



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Tacoma School District No. 10

For the period September 1, 2021 through August 31, 2022

Published July 27, 2023

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**Office of the Washington State Auditor
Pat McCarthy**

July 27, 2023

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

Report on Financial Statements and Federal Single Audit

Please find attached our report on Tacoma School District No. 10's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the District's financial condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Tacoma School District No. 10 September 1, 2021 through August 31, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of Tacoma School District No. 10 are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the District.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the District’s compliance with requirements applicable to each of its major federal programs.

We reported findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>ALN</u>	<u>Program or Cluster Title</u>
10.553	Child Nutrition Cluster – School Breakfast Program
10.555	Child Nutrition Cluster – National School Lunch Program
10.559	Child Nutrition Cluster – Summer Food Service Program for Children
84.425	COVID-19 – Education Stabilization Fund

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$2,056,656.

The District qualified as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Finding 2022-001.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Tacoma School District No. 10 September 1, 2021 through August 31, 2022

2022-001 The District did not have adequate internal controls for ensuring compliance with federal suspension and debarment requirements.

Assistance Listing Number and Title: 10.553 – School Breakfast Program
10.555 – National School Lunch Program
10.559 – Summer Food Service Program for Children

Federal Grantor Name: U.S. Department of Agriculture

Federal Award/Contract Number: N/A

Pass-through Entity Name: Office of Superintendent of Public Instruction

Pass-through Award/Contract Number: 207WAWA3N1099

Known Questioned Cost Amount: \$0

Background

The District participates in the National School Breakfast, Lunch and Summer programs. For the 2021–2022 school year, the District received a total of \$14,783,889 for these programs, which provide funding for free and reduced-price meals for students of low-income families. During the 2021–2022 school year, the District used the funding to provide free meals to all students, which was allowed under a waiver from the U.S. Department of Agriculture.

Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

Federal requirements prohibit grant recipients from contracting with parties suspended or debarred from doing business with the federal government. Whenever the District contracts for goods or services that it expects to equal or exceed \$25,000, paid all or in part with federal funds, it must verify that contractors have not been suspended or debarred or otherwise excluded. This verification may be accomplished by obtaining a written certification from the contractor, inserting a clause or condition into the contract that states the contractor is not suspended or debarred, or checking for exclusion records in the U.S. General Services Administration's System for Award Management at SAM.gov. The District must meet this requirement before entering into the contract or paying the contractor more than \$25,000, and it must maintain documentation to demonstrate compliance.

Our audit found the District's internal controls were inadequate for ensuring it verified that a contractor was not suspended or debarred from participating in federal programs.

We consider this deficiency in internal controls to be a material weakness that led to material noncompliance.

The issue was not reported as a finding in the prior audit.

Cause of Condition

The District typically includes a suspension and debarment clause in contracts that it intends to pay with federal funds. For procurement actions without a contract, the District includes the standard terms and conditions clause on the purchase order with the link to the Purchase Order Terms and Conditions page on its website, which has the suspension and debarment clause. By signing the purchase order, the contractor agrees to be bound by all the requirements stated in the District's standard terms and conditions, including that it is not suspended and debarred.

The District was unable to provide sufficient documentation to demonstrate that the contractor signed the purchase order to attest that it was not suspended and debarred. Staff turnover resulted in lost documentation, and the District was unable to provide any other records supporting that staff verified the contractor was not suspended or debarred.

Effect of Condition

The District did not obtain a written certification, insert a clause into the contract, or check SAM.gov to verify one out of its two contractors was not suspended or debarred before contracting or purchasing. The District paid this contractor \$119,480 during fiscal year 2022.

Without adequate internal controls, the District cannot ensure the contractors paid with federal funds are eligible to participate in federal programs. Any program funds the District used to pay contractors that have been suspended or debarred would be unallowable, and the funding agency could potentially recover them. Because we subsequently verified that the contractor was not suspended or debarred, we are not questioning the costs.

Recommendation

We recommend the District strengthen internal controls to ensure that all contractors that are paid \$25,000 or more, all or in part with federal funds, are not suspended or debarred from participating in federal programs.

District's Response

The District concurs with this finding. The Purchasing department has controls in place however this finding was received for one purchase that did exceed the purchase amount for verification of suspension and debarment. The Purchasing department has trained staff on the requirements of suspension and debarment checks to not only be listed on the PO with signature but to also be verified using the SAM.gov option. The Purchasing department will now include the SAM.gov check on any purchase that is made with Federal Funds on a PO. This will ensure that if a PO is not signed, the verification will still take place prior to payment.

Auditor's Remarks

We thank the District for its cooperation throughout the audit and the steps it is taking to address these concerns. We will review the status of the District's corrective action during our next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303, Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 2 CFR Part 180, OMB *Guidelines to Agencies on Government wide Debarment and Suspension (Nonprocurement)*, establishes non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689.

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Tacoma School District No. 10 September 1, 2021 through August 31, 2022

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tacoma School District No. 10, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 12, 2023.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

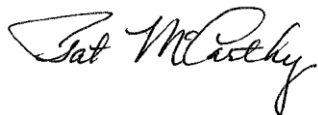
REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

June 12, 2023

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Tacoma School District No. 10 September 1, 2021 through August 31, 2022

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of Tacoma School District No. 10, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2022. The District's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed; and

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2022-001 that we consider to be material weaknesses.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

July 19, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Tacoma School District No. 10 September 1, 2021 through August 31, 2022

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tacoma School District No. 10, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Tacoma School District No. 10, as of August 31, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2022, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This supplementary information is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The

information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

June 12, 2023

Tacoma School District No. 10
September 1, 2021 through August 31, 2022

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2022

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2022

Statement of Activities – 2022

Governmental Funds Balance Sheet – 2022

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position – 2022

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds – 2022

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities – 2022

Statement of Net Position – Fiduciary Funds – 2022

Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2022

Notes to Financial Statements – 2022

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund – 2022

Budgetary Comparison Schedule – Major Special Revenue Fund – 2022

Schedule of Changes in the OPEB Liability and Related Ratios – 2022

Schedule of District's Proportionate Share of Net Pension Liability – PERS 1, TRS 1, TRS 2/3, SERS 2/3 – 2022

Schedule of District's Contributions – PERS 1, TRS 1, TRS 2/3, SERS 2/3 – 2022

Schedule of District's Contributions – Non-Governmental Pension Plans – 2022

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2022

Notes to the Schedule of Expenditures of Federal Awards – 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Tacoma School District's financial performance provides an overview of the district's financial activities for the fiscal year ended August 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information presented in the financial statements and notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The district's total net position for governmental activities as of August 31, 2022, was \$469.5M, an increase of \$19.4M from 2020-21.
- During the year, the district had revenues of \$603M and expenses of \$583.9M incurred for all governmental activities, resulting in a corresponding increase in the district's net position by \$19.4M.
- The district's governmental funds reported a combined ending fund balance of \$509.7M; a decrease of \$91M from the prior year. The general fund's total fund balance was \$44M; a decrease of \$11.7M from the previous year. Approximately \$35M is available for spending at the district's discretion (assigned and unassigned fund balance - not including Unassigned for Minimum Fund Balance Policy).
- The district utilized the remaining \$31.5M in Coronavirus Response and Relief Supplemental Appropriations (CRRSA) also known as ESSER II Funds and \$16.4M in new Elementary and Secondary School Emergency Relief (ESSER III-ARP) funds, to help safely reopen and sustain the safe operation of schools and address the impact of the coronavirus pandemic on students.
- The district is reporting \$14M in net pension assets as two of the four employee pension plans (TERS 2/3 and SERS 2/3) are currently fully funded.

USING THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

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

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

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

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

Our analysis of the district as a whole begins in the *government-wide financial statement* section. Is the district as a whole better or worse as a result of the year's financial activities? The *statement of net position* and the *statement of activities* report information about the district as a whole and about its activities in a way that helps answer this question. The financial statements of the district present an increase in financial position from the prior year as reflected in the *statement of net position*.

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Governmental funds – Presented in the Governmental Fund Financial Statement section of this report, focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using the modified accrual basis of accounting,

which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the district's general education and support operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliations on Schedule 3A and Schedule 4A of the basic financial statements and in Note 10 of the notes to the financial statements.

Fiduciary Funds – These funds consist of private purpose trust funds which the district must use for the benefit of individuals, private organizations, scholarships, and other specific private purposes. The district is responsible for ensuring the assets reported in these funds are used for their intended purpose. Fiduciary fund activities are excluded from the district's financial statements as a whole because the district is not able to use these assets to finance its operations.

THE DISTRICT AS A WHOLE

Government-Wide Financial Statements

Net position may serve as a useful indicator of a government's financial position. The Tacoma School District's assets and deferred outflows exceeded liabilities and deferred inflows by \$469.5M at the end of the fiscal year, August 31, 2022.

The district reported a total deferred outflow of resources of \$133M as of August, 31 2022 compared to \$94.4M the prior year. Deferred inflows of resources, on the other hand, decreased by \$115M, or 57%. This decrease was due primarily to changes in two of the district's four fully funded pension funds.

The ratio of liabilities and deferred inflows of resources to assets and deferred outflows of resources is 76 percent. The value of the district's capital assets (i.e. land, buildings, and equipment) net of depreciation was \$1,165.4M. The net investment in capital assets is the historical cost of capital assets, net of accumulated depreciation, plus capital-related deferred outflows of resources, less capital related borrowing (bonded debt incurred to acquire the capital assets), accounts and retainage payables, and deferred inflows of resources related to capital assets. This value represents the largest portion of net position at \$536.3M. The substantial investment in capital assets represents the district's history of building and modernizing its schools in accordance with its long-term mission of providing academic excellence in safe and healthy facilities. These assets are not available for future spending and the debt associated with these assets will be paid from levied property taxes (authorized by the voters in 2013 and 2020).

Total liabilities of \$1,408.1M have increased as compared to the prior year by approximately \$36.9M. The increase in liabilities is primarily due to outstanding invoices for construction projects.

Restricted net position total of \$157.4M are resources subject to external restrictions on how they may be used. They consist of funds that have constraints imposed by law through enabling legislation (Capital, Transportation Vehicle, and ASB Funds), externally imposed debt covenants (Debt Service Fund), externally imposed pension assets, and external contractual impositions of grantors and regulations of other governments upon state and federal grant funds (Carryover Restricted Revenues for Education and Operations).

The unrestricted portion of net position is any portion not already classified as either net investment in capital assets or restricted. The unrestricted portion represents resources that may be considered available to finance normal district government activities without external constraints imposed by law though constitutional provisions or enabling legislation, laws and regulations of other governments; or constraints established by debt covenants. It is possible for a negative unrestricted net position to exist where liabilities, deferred inflows of resources, net investment in capital assets, and other restricted portions exceed assets and deferred inflows of resources.

Tacoma School District's Net Position

Governmental Activities - As of August 31

	2022	2021	Changes
ASSETS & DEFERRED OUTFLOWS OF RESOURCES			
Current and Other Assets	\$ 652,190,172	\$ 712,363,978	\$ (60,173,806)
Net Leased Assets	434,462	-	434,462
Net Pension Assets	14,038,837	111,983,417	(97,944,580)
Capital Assets	1,165,359,351	1,105,136,496	60,222,855
Total Assets	1,832,022,823	1,929,483,891	(97,461,069)
Total Deferred Outflows	132,943,393	94,410,826	38,532,566
LIABILITIES & DEFERRED INFLOWS OF RESOURCES			
Long-Term Liabilities	1,282,061,549	1,281,026,347	(1,035,202)
Other Liabilities	126,059,915	90,204,238	(35,855,677)
Total Liabilities	1,408,121,464	1,371,230,585	(36,890,879)
Total Deferred Inflows	87,347,781	202,583,775	115,235,994
NET POSITION			
Net Investment in Capital Assets	536,282,784	551,375,017	(15,092,233)
Restricted	157,420,428	114,357,360	43,063,069
Unrestricted	(224,206,243)	(215,652,019)	(8,554,224)
TOTAL NET POSITION	\$ 469,496,970	\$ 450,080,357	\$ 19,416,612

Governmental Activities

The 2021-22 revenues of \$603.3M exceeded expenses by \$16.5M resulting in an increase in net position. Total revenues increased by \$38.5M, and overall expenses increased by \$96M. Increases in revenues due to COVID grants contributed to the increase in net position.

Revenue increases were evident in programs, operating grants and contributions (increase of \$17M) and general revenues and property taxes (increase of \$12.8M). Increases in operating grants and contributions are due to COVID assistance funds for the safe opening and operation of schools.

Increases in program expenses appeared across the district but were most evident in regular instruction (\$45M) and support services (\$24.8M) as the district reopened the doors for in-person learning. The districtwide increases included in-person staffing assignments, supplies, travel, and contractual services including transportation and utilities.

Governmental Activities Changes in Net Position

Primary Government - As of August 31

	2022	2021	Changes
REVENUES			
Program Revenues:			
Charges for Services	\$ 7,999,953	\$ 4,576,021	\$ 3,423,931
Operating Grants and Contributions	173,440,756	159,391,254	14,049,502
Capital Grants and Contributions	8,895,001	765,227	8,129,774
General Revenues:			
Property Taxes	163,962,425	158,890,034	5,072,391
Interest and Investment Earnings	3,052,998	577,421	2,475,577
Unallocated Revenues	245,955,474	240,640,066	5,315,408
TOTAL REVENUES	603,306,607	564,840,023	38,466,584
PROGRAM EXPENSES:			
Regular Instruction	297,808,968	255,633,043	42,175,925
Federal Special Purpose Funding	23,340,725	20,892,884	2,447,840
Special Instruction	63,240,672	56,353,373	6,887,299
Career & Technical Instruction	19,482,358	14,970,200	4,512,158
Compensatory Instruction	48,408,247	39,461,524	8,946,722
Other Instructional Programs	2,635,766	2,767,595	(131,829)
Community Services	6,035,034	4,478,345	1,556,688
Support Services	95,891,454	71,059,065	24,832,389
Extracurricular Activities	987,108	264,449	722,659
Debt Payment	26,059,663	21,163,605	4,896,058
Liquidation of Internal Service Fund Assets	-	3,641,152	(3,641,152)
TOTAL EXPENSES	583,889,994	490,685,237	93,204,757
INCREASE (DECREASE) IN NET POSITION	19,416,612	74,154,786	(54,738,174)
NET POSITION - 9/1	450,080,358	375,875,869	74,204,488
Cumulative Effect of Accounting Change	-	49,702	(49,702)
NET POSITION - 8/31	\$ 469,496,970	\$ 450,080,358	\$ 19,416,612

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

Governmental Activities	Total Cost of Services		Net Cost of Services	
	2021-22	2020-21	2021-22	2020-21
Regular Instruction	\$ 297,808,968	\$ 255,633,043	\$ (295,208,134)	\$ (247,880,205)
Federal Special Purpose Funding	23,340,725	20,892,884	7,891,924	4,101,783
Special Instruction	63,240,672	56,353,373	(11,052,908)	(7,767,786)
Career & Tech Instruction	19,482,358	14,970,200	149,430	1,564,567
Compensatory Instruction	48,408,247	39,461,524	(1,577,438)	4,495,636
Other Instructional Programs	2,635,766	2,767,595	299,490	(219,529)
Community Services	6,035,034	4,478,345	(3,002,181)	(2,714,196)
Support Services	95,891,454	71,059,065	(65,082,210)	(52,627,227)
Extracurricular Activities	987,108	264,449	74,151	(101,022)
Debt payments	26,059,663	21,163,605	(26,059,663)	(21,163,605)
Liquidation of Assets	-	3,641,152	-	(3,641,152)
TOTALS	\$ 583,889,994	\$ 490,685,237	\$ (393,567,538)	\$ (325,952,735)

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

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

As the district completed the fiscal year, its governmental funds (as presented in the balance sheets under the governmental financial statement section) reported a combined fund balance of \$509.7M, a decrease of \$91M from the prior year. This change is the result of the following factors:

