



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, 2022 through August 31, 2023

Published May 23, 2024

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

May 23, 2024

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 activities and 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, 2022 through August 31, 2023**

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 no 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 no 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
84.010	Title I Grants to Local Educational Agencies
84.425	Education Stabilization Fund

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$2,480,332.

The District did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Tacoma School District No. 10 September 1, 2022 through August 31, 2023

This schedule presents the status of findings reported in prior audit periods.

Audit Period: 9/1/2021-8/31/2022	Report Ref. No.: 1032963	Finding Ref. No.: 2022-001	Assistance Listing Number(s): 10.553/10.555/10.559
Federal Program Name and Granting Agency: U.S. Department of Agriculture		Pass-Through Agency Name: Office of the Superintendent of Public Instruction	
Finding Caption: The District did not have adequate internal controls for ensuring compliance with federal suspension and debarment requirements.			
Background: 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.			
Status of Corrective Action: (check one) <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <i>The District has included the SAM.gov check on all purchases made using Federal funds on a purchase order (PO). Supporting documentation is retained in a folder by Year and PO. This verification occurs prior to any payment being made. The District is also works to have POs signed by vendors/contractors indicating their non-suspended and non-debarred status, affirming their eligibility to participate in the procurement process.</i>			

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, 2022 through August 31, 2023

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 15, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the basic 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 basic 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 basic 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

May 15, 2024

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, 2022 through August 31, 2023

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, 2023. 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, 2023.

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.

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.

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

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.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

May 15, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Tacoma School District No. 10 **September 1, 2022 through August 31, 2023**

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, 2023, 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, 2023, 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 2023, the District adopted new accounting guidance, Governmental Accounting Standards Board *Statement No. 96, Subscription-Based Information Technology Arrangements*. 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 May 15, 2024 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.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

May 15, 2024

FINANCIAL SECTION

Tacoma School District No. 10 September 1, 2022 through August 31, 2023

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2023

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2023

Statement of Activities – 2023

Fund Balance Sheet – Governmental Funds – 2023

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position – 2023

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – 2023

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities – 2023

Statement of Fiduciary Net Position – Fiduciary Funds – 2023

Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2023

Notes to the Financial Statements – 2023

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund – 2023

Budgetary Comparison Schedule – Special Revenue Fund – Associated Student Body Fund – 2023

Schedule of Changes in the OPEB Liability and Related Ratios – 2023

Schedule of the District's Proportionate Share of the Net Pension Liability – PERS 1, TRS 1, TRS 2/3, SERS 2/3 – 2023

Pension Plan Schedule of District's Contributions – PERS 1, SERS 2/3 TRS 1, TRS 2/3 – 2023

Schedule of District's Contributions – Non-Governmental Pension Plans – 2023

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2023

Notes to the Schedule of Expenditures of Federal Awards – 2023

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, 2023. 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, 2023, was \$504.1M, an increase of \$34.6M from 2021-22.
- During the year, the district had revenues of \$660.5M and expenses of \$625.9M incurred for all governmental activities, resulting in a corresponding increase in the district's net position by \$34.6M.
- The district's governmental funds reported a combined ending fund balance of \$411.2M; a decrease of \$98.5M from the prior year. The general fund's total fund balance was \$17.2M; a decrease of \$27.1M from the previous year. The district ended the year with a negative unassigned fund balance of \$4.2M. \$14.3M of fund balance is unassigned for minimum fund balance policy and approximately \$13.7M in assigned fund balance is available for spending at the district's discretion.
- The district received \$16.9M more in state apportionment funds, as compared to the prior year. The district also continued to utilize remaining Coronavirus Response and Relief Supplemental Appropriations (CRRSA) also known as ESSER II of \$19.2M Funds and \$9.9M of Elementary and Secondary School Emergency Relief (ESSER III-ARP) funds, to address the impact of the coronavirus pandemic on students.

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 11 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 \$504.1M at the end of the fiscal year, August 31, 2023.

The district reported a total deferred outflow of resources of \$124.9M as of August 31, 2023, compared to \$132.9M the prior year. Deferred inflows of resources, on the other hand, increased by \$55.8M, or 63.8%. This increase was due primarily to changes related to other post-employment benefits.

