (b)	UNEMPLOYMENT PERCENTAGE RATE (c)	F.T.E. AVERAGES K-12 ENROLLMENT (d)	FREE & REDUCED LUNCH K-12 PERCENTAGE RATE (e)
1998	186,000	25,308	3.90%	30,387	*
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	N/A	5.20%	28,649	52.50%
2007	201,700	N/A	5.01%	27,932	54.80%

(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

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

Year Incorporated (Tacoma School District)	1878
Population (City of Tacoma)	201,700
Land Area	49.05 Square Miles
Average Rainfall	38.82 Inches
Average Temperature Summer	66° F.
Average Temperature Winter	42.8° F.
Number of Police Stations	6
Number of Fire Stations	16
Number of Hospitals	4
Number of City Operated Public Libraries	20 Branches

TACOMA SCHOOL DISTRICT

Schools	Elementary	37
	Middle	11
	High	7
Students	Elementary (Grades K-5)	12,694
	Middle School (Grades 6-8)	6,565
	High School (Grades 9-12)	8,672
Average FTE's (District Total)		<u>27,932</u>

OTHER SCHOOLS

Private Schools (Above Kindergarten)	21
Business Colleges (Private)	2
Technical Colleges	1
Community Colleges	1
Universities (Private)	2
Universities (Branch Campus)	1

RECREATION - CITY OWNED

Parks	75
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

Sue Wilson

PRINTING AND ART WORK

David Gjertsen

Mike Griswold

Dee Kirkevold

Greg Weber

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

Program Description	FISCAL YEAR									
	2007*	2006*	2005*	2004*	2003*	2002*	2001*	2000*	1999**	1998**
Regular Instruction										
Certificated	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	1,567.200
Classified	204.968	217.619	223.379	224.547	228.630	227.831	229.230	227.573	255.876	251.563
Special Instruction										
Certificated	240.287	248.882	259.389	247.252	246.234	244.271	248.713	227.342	225.990	219.075
Classified	181.179	172.982	178.889	176.684	164.130	163.453	151.748	145.712	177.746	159.830
Career & Technical Instruction										
Certificated	91.891	94.997	93.082	93.158	88.962	90.667	80.649	83.214	82.600	82.300
Classified	13.405	15.211	15.350	12.611	11.212	7.741	9.471	10.114	14.125	11.688
Compensatory Instruction										
Certificated	300.757	269.794	270.859	245.844	254.425	214.497	176.583	144.463	148.300	136.430
Classified	99.995	113.555	114.794	111.068	114.269	121.109	148.254	142.967	191.652	181.083
Other Instructional Programs										
Certificated	28.562	28.448	35.499	35.395	38.640	69.444	69.973	59.900	27.100	29.670
Classified	13.788	14.630	15.186	12.903	24.197	18.827	22.639	19.871	20.713	22.099
Support Services										
Certificated	4.000	5.000	3.000	3.000	3.250	3.250	3.000	4.000	3.000	4.000
Classified	387.426	420.858	431.281	418.306	425.559	420.862	409.621	411.361	414.655	401.405
Food Services										
Classified	110.836	113.447	115.190	117.387	113.044	112.529	112.867	109.233	161.605	162.340
Transportation										
Classified	44.959	48.365	50.928	48.685	49.260	47.160	48.145	49.210	67.313	67.525
Planning & Construction (CPF)										
Certificated	4.000									
Classified	13.219	15.239	13.731	13.719	12.606	9.230	7.850	8.900	15.025	15.150
TOTAL	3,169.407	3,216.178	3,325.207	3,324.084	3,348.616	3,330.474	3,325.663	3,289.673	3,423.100	3,311.358

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 SIX FISCAL YEARS

This table displays information on the district's certificated instructional staff which includes all non-administrative full-time equivalent staff holding a teaching or ESA certification, e.g. teachers, school psychologists, speech language pathologists, occupation and physical therapists, etc. The derived base is the amount paid to a teacher with zero years of experience and a bachelor's degree with no additional credits. Information prior to 2002 was not available.

Year	Certificated Instructional Staff (1)	Derived Base Salary (1)	Average Base Salary (1)	Average Other Salaries (1)	Average Years of Experience (2)	Percent of Staff with Master's Degree or Higher (3)
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 1801 Cert, District Instructional Staff for Compliance Purposes

(2) From OSPI Washington State Report Card

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

Fiscal Year	Expenses (1)	Average FTE Enrollment (2)	Cost per Pupil	Percentage Change	Classroom Teachers (3)	Pupil/Teacher Ratio
1998	220,564,248	30,387	7,259	1.06	2,084	14.6
1999	225,865,350	30,579	7,386	1.76	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

(1) Prior to 1999-2000, depreciation expenses were not included.

(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, 2007

PROPERTY	LOCATION	YEAR BUILT	SQUARE FOOTAGE	ACREAGE
SENIOR HIGH SCHOOLS				
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
MIDDLE SCHOOLS				
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
ELEMENTARY SCHOOLS				
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, 2007**

PROPERTY	LOCATION	Year Built	Square Footage	Acreage
Reed	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
OTHER BLDGS. & SITES				
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	
Rogers	1301 E. 34th St.	1920	50,537	2.57
Willard	3201 South D St.	1951	25,471	1.03
VACANT SITES				
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
TOTALS			5,299,513	1,075

*CAB Annex is part of CAB site

**PDC is part of Skyline Elementary site