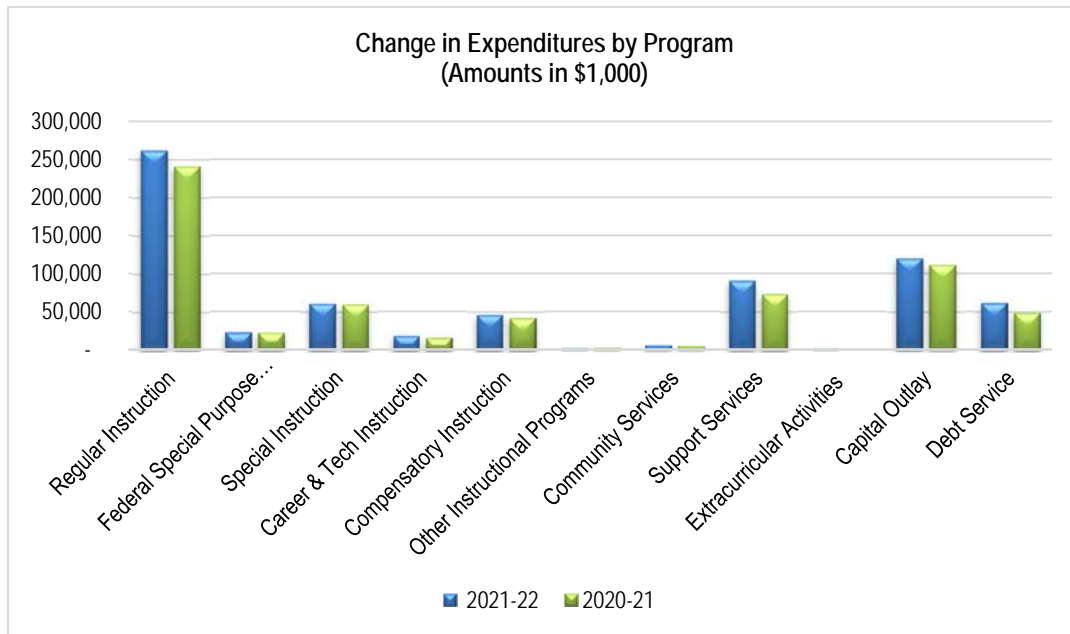
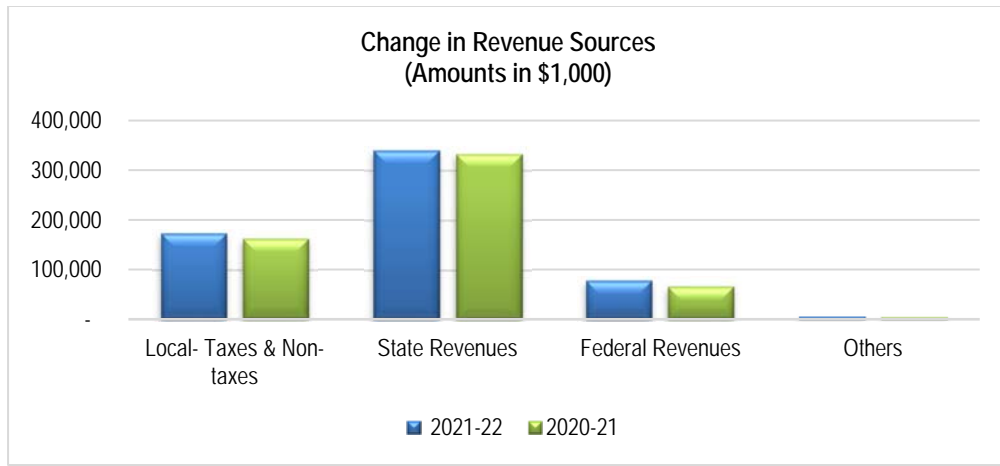
- The fund balance in the General Fund decreased by \$11.7M. The district planned for its fund balance to decrease by \$33M to encompass changes due to labor increases (salaries and benefits), levy reductions, special education formula changes, carryover of specific-use funds, building improvements, curriculum needs and an inter-fund transfer to the Transportation Vehicle Fund. Spending on supplies, materials, travel and capital outlay increased \$24.1M from the prior year but came in under budget by nearly \$70M causing the General Fund balance to decrease \$21.5M less than planned. Nineteen percent of the fund balance is in the nonspendable, committed, or restricted categories; \$17.8M (or 40 percent of the fund balance) is categorized as Unassigned for Minimum Fund Balance Policy.
- The fund balance in the Special Revenue Fund (ASB) increased by \$88K. All secondary schools and many elementary schools saw a large increase in activity in their ASB funds in 2021-22 as students returned to school and began resuming their fundraising activities.
- The fund balance in the Debt Service Fund increased by \$4.6M from the prior year. The expenditure amounts are set by the payment schedules on the district's outstanding bonds. Revenues are generated by setting an annual property tax rate at a level which will generate enough funds to repay the debt. The district's cash flow projections indicate this reserve is adequate to meet future needs.
- The fund balance in the Capital Projects Fund decreased by \$83.9M. The district issued bonds in February 2020 under the \$535M voter approved construction bond. The fund balance from the bond sale will decrease year over year for the replacement or renovation of 8 aging schools. Virtually all the fund balance is in restricted categories.
- The fund balance in the Transportation Vehicle Fund increased by \$4K. Funding for buses is provided from the state through its bus depreciation schedule and interest earnings. Five busses were purchased in 2021-22.

The following table presents a summary of the governmental fund's revenues and expenditures for 2021-22 and the amounts and percentages of increases and decreases in relation to the prior year.

Changes in Revenues and Expenditures

Governmental Funds

	2021-22	Percent of Total	Increase (Decrease) Over 2020-21	Percent Increase (Decrease)
Revenue Source				
Local- Taxes & Non-taxes	173,089,814	29.03%	11,088,925	6.84%
State Revenues	340,103,006	57.05%	7,218,526	2.17%
Federal Revenues	77,491,808	13.00%	12,050,833	18.41%
Others	5,501,149	0.92%	798,128	16.97%
Total	596,185,777	100.00%	31,156,412	5.51%
Expenditures				
Regular Instruction	261,693,885	37.96%	20,567,161	8.53%
Federal Special Purpose Funding	22,414,538	3.25%	246,319	1.11%
Special Instruction	60,730,696	8.81%	943,742	1.58%
Career & Tech Instruction	18,527,213	2.69%	2,755,263	17.47%
Compensatory Instruction	46,451,845	6.74%	4,607,658	11.01%
Other Instructional Programs	2,466,224	0.36%	(398,446)	-13.91%
Community Services	5,795,557	0.84%	1,043,846	21.97%
Support Services	90,024,739	13.06%	16,982,070	23.25%
Extracurricular Activities	986,021	0.14%	722,721	274.49%
Capital Outlay	119,095,834	17.28%	8,621,460	7.80%
Debt Service	61,188,590	8.88%	12,596,447	25.92%
Total	689,375,140	100.00%	\$68,688,241	11.07%



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 2021-22. The general fund's beginning fund balance in 2021-22 was \$56M as reported in the Required Supplemental Information, Schedule A-1.

Revenues were \$49.3M under budget, and expenditures were \$69.9M under budget. Washington State statutes establish expenditure budgets as absolute expenditure limits, encouraging contingency budgeting.

Property tax revenues came in close to budget, and local non-tax collections were \$2.7M below the prior year – this reflects the legislative changes in local voter-approved levy capacity. The district received \$247.7M in general state apportionment revenues in 2021-22, a increase of \$1.2M. Federal revenues from grant sources were \$12.2M more than the prior year. New federal grant revenues were used to help safely reopen and sustain the safe operation of schools.

Expenditures in the general fund were \$69.9M less than budgeted although spending in most program categories were higher than the prior year. Certificated and classified salaries more than the prior year due to returning to in person instruction as well as increased wages. Supply and material expenditures were \$47.6M under budget. Purchased services and capital outlay were \$13.5M under and \$8.4M under budget, respectively. Travel increased compared to the prior year and came in under budget by \$239K due to continued COVID restrictions.

Other financing sources were \$926K more than budget. The district had budgeted and transferred \$3M from the capital projects fund to the general fund for district-wide technology software licenses as directed under state statute.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2021-22, the district had \$1,165.4M invested in a broad range of capital assets, including technology equipment and school buildings. This amount represents a net increase (including additions and deletions) of \$60.2M over last year.

Capital Assets			
As of August 31, 2022			
Asset Type	Historical Cost	Accumulated Depreciation	Net
Land	\$ 45,065,502	\$ -	\$ 45,065,502
Building and Improvements	1,457,254,802	(445,894,636)	1,011,360,166
Equipment	49,147,624	(41,741,734)	7,405,891
Construction-in-Progress	101,527,792	-	101,527,792
Total	\$ 1,652,995,721	\$ (487,636,370)	\$ 1,165,359,351

Work was completed for one middle school, which increased the building and improvements category over the prior year. Additional information can be found in the Notes to the Financial Statements, Note 4.

Construction in Progress - Changes from Prior Year:

School Projects	\$ (4,839,958)
District-wide Projects	16,431,873
	<u>\$ 11,591,916</u>

The district's 2021-22 fiscal year budget for capital projects fund expenditures was set at \$161.4M.

Hunt Middle School celebrated their first day of school in their new building in September 2021. Planning and construction continued for Downing, Fawcett and Skyline Elementary Schools in 2021-22 and Bryant Elementary School began early stages of design and site preparation.

These projects and others are financed through the 2013 (\$500M) and 2020 (\$535M) capital bonds approved by voters. Additional information on capital assets is included in the Notes to the Financial Statements, Note 5.

The district maintains a fleet of yellow buses to serve its Special Education routes, and these buses are purchased from the Transportation Vehicle Fund. In 2000, the district began a long-term bus replacement plan which was meant to be self-supporting using state bus depreciation payments.

In 2021-22, the district received \$587K in bus depreciation payments from the state. The district purchased five buses in 2021-22 on its bus replacement plan to keep its fleet of yellow buses current at a total cost of \$618K.

Debt

At year end, the district owed \$939.4M in outstanding bonds, versus \$972.8M last year – a decrease of \$33.5M. The district has an ending balance of \$439K in additional long-term leases related to space rental for the Tacoma School of the Arts and district-wide copiers.

This debt is secured by a pledge of the full faith and credit of the district. The district's rating from Moody's is Aa3 and Standard and Poor's rating of AA has remained unchanged since 2013. Additionally, the district uses the State School Bond Guarantee Program, which enhances our ratings to Aa1/AA+ at a nominal fee to the district. More detailed information on the district's debt can be found in Note 7 of the notes to the financial statements.

Outstanding Debt				
Governmental Activities	2021-22	2020-21	Increase/(Decrease)	
2012 Refunding of '03,05,05A UTGOs	\$ 35,000,000	\$ 41,850,000	\$ (6,850,000)	-16.37%
2014 UTGO (Refunded)	6,240,000	6,240,000	-	0.00%
2015 UTGO (Refunded)	69,805,000	74,440,000	(4,635,000)	-6.23%
2020 Refunding of '14, '15 UTGOs	360,495,000	366,010,000	(5,515,000)	-1.51%
2020-B UTGO	249,280,000	249,280,000	-	0.00%
2020-C UTGO	218,540,000	235,000,000	(16,460,000)	-7.00%
Long-Term Financing - Scoreboards	-	110,927	(110,927)	100.00%
Total	\$ 939,360,000	\$ 972,930,927	\$ (33,570,927)	-3.45%

NEXT YEAR'S BUDGET AND RATES

The district's 2021-22 expenditure budgets for governmental funds were set at \$813.7M. The 2022 property tax rate decreased from \$4.658 (2021) to \$4.36 (2022) per thousand dollars of assessed value for the amounts collected in the general fund, capital projects fund, and debt service fund. Total assessed value increased by 14.7 percent between 2021 and 2022, with projected assessed valuation of \$39B over the calendar year. Property values continue to increase in 2022, and it is expected the assessed values for the area to increase 18 to 19 percent in 2023.

ECONOMIC FACTORS

The district serves the City of Tacoma and small outlying areas in Pierce County. The end of COVID stimulus packages brought in a larger labor force and demand for workers in 2022 leading to an unemployment rate at 5 percent, reminiscent of pre-pandemic times. The Pierce County Economic Index (PCEI) is forecast to end 2022 at 1.5 percent for the year, and forecasts for 2023 show past years of gains slowing with the end of stimulus packages.

Pierce County's unemployment rate has returned to a pre-pandemic rate of 5 percent at the end of 2022. Nonfarm employment was 2.2 percent higher in 2022 but still 1,100 jobs lower than in 2019, pre-pandemic. Education and health services (up 1,400) and leisure and hospitality (up 3,000) make up the bulk of the increase. The forecast for 2023 is for 1.5 percent growth in employment in the county with 3,900 estimated jobs being added back post-pandemic.

In 2022, personal income was estimated to have fallen by 1.01 percent, and decreased by 2.1 percent in personal income per capita to \$64,530. For 2023, total income is forecast to grow 2.15 percent, with per capital income expected to increase by 1.07 percent.

New housing listings have dropped from the prior year 15.8 percent due to rising mortgage rates. The lack of new listings has flattened the forecast for 2023 leaving it relatively unchanged. The county's affordability index dropped in 2022 also due to rising mortgage rates. The index is expected to continue to decrease during 2023 pushing it below 100 for the first time since late 2008 due to rising home values, increasing 30-year mortgage rates and lack of growth in nominal median incomes.

Multi-family property rents have decreased by 2.4 percent in 2022 compared to pre-pandemic prices. Commercial real estate rents rose 16 percent in the warehouse and distribution sectors as vacant space decreased 2.4 percent. Office space inventory has remained relatively stable with central business vacancy down 2.1 percent. Retail space vacancy rates were 2.65 percent down from 2.84 percent at the end of 2021.

The Port of Tacoma and the Port of Seattle formed the Northwest Seaport Alliance (NWSA) in August 2016 to be more competitive with other west coast ports. Since the NWSA has been formed, the combined share of west coast container traffic had started to stabilize. In 2022 however, the combined international imports and exports dropped 12.6 and 19.7 percent, respectively. NWSA's market share for the U.S. West Coast international container volume fell by 8.0 percent in 2022 and NWSA's container traffic is estimated at 11.3 percent, a decrease of .6 percent from 2021.

REQUESTS FOR INFORMATION

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

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

TACOMA SCHOOL DISTRICT No. 10
STATEMENT OF NET POSITION
AUGUST 31, 2022

	PRIMARY GOVERNMENT	
	Note No.	Governmental Activities
ASSETS		
Cash and Cash Equivalents	1F	41,396,003
Cash Held by Trustees	2	543,297
Investments	2	510,271,413
Property Tax Receivable	1F	79,570,292
Receivables, Net	1F	1,169,650
Due From Other Governments	1F	13,378,146
Inventories	1F	4,550,695
Prepaid Items	1F	1,310,675
Leased Assets	8	434,462
Net Pension Assets	6A	14,038,837
Capital Assets, net of accumulated depreciation, where applicable:	4	
Land		45,065,502
Buildings & Improvements		1,011,360,166
Equipment		7,405,891
Construction-in-Progress	5	101,527,792
TOTAL ASSETS		1,832,022,823
DEFERRED OUTFLOW OF RESOURCES		
Refunded Bonds - Charge on Refunding	7E	16,663,835
Deferred Outflows Related to Pensions	6A	87,568,660
Deferred Outflows Related to OPEB	9F	28,710,898
TOTAL DEFERRED OUTFLOW OF RESOURCES		132,943,393
LIABILITIES		
Accounts Payable		48,930,296
Accrued Wages & Benefits Payable		21,883,239
Unearned Revenue		1,251,212
Long-Term Liabilities	7A	
Due within one year		53,995,169
Due in more than one year		1,282,061,549
TOTAL LIABILITIES		1,408,121,464
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	6A	63,957,648
Deferred Inflows Related to OPEB	9F	23,390,133
TOTAL DEFERRED INFLOWS OF RESOURCES		87,347,781
NET POSITION		
Net Investment in Capital Assets		536,282,784
Restricted for:		
Associated Student Body		2,018,843
Capital Projects		40,681,126
Debt Service		62,745,088
State Grants		1,328,374
Net Pension Asset		50,646,997
Unrestricted		(224,206,243)
TOTAL NET POSITION		469,496,970

TACOMA SCHOOL DISTRICT No. 10
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2022

Functions/Programs	Expenses	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT					
Governmental Activities:					
Regular Instruction	\$ 297,808,968	\$ 1,925,461	\$ 587,449	\$ 87,924	(295,208,134)
Federal Special Purpose Funding	23,340,725	-	23,726,447	7,506,202	7,891,924
Special Instruction	63,240,672	2,165,607	50,022,157	-	(11,052,908)
Career & Technical Instruction	19,482,358	252,833	18,975,318	403,637	149,430
Compensatory Instruction	48,408,247	-	46,816,831	13,978	(1,577,438)
Other Instructional Programs	2,635,766	364,529	2,570,727	-	299,490
Community Services	6,035,034	1,216,402	1,816,451	-	(3,002,181)
Support Services	95,891,454	1,000,608	28,925,376	883,260	(65,082,210)
Extracurricular Activities (ASB)	987,108	1,061,259	-	-	74,151
Interest Payment on Long-Term Debt	26,059,663	-	-	-	(26,059,663)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 583,889,994	\$ 7,986,699	\$ 173,440,756	\$ 8,895,001	(393,567,538)
GENERAL REVENUES:					
Taxes:					
Property taxes, levies for maintenance and operations					80,257,612
Property taxes, levies for debt service					65,392,399
Property taxes, levies for capital projects					23,893,314
Unallocated State Apportionment & Others					240,387,828
Interest and Investment earnings					3,052,998
TOTAL GENERAL REVENUES					412,984,151
Changes in Net Position					19,416,612
NET POSITION - September 1					450,080,357
NET POSITION - August 31					469,496,970