The ratio of liabilities and deferred inflows of resources to assets and deferred outflows of resources is 73 percent. The value of the district's capital assets (i.e. land, buildings, and equipment) net of depreciation was \$1,211.2M. 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 \$558.8M. 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 \$1,241.4M have decreased as compared to the prior year by approximately \$166.7M. The decrease in liabilities is due to a reduction in long-term liabilities of \$153.0M, of which the largest portions are other post-employment benefits (net decrease of \$88.8M) and payments on outstanding bonds of \$42.4M.

Restricted net position total of \$179.3M 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			
	2023	2022	Changes
ASSETS & DEFERRED OUTFLOWS OF RESOURCES			
Current and Other Assets	\$ 543,942,128	\$ 652,190,172	\$ (108,248,044)
Net Leased Assets	1,066,872	434,462	632,409
Net Pension Assets	7,600,532	14,038,837	(6,438,305)
Capital Assets	1,211,216,471	1,165,359,351	45,857,120
Total Assets	1,763,826,002	1,832,022,823	(68,196,820)
Total Deferred Outflows	124,858,433	132,943,393	(8,084,959)
LIABILITIES & DEFERRED INFLOWS OF RESOURCES			
Long-Term Liabilities	1,120,822,108	1,282,061,549	161,239,442
Other Liabilities	120,624,454	126,059,915	5,435,461
Total Liabilities	1,241,446,562	1,408,121,464	166,674,903
Total Deferred Inflows	143,118,944	87,347,781	(55,771,163)
NET POSITION			
Net Investment in Capital Assets	558,839,878	536,282,784	22,557,094
Restricted	179,326,544	157,420,428	21,906,115
Unrestricted	(234,047,492)	(224,206,243)	(9,841,249)
TOTAL NET POSITION	\$ 504,118,930	\$ 469,496,970	\$ 34,621,960

Governmental Activities

The 2022-23 revenues of \$660.5M exceeded expenses by \$34.6M resulting in an increase in net position. Total revenues increased by \$57.2M, and overall expenses increased by \$42.0M. Increases in revenues received from state apportionment funds contributed to the increase in net position.

Revenue increases were also evident in general revenues, including property taxes (increase of \$5.6M) and interest and investment earnings (increase of \$16.8M). Decreases in both operating and capital grants and contributions are due to the winding down of COVID assistance funds.

Increases in program expenses appeared across the district but were most evident in regular instruction (\$20.0M) and support services (\$13.4M). Certificated employees received a 7.5 percent salary increase, per contract, making up the largest portion of the increase. The districtwide increases were most notable in purchased services, including utilities and property and liability insurance.

Governmental Activities Changes in Net Position

Primary Government - As of August 31

	2023	2022	Changes
REVENUES			
Program Revenues:			
Charges for Services	\$ 9,566,481	\$ 7,986,699	\$ 1,579,782
Operating Grants and Contributions	168,617,781	173,440,756	(4,822,976)
Capital Grants and Contributions	2,533,948	8,895,001	(6,361,053)
General Revenues:			
Property Taxes	175,174,621	169,543,325	5,631,296
Interest and Investment Earnings	19,869,017	3,052,998	16,816,019
Unallocated Revenues	284,736,138	240,387,828	44,348,310
TOTAL REVENUES	660,497,985	603,306,607	57,191,378
PROGRAM EXPENSES:			
Regular Instruction	317,804,588	297,808,968	19,995,620
Federal Special Purpose Funding	27,542,883	23,340,725	4,202,158
Special Instruction	72,292,805	63,240,672	9,052,133
Career & Technical Instruction	18,605,568	19,482,358	(876,790)
Compensatory Instruction	46,028,626	48,408,247	(2,379,621)
Other Instructional Programs	3,063,741	2,635,766	427,974
Community Services	5,984,360	6,035,034	(50,674)
Support Services	109,274,948	95,891,454	13,383,494
Extracurricular Activities	1,438,356	987,108	451,249
Debt Payment	23,840,151	26,059,663	(2,219,512)
TOTAL EXPENSES	625,876,026	583,889,994	41,986,031
INCREASE (DECREASE) IN NET POSITION	34,621,960	19,416,612	15,205,347
NET POSITION - 9/1	469,496,970	450,080,358	19,416,612
NET POSITION - 8/31	\$ 504,118,930	\$ 469,496,970	\$ 34,621,960