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

TACOMA SCHOOL DISTRICT No. 10
FUND BALANCE SHEETS
GOVERNMENTAL FUNDS
AUGUST 31, 2022

	General Fund	Special Revenue (ASB) Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Total Governmental Funds
ASSETS						
Cash on Hand and in Bank	\$ 40,241,621	\$ 101,406	\$ 340,624	\$ 124,717	\$ 587,635	\$ 41,396,003
Construction Retainage Escrow	-	-	-	543,297	-	543,297
Investments	13,013,681	2,480,040	29,239,107	463,319,462	2,219,123	510,271,413
Property Tax Receivable	35,591,593	-	32,725,553	11,253,145	-	79,570,292
Accounts Receivable, Net	1,158,608	11,042	-	-	-	1,169,650
Interfund Receivable	15,450,216	241,618	-	1,727,849	4,800	17,424,484
Due From Other Government Units	13,356,655	150	-	21,341	-	13,378,146
Inventories at Cost	4,550,695	-	-	-	-	4,550,695
Prepaid Items	1,310,675	-	-	-	-	1,310,675
TOTAL ASSETS	\$ 124,673,744	\$ 2,834,257	\$ 62,305,285	\$ 476,989,812	\$ 2,811,558	\$ 669,614,656
LIABILITIES						
Accounts Payable	\$ 19,963,137	\$ 117,896	\$ -	\$ 21,264,595	\$ 247,992	\$ 41,593,621
Retainage Payable	-	-	-	543,297	-	543,297
Accrued Wages & Benefits Payable	21,016,546	5,062	-	861,631	-	21,883,239
Interfund Payable	3,653,084	611,705	-	13,159,695	-	17,424,484
Unearned Revenue - Other	1,170,461	80,751	-	-	-	1,251,212
TOTAL LIABILITIES	45,803,229	815,414	-	35,829,218	247,992	82,695,853
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	34,536,026	-	31,753,940	10,919,168	-	77,209,134
TOTAL DEFERRED INFLOWS OF RESOURCES	34,536,026	-	31,753,940	10,919,168	-	77,209,134
FUND BALANCES						
Nonspendable - Inventory & Prepaid Items	5,861,370	-	-	-	-	5,861,370
Restricted for Carryover of Restricted Revenues	1,328,374	-	-	-	-	1,328,374
Restricted for Construction	-	-	-	410,022,072	-	410,022,072
Restricted for Debt Service	439,803	-	30,551,345	-	-	30,991,148
Restricted to Special Revenue Fund	-	2,018,843	-	-	2,563,566	4,582,409
Restricted for Technology	-	-	-	15,544,320	-	15,544,320
Committed to Contingencies	1,000,000	-	-	-	-	1,000,000
Assigned to Other Items	3,769,770	-	-	-	-	3,769,770
Assigned to Budget Carryover	2,543,975	-	-	-	-	2,543,975
Assigned to Future Operations	7,225,737	-	-	-	-	7,225,737
Assigned to Capital Projects Fund	-	-	-	4,675,035	-	4,675,035
Unassigned for Minimum Fund Balance Policy	17,791,499	-	-	-	-	17,791,499
Unassigned for Fund Balance	4,373,962	-	-	-	-	4,373,962
TOTAL FUND BALANCES	44,334,490	2,018,843	30,551,345	430,241,427	2,563,566	509,709,670
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 124,673,744	\$ 2,834,257	\$ 62,305,285	\$ 476,989,812	\$ 2,811,558	\$ 669,614,656

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

TACOMA SCHOOL DISTRICT No. 10
RECONCILIATION
BALANCE SHEET/STATEMENT OF NET POSITION
AUGUST 31, 2022

	Total Governmental Funds	Long-Term Assets, Liabilities *	Reclassifications and Eliminations	Statement of Net Position	Totals
ASSETS					
Cash on Hand and in Bank	\$ 41,396,003	\$ -	\$ -	\$	41,396,003
Cash Held by Trustees	543,297	-	-		543,297
Investments	510,271,413	-	-		510,271,413
Property Tax Receivable	79,570,292	-	-		79,570,292
Receivables, Net	1,169,650	-	-		1,169,650
Interfund Receivable	17,424,484	-	(17,424,484)		-
Due From Other Governments	13,378,146	-	-		13,378,146
Inventories	4,550,695	-	-		4,550,695
Prepaid Items	1,310,675	-	-		1,310,675
Long-Term Assets - Leases	-	434,462	-		434,462
Long-Term Assets - Pension	-	14,038,837	-		14,038,837
Capital Assets, Net	-	1,165,359,351	-		1,165,359,351
TOTAL ASSETS	669,614,656	1,179,832,651	(17,424,484)		1,832,022,823
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	-	16,663,835	-		16,663,835
Pension Plan Experience - Assumption Changes & Plan Contributions	-	87,568,660	-		87,568,660
OPEB Changes - Contributions and Assumptions	-	28,710,898	-		28,710,898
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	132,943,393	-		132,943,393
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 669,614,656	\$ 1,312,776,043	\$ (17,424,484)	\$	1,964,966,215
LIABILITIES					
Accounts Payable	\$ 42,136,918	\$ 6,793,378	\$ -	\$	48,930,296
Wages, Benefits & Other Payables	21,883,239	-	-		21,883,239
Interfund Payable	17,424,484	-	(17,424,484)		-
Unearned Revenue - Other	1,251,212	-	-		1,251,212
Long-Term Liabilities - Pension	-	73,766,005	-		73,766,005
Long-Term Liabilities - OPEB	-	222,325,439	-		222,325,439
Long-Term Liabilities - Not Pension or OPEB	-	1,039,965,275	-		1,039,965,275
TOTAL LIABILITIES	82,695,853	1,342,850,096	(17,424,484)		1,408,121,464
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	77,209,134	(77,209,134)	-		-
Pension Plan Investment Earnings & Changes in Proportions	-	63,957,648	-		63,957,648
OPEB Changes - Differences and Assumptions	-	23,390,133	-		23,390,133
TOTAL DEFERRED INFLOWS OF RESOURCES	77,209,134	10,138,647	-		87,347,781
FUND BALANCES/NET POSITION					
Fund Balances/Position	509,709,670	(40,212,700)	-		469,496,970
TOTAL FUND BALANCES/NET POSITION	509,709,670	(40,212,700)	-		469,496,970
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES/NET POSITION	\$ 669,614,656	\$ 1,312,776,043	\$ (17,424,484)	\$	1,964,966,215

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

* See Note 10

TACOMA SCHOOL DISTRICT No. 10
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2022

	General Fund	Special Revenue (ASB) Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Total Governmental Funds
REVENUES						
Local	\$ 79,585,889	\$ 1,074,513	\$ 65,539,802	\$ 26,875,415	\$ 14,196	\$ 173,089,814
State	339,494,224	-	-	21,341	587,441	340,103,006
Federal	77,269,168	-	-	222,640	-	77,491,808
Other Districts/Agencies	5,251,149	-	-	250,000	-	5,501,149
TOTAL REVENUES	501,600,429	1,074,513	65,539,802	27,369,396	601,637	596,185,777
EXPENDITURES						
Current:						
Regular Instruction	261,693,885	-	-	-	-	261,693,885
Federal Special Purpose Funding	22,414,538	-	-	-	-	22,414,538
Special Instruction	60,730,696	-	-	-	-	60,730,696
Career & Technical Instruction	18,527,213	-	-	-	-	18,527,213
Compensatory Instruction	46,451,845	-	-	-	-	46,451,845
Other Instructional Programs	2,466,224	-	-	-	-	2,466,224
Community Services	5,795,557	-	-	-	-	5,795,557
Support Services	90,024,739	-	-	-	-	90,024,739
Student Activities	-	986,021	-	-	-	986,021
Debt Service:						
Principal	244,914	-	33,460,000	-	-	33,704,914
Interest and Other Charges	13,620	-	27,470,056	-	-	27,483,676
Capital Outlay:						
Other	8,895,001	-	-	109,582,470	618,363	119,095,834
TOTAL EXPENDITURES	517,258,231	986,021	60,930,056	109,582,470	618,363	689,375,140
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(15,657,802)	88,492	4,609,746	(82,213,074)	(16,725)	(93,189,363)
OTHER FINANCING SOURCES (USES)						
Long Term Financing - Leases	684,717	-	-	-	-	684,717
Proceeds from Sale of Real Property	-	-	-	1,278,033	-	1,278,033
Proceeds from Sale of Surplus Equipment	241,203	-	-	-	20,694	261,897
Transfers	3,000,000	-	-	(3,000,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	3,925,920	-	-	(1,721,968)	20,694	2,224,647
NET CHANGE IN FUND BALANCE	(11,731,881)	88,492	4,609,746	(83,935,042)	3,969	(90,964,717)
FUND BALANCE - September 1	56,066,371	1,930,351	25,941,599	514,176,468	2,559,597	600,674,387
FUND BALANCE - August 31	\$ 44,334,490	\$ 2,018,843	\$ 30,551,345	\$ 430,241,427	\$ 2,563,566	\$ 509,709,670

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

TACOMA SCHOOL DISTRICT No. 10
RECONCILIATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2022

	Total Governmental Funds	Long-Term Revenue, Expenses *	Capital Related items *	Long-Term Debt Transactions *	Statement of Activities Total
REVENUES AND OTHER SOURCES					
Revenues:					
Property Taxes	\$ 163,962,425	\$ 5,580,900	\$ -	\$ -	\$ 169,543,325
Local Non-Taxes	9,127,389	-	-	-	9,127,389
State	340,103,006	-	-	-	340,103,006
Federal	77,491,808	-	-	-	77,491,808
Other Districts/Agencies	5,501,149	-	-	-	5,501,149
Other Sources:					
Long Term Financing - Leases	684,717	-	-	(684,717)	-
Proceeds from Sale of Real Property	1,278,033	-	-	-	1,278,033
Proceeds from Sale of Surplus Equipment	261,897	-	-	-	261,897
TOTAL REVENUES AND OTHER SOURCES	598,410,424	5,580,900	-	(684,717)	603,306,607
EXPENDITURES AND OTHER USES					
Current:					
Regular Instruction	261,693,885	(4,938,184)	23,839,179	-	280,594,881
Federal Special Purpose Funding	22,414,538	(422,964)	-	-	21,991,574
Special Instruction	60,730,696	(1,145,993)	504	-	59,585,207
Career & Technical Instruction	18,527,213	(349,610)	178,627	-	18,356,230
Compensatory Instruction	46,451,845	(876,550)	34,837	-	45,610,132
Other Instructional Programs	2,466,224	(46,538)	63,727	-	2,483,413
Community Services	5,795,557	(109,363)	-	-	5,686,194
Support Services	90,024,739	(1,698,774)	1,883,400	139,327	90,348,693
Student Activities	986,021	-	1,087	-	987,108
Debt Service:					
Principal	33,704,914	-	-	(33,704,914)	-
Interest and Other Charges	27,483,676	-	-	(1,424,013)	26,059,663
Capital Outlay	119,095,834	-	(86,224,216)	(684,717)	32,186,900
TOTAL EXPENDITURES AND OTHER USES	689,375,140	(9,587,974)	(60,222,855)	(35,674,316)	583,889,994
NET CHANGE FOR THE YEAR	\$ (90,964,717)	\$ 15,168,874	\$ 60,222,855	\$ 34,989,599	\$ 19,416,612

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

* See Note 10

TACOMA SCHOOL DISTRICT No. 10
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2022

	Private-Purpose Trusts
ASSETS	
Cash and Cash Equivalents	\$ 21,042
Investments at Fair Value	1,133,760
Accounts Receivable	50,197
TOTAL ASSETS	1,204,999
LIABILITIES	
Accounts Payable	300,053
Unearned Revenue - Other	6,404
TOTAL LIABILITIES	306,457
NET POSITION	
Held in Trust for Scholarships and Student Aid	898,542
TOTAL NET POSITION	\$ 898,542

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

TACOMA SCHOOL DISTRICT No. 10
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2022

	Private-Purpose Trusts
ADDITIONS	
Donations	\$ 320,595
TOTAL ADDITIONS	320,595
DEDUCTIONS	
Scholarships	7,955
Tuition and Fees	1,240
Supplies & Materials	249,239
Field Trips	689
Purchased Services	1,571
Salaries & Benefits	5,344
TOTAL DEDUCTIONS	266,038
CHANGE IN NET POSITION	54,557
NET POSITION - September 1	843,985
NET POSITION - August 31	\$ 898,542

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

TACOMA SCHOOL DISTRICT No. 10
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 1, 2021 through August 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

The Tacoma School District's financial statements include all funds and organizations that are controlled by or dependent on the district's board of directors. Control by or dependence on the district was determined based on budget adoption, taxing authority, outstanding debt secured by the general credit of the district, obligation of the district to finance any deficits that may occur, or receipt of significant subsidies from the district.

B. PRESENTATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Overall governmental activities are reported here without displaying individual funds or fund types and display information about the district as a whole. The fiduciary fund is not presented in the government-wide financial statements. It is presented separately in Schedules 8 and 9.

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:

Statement of Net Position – The Statement of Net Position reports all financial and capital resources. Capital assets (land, land improvements, building, building improvements, vehicles, and equipment) are reported at historical cost, net of accumulated depreciation.

Statement of Activities – The operations of the district are presented net of the applicable program revenues. General revenues are divided into property taxes, interest, and investment earnings. The expenses and revenues are reported as follows:

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

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

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

FUND FINANCIAL STATEMENTS

The accounts of the district are organized on the basis of funds in the fund financial statements, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred inflows, liabilities, fund equity, revenues, and expenditures.

Resources are accounted for in individual funds based upon the purposes for which they are to be spent and how spending activities are controlled. The fund financial statements consist of the Fund Balance Sheet, Reconciliation of Balance Sheet/Statement of Net Position, Statement of Revenues, Expenditures and Changes in Fund Balance, and Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities; Fiduciary Fund - Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position.

The various funds are grouped into two classifications: Governmental and Fiduciary.

Governmental Funds

General Fund

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

Special Revenue Fund (Associated Student Body Fund)

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

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

Debt Service Fund

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

Capital Projects Funds

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

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

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

Fiduciary Fund

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

Private Purpose Trust Fund

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

Major And Non-Major Funds

All governmental funds are considered "major funds."

C. BUDGETS AND BUDGETARY ACCOUNTING

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 expenditure budget. The board may adopt a revised or supplemental budget appropriation after public hearings anytime during the fiscal year. There were no revisions at the fund level during fiscal year 2021-2022.

BUDGETARY BASIS OF ACCOUNTING

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

ENCUMBRANCES

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

Only the General Fund had encumbrances in the amount of \$3,769,770 on August 31, 2022, which were re-encumbered on September 1, 2022. Significant encumbrances in the general fund include repair or replacement of HVAC systems, summer maintenance and repairs that weren't quite complete at August 31, furniture and equipment backorders, incomplete contracts for services, and supply orders placed late in the year.

No encumbrances are assigned in the other governmental funds as any encumbrances are included in other categories of fund balance, e.g. assigned to fund purposes, restricted to fund purposes, etc.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide statements and fiduciary fund financial statements, measure and report all assets (both financial and capital), deferred outflow of resources, liabilities, deferred inflows of resources, revenues, expenses, gains, and losses using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financials are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due. Property taxes received within 30 days of the end of the current fiscal period are recognized as revenues of the current fiscal period.

E. ELIMINATIONS AND RECLASSIFICATIONS

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

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

CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Tacoma School District's cash and cash equivalents are considered to be cash on hand 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 US Bank as its fiscal agent for bond principal and coupon interest redemption.

Short-term investments are shown on the Statement of Net Position and on the Fund Balance Sheets at cost, net of amortized premium or discount, and 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, where applicable.

PROPERTY TAXES

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

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

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

The following are totals of abated taxes pertaining to the Tacoma School District in fiscal year 2021-2022:

City of Tacoma - Housing projects with 5 or more units \$2,793,012.53

The tax abatements did not result in a reduction or loss of revenue to the district because, pursuant to state law, these taxes were reallocated to other property taxpayers.

ACCOUNTS RECEIVABLE

This account represents amounts due for services rendered by the district, net of allowance for doubtful accounts.

INTERFUND RECEIVABLES/PAYABLES

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

DUE FROM OTHER GOVERNMENTS

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

INVENTORIES AND PREPAID ITEMS

Warehouse inventory is valued at cost using the weighted average method perpetual inventory system. The "consumption method" of inventory is used, which charges the inventory accounts when inventory is received and charges the appropriate department as expenditures when consumed. The Nonspendable – Inventory & Prepaid Items fund balance categorization reflects the district's recorded inventories and prepaid items on the balance sheet. These are assets of the district that are not in spendable form. This includes United States Dept. of Agriculture (USDA) commodities which consist of food donated by the USDA for use in the district's nutrition services program. Commodities are valued at the prices paid by the USDA for the commodities and are included in the general fund inventory.

Prepaid items consist of software licenses and other prepayments made late in 2021-2022 for the new school year. Inventory amounts also include expendable supplies and equipment, generally purchased over the summer, and held for consumption until school begins in the fall. The costs are recorded as expenditures at the time inventory items are consumed.

DONATED SUPPLIES

During 2021-2022, supplies consisting of various types of COVID-19 test kits were donated to the district by the federal Department of Health's Return to Learn program. The fair market value of the donated supplies totaled \$3,646,982.

BOND DISCOUNT, BOND PREMIUMS & ISSUANCE COSTS

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

CAPITAL ASSETS

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

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

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

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

LEASES

On September 1, 2021, the district implemented GASB 87 – Leases. Implementation of this statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. The new statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Leases that meet the capitalization threshold at lease commencement, \$55,000, are reported as a lease liability and an intangible right-to-use lease asset (lessee) or a lease receivable and deferred inflow of resources (lessor) on the Statement of Net Position in the government-wide fund financial statements.

Lessee Activities - The district is a lessee for a noncancellable lease of a building and some equipment. For leases that meet the capitalization threshold, at lease commencement, the initial value of the lease liability is reported as other financing sources with a corresponding capital outlay on the governmental fund financial statements. The lease liability is initially measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

Lessor Activities - The district is a lessor for various noncancellable leases of buildings, and other assets. For leases that meet the capitalization threshold, at lease commencement, the district recognizes a lease receivable and a deferred inflow of resources on the governmental funds Balance Sheet. The lease receivable is initially measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is initially measured as the amount of the lease receivable, plus lease payments made at or before the lease commencement date, less any lease incentives paid to, or on behalf of, the lessee at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as lease revenue on a straight-line basis over the lease term.

Generally, if known, lessee interest rates are used as the discount rate for lessee agreements and the incremental borrowing rate as the discount rate for lease receivables. Certain payments are evaluated to determine if they should be included in the measurement of lease liabilities or assets, including those payments that require a determination of whether they are reasonably certain of being made.

Lease terms include the noncancellable period of the lease plus any additional periods covered by either a lessee or lessor option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the lessee and the lessor have a unilateral option to terminate (or if both parties must agree to extend) are excluded from the lease term.

The district monitors changes in circumstances that may require remeasurement of leases. When certain changes occur that are expected to significantly affect the amount of the lease, the liability or receivable is remeasured, and a corresponding adjustment is made to the leased asset or liability. For leases below the capitalization threshold and leases with a maximum possible term of 12 months or less at commencement, an expense/expenditure or revenue is recognized based on the provisions of the lease contract.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

In addition to assets and liabilities, the statement of financial position reports separate sections for deferred outflows and inflows of resources. As separate financial statement elements, deferred inflows and outflows of resources, represent flows of resources into and out of the district that apply to future period(s) and so will not be recognized as an inflow of resources (revenue) or outflow of resources (expenditures) until that time.

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

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

Deferred Charge The district refunded bonds in July 2020 and the difference between the reacquisition price and the net carrying amount of the old debt resulted in a deferred charge. A deferred outflow of resources had been recorded to recognize the deferred charge.

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

COMPENSATED ABSENCES

Government-wide financial statements include a long-term liability for compensated absences on the statement of net position. The compensated absences liability includes vacation and sick leave earned by employees when the leave is related to employee services already rendered and eventual payment to the employee is considered probable. The sick and vacation leave liabilities reflect all salary related payments to employees.

Sick Leave Employees earn sick leave at a rate of 12 days per year up to a maximum of one contract year. Under the provisions of RCW 28A.400.210, sick leave accumulated by district employees is paid at death or retirement at the rate of one day for each four days of accrued leave, limited to 180 accrued days. This chapter also provides for an annual buyout of an amount up to the maximum annual accumulation of twelve days for active employees. For buyout purposes, employees may accumulate such leave to a maximum of 195 days, including the annual accumulation, as of December 31 of each year. To qualify for the annual sick leave buy-back, the employee must have accumulated in excess of 60 days of sick leave as of January 1.

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

Sick leave is reported under long-term liabilities in the *Statement of Net Position*. For reporting purposes, 25 percent of the sick leave liability (up to 180 days) for those eligible for retirement is considered accruable. The amount of accrued sick leave as of August 31, 2022, was \$8,803,961 and reported as long-term liabilities in government-wide financial statements.

Vacation Leave For the employees that receive vacation, vacation leave is accrued according to the particular bargaining agreement. Vacation pay, including benefits, that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the government fund that will pay it. It is computed at 100 percent of the accrued amount. The amount accrued for vacation leave as of August 31, 2022, was \$14,665,135 and reported as long-term liabilities in government-wide financial statements.

NET POSITION (GOVERNMENT-WIDE FINANCIAL STATEMENTS)

The "Net Investment in Capital Assets" consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, accounts payable, retainage payable, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The "Restricted Net Position" component reports the assets with constraints placed on net position by external laws, regulations, or legislation. Therefore, they are available for disbursements only for specific purposes (e.g. debt service, capital projects, and others). The "Unrestricted Net Position" are assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. When resources meeting more than one of these classifications are commingled in an account, assuming an expenditure meets the constraints of the classification, the assumed order of spending is restricted first, then unrestricted.

GOVERNMENTAL FUND BALANCES

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

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

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

Committed Fund Balance Amounts that are reported as Committed are those resources of the district that have had a limitation placed upon their usage by formal action of the district's board of directors. Commitments are made either through a formal adopted board resolution or are related to a school board policy. Commitments may only be changed when the resources are used for the intended purpose or the limitation is removed by a subsequent formal action of the board of directors.

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

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

The Superintendent or the Chief Financial Officer have the authority to create Assignments of Fund Balance, per Board Regulation 6015.1R.

Unassigned Fund Balance In the General Fund, amounts reported as Unassigned are those net spendable resources of the district that are not otherwise Restricted, Committed, or Assigned, and may be used for any purpose within the General Fund. In other governmental funds, Unassigned Fund Balance represents a deficit ending spendable fund balance once all restrictions and commitments are considered.

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

NOTE 2 DEPOSITS AND INVESTMENTS

The district's investment policy requires funds to be invested with the objective of producing the greatest return consistent with prudent business practice. The Pierce County Treasurer is the ex-officio treasurer for the district. The district directs the County Treasurer to invest those financial resources of the district that the district has determined are not needed to meet the current financial obligations of the district. In this capacity, the county treasurer receives, deposits, and transacts investments on the district's behalf.

The district's deposits are mostly covered by federal depository insurance (FDIC) or by the Washington Public Deposit Protection Commission, a multiple financial institution collateral pool. The provision for guaranteed coverage against loss applies not only to demand deposits, but also to certificates of deposit, money market deposit accounts, and savings deposits as well as accrued interest through the date of repayment. These provisions help mitigate custodial credit risk, which is the risk that, in the event of a failure of a depository financial institution, the district would not be able to recover deposits or collateral securities that are in the possession of an outside party.

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

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

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

The districts investments as of August 31, 2022, are as follows:

Investment Type	Number of Securities	Carrying Amount	Market Value
State Treasurer's Investment Pool	6	\$ 511,405,174	\$ 511,405,174
Total Investments	6	\$ 511,405,174	\$ 511,405,174

At year end, the cash on hand, cash held by trustees according to retainage policies, plus the carrying amounts of the district's deposits and investments with financial institutions and with the Pierce County Treasurer were:

Distribution	Cash on Hand and in Bank	Cash Held by Trustees	Investments
Governmental Funds	\$ 41,396,003	\$ 543,297	\$ 510,271,413
Fiduciary Funds	21,042	-	1,133,760
Total Deposits & Investments	\$ 41,417,045	\$ 543,297	\$ 511,405,174

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

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

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

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

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

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

Through the county investment policy, credit risk is managed by restricting county investments (which include the district's funds) to obligations of the U.S. Treasury, U.S. Government agencies and instrumentalities; bankers acceptances; primary certificates of deposit issued by qualified public depositories designated by the Washington Public Deposit Protection Commission; the Washington State Local Government Investment Pool (LGIP); municipal bonds issued by the state or its local governments; and repurchase agreements collateralized by any previously authorized investments. Bankers' acceptances must be ranked in either of the two highest rating categories by Moody's Investor Service or Standard & Poor's. Diversification of the portfolio is achieved by limiting the maximum percentage of investments by type of investment in the portfolio as follows:

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

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

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

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

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

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

NOTE 3 INTERFUND TRANSACTIONS

As of August 31, 2022, short-term interfund receivables and payables in governmental funds that resulted from various interfund transactions in governmental fund financial statements were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 15,450,216	\$ 3,653,084
Special Revenue Fund	241,618	611,705
Capital Projects Fund	1,727,849	13,159,695
Transportation Vehicle Fund	4,800	-
Total	\$ 17,424,484	\$ 17,424,484

Interfund balances result from the time lag between the dates that interfund goods and services are provided and reimbursable expenditures occur, or when transactions are recorded in the accounting system and payments are made between funds. These balances are liquidated monthly. Balances at fiscal year-end are eliminated in government-wide financial statements.

Planned transfers between funds are included in the budgeting process. A transfer from the Capital Projects Fund to the General Fund for district-wide technology transactions (\$3,000,000) was made in August.

NOTE 4 CHANGES IN CAPITAL ASSETS

Purchases of equipment with a unit cost over \$5,000 are capitalized and depreciated in *government-wide financial statements*. The district's capital assets are insured in the amount of \$1,539,029,414 for fiscal year 2021-2022. In the opinion of the district's insurance consultant, the amount is sufficient to adequately fund replacement of the district's assets.

	Primary Government			
	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities Capital Assets, not being depreciated:				
Land	\$ 45,430,757	\$ 0	\$ (365,255)	\$ 45,065,502
Construction-in-Progress	89,935,877	80,070,042	(68,478,127)	101,527,792
Total Capital Assets, not being depreciated	\$ 135,366,634	\$ 80,070,042	\$ (68,843,382)	\$ 146,593,295

Capital assets, being depreciated:				
Building and Improvements	\$ 1,388,478,726	\$ 73,574,357	\$ (4,798,280)	\$ 1,457,254,802
Equipment	48,010,913	2,433,698	(1,296,987)	49,147,624
Total Capital assets, being depreciated:	\$ 1,436,489,639	\$ 76,008,055	\$ (6,095,267)	\$ 1,506,402,427
Less Accumulated Depreciation for:				
Building and Improvements	\$ (424,821,345)	\$ (24,871,936)	\$ 3,798,645	\$ (445,894,636)
Equipment	(41,898,431)	(1,129,425)	1,286,122	(41,741,734)
Total Accumulated Depreciation	\$ (466,719,766)	\$ (26,001,361)	\$ 5,084,767	\$ (487,636,370)
Total Capital assets, being depreciated, net	969,769,863	50,006,694	(1,010,501)	1,018,766,057
Governmental Activities Capital Assets, Net	\$ 1,105,136,497	\$ 130,076,736	\$ (69,853,882)	\$ 1,165,359,351

Current Year Depreciation Expense charged to governmental activities:	
Regular Instruction	\$ 23,839,179
Special Instruction	504
Career & Technical Instruction	178,627
Compensatory Instruction	34,837
Other Instruction Programs	63,727
Support Services	1,883,400
Extracurricular Activities (ASB)	1,087
Total	\$ 26,001,361

NOTE 5 CONSTRUCTION IN PROGRESS

School	Project	Project Authorization	Accumulated Expenditures to Aug. 31, 2022
School Projects			
Bryant Elementary	New School	\$ 53,940,000	\$ 61,145
Downing Elementary	New School	43,039,000	34,728,844
Fawcett Elementary	New School	45,828,000	12,650,816
Skyline Elementary	New School	47,526,000	36,619,329
Hilltop Heritage Middle	Solar Panels	-	324,727
Hunt Middle	Improvement	-	711,058
Total School Projects		\$ 190,333,000	\$ 85,095,919
District-Wide Projects			
ADA Improvements		\$ 4,000,000	\$ 353,656
Building & Street Improvements		10,320,000	3,305,790
Fields		23,957,000	6,398,527
Playground Renovation		4,000,000	418,313
Pool Renovations		11,300,000	349,044
Safety & Security Improvements		31,587,000	5,606,543
Total District-Wide Projects		\$ 85,164,000	\$ 16,431,873
GRAND-TOTAL		\$ 275,497,000	\$ 101,527,792

NOTE 6 PENSIONS AND NONGOVERNMENTAL PENSION PLANS

A. PENSIONS

The district is required to provide retirement benefits for substantially all qualifying employees through the Washington State Department of Retirement Systems (DRS), a department within the primary government of the state of Washington. Generally accepted accounting principles require, among other provisions, that the district recognize its proportionate share of the DRS plans' funded status. The district has no independent ability to fund or satisfy pension liabilities outside of Washington State's legislatively adopted contribution rates. Assessments now and in the future are made based on the legislatively-mandated rates and are paid by the district on salaries and wages, as earned, in future years.

The following table represents the aggregate pension amounts for all plans of the district for fiscal year 2022:

Aggregate Pension Amounts—All Plans	
Pension Liabilities	\$ (73,766,005)
Pension Assets	\$ 14,038,837
Deferred outflows of resources	\$ 87,568,660
Deferred inflows of resources	\$ (63,957,648)
Pension expense/expenditures	\$ 40,226,207

DRS, a department within the primary government of the state of Washington, issues a publicly available annual comprehensive financial report that includes financial statements and required supplementary information for each plan. The DRS annual comprehensive financial report may be obtained by writing to: Washington State Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or online at <https://www.drs.wa.gov>.

MEMBERSHIP PARTICIPATION

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

MEMBERSHIP & PLAN BENEFITS

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

TRS Plan Information

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

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

TRS Plan 1 provides retirement, disability and death benefits. TRS 1 members were vested after the completion of five years of eligible service. Retirement benefits are determined as two percent of the average final compensation (AFC), for each year of service credit, up to a maximum of 60 percent, divided by twelve. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two. Members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. Other benefits include temporary and permanent disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

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

The benefit is reduced by a factor that varies according to age, for each year before age 65. TRS Plan 2/3 members who have 30 or more years of service credit, were hired prior to May 1, 2013, and are at least 55 years old, can retire under one of two provisions: With a benefit that is reduced by three percent for each year before age 65; or with a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules. TRS Plan 2/3 members hired on or after May 1, 2013, have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service. TRS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the Consumer Price Index), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

PERS Plan Information

PERS was established in 1947, and its retirement benefit provisions are contained in RCW Chapters 41.34 and 41.40. PERS is a cost-sharing, multi-employer retirement system. PERS Plan 1 provides retirement, disability and death benefits. PERS 1 members were vested after the completion of five years of eligible service. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service.

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

SERS Plan Information

SERS was established by the legislature in 1998, and the plan became effective in 2000. SERS retirement benefit provisions are established in RCW Chapters 41.34 and 41.35. SERS is a cost-sharing, multiemployer retirement system comprised of two separate plans for membership purposes. SERS Plan 2 is a defined benefit plan and SERS Plan 3 is a defined benefit plan with a defined contribution component. SERS members include classified employees of school districts and educational service districts.

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

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

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

PLAN CONTRIBUTIONS

The employer contribution rates for PERS, TRS, and SERS (Plans 1, 2, and 3) and the TRS and SERS Plan 2 employee contribution rates are established by the Pension Funding Council based upon the rates set by the Legislature. The methods used to determine the contribution requirements are established under chapters 41.34 and 41.40 RCW for PERS, 41.34 and 41.35 RCW for SERS, and 41.32 and 41.34 RCW for TRS. Employers do not contribute to the defined contribution portions of TRS Plan 3 or SERS Plan 3. Under current law the employer must contribute 100 percent of the employer-required contribution. The employee contribution rate for Plan 1 in PERS and TRS is set by statute at six percent and does not vary from year to year.

The employer and employee contribution rates for all plans were effective as of September 1, 2021. PERS contribution rates changed on July 1, 2021. TRS and SERS plans will not have a contribution rate change until September 1, 2022. The pension plan contribution rates (expressed as a percentage of covered payroll) for fiscal year 2022 are listed below:

	From this date	Through this date	Member rate	Employer rate	
PERS 1	7/1/2021	8/31/2022	6.00%	10.25%	
TRS 1	9/1/2021	8/31/2022	6.00%	14.42%	
TRS 2	9/1/2021	8/31/2022	8.05%	14.42%	
TRS 3	9/1/2021	8/31/2022	*	14.42%	**
SERS 2	9/1/2021	8/31/2022	7.76%	11.65%	
SERS 3	9/1/2021	8/31/2022	*	11.65%	**

Note: The Employer rates include .0018 DRS administrative expense.

* TRS and SERS Plan 3 Employee Contribution Variable from 5% to 15% based on rate selected by the employee member.

** TRS and SERS Plan 2/3 Employer Contributions for defined benefit portion only.

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

At June 30, 2022, the district reported a total liability of \$73,766,005 for its proportionate shares of the individual plans' collective net pension liability and \$14,038,837 for its proportionate shares of net pension assets. Proportion of net pension liability is based on annual contributions for each of the employers participating in the DRS administered plans. At June 30, 2022, the district's proportionate share of each plan's net pension liability is reported below:

June 30, 2022	PERS 1	SERS 2/3	TRS 1	TRS 2/3	Total
District's Annual Contributions	\$ 3,372,325	\$ 6,643,149	\$ 15,769,488	\$ 19,713,149	\$ 45,498,111
Proportionate Share of the Net Pension Liability	\$ 15,321,204	\$ (7,973,837)	\$ 58,444,800	\$ (6,065,000)	\$ 59,727,168

Changes to net pension liability from the prior period are displayed in the Schedule of Changes in Long Term Liabilities,

At June 30, 2022, the school district's percentage of the proportionate share of the collective net pension liability was as follows and the change in the allocation percentage from the prior period is illustrated below.