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	
	2022-23	2021-22	2022-23	2021-22
Regular Instruction	\$ 317,804,588	\$ 297,808,968	\$ (314,482,784)	\$ (295,208,134)
Federal Special Purpose Funding	27,542,883	23,340,725	1,900,360	7,891,924
Special Instruction	72,292,805	63,240,672	(12,009,043)	(11,052,908)
Career & Tech Instruction	18,605,568	19,482,358	(18,382,559)	149,430
Compensatory Instruction	46,028,626	48,408,247	1,674,057	(1,577,438)
Other Instructional Programs	3,063,741	2,635,766	(500,261)	299,490
Community Services	5,984,360	6,035,034	(3,044,454)	(3,002,181)
Support Services	109,274,948	95,891,454	(76,550,547)	(65,082,210)
Extracurricular Activities	1,438,356	987,108	77,565	74,151
Debt payments	23,840,151	26,059,663	(23,840,151)	(26,059,663)
TOTALS	\$ 625,876,026	\$ 583,889,994	\$ (445,157,816)	\$ (393,567,538)

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

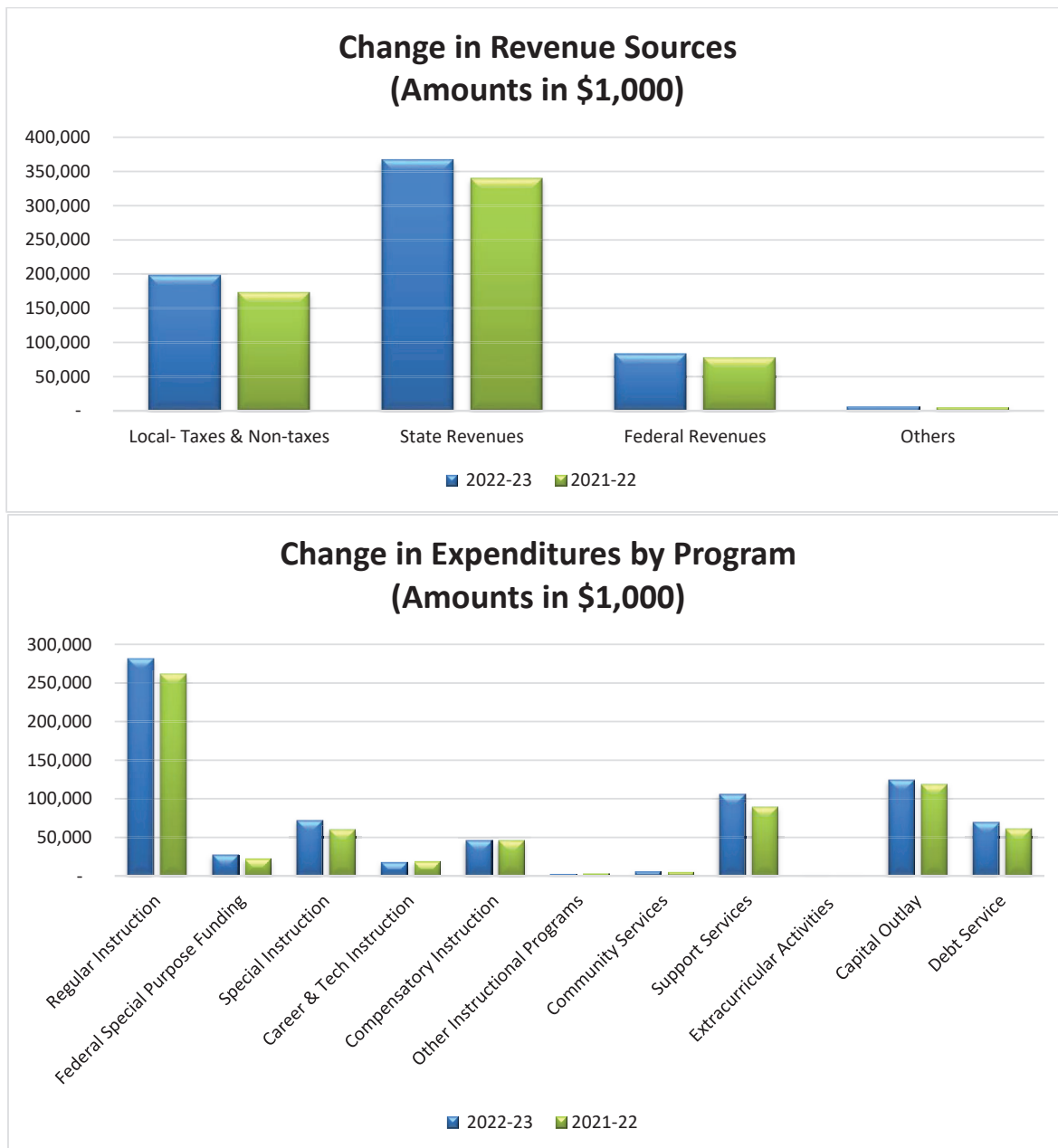
The focus of the district's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Thus, unassigned fund balance may serve as a useful measure of the district's net resources available for spending at the end of the fiscal year.