Allocation percentages	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Current year proportionate share of the Net Pension Liability	0.550258%	2.968113%	3.073082%	3.082028%
Prior year proportionate share of the Net Pension Liability	0.482489%	2.852047%	2.956516%	2.959869%
Net difference percentage	0.067769%	0.116066%	0.116567%	0.122160%

ACTUARIAL ASSUMPTIONS

The total pension liabilities for TRS 1, TRS 2/3, PERS 1 and SERS 2/3 were determined by actuarial valuation as of June 30, 2021, with the results rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	2.75% total economic inflation, 3.25% salary inflation
Salary increases	In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment rate of return	7.00%

MORTALITY RATES

Mortality rates used in the plans were developed using the Society of Actuaries' Pub.H-2010 Mortality rates, which vary by member status as the base table. OSA applies age offsets for each system to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale to project mortality rates for every year after the 2010 base table. The actuarial assumptions used in the June 30, 2021, valuation were based on the results of the *2013-2018 Demographic Experience Study Report and the 2021 Economic Experience Study*. Additional assumptions for subsequent events and law changes are current as of the 2021 actuarial valuation report.

LONG-TERM EXPECTED RATE OF RETURN

OSA selected a 7.00% long-term expected rate of return on pension plan investments using a building-block method. In selecting the assumptions, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns the Washington State Investment Board (WSIB) provided.

The CMAs contain three pieces of information for each class of assets the WSIB currently invest in:

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

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons. The expected future rates of return are developed by the WSIB for each major asset class. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2022, are summarized in the following table:

TRS 1, TRS 2/3, PERS 1, and SERS 2/3		
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	20.00%	1.50%
Tangible Assets	7.00%	4.70%
Real Estate	18.00%	5.40%
Global Equity	32.00%	5.90%
Private Equity	23.00%	8.90%

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

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.00 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Based on the assumptions described in the DRS CAFR Certification Letter, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return, a 7.00 percent on pension plan investments was applied to determine the total pension liability.

SENSITIVITY OF THE NET PENSION LIABILITY (ASSET) TO CHANGES IN THE DISCOUNT RATE

The following table presents the Tacoma School District's proportionate share of the collective net pension liability or asset calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00 percent) or one percentage-point higher (8.00 percent) than the current rate. Amounts are calculated using the school district's specific allocation percentage, by plan, to determine the proportionate share of the collective net pension liability or asset.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
PERS 1 NPL	\$ 3,719,876,000	\$ 2,784,367,000	\$ 1,967,887,000
Allocation Percentage	0.550258%	0.550258%	0.550258%
Proportionate Share of Collective NPL	\$ 20,468,918	\$ 15,321,204	\$ 10,828,457
SERS 2/3 NPL	\$ 929,172,000	\$ (268,650,000)	\$ (1,255,926,000)
Allocation Percentage	2.968113%	2.968113%	2.968113%
Proportionate Share of Collective NPL	\$ 27,578,879	\$ (7,973,837)	\$ (37,277,308)
TRS 1 NPL	\$ 2,582,448,000	\$ 1,901,830,000	\$ 1,306,883,000
Allocation Percentage	3.073082%	3.073082%	3.073082%
Proportionate Share of Collective NPL	\$ 79,360,751	\$ 58,444,800	\$ 40,161,590
TRS 2/3 NPL	\$ 3,565,129,000	\$ (196,786,000)	\$ (3,255,167,000)
Allocation Percentage	3.082028%	3.082028%	3.082028%
Proportionate Share of Collective NPL	\$ 109,878,284	\$ (6,065,000)	\$ (100,325,168)

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

The Pension Plans reported collective Deferred Outflows of Resources and collective Deferred Inflows of Resources related to the individual plans. At August 31, 2022, the district reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(2,539,174)
Changes in assumptions or other inputs	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	6,340	-
TOTAL	\$ 6,340	\$ (2,539,174)
SERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$ 6,592,828	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(11,768,690)
Changes in assumptions or other inputs	9,016,774	(649,972)
Changes in proportion and differences between contributions and proportionate share of contributions	69,446	(490,435)
Contributions subsequent to the measurement date	1,491,748	-
TOTAL	\$ 17,170,796	\$ (12,909,097)

TRS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(10,472,603)
Changes in assumptions or other inputs	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	8,286	-
TOTAL	\$ 8,286	\$ (10,472,603)
TRS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$ 30,219,486	\$ (609,490)
Net difference between projected and actual earnings on pension plan investments	-	(32,078,158)
Changes in assumptions or other inputs	34,167,804	(3,716,068)
Changes in proportion and differences between contributions and proportionate share of contributions	58,269	(1,633,032)
Contributions subsequent to the measurement date	5,937,650	-
TOTAL	\$ 70,383,210	\$ (38,036,749)
ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$ 36,812,314	\$ (609,490)
Net difference between projected and actual earnings on pension plan investments	-	(56,858,625)
Changes in assumptions or other inputs	43,184,578	(4,366,040)
Changes in proportion and differences between contributions and proportionate share of contributions	127,744	(2,123,492)
Contributions subsequent to the measurement date	7,444,024	-
TOTAL	\$ 87,568,660	\$ (63,957,648)

\$7,444,024 reported as Deferred Outflows of Resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2023.

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

Year ended August 31	PERS 1	SERS 2/3	TRS 1	TRS 2/3
2023	\$ (1,074,526)	\$ (1,720,832)	\$ (4,440,151)	\$ (6,580,221)
2024	(975,947)	(1,214,803)	(4,036,951)	(5,228,421)
2025	(1,224,296)	(2,598,340)	(5,077,253)	(8,066,737)
2026	735,595	6,252,449	3,081,752	17,564,510
2027	-	1,866,891	-	7,133,945
Thereafter	-	184,585	-	21,585,736

PENSION EXPENSE

For the year ending August 31, 2022, the district recognized total pension expense as follows:

Pension Expense	
PERS 1	\$ 8,805,614
SERS 2/3	(1,549,915)
TRS 1	34,940,095
TRS 2/3	(1,969,591)
TOTAL	\$ 40,226,207

POST-EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS

457 Plan – Deferred Compensation Plan

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

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

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

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

B. NONGOVERNMENTAL PENSION PLANS

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

In fiscal year 2021-2022 the district has the following union sponsored pension plans that provide defined benefit pension to the district’s employees.

Plan Name	# of Employees Covered	Balance of Contributions
National Roofing Industry Pension Fund	2	\$ 10,384
Carpenters Retirement Plan of Western Washington	7	131,334
Northwest Laborers Employers Pension Plan	27	188,309
Central Pension Fund of the IUOE	274	878,383
IBEW Pacific Coast Pension Fund	8	89,697
Western Washington Glaziers Retirement Plan	1	26,498
Plumbers & Pipefitters National Pension Fund	8	59,154
WA State Plumbing & Pipefitting Pension Fund	8	60,671
Western Conference of Teamsters Pension Plan	11	68,989
International Painters & Allied Trades	4	17,460
IUOE Local 302/612 Employers Const. Industry Ret. Plan	2	4,243
Total	352	\$ 1,535,122

National Roofing Industry Pension Fund (NRIPP)

It is administered by Wilson-McShane Corporation, National Roofing Industry Benefit Funds. The entity identification is 36-6157071. Two district employees are covered by NRIPP. The NRIPP is a “defined benefit plan” where the roofer earns a monthly income payable at retirement (after 5 years of vested service) for the rest of the roofer’s life. The amount of that income is determined primarily by the number of years worked for a signatory employer and the number of hours worked in each of those years. The pension benefit terms and contribution requirements are established by Trustees of NRIPP. Contributions to the plan are made monthly pursuant to the terms of a collective bargaining agreement. In fiscal year 2021-2022 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 21-22 – district paid \$3.43/hour
Contribution amount FY 21-22 - \$10,384
There is currently no withdrawal liability for the NRIPP.

Carpenters Retirement Plan of Western Washington (CRP)

It is administered by Carpenters’ Trust of Western Washington. The entity identification is 91-6029051. 7 district employees are covered by CRP. The CRP is a “defined benefit plan” which means the carpenter earns a monthly income payable at retirement for the rest of the carpenter’s life. The amount of that income is determined primarily by the number of years worked for a signatory employer and the number of hours worked in each of those years. The benefit terms and contribution requirements are established by Board of Trustees of CPR. Contributions to the plan are made monthly pursuant to the terms of a collective bargaining agreement. In fiscal year 2021-2022 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 21-22 – district paid \$8.60/hour (9/19-5/20) and \$9.35/hour (6/20-8/20)
Contribution amount FY 21-22 - \$131,334
The CRP does have a withdrawal liability. The district’s estimated withdrawal liability for 2022 is \$322,413.

Northwest Laborers Employers Pension Plan (NWLEPP)

It is administered by Zenith American Solutions, NW Laborers Employers Trust Fund. The entity identification is 91-6022315. 27 district employees are covered by NWLEPP. NWLEPP is a “defined benefit plan” providing benefit payments guaranteed at retirement by the Pension Benefit Guaranty Corporation, a federal insurance agency. The benefit is determined by years of services for a signatory employer. The benefit terms and contribution requirements are established by Board of Trustees of NWLEPP. Contributions to the plan are made monthly pursuant to the terms of a collective bargaining agreement. In fiscal year 2021-2022 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 21-22 – district paid \$5.04/hour (9/19-5/20) and \$5.04/hour (6/20-8/20)

Contribution amount FY 21-22 - \$156,438

The NWLEPP does have a withdrawal liability however the amount of liability was not available by publication date.

Central Pension Fund of the IUOE (CPF)

It is administered by the Board of Trustees of CPF of the IUOE. The entity identification is 36-6052390. 274 district employees are covered by the plan - 48 bus drivers and dispatchers, 26 security employees, and 200 custodians are covered by the CPF. CPF is a “defined benefit plan” providing a benefit determined by accrual rate, years of service and hours worked in the service years. Benefit payments are guaranteed by the Pension Benefit Guaranty Corporation, a federal insurance agency. Contributions to the plan are made monthly pursuant to the terms of the collective bargaining agreement. In fiscal year 2021-2022 all pension contributions are based on 2080 hours compensated per year for dispatchers and bus drivers, full-time security employees, and custodians, and 1,704 hours for part-time security employees

Contribution rates FY 21-22 – district paid \$2.00/hour for dispatchers, \$1.00/hour for bus drivers, \$0.75/hour for 10-month part-time security employees, \$1.50/hour for full-time security employees, and \$1.75/hour for custodians.

Contribution amount FY 21-22 – Total – \$740,271. \$8,685 for dispatchers, \$77,561 for bus drivers, \$36,883 for part-time security employees, \$14,982 for full-time security employees, and \$740,271 for custodians.

There is currently no withdrawal liability for the CPF.

IBEW Pacific Coast Pension Fund

It is administered by Rhen & Associates/IBEW Local 76. The entity identification is 94-6128032. 8 district employees are covered by the Pacific Coast Pension Fund. The fund is a “defined benefit plan” providing benefit payments guaranteed by the Pension Benefit Guaranty Corporation, a federal insurance agency. The monthly benefit at normal retirement is determined by the accrual rate, years of service and hours worked in the service years. Contributions to the plan are made monthly pursuant to the terms of the collective bargaining agreement. In fiscal year 2021-2022 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 21-22 – district paid \$5.41/hour for IBEW and 3% of gross wages for NEBF.

Contribution amount FY 21-22 - \$89,697

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

Western Washington Glaziers Retirement Plan

It is administered by BENESYS, Inc./The Employee Painters' Trust. The entity identification is 91-6050587. One district employee is covered by the plan. The fund is a “defined benefit fund” providing monthly benefit payments guaranteed by the Pension Benefit Guaranty Corporation, a federal insurance agency. The monthly benefit at normal retirement age is determined by an accrual rate for credited years of service. Contributions to the plan are made monthly pursuant to the terms of the collective bargaining agreement. In fiscal year 2021-2022 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 21-22 – district paid \$13.25/hour

Contribution amount FY 20-21 - \$26,497

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

Plumbers & Pipefitters National Pension Fund

It is administered by the Board of Trustees, Plumbers & Pipefitters National Pension Plan. The entity identification is 52-6152779. 8 district employees are covered by the plan. The fund is a “defined benefit plan” providing monthly benefit payments guaranteed by the Pension Benefit Guaranty Corporation, a federal insurance agency. The monthly benefit at normal retirement age is determined by an accrual rate and years of credited service. Contributions to the plan are made monthly pursuant to the terms of the collective bargaining agreement. In fiscal year 2021-2022 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 21-22 – district paid \$3.90/hour

Contribution amount FY21-22 - \$59,154

The Plumbers & Pipefitters National Pension Fund has been placed in “endangered” status by the Pension Protection Act of 2006. The Plan does have a withdrawal liability however the amount of liability was not available by publication date.

WA State Plumbing & Pipefitting Pension Fund

It is administered by Zenith American Solutions. The entity identification is 91-6029141. Eight district employees are covered by the plan. The fund is a “defined benefit plan” with options for the participant based on the value of the benefit at the time of retirement. Benefit accruals are based on contributions made to the plan on behalf of the participant for hours of service earned during a plan year and years of credited service. The plan is guaranteed by the Pension Benefit Guaranty Corporation, a federal insurance agency. Contributions to the plan are made monthly and are pursuant to the collective bargaining agreement. In fiscal year 2021-2022 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 21-22 – district paid \$4.00/hour

Contribution amount FY 20-21 - \$60,671

The WA State Plumbing & Pipefitting Pension Fund does have a withdrawal liability however the amount of liability was not available by publication date.

Western Conference of Teamsters Pension Plan

It is administered by Northwest Administrators, Inc. The entity identification is 91-6145047. 11 district employees are covered by the plan. The fund is a "defined benefit plan" providing monthly benefit payments at retirement age. The plan is guaranteed by the Pension Benefit Guaranty Corporation, a federal insurance agency. The monthly benefit is determined by an account benefit formula used for service after 1986 and is based on a percentage of all of the participant's non-forfeited years of service. The five-year average benefit formula is used to determine a monthly benefit based on years of service and the rate of contributions payable for the participants last five years of service. Contributions to the plan are made monthly pursuant to the terms of the collective bargaining agreement. In fiscal year 2021-2022 all pension contributions are limited to 2080 maximum hours in a plan year.

Contribution rate FY 21-22 – district paid \$3.30/hour

Contribution amount FY 21-22 - \$68,989

There is currently no withdrawal liability for the Western Conference of Teamsters Pension Plan.

International Painters & Allied Trades (IUPAT) Industry Pension Plan

It is administered by IUPAT Pension Fund Administrator. The entity identification is 52-6073909. 4 district employees are covered by the plan. The plan is a "defined benefit plan" providing guaranteed monthly benefits. The monthly benefit is a combination of 100% of the participant's first \$11 of the Plan's monthly benefit accrual rate, plus 75% of the next \$33 of the accrual rate, multiplied times each year of credited service. The maximum guarantee is \$35.75 per month multiplied by a participant's years of credited service. Benefit payments are guaranteed by the Pension Benefit Guaranty Corporation, a federal insurance agency. Contributions to the plan are made monthly pursuant to the terms of the collective bargaining agreement. In fiscal year 2021-2022 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 21-22 – district paid \$2.25/hour (9/19-6/20) and \$3.05/hour (7/20-8/20)

Contribution amount FY 21-22 - \$14,459

There is currently no withdrawal liability for the IUPAT.

IUOE Local 302/612 Employers Construction Industry Retirement Plan

It is administered by Construction Industry Funds Admin. Services Inc. The entity identification is 91-6028571. Two district employees are covered by the plan. The plan is a "defined benefit plan" providing a monthly benefit once they have obtained age 60 and have five years of credited service or have 7,500 covered hours of employment. Participants are entitled to a monthly benefit for each year of credited past service plus a percentage of the contributions made on the participants' behalf. Benefit payments are guaranteed by the Pension Benefit Guaranty Corporation, a federal insurance agency. Contributions to the plan are made pursuant to the terms of the collective bargaining agreement. In fiscal year 2021-2022 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 21-22 – district paid \$2.00/hour

Contributions amount FY 21-22 - \$4,243

There is currently no withdrawal liability for the IUOE Local 302/612 Employers Construction Industry Retirement Plan.

The financial reports for each of these plans are available by going to www.efast.dol.gov and from:

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

NOTE 7 LONG-TERM DEBT

A. CHANGES IN LONG-TERM LIABILITIES

Bonds payable on August 31, 2022, include the following: 2012 Refunding Bond, 2014 Unlimited Tax General Obligation Bond (UTGO) Refunded in 2020, 2015 Refunding Bond, 2015 UTGO Refunded in 2020, 2020 Refunding Bond, 2020-B UTGO, and 2020-C UTGO. Interest on bonds is payable on June 1 and December 1.

In February 2013, the district passed a \$500M bond authority measure for construction projects. An 18-month, \$100M Bond Anticipation Note (BAN) was issued in June 2013 to fund the first phase of construction. The BAN was due in December 2014. The 2014 UTGO bond was issued for \$152,625,000 and included funds to pay off the BAN as well as provide new money for the next phase of construction. Interest rates on the bonds are fixed at 1.0 to 5.0 percent.

In July 2020, the district issued refunding bonds with a par value of \$366,010,000 and refunded \$130,360,000 of outstanding 2014 UTGO Bonds and \$165,195,000 of outstanding 2015 UTGO Bonds to take advantage of favorable market conditions. The interest rates were fixed at 1.8 to 2.4 percent. The net proceeds of \$364,639,479, after payment of \$1,370,521 in underwriting fees, insurance, and other issuance costs, were deposited in an escrow account for the payment of the defeased portion of the bonds and bond premiums. The district refunded the 2014 and 2015 Bonds to reduce its total debt service payments over the next six years by \$462,839,140 and to obtain a present value economic gain of \$45,335,614, or over 15 percent. The refunded bonds will be fully paid in December 2039.

In February 2020, voters passed a \$535 million Tacoma Public Schools construction bond that supports the replacement or renovation of 8 aging schools. New roofs and boilers, safety upgrades, energy management systems and ADA improvements to improve accessibility are all part of the construction bond. On October 30, 2020 the district issued \$484 million in new bonds, plus \$51 million in aggregate original issue premium generated by the sale, to fund the voter approved construction projects through the next several years. The interest rates were fixed at .279 to 5 percent. The bonds will be fully paid in December 2045. Construction projects include replacement and new construction of Bryant, Downing, and Fawcett Elementary schools; and district-wide building improvements and health and safety upgrades.

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

In 2016-17, the district entered into an agreement with Daktronics Sports Marketing to design, manufacture, and install electronic scoreboards at Lincoln Bowl and Stadium Bowl. The final balance was paid in 2021-22.

Net Pension Liabilities and Lease Liabilities were added to the Schedule of Long-Term Liabilities under GASB 68 and 87, respectively. See Notes 6 and 8, respectively.

Besides the long-term liabilities, the district also has short-term liabilities such as general accounts payable, wages and benefits payable, and unearned revenues. Those are on-going liabilities and will liquidate within one year. The district does not have conduit debt or hold demand bonds.

The following is a summary of changes in long-term debt of the district for the fiscal year ended August 31, 2022, and reported in the government-wide financial statements:

GOVERNMENTAL ACTIVITIES	Balance at September 1, 2021	Additions	Reductions	Balance at August 31, 2022	Due within One Year
Bonds and Contracts Payable					
2012 Refunding of '03,05,05A UTGOs	\$ 41,850,000	\$ -	\$ 6,850,000	\$ 35,000,000	\$ 10,795,000
2014 UTGO (Refunded)	6,240,000	-	-	6,240,000	-
2015 UTGO (Refunded)	74,440,000	-	4,635,000	69,805,000	3,820,000
2020 Refunding of '14, '15 UTGOs	366,010,000	-	5,515,000	360,495,000	5,540,000
2020-B UTGO	249,280,000	-	-	249,280,000	-
2020-C UTGO	235,000,000	-	16,460,000	218,540,000	22,250,000
Long-Term Financing - Scoreboards	110,927	-	110,927	-	-
Total Bonds and Contracts Payable	\$ 972,930,927	\$ -	\$ 33,570,927	\$ 939,360,000	\$ 42,405,000
Net Pension Liabilities					
PERS Plan 1	\$ 5,892,317	\$ 9,428,887	\$ -	\$ 15,321,204	\$ -
TRS Plan 1	19,906,161	38,538,639	-	58,444,800	-
Total Net Pension Liabilities	\$ 25,798,478	\$ 47,967,526	\$ -	\$ 73,766,005	\$ -
Leases					
Real Estate	\$ -	\$ 132,093	\$ 65,232	\$ 66,861	\$ 66,861
Equipment	552,624	-	179,682	372,942	184,171
Total Lease Liabilities	\$ 552,624	\$ 132,093	\$ 244,914	\$ 439,803	\$ 251,032
Other Liabilities					
Unamortized Bond Premium	\$ 78,953,581	\$ -	\$ 2,257,206	\$ 76,696,375	\$ 3,700,836
Total OPEB Liability	208,818,780	18,392,091	4,885,432	222,325,439	4,885,432
Compensated Absences	37,727,050	2,617,857	16,875,812	23,469,095	2,752,869
Total Other Liabilities	\$ 325,499,411	\$ 21,009,948	\$ 24,018,450	\$ 322,490,910	\$ 11,339,137
Total Governmental Activities	\$ 1,324,228,817	\$ 69,662,191	\$ 57,834,290	\$ 1,336,056,717	\$ 53,995,169

Compensated absences, Leases, Total OPEB Liabilities and Net Pension Liabilities are funded out of the General Fund. Debt service requirements for bonds are funded out of the Debt Service Fund with the revenue sources being property taxes and investment income. At August 31, 2022, the district had \$30,551,345 available in the Debt Service Fund to service the general obligation bonds.

B. BOND PREMIUM

The district sold Unlimited Tax General Obligation Bonds (UTGO) at a premium for bond sales in 2012, 2014, 2015 and 2020. The premiums are being amortized over the remaining life of the bonds. The 2014 and 2015 UTGO Bonds have been refunded and the unamortized premium decrease reflects the current year refunding. Below is a schedule showing the current year's change in unamortized premium costs:

Unamortized Bond Premium Costs				
Description	Balance at September 1, 2021	Increase	Decrease	Balance at August 31, 2022
2012 UTGO Bonds	\$ 8,909,134	\$ -	\$ 1,333,590	\$ 7,575,544
2014 UTGO Bonds	1,257,597	-	-	1,257,597
2015 UTGO Bonds	16,228,045	-	923,616	15,304,429
2020-B UTGO Bonds	52,558,805	-	-	52,558,805
Total	\$ 78,953,581	\$ -	\$ 2,257,206	\$ 76,696,375

C. DEBT SERVICE REQUIREMENT TO MATURITY

The district has implemented the provisions of GASB Statement No. 88 and presented information in the notes related to debt and direct borrowings shown below.

Year Ending August 31,	UTGO Bonds & Refunded Bonds		Total
	Principal	Interest	
2023	\$ 42,405,000	\$ 26,751,874	\$ 69,156,874
2024	46,815,000	25,954,626	72,769,626
2025	49,505,000	25,080,893	74,585,893
2026	48,485,000	23,644,081	72,129,081
2027	28,165,000	22,113,803	50,278,803
2028-2032	156,940,000	95,154,458	252,094,458
2033-2037	177,380,000	74,881,392	252,261,392
2038-2042	201,380,000	49,714,795	251,094,795
2043-2046	188,285,000	12,052,874	200,337,874
TOTAL	\$ 939,360,000	\$ 355,348,797	\$ 1,294,708,797

D. ARBITRAGE REBATE

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

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

E. DEFERRED CHARGE ON REFUNDING

The district refunded its 2014 and 2015 UTGO Bonds in July 2020. The difference between the refunded principal (\$295,555,000) and the net cost of refunding (\$314,179,286) resulted in deferred charge that is amortized over the shorter of either the term of the refunded bonds or refunding bond. The deferred charge is reported as an outflow of resources and recognized as a component of interest expense over the remaining life of the new debt. Following is the remaining portion of the deferred charge.

Deferred Outflow on Refunded 2014 & 2015 Bonds (July, 2020)				
Year	Balance at September 1	Additions	Reductions	Balance at August 31
2022	\$ 17,644,060	\$ -	\$ 980,226	\$ 16,663,835
2023	16,663,835	-	980,226	15,683,609
2024	15,683,609	-	980,226	14,703,383
2025	14,703,383	-	980,226	13,723,158
2026	13,723,158	-	980,226	12,742,932
2027-2031	12,742,932	-	4,901,128	7,841,804
2032-2036	7,841,804	-	4,901,128	2,940,677
2037-2039	2,940,677	-	2,940,677	0

NOTE 8 LEASES

On September 1, 2021 the district implemented GASB 87 – Leases. Implementation of this statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. The new statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The district had one lease agreement that met the capitalization threshold for implementation of the new standard on September 1, 2021, the remaining lease was implemented after September 1, 2021.

The following is a schedule of leased assets and related accumulated amortization:

Leased Assets	Balance at September 1, 2021	Additions	Reductions	Balance at August 31, 2022
Leased Assets Being Amortized				
Real Estate	\$ -	\$ 132,093	\$ -	\$ 132,093
Equipment	552,624	-	-	552,624
Total Leased Assets Being Amortized	\$ 552,624	\$ 132,093	\$ -	\$ 684,717
Less: Accumulated Amortization				
Real Estate	\$ -	\$ (66,046)	\$ -	\$ (66,046)
Equipment	-	(184,208)	-	(184,208)
Total Accumulated Amortization	\$ -	\$ (250,254)	\$ -	\$ (250,254)
Total, Net of Accumulated Amortization	\$ 552,624	\$ (118,162)	\$ -	\$ 434,462

As of August 31, 2022, the principal and interest requirements for both leases to maturity are as follows:

Year Ending August 31,	Principal	Interest	Total
2023	\$ 251,032	\$ 7,502	\$ 258,534
2024	188,772	2,142	190,914
TOTAL	\$ 439,803	\$ 9,644	\$ 449,447

NOTE 9 RISK MANAGEMENT

A. UNEMPLOYMENT

The district self-insures unemployment compensation for all 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.

Unemployment				
Fiscal Year	Beg. Balance	Additions	Reductions	End. Balance
2021	\$ 734,836	779,541	982,191	\$ 532,187
2022	\$ 532,187	383,620	264,668	\$ 651,139

B. INDUSTRIAL INSURANCE

On January 1, 2002, the district joined the Puget Sound Workers' Compensation Trust, an intergovernmental risk sharing pool, approved by statute, for the purposes of group self-insuring school employee workers' compensation claims. The district forfeited its self-insurance certification at that time, and all self-insured claims prior to January 1, 2002 remain a liability for the district and are being managed by the Puget Sound Workers' Compensation Trust. The Trust pays the self-insured claims, and the district reimburses the Trust for those claims on an as incurred basis, until such time as the self-insured claims are closed. Claims occurring on or after January 1, 2002, are "Trust" claims which are managed and paid by the Trust. The district pays the trust workers' compensation premium based on employee hours worked, according to job classification codes as developed by the State's Department of Labor & Industries. In addition, the district reimburses the Trust for quarterly assessments provided by Labor & Industries to self-insured employers and self-insured groups. The Trust pays the assessments to Labor & Industries. Assessments include Supplemental Pension Fund, Asbestos Fund, Administrative Fund, Second Injury Fund, and Insolvency Trust Fund.

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

Industrial Insurance				
Fiscal Year	Beg. Balance	Additions	Reductions	End. Balance
2021	\$ 889,746	3,229,678	3,430,810	\$ 688,614
2022	\$ 688,614	4,124,544	4,437,251	\$ 375,907

C. RISK MANAGEMENT POOL

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

WSRMP allows members to jointly purchase insurance coverage, establish a plan of self-insurance, and provide related services, such as risk management. WSRMP provides the following coverages for its members: property, liability, vehicle, school board liability, crime, employment practices, errors and omissions, equipment breakdown, cyber security, terrorism, and stop gap liability.

Members make an annual contribution to fund WSRMP. WSRMP purchases reinsurance and excess insurance from unrelated carriers subject to a per-occurrence self-insured retention of \$1 million for property risk \$1.5M for liability risk shared by WSRMP. Reinsurance or Excess carriers cover losses over the self-insured retention to the maximum limits of each policy. Members are responsible for varied deductibles for auto and property claims. Since WSRMP is a cooperative program, there is a joint liability among the participating members.

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

WSRMP is fully funded by its member participants and is governed by a board of directors that consists of one designated representative from each participating member. An executive board is elected at the annual meeting and is responsible for overseeing the business affairs of WSRMP.

The district paid \$4,091,674 for its annual premium contribution to WSRMP for its property and liability insurance coverage in 2021-22. The district had no significant reductions in insurance coverage from coverage in the prior year in any of its major risk categories. There were no insurance settlements that exceeded the district's insurance coverage in any of the past three fiscal years.

D. EMPLOYEE BENEFITS

The School Employees Benefits Board (SEBB) Program administers health insurance and other benefits to all employees in school districts and charter schools, and union-represented employees of educational service districts in Washington. The SEBB studies, designs, and approves comprehensive and cost-effective insurance benefit plans for school employees and establishes eligibility criteria for participation in these plans. The SEB Board is separate and independent from the Public Employees Benefits Board (PEBB).

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

The SEBB collects benefit premiums from all school district entities for covered employees. The premium includes a fee, established in state law. The purpose of this fee is to cover the impact of the subsidized rate of health care benefits for school retirees who elect to purchase their health care benefits through the state Health Care Authority PEBB plan. The amount collected is set forth in the state's operating budget and is subject to change on an annual basis. This amount is not actuarially determined and is not placed in a trust to pay the obligations for postemployment health care benefits.

For the fiscal year 2021-22, the district paid \$33,244,493.76 in total to HCA-SEBB.

The district has no control over the benefits offered to retirees, the rates charged to retirees, nor the fee paid to the Health Care Authority. The district does not determine its annual required contribution, nor the net other post-employment benefit obligation associated with this plan. These amounts are not shown on the financial statements.

For further information on the results of the actuarial valuation of the employer provided subsidies associated with the state's PEBB plan, refer to the Office of the State Actuary. The plan does not issue a separate report; however, additional information is included in the State of Washington Annual Comprehensive Financial Report, which is available on the OFM website.

E. POST-EMPLOYMENT HEALTH CARE BENEFITS

All eligible district employees may participate in health care insurance programs offered by SEBB after their separation from the district due to early retirement or termination. The COBRA program is a continuation of 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.

F. OTHER POST-EMPLOYMENT BENEFITS

The district implemented GASB Statement 75 for fiscal year 2018 financial reporting. The following table represents the aggregate OPEB amounts subject to the requirements of GASB 75 for the year 2021-2022:

OPEB Amounts	
As of August 31, 2022	
OPEB Liabilities	\$ 222,325,439
Deferred Outflows of resources	28,710,898
Deferred Inflows of resources	(23,390,133)
OPEB expense (benefit)	15,018,951

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

The relationship between the PEBB OPEB plan and its member employers, their employees, and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan in effect at the time of each valuation. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the HCA, employers and plan members, and the historical pattern of practice with regard to the sharing of benefit costs. The understanding by the employer and plan members is that there is no contractual obligation to continue the substantive plan as an employee benefit on an ongoing basis. Nevertheless, the actuarial assumption used in the valuations presented in this note assume that this substantive plan will be carried forward into the future.

The district is deemed to provide to its retirees employer-provided subsidies associated with post-employment medical and life insurance benefits provided through the PEBB. According to state law, the Washington State Treasurer collects a fee from all school district entities which are not current active members of the state Health Care Authority but participate in the state retirement system. As outlined in the state's operating budget, school districts are mandated to pay the state HCA \$72.08 per month per full-time equivalent employee in the 2021-22 fiscal year to support the program. This assessment to the district is subject to change annually. Participation in the PEBB is limited to the district's retirees.

Employers participating in the PEBB plan include the state (which includes general government agencies and higher education institutions), 15 of the state's K-12 schools and educational service districts (ESDs), and 274 political subdivisions and tribal governments. Additionally, the PEBB plan is available to the retirees of the remaining 289 K-12 school districts and ESDs. The district's retirees are eligible to participate in the PEBB plan under this arrangement. District membership in the PEBB plan consisted of the following:

Summary of Plan Participants	
As of August 31, 2022	
Retirees or beneficiaries currently receiving benefits	2,120
Active employees	5,017
Total	7,137

It is not possible to determine the number of employees entitled to but not yet receiving benefit payments. Retiring employees apply for benefits at their discretion, may be otherwise working and not eligible for benefits, or be deceased. This data is not monitored by the district, the Health Care Authority or the state of Washington.

PLAN DESCRIPTION

The PEBB retiree OPEB plan is available to employees who elect at the time they retire to continue coverage and pay the administratively established premiums under the provisions of the retirements system to which they belong. Retirees' access to the PEBB plan depends on the retirement eligibility of their respective retirement system. District members are eligible for retiree medical benefits after becoming eligible for service retirement pension benefits (either reduced or full pension benefits) under Plan 2 or 3 of TRS or SERS. Retirees with 5 years or more of service who are age 65 or more and retirees with 20 years or more of service who are 55 or older are eligible for post-employment benefits. Former members who are entitled to a deferred vested pension benefit are not eligible to receive medical benefits after pension benefit commencement. Survivors of covered members who die are eligible for medical benefits. Not all employers who participate in the retirement plans offer PEBB to their retirees.

Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state's non-Medicare community-rated health insurance risk pool on a self-pay basis. Retirees in the non-Medicare risk pool receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on a claims experience for active employees and other non-Medicare retirees. In calendar year 2021, the average weighted implicit subsidy was valued at \$384 per adult unit per month. In calendar year 2022, the average weighted implicit subsidy is projected to be \$390 per adult unit per month.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year's explicit subsidy for inclusion in the Governor's budget. The final amount is approved by the state Legislature. In calendar year 2022, the explicit subsidy was up to \$183 per member per month, and it will remain \$183 per member per month in calendar year 2023.

Upon retirement, members are permitted to receive medical benefits. Retirees pay the following monthly rates for pre-65 Medical coverage for 2022:

2022 PEBB Retiree Monthly Premiums	Type of Coverage		
	Employee	Employee & Spouse	Full Family
Kaiser Permanente NW Classic	\$ 768.23	\$ 1,531.47	\$ 2,103.90
Kaiser Permanente NW CDHP	643.88	1,277.21	1,708.47
Kaiser Permanente WA Classic	813.24	1,621.48	2,227.66
Kaiser Permanente WA CDHP	641.39	1,272.99	1,702.94
Kaiser Permanente WA Sound Choice	659.19	1,313.37	1,804.01
Kaiser Permanente WA Value	721.89	1,438.79	1,976.46
Uniform Medical Plan Classic	718.68	1,432.35	1,967.61
Uniform Medical Plan CDHP	638.69	1,270.29	1,700.24
Uniform Medical Plan Select	647.73	1,290.45	1,772.50
UMP Plus-Puget Sound High Value Network	687.13	1,369.26	1,880.86

FUNDING POLICY

The PEBB OPEB plan is funded on a pay-as-you-go basis. The plan has no assets and does not issue a publicly available financial report.

Each participating employer in the plan is required to disclose additional information regarding the funding policy, the employer's annual OPEB costs and contributions made, the funded status, and funding progress of the employer's individual plan, and the actuarial methods and assumptions used. For information on the results of an actuarial valuation for the OPEB plan, refer to:

<https://leg.wa.gov/osa/additionalservices/pages/OPEB.aspx>

To calculate the beginning total OPEB liability balance under GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*, an actuarial valuation was performed with a valuation date of July 1, 2020. This is the date the census data is gathered and the actuarial valuation is performed. The measurement date was August 31, 2021, which is the date the total OPEB liability was determined. GASB 75 allows a lag of up to one year between the measurement date and the reporting date. No adjustment is required between the measurement date and the reporting date. The reporting date is August 31, 2022. The forward projection reflects the plan's assumed service cost, assumed interest, and expected benefit payments.

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

ASSUMPTIONS AND OTHER INPUTS

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

Actuarial assumptions	
Inflation rate	2.75% per year
Projected salary increases	3.50% per year
Post-retirement participation	65%
Percentage with spouse coverage	45%

Mortality rates were based on Pub-2010 Healthy Teachers and Healthy General Mortality as shown in the 2013-2018 Experience Study by the Washington State Public Retirement Systems. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetimes.

In projecting the growth of the explicit subsidy, the cap is assumed to grow at the healthcare trend rate. The Legislature determines the value of the cap and no future increases are guaranteed, however based on historical growth patterns, future increases to the cap are assumed. The following represents the district's proportionate share of the total OPEB liability, calculated using the health care trend rates.

Sensitivity of the Healthcare Cost Trend Rate	
1% Decrease	\$ 180,403,899
Current Healthcare Cost Trend Rate	222,325,439
1% Increase	278,798,607

Discount Rate. Since OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the total OPEB liability was set equal to the 20-year tax-exempt municipal bond yield, or 2.14% percent for the August 31, 2021 measurement date. The following represents the district's proportionate share of the total OPEB liability, calculated using the discount rate of 2.14%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.14%) or one percentage point higher (3.14%) than the current rate.

Sensitivity of the Discount Rate	
1% Decrease (1.14%)	\$ 266,857,808
Current Discount Rate (2.14%)	222,325,439
1% Increase (3.14%)	187,342,706

Changes in assumptions resulted from a decrease in the Bond Buyer General Obligation 20-Bond Municipal Bond Index discount rate resulting in an overall increase in total OPEB liability for the measurement date of August 31, 2021. Additional details on assumptions and methods can be found on the Office of State Actuary's website: <http://leg.wa.gov/osa/additionalservices/Pages/OPEB.aspx>.

As of August 31, 2022, the district reported a total OPEB liability of \$222,325,439. This liability was determined based on a measurement date of August 31, 2021.

CHANGES IN TOTAL OPEB LIABILITY

The following table presents the change in the total OPEB liability as of the August 31, 2022, reporting date:

OPEB Liability	
Reported as of August 31, 2021	\$ 208,818,780
Changes for the year	
Service Cost	11,261,911
Interest on total OPEB liability	4,788,329
Effect of plan changes	-
Effect of economic/demographic gains or losses	-
Effect of assumption changes or inputs	2,341,851
Expected benefit payments	(4,885,432)
Reported as of August 31, 2022	\$ 222,325,439

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources. The following table shows components of the district's allocated annual OPEB costs reported for fiscal year 2021-2022. The district will recognize OPEB expense of \$15,018,951.

OPEB Expense	
Service cost	\$ 11,261,911
Interest on total OPEB liability	4,788,329
Effect of plan changes	-
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	(1,096,688)
Recognition of assumption changes or inputs	65,399
Total OPEB Expense	\$ 15,018,951

On August 31, 2022, the district reported its share of the deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (6,782,144)	\$ -
Changes of assumptions	(16,607,989)	23,633,835
Contributions made subsequent to measurement date	N/A	5,077,063
Total	\$ (23,390,133)	\$ 28,710,898

Per paragraph 159 of GASB 75, deferred outflows of resources should be reported for benefits that come due subsequent to the measurement date, but prior to the reporting date. \$5,077,063 reported as deferred outflows of resources resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability.

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

Future OPEB expense	
Fiscal Year ended August 31,	
2022	\$ (1,031,289)
2023	(1,031,289)
2024	(226,675)
2025	1,650,761
2026	2,320,341
Thereafter	(1,438,147)

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

<https://ofm.wa.gov/accounting/financial-audit-reports/annual-comprehensive-financial-report>.

NOTE 10 RECONCILIATION - GOVERNMENT-WIDE FINANCIAL STATEMENTS AND GOVERNMENT FUND FINANCIAL STATEMENTS

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

Capital Assets

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

Cost of capital assets	\$ 1,652,995,721
Accumulated Depreciation	(487,636,370)
Net	<u>\$ 1,165,359,351</u>

Long-Term Assets – Leases

The district implemented GASB 87 for the 2021-2022 fiscal year resulting in a long-term asset for leased equipment and real estate of \$434,462 and a long-term liability of \$439,804 the balance of which is included in the total liabilities reported below.

Long-Term Assets – Pension

The Department of Retirement System's (DRS) 2022 Participating Employer Financial Information (PEFI) report shows six out of eight state-sponsored pension plans are now fully funded. This means the district reports a net pension asset instead of a net pension liability of \$14,038,837.

Long-Term Liabilities

\$1,336,056,718 (due within one year: \$53,995,169 due more than one year: \$1,282,061,549) applicable to the district's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities – both current and long-term – are reported in the Statement of Net Position.

Deferred Outflows & Inflows

Refunded Bonds - Deferred outflows of resources related to refunded bonds of \$16,663,835 are not reported in the fund statements but are reported in the Statement of Net Position.

Pension Plans - Deferred outflows of resources and deferred inflows of resources related to pension plan experience, assumption changes, and plan contributions:

Deferred Outflows of Resources	\$87,568,660
Deferred Inflows of Resources	\$63,957,648

OPEB - Deferred outflows of resources and deferred inflows of resources related to Other Post Employment Benefits (OPEB) assumption changes and contributions:

Deferred Outflows of Resources	\$28,710,898
Deferred Inflows of Resources	\$23,390,133

Property Taxes - Property tax levies **\$(77,209,134)** that were after year-end and are not considered "available." Therefore, they are reported as deferred revenue in governmental funds.

Interfund Transactions

Interfund Receivables and Payables **\$(17,424,484)** for internal transfers between governmental funds were eliminated in government-wide statements to avoid the "doubling-up" effect.

Accounts Payable

Accrued interest payable on long-term debt is not reflected in fund financial statements. **\$6,793,378** of accrued interest on long-term debt is recorded in the Statement of Net Position.

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

Property Taxes

Property tax levies that do not provide current financial resources are reported as deferred inflows of resources in the fund financial statements, but as revenue in the government-wide financial statements. An increase of **\$5,580,900** in tax revenue is recorded in the conversion from fund financial statements to the statement of activities.

Expenses

The net amount of **\$(9,587,974)** represents the current year changes in compensated absences **\$(14,257,954)**, other post-employment benefits expense **\$9,941,888**, and the net pension expense **\$(5,271,908)** which are not reported in governmental funds. This amount is reported in the Statement of Activities as expenditures, allocated to various applicable programs.

Capital Related Items

Capital Assets – 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 **\$(60,222,855)**. The Statement of Net Position includes those capital assets among the assets of the district as a whole.

Capital Outlay	\$(86,224,216)
Depreciation Expense	<u>29,001,361</u>
Difference	<u><u>\$(60,222,855)</u></u>

Depreciation – Governmental Fund financial statements report capital outlay as expenditures while Government-Wide Financial Statements report depreciation expense, **\$26,001,361**, allocated to various applicable programs.

Principal Payments

Principal payments were reported as expenditures in governmental funds, and thus have the effect of reducing fund balance. For the district as a whole, however, the principal payments reduce the liabilities in the Statement of Net Position. The following principal payments were made:

Repayment of bond principal amounts	\$(33,460,000)
Lease payments on long term equipment and real estate leases	\$(244,914)
Final payment on financing agreement for two school sports stadium scoreboards	\$(110,927)

Leases

Governmental Fund Financial Statements report an other financing source for leased assets and expenses the cost of the leased assets while Government-Wide Financial Statements report a reduction in liabilities for lease payments and an amortization expense for the leased assets.

Other Financing Source	\$(684,717)
Amortization Expense (Support Services)	\$250,254
Capital Outlay	\$(684,717)

Interest & Other Charges

\$(1,424,013) – The bond premium reductions, accrued interest payable increase on the long-term debt (from July 1 – August 31) and the change in deferred outflow of resources on refunded 2014 and 2015 bonds are charged to expenditures in Government-Wide Financial Statements. Below is a breakdown of the net amount.

Current year bond premium reduction	\$ 2,257,206
Accrued interest payable decrease	147,032
Change in deferred outflow on refunded bonds	<u>(980,226)</u>
Total	<u><u>\$ 1,424,013</u></u>

NOTE 11 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 12 LITIGATION

The district is defending against several lawsuits and claims, which are routine in nature and common to school districts. The majority of possible losses from these lawsuits and claims are provided for by coverage through the Washington Schools Risk Management Pool. Based on the recommendations of counsel, the district has provided an adequate amount for any uninsured losses which might arise during the current and next annual reporting period from such lawsuits and claims.

REQUIRED SUPPLEMENTARY INFORMATION
TACOMA SCHOOL DISTRICT No. 10
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED AUGUST 31, 2022

	BUDGETED AMOUNTS			VARIANCE FROM
	ORIGINAL *	FINAL *	ACTUAL AMOUNT	FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local	\$ 82,640,387	\$ 82,640,387	\$ 79,585,889	\$ (3,054,498)
State	363,895,622	363,895,622	339,494,224	(24,401,399)
Federal	100,002,500	100,002,500	77,269,168	(22,733,333)
Other	4,371,297	4,371,297	5,251,149	879,852
TOTAL REVENUES	550,909,806	550,909,806	501,600,429	(49,309,377)
EXPENDITURES				
Current:				
Regular Instruction	286,082,176	286,082,176	261,693,885	24,388,291
Federal Special Purpose Funding	55,000,000	55,000,000	22,414,538	32,585,462
Special Education	62,178,534	62,178,534	60,730,696	1,447,838
Career & Technical Education	16,924,083	16,924,083	18,527,213	(1,603,130)
Compensatory Education	44,256,795	44,256,795	46,451,845	(2,195,050)
Other Instructional Programs	18,713,084	18,713,084	2,466,224	16,246,860
Community Services	5,865,095	5,865,095	5,795,557	69,538
Support Services	96,600,261	96,600,261	90,024,739	6,575,522
Capital Outlay				
Other	1,563,971	1,563,971	8,895,001	(7,331,030)
Debt Service - Leases				
Principal	-	-	244,914	(244,914)
Interest	-	-	13,620	(13,620)
TOTAL EXPENDITURES	587,183,999	587,183,999	517,258,231	69,925,768
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(36,274,193)	(36,274,193)	(15,657,802)	20,616,391
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	-	-	241,203	241,203
Transfers Out	-	-	684,717	684,717
Transfers In	3,000,000	3,000,000	3,000,000	-
TOTAL OTHER FINANCING SOURCES (USES)	3,000,000	3,000,000	3,925,920	925,920
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(33,274,193)	(33,274,193)	(11,731,881)	21,542,312
FUND BALANCE - September 1	60,819,684	60,819,684	56,066,371	(4,753,313)
FUND BALANCE - August 31	\$ 27,545,491	\$ 27,545,491	\$ 44,334,490	\$ 16,788,999

* 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, 2022

	<u>BUDGETED AMOUNTS</u>			ACTUAL AMOUNT	VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL *	FINAL *			
REVENUES					
General	\$ 962,713	\$ 962,713	\$ 384,232	\$ (578,481)	
Athletics	315,200	315,200	262,062	(53,138)	
Classes	394,623	394,623	111,486	(283,137)	
Clubs	1,567,331	1,567,331	293,440	(1,273,891)	
Private Monies	67,680	67,680	23,293	(44,387)	
TOTAL REVENUES	3,307,547	3,307,547	1,074,513	2,233,034	
EXPENDITURES					
General	912,638	912,638	365,914	546,724	
Athletics	452,170	452,170	269,034	183,136	
Classes	359,629	359,629	76,111	283,518	
Clubs	1,625,994	1,625,994	260,005	1,365,989	
Private Monies	84,209	84,209	14,955	69,254	
TOTAL EXPENDITURES	3,434,640	3,434,640	986,021	2,448,619	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(127,093)	(127,093)	88,492	215,585	
FUND BALANCE - September 1	1,891,271	1,831,635	1,930,351	98,716	
FUND BALANCE - August 31	\$ 1,764,178	\$ 1,704,542	\$ 2,018,843	\$ 314,301	

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

REQUIRED SUPPLEMENTARY INFORMATION
TACOMA SCHOOL DISTRICT No. 10
SCHEDULE OF CHANGES IN TOTAL REPORTED OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS *

	FOR REPORTING YEAR ENDED AUGUST 31				
	2018	2019	2020	2021	2022
TOTAL OPEB LIABILITY - September 1	\$ 173,580,758	\$ 164,223,379	\$ 166,629,215	\$ 211,144,129	\$ 208,818,780
Service cost	9,660,446	8,231,336	8,205,259	11,388,588	11,261,911
Interest on total liability	5,154,411	5,985,794	6,839,291	6,538,779	4,788,329
Changes of benefit terms	-	-	-	-	-
Effect of economic/demographic gains or (losses)	-	(2,750,298)	-	(6,887,944)	-
Effect of assumption changes or inputs	(20,651,786)	(5,189,054)	33,751,543	(8,586,189)	2,341,851
Expected benefit payments	(3,520,450)	(3,871,942)	(4,281,179)	(4,778,583)	(4,885,432)
Net change in total OPEB liability	(9,357,379)	2,405,836	44,514,914	(2,325,349)	13,506,659
TOTAL OPEB LIABILITY - August 31	<u>\$ 164,223,379</u>	<u>\$ 166,629,215</u>	<u>\$ 211,144,129</u>	<u>\$ 208,818,780</u>	<u>\$ 222,325,439</u>
Covered employee payroll	\$ 255,861,623	\$ 267,277,564	297,560,708	300,035,190	303,589,131
Total OPEB liability as a % of employee covered payroll	64.18%	62.34%	70.96%	69.60%	73.23%

* This schedule is to be built prospectively until it contains 10 years of data.
No assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 75