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 \$411.2M, a decrease of \$98.5M from the prior year. This change is the result of the following factors:

- The fund balance in the General Fund decreased by \$27.2M. The district planned for its fund balance to decrease by \$27.1M to encompass changes due to labor increases (salaries and benefits), levy reductions, depletion of COVID related federal funding, carryover of specific-use funds, and curriculum needs. Spending on supplies, materials, and purchased services increased \$17.3M from the prior year but came in under budget by just over \$32M. Of fund balance, 44.6% is in the nonspendable, committed, or restricted categories; leaving the unassigned fund balance at a negative \$4.2M.
- The fund balance in the Special Revenue Fund (ASB) increased by \$181K. A majority of schools, particularly high schools, saw increases in activity in their ASB funds in 2022-23 as fundraising activities continued to grow in the post-pandemic period.
- The fund balance in the Debt Service Fund increased by \$3.0M 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 \$75.0M. 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 \$467K. Funding for buses is provided from the state through its bus depreciation schedule and interest earnings. Six busses were purchased in 2022-23.

The following table presents a summary of the governmental fund's revenues and expenditures for 2022-23 and the amounts and percentages of increases and decreases in relation to the prior year.

Changes in Revenues and Expenditures				
Governmental Funds				
	2022-23	Percent of Total	Increase (Decrease) Over 2021-22	Percent Increase (Decrease)
Revenue Source				
Local- Taxes & Non-taxes	198,573,620	30.29%	25,483,806	14.72%
State Revenues	366,946,916	55.98%	26,843,910	7.89%
Federal Revenues	83,732,030	12.77%	6,240,223	8.05%
Others	6,263,705	0.96%	762,556	13.86%
Total	655,516,272	100.00%	59,330,495	9.95%
Expenditures				
Regular Instruction	281,437,422	37.18%	19,743,537	7.54%
Federal Special Purpose Funding	27,570,039	3.64%	5,155,501	23.00%
Special Instruction	72,363,184	9.56%	11,632,488	19.15%
Career & Tech Instruction	18,391,662	2.43%	(135,551)	-0.73%
Compensatory Instruction	46,035,132	6.08%	(416,713)	-0.90%
Other Instructional Programs	3,037,449	0.40%	571,225	23.16%
Community Services	5,990,260	0.79%	194,704	3.36%
Support Services	106,253,107	14.04%	16,228,368	18.03%
Extracurricular Activities	1,437,269	0.19%	451,248	45.76%
Capital Outlay	124,457,530	16.44%	5,361,696	4.50%
Debt Service	69,970,079	9.24%	8,781,489	14.35%
Total	756,943,133	100.00%	\$67,567,993	9.80%



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 2022-23. The general fund's beginning fund balance in 2022-23 was \$44.3M as reported in the Required Supplemental Information, Schedule A-1.

Revenues were \$38.0M under budget, and expenditures were \$34.1M 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 \$1.1M over the prior year – this reflects the legislative changes in local voter-approved levy capacity. The district received \$263.7M in general state apportionment revenues in 2022-23, an increase of \$16.0M. Federal revenues from grant sources were \$1.3M less than the prior year, as pandemic specific funding begins to exhaust.