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

	2015	2016	2017	2018	2019	2020	2021	2022
AS OF JUNE 30TH								
PERS 1								
District's proportion of the net pension liability/(asset)	0.477932%	0.481418%	0.512630%	0.512281%	0.529119%	0.501862%	0.482489%	0.550258%
District's proportionate share of the net pension liability/(asset)	\$ 25,000,282	\$ 25,854,426	\$ 24,324,672	\$ 22,878,660	\$ 20,346,519	\$ 17,718,422	\$ 5,892,317	\$ 15,321,204
District's covered payroll	\$ 1,460,940	\$ 1,191,024	\$ 63,818,914	\$ 67,759,077	\$ 73,579,452	\$ 73,277,861	\$ 72,036,829	\$ 85,112,203
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	1711.25%	2170.77%	38.12%	33.76%	27.65%	24.18%	8.18%	18.00%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	59.10%	57.03%	61.24%	63.22%	67.12%	68.64%	88.74%	76.56%
SERS 2/3								
District's proportion of the net pension liability/(asset)	3.004269%	3.030082%	3.049930%	3.029601%	2.995486%	2.816577%	2.852047%	2.968113%
District's proportionate share of the net pension liability/(asset)	\$ 12,201,867	\$ 19,900,581	\$ 15,050,642	\$ 9,060,384	\$ 7,024,354	\$ 14,983,175	\$ (30,622,344)	\$ (7,973,837)
District's covered payroll	\$ 51,718,906	\$ 56,306,976	\$ 62,807,512	\$ 66,936,774	\$ 72,879,090	\$ 72,730,579	\$ 71,509,480	\$ 84,617,564
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	23.59%	35.34%	24.16%	13.54%	9.64%	20.60%	-42.82%	-9.42%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	90.92%	86.52%	90.79%	94.77%	96.31%	92.45%	114.15%	103.17%
TRS 1								
District's proportion of the net pension liability/(asset)	3.282951%	3.234132%	3.180226%	3.121342%	3.058799%	2.942066%	2.956516%	3.073082%
District's proportionate share of the net pension liability/(asset)	\$ 104,008,565	\$ 110,420,948	\$ 96,146,769	\$ 91,161,668	\$ 75,729,836	\$ 70,868,076	\$ 19,906,161	\$ 58,444,800
District's covered payroll	\$ 5,368,779	\$ 3,662,363	\$ 176,188,324	\$ 184,637,237	\$ 206,247,360	\$ 214,698,155	\$ 220,570,385	\$ 244,499,251
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	1937.29%	3015.02%	54.63%	49.37%	36.72%	33.01%	9.02%	23.90%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	65.70%	62.07%	65.58%	66.52%	70.37%	70.55%	91.42%	78.24%
TRS 2/3								
District's proportion of the net pension liability/(asset)	3.207000%	3.198686%	3.164840%	3.123073%	3.063908%	2.946767%	2.959869%	3.082028%
District's proportionate share of the net pension liability/(asset)	\$ 27,060,729	\$ 43,927,460	\$ 29,209,667	\$ 14,057,390	\$ 18,461,089	\$ 45,261,774	\$ (81,361,073)	\$ (6,065,000)
District's covered payroll	\$ 150,091,121	\$ 160,575,063	\$ 173,807,441	\$ 183,213,142	\$ 205,305,423	\$ 214,018,302	\$ 220,093,188	\$ 244,305,313
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	18.03%	27.36%	16.83%	7.67%	8.99%	21.15%	-36.97%	-2.48%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	92.48%	88.72%	93.14%	96.88%	96.36%	91.72%	113.72%	100.86%

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

**REQUIRED SUPPLEMENTARY INFORMATION
TACOMA SCHOOL DISTRICT No. 10
PENSION PLAN SCHEDULE OF DISTRICT CONTRIBUTIONS
LAST 10 FISCAL YEARS ***

	AS OF AUGUST 31ST									
	2015	2016	2017	2018	2019	2020	2021	2022		
<u>PERS 1</u>										
Contractually required contribution	\$ 2,196,565	\$ 2,725,078	\$ 3,062,524	\$ 3,439,664	\$ 3,791,211	\$ 3,637,221	\$ 3,593,995	\$ 3,372,325		
Contributions in relation to the contractually required contributions	2,196,565	2,725,078	3,062,524	3,439,664	3,791,211	3,637,221	3,593,995	3,372,325		
Contribution deficiency (excess)	-	-	-	-	-	-	-	-		
District's covered payroll	\$ 1,460,940	\$ 1,121,556	\$ 64,817,021	\$ 68,022,470	\$ 74,530,414	\$ 72,779,010	\$ 61,307,145	\$ 81,441,651		
Contribution as a percentage of covered payroll	150.35%	242.97%	4.72%	5.06%	5.09%	5.00%	5.86%	4.14%		
<u>SERS 2/3</u>										
Contractually required contribution	\$ 2,920,801	\$ 3,850,297	\$ 4,249,235	\$ 5,523,532	\$ 6,136,561	\$ 6,090,677	\$ 6,005,008	\$ 6,643,149		
Contributions in relation to the contractually required contributions	2,920,801	3,850,297	4,249,235	5,523,532	6,136,561	6,090,677	6,005,008	6,643,149		
Contribution deficiency (excess)	-	-	-	-	-	-	-	-		
District's covered payroll	\$ 51,718,906	\$ 57,265,517	\$ 63,845,221	\$ 67,205,486	\$ 73,853,416	\$ 72,248,702	\$ 60,862,992	\$ 80,992,225		
Contribution as a percentage of covered payroll	5.65%	6.72%	6.66%	8.22%	8.31%	8.43%	9.87%	8.20%		
<u>IRS 1</u>										
Contractually required contribution	\$ 7,346,486	\$ 9,846,959	\$ 11,107,688	\$ 12,962,930	\$ 15,180,259	\$ 15,450,317	\$ 16,249,557	\$ 15,769,488		
Contributions in relation to the contractually required contributions	7,346,486	9,846,959	11,107,688	12,962,930	15,180,259	15,450,317	16,249,557	15,769,488		
Contribution deficiency (excess)	-	-	-	-	-	-	-	-		
District's covered payroll	\$ 5,368,779	\$ 3,294,657	\$ 178,267,388	\$ 173,962,768	\$ 210,805,272	\$ 216,271,000	\$ 223,278,015	\$ 236,992,262		
Contribution as a percentage of covered payroll	136.84%	298.88%	6.23%	7.45%	7.20%	7.14%	7.28%	6.65%		
<u>IRS 2/3</u>										
Contractually required contribution	\$ 8,522,516	\$ 11,602,040	\$ 11,950,960	\$ 14,712,494	\$ 16,709,282	\$ 17,145,466	\$ 17,912,080	\$ 19,713,149		
Contributions in relation to the contractually required contributions	8,522,516	11,602,040	11,950,960	14,712,494	16,709,282	17,145,466	17,912,080	19,713,149		
Contribution deficiency (excess)	-	-	-	-	-	-	-	-		
District's covered payroll	\$ 150,091,121	\$ 162,475,444	\$ 176,049,367	\$ 172,715,474	\$ 209,933,557	\$ 215,631,970	\$ 222,826,121	\$ 236,567,261		
Contribution as a percentage of covered payroll	5.68%	7.14%	6.79%	8.52%	7.96%	7.95%	8.04%	8.33%		

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

REQUIRED SUPPLEMENTARY INFORMATION
TACOMA SCHOOL DISTRICT No. 10
SCHEDULE OF DISTRICT CONTRIBUTIONS - NON-GOVERNMENTAL PENSION PLANS
LAST 10 FISCAL YEARS *

	FOR REPORTING YEAR ENDED AUGUST 31					
	2017	2018	2019	2020	2021	2022
National Roofing Industry Pension Fund						
Total Contribution	\$ 12,381	\$ 11,887	\$ 10,559	\$ 5,382	\$ 5,692	\$ 10,384
Carpenters Retirement Plan of Western Washington						
Total Contribution	\$ 94,871	\$ 98,674	\$ 110,700	\$ 99,277	\$ 107,307	\$ 131,334
Western Washington Laborers Employers Pension Plan						
Total Contribution	\$ 154,903	\$ 154,309	\$ 168,603	\$ 162,532	\$ 151,922	\$ 188,309
Central Pension Fund of the IUOE						
Total Contribution	\$ -	\$ 905,425	\$ 894,138	\$ 884,194	\$ 829,089	\$ 878,383
IBEW Pacific Coast Pension Fund						
Total Contribution	\$ -	\$ 87,039	\$ 76,401	\$ 94,349	\$ 92,760	\$ 89,697
Western Washington Glaziers Retirement Plan						
Total Contribution	\$ -	\$ 20,323	\$ 21,622	\$ 24,024	\$ 24,804	\$ 26,498
Plumbers & Pipefitters National Pension Fund						
Total Contribution	\$ -	\$ 66,481	\$ 66,408	\$ 54,630	\$ 59,467	\$ 59,154
WA State Plumbing & Pipefitting Pension Fund						
Total Contribution	\$ -	\$ 51,992	\$ 51,934	\$ 47,598	\$ 60,992	\$ 60,671
Western Conference of Teamsters Pension Plan						
Total Contribution	\$ -	\$ 83,131	\$ 78,567	\$ 70,747	\$ 68,843	\$ 68,989
International Painters & Allied Trades Industry Pension Plan						
Total Contribution	\$ -	\$ 22,796	\$ 18,768	\$ 13,422	\$ 11,955	\$ 17,460
Sheet Metal Workers National Pension Fund						
Total Contribution	\$ -	\$ 7,263	\$ 5,965	\$ 81	\$ -	\$ -
Northwest Sheet Metal Workers Pension Plan						
Total Contribution	\$ -	\$ 5,188	\$ 4,385	\$ 58	\$ -	\$ -
IUOE Local 302/612 Employers Construction Industry Ret. Plan						
Total Contribution	\$ -	\$ 5,131	\$ 4,137	\$ 3,736	\$ 5,056	\$ 4,243

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

Tacoma School District No. 10
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2022

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Child Nutrition Cluster								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	School Breakfast Program	10.553	207WAWA3N10 99	13,537,911	-	13,537,911	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	School Breakfast Program	10.553	207WAWA3N10 99	12,003	-	12,003	-	
Total ALN 10.553:				13,549,914	-	13,549,914	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	National School Lunch Program	10.555	207WAWA3N10 99	1,088,778	-	1,088,778	-	5
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	National School Lunch Program	10.555	207WAWA3N10 99	37,832	-	37,832	-	
Total ALN 10.555:				1,126,610	-	1,126,610	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	Summer Food Service Program for Children	10.559	207WAWA3N10 99	107,365	-	107,365	-	
Total Child Nutrition Cluster:				14,783,889	-	14,783,889	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	Child and Adult Care Food Program	10.558	207WAWA3N10 99	262,586	-	262,586	-	

Forest Service Schools and Roads Cluster

The accompanying notes are an integral part of this schedule.

**Tacoma School District No. 10
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via Office of State Treasurer)	Schools and Roads - Grants to States	10.665	N/A	76,957	-	76,957	-	
Total Forest Service Schools and Roads Cluster:				76,957	-	76,957	-	
DEPARTMENT OF DEFENSE	JROTC	12.U01		-	69,934	69,934	-	
DEPARTMENT OF DEFENSE	JROTC	12.U02		-	70,067	70,067	-	
DEPARTMENT OF DEFENSE	JROTC	12.U03		-	56,032	56,032	-	
DEPARTMENT OF DEFENSE	JROTC	12.U04		-	5,000	5,000	-	
DEPARTMENT OF DEFENSE	JROTC	12.U05		-	5,884	5,884	-	
DEPARTMENT OF DEFENSE	JROTC	12.U06		-	42,455	42,455	-	
DEPARTMENT OF DEFENSE	JROTC	12.U07		-	80,290	80,290	-	
FEDERAL COMMUNICATIONS COMMISSION, FEDERAL COMMUNICATIONS COMMISSION	COVID 19 - Emergency Connectivity Fund Program	32.009		-	222,640	222,640	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	#0270327	103,820	-	103,820	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	#0270328	103,820	-	103,820	-	

The accompanying notes are an integral part of this schedule.

**Tacoma School District No. 10
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	#0270329	103,820	-	103,820	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	#0270343	102,373	-	102,373	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	#0270971	40,000	-	40,000	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	#0270330	103,819	-	103,819	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	#0271087	24,920	-	24,920	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	#0270598	38,333	-	38,333	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	#0204011	221,307	-	221,307	-	6
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	#0204011	11,376,502	-	11,376,502	-	6

The accompanying notes are an integral part of this schedule.

Tacoma School District No. 10
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2022

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	#0224780	95,362	-	95,362	-	
		Total ALN 84.010:		12,314,076	-	12,314,076	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	#0223154	164,089	-	164,089	-	
Special Education Cluster (IDEA)								
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Special Education Grants to States	84.027	84.027X/#0312 119	185,157	-	185,157	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA OSPI)	Special Education Grants to States	84.027	#0307461	6,739,878	-	6,739,878	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA OSPI)	Special Education Grants to States	84.027	#0338527	391,741	-	391,741	-	
		Total ALN 84.027:		7,316,776	-	7,316,776	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA OSPI)	Special Education Preschool Grants	84.173	#0366835	276,072	-	276,072	-	
		Total Special Education Cluster (IDEA):		7,592,848	-	7,592,848	-	

The accompanying notes are an integral part of this schedule.

**Tacoma School District No. 10
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Office of Career, Technical, and Adult Education, EDUCATION, DEPARTMENT OF (via WA OSPI)	Career and Technical Education -- Basic Grants to States	84.048	#0174849	253,156	-	253,156	-	
Office of Career, Technical, and Adult Education, EDUCATION, DEPARTMENT OF (via WA OSPI)	Career and Technical Education -- Basic Grants to States	84.048	#0178220	577	-	577	-	
			Total ALN 84.048:	253,733	-	253,733	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Indian Education Grants to Local Educational Agencies	84.060	S060A201118	197,809	-	197,809	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Education for Homeless Children and Youth	84.196	#0457564	57,915	-	57,915	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	English Language Acquisition State Grants	84.365	#0403114	475,516	-	475,516	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	#0525276	1,196,113	-	1,196,113	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	Student Support and Academic Enrichment Program	84.424	#0431066	747,062	-	747,062	-	

The accompanying notes are an integral part of this schedule.

**Tacoma School District No. 10
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U/#0142 523	83,420	-	83,420	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U/#0140 050	29,517	-	29,517	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U/#0140 629	6,332	-	6,332	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425W/#0459 037	60,623	-	60,623	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D/#0120 496	5,778,713	-	5,778,713	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D/#0120 496	736,786	-	736,786	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U/#0138 223	13,347,150	-	13,347,150	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U/#0138 223	962,848	-	962,848	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U/#0137 231	1,838,255	-	1,838,255	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U/#0137 231	259,010	-	259,010	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D/#0143 004	12,653	-	12,653	-	

The accompanying notes are an integral part of this schedule.

**Tacoma School District No. 10
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U/#0712 028	86,261	-	86,261	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U/#0712 241	80,712	-	80,712	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U/#0712 321	10,060	-	10,060	-	
			Total ALN 84.425:	23,292,340	-	23,292,340	-	
Head Start Cluster								
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Head Start	93.600		-	203,454	203,454	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Head Start	93.600		-	5,415	5,415	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Head Start	93.600		-	6,318,044	6,318,044	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Head Start	93.600		-	53,568	53,568	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Head Start	93.600		-	7,492	7,492	-	
			Total Head Start Cluster:	-	6,587,973	6,587,973	-	

The accompanying notes are an integral part of this schedule.

**Tacoma School District No. 10
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	Expenditures				Passed through to Subrecipients	Note
		ALN Number	Other Award Number	From Pass- Through Awards	From Direct Awards		
Total Federal Awards Expended:				61,414,933	7,140,275	68,555,208	-

Tacoma School District

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2022

Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting as the Tacoma School District's financial statements. The Tacoma School District uses the accrual basis of accounting. Expenditures represent only the federally funded portions of the program. District records should be consulted to determine amounts expended or matched for non-federal sources.

Note 2 – Federal De Minimis Indirect Cost Rate

The Tacoma School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Fiscal Year	Restricted Rate	Unrestricted Rate
FY2021/2022	3.85%	
FY2021/2022-ESSER II		12.75%
FY2021/2022-ESSER III		14.09%

Note 3 – Program Costs/Matching Contributions

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the Tacoma School District's local matching share, may be more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 4 – Noncash Awards

The amount of commodities reported on the schedule is the value of commodities distributed by the Tacoma School District during the current year and priced as prescribed by the USDA.

Note 5 – Schoolwide Programs

The Tacoma School District operates a schoolwide program in twenty-two elementary schools, seven middle schools, two high schools, and one alternative high school. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limit services to certain targeted students. The following federal program amounts were expended by the Tacoma School District in its school wide program. Title I (84.010) expended \$6,488,343.



Superintendent's Office
 Joshua J. Garcia, Ed.D., Superintendent

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tacomaschools.org

CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

Tacoma School District No. 10 September 1, 2021 through August 31, 2022

This schedule presents the corrective action planned by the District for findings reported in this report in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Finding ref number: 2022-001	Finding caption: The District did not have adequate internal controls for ensuring compliance with federal suspension and debarment requirements.
Name, address, and telephone of District contact person: Rosalind Medina 601 S. 8th Street, Tacoma WA 98405 (253) 571-1201	
Corrective action the auditee plans to take in response to the finding: <i>The District will include the SAM.gov check on all purchases made using Federal funds on a purchase order (PO). Supporting documentation will be retained. This verification will occur prior to any payment being made. The District will ensure that POs are signed by vendors/contractors indicating their non-suspended and non-debarred status, affirming their eligibility to participate in the procurement process.</i>	
Anticipated date to complete the corrective action: July 11, 2023	

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

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