Expenditures in the general fund were \$34.1M less than budgeted although spending in most program categories were higher than the prior year. Certificated and classified salaries came in \$372K under budget, but benefits were overspent by \$2.2M. Supply and material expenditures were \$24.5M under budget. Purchased services were \$11.7M under budget, while capital outlay was over by \$453K. Travel increased by approximately 60% compared to the prior year yet came in under budget for 2022-23.

Other financing sources were \$3.9M 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 2022-23, the district had \$1,211.2M 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 \$45.9M over last year.

Capital Assets As of August 31, 2023			
Asset Type	Historical Cost	Accumulated Depreciation	Net
Land	\$ 44,973,539	\$ -	\$ 44,973,539
Building and Improvements	1,548,431,061	(478,854,582)	1,069,576,479
Equipment	49,223,407	(41,048,631)	8,174,775
Construction-in-Progress	88,491,677	-	88,491,677
Total	\$ 1,731,119,684	\$ (519,903,213)	\$ 1,211,216,470

Work was completed for two elementary schools (Downing and Skyline), 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	\$ (30,786,379)
District-wide Projects	17,750,263
	<u>\$ (13,036,116)</u>

The district's 2022-23 fiscal year budget for capital projects fund expenditures was set at \$140.7M.

Both Downing and Skyline Elementary celebrated their first day of school in their new buildings in September 2022. Planning and construction continued for Fawcett Elementary School in 2022-23 and Bryant Elementary School began construction, with an anticipated completion date in the fall of 2024. 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 \$998K in bus depreciation payments from the state. The district purchased six buses in 2022-23 on its bus replacement plan to keep its fleet of yellow buses current at a total cost of \$657K.

Debt

At year end, the district owed \$897.0M in outstanding bonds, versus \$939.4M last year – a decrease of \$42.4M. In addition, the district has an ending balance of \$189K in long-term leases related to space rental for the Tacoma School of the Arts and district-wide copiers and \$469K in long-term subscription obligations related to information technology arrangements.

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	2022-23	2021-22	Increase/(Decrease)	
2012 Refunding of '03,05,05A UTGOs	\$ 24,205,000	\$ 35,000,000	\$ (10,795,000)	-30.84%
2014 UTGO (Refunded)	6,240,000	6,240,000	-	0.00%
2015 UTGO (Refunded)	65,985,000	69,805,000	(3,820,000)	-5.47%
2020 Refunding of '14, '15 UTGOs	354,955,000	360,495,000	(5,540,000)	-1.54%
2020-B UTGO	249,280,000	249,280,000	-	0.00%
2020-C UTGO	196,290,000	218,540,000	(22,250,000)	-10.18%
Total	\$ 896,955,000	\$ 939,360,000	\$ (42,405,000)	-4.51%

NEXT YEAR'S BUDGET AND RATES

The district's 2023-24 expenditure budgets for governmental funds were set at \$786.2M. The 2023 property tax rate decreased from \$4.36 (2022) to \$3.87 (2023) 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 16.7 percent between 2022 and 2023, with projected assessed valuation of \$39.1B over the calendar year. Property values continue to increase in 2023, and it is expected the assessed values for the area to increase approximately 9 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) ended 12 years of gains in 202, falling 5.2 percent for the year. However, forecasts for 2023 show a modest increase of 1.8 percent is expected.

Pierce County's labor force and number of employed residents grew 1.8 percent and 2.5 percent, respectively, in 2023. These gains pushed the unemployment rate down to 4.5 percent for 2023. Nonfarm employment was 2.5 percent higher in 2023, education and health services (up 5,500) saw the largest gains, followed by the construction sector (up 1,400). The forecast for 2024 calls for no overall growth in employment, with some sectors gaining and other losing jobs.

In 2023, personal income was estimated to have risen 2.3 percent, with real personal income per capita at \$63,171, a 1.2 percent increase. For 2024, total income is forecast to grow 2.5 percent, with per capita income expected to increase by 1.4 percent.

Rising mortgage rates have continued to negatively impact the housing market. The Housing Activity index fell to 72.3 after starting 2023 at 95.0 and is forecasted to end 2024 at 65.5. Higher mortgage rates have also affected Pierce County's Housing Affordability Index falling by 7.1 points in 2023 to end the year at 76.0. 2024 affordability, however, is expected to rebound and finish the year at 94.2.

Multi-family property rents were up less than one percent in nominal dollars and fell by 3.1 percent when adjusted for inflation. Vacancy rates increased in 2023 to 5.4 percent.

Multi-family property rents have decreased by 2.4 percent in 2022 compared to pre-pandemic prices. Commercial real estate rents rose \$0.11 per square foot in the warehouse and distribution sectors as vacant space increased from 2.4 to 4.9 percent. Office space inventory increased in the central business district to 12.7 percent. Retail space vacancy rates were unchanged in 2023, at 2.7 percent.

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. 2023 saw another decrease in international imports of 13.6 percent, while imports gained a mere 1.3 percent. NWSA's container traffic is estimated to be 11.3 percent for 2023, nearly unchanged from 2022. 2024, gains are expected to be only 1.6 percent.

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, 2023

	PRIMARY GOVERNMENT	
	Note No.	Governmental Activities
ASSETS		
Cash and Cash Equivalents	1F	4,222,800
Cash Held by Trustees	2	596,401
Investments	2	437,488,453
Property Tax Receivable	1F	82,847,679
Receivables, Net	1F	1,426,369
Due From Other Governments	1F	11,927,615
Inventories	1F	4,607,490
Prepaid Items	1F	825,321
Leased Assets	8	184,208
Subscription Assets	9	882,663
Net Pension Assets	6A	7,600,532
Capital Assets, net of accumulated depreciation, where applicable:	4	
Land		44,973,539
Buildings & Improvements		1,069,576,480
Equipment		8,174,775
Construction-in-Progress	5	88,491,677
TOTAL ASSETS		1,763,826,002
DEFERRED OUTFLOW OF RESOURCES		
Refunded Bonds - Charge on Refunding	7E	15,683,609
Deferred Outflows Related to Pensions	6A	84,945,532
Deferred Outflows Related to OPEB	9F	24,229,292
TOTAL DEFERRED OUTFLOW OF RESOURCES		124,858,433
LIABILITIES		
Accounts Payable		40,214,066
Accrued Wages & Benefits Payable		17,510,793
Unearned Revenue		637,873
Long-Term Liabilities	7A	
Due within one year		62,261,722
Due in more than one year		1,120,822,108
TOTAL LIABILITIES		1,241,446,562
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Leases	8	328,999
Deferred Inflows Related to Pensions	6A	35,390,529
Deferred Inflows Related to OPEB	9F	107,399,416
TOTAL DEFERRED INFLOWS OF RESOURCES		143,118,944
NET POSITION		
Net Investment in Capital Assets		558,839,878
Restricted for:		
Associated Student Body		2,200,119
Capital Projects		45,002,003
Debt Service		67,527,603
State Grants		800,578
Net Pension Asset		63,796,241
Unrestricted		(234,047,492)
TOTAL NET POSITION		504,118,930

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

TACOMA SCHOOL DISTRICT No. 10
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2023

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT					
Governmental Activities:					
Regular Instruction	\$ 317,804,588	\$ 2,184,247	\$ 1,100,229	\$ 37,328	(314,482,784)
Federal Special Purpose Funding	27,542,883	-	29,212,777	230,467	1,900,360
Special Instruction	72,292,805	3,479,006	56,804,757	-	(12,009,043)
Career & Technical Instruction	18,605,568	47,450	145,855	29,703	(18,382,559)
Compensatory Instruction	46,028,626	-	47,702,683	-	1,674,057
Other Instructional Programs	3,063,741	660,930	1,902,550	-	(500,261)
Community Services	5,984,360	925,644	2,014,262	-	(3,044,454)
Support Services	109,274,948	753,283	29,734,668	2,236,450	(76,550,547)
Extracurricular Activities (ASB)	1,438,356	1,515,921	-	-	77,565
Interest Payment on Long-Term Debt	23,840,151	-	-	-	(23,840,151)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 625,876,026	\$ 9,566,481	\$ 168,617,781	\$ 2,533,948	(445,157,816)
GENERAL REVENUES:					
Taxes:					
Property taxes, levies for maintenance and operations					79,653,736
Property taxes, levies for debt service					71,147,546
Property taxes, levies for capital projects					24,373,340
Unallocated State Apportionment & Others					284,736,137
Interest and Investment earnings					19,869,017
TOTAL GENERAL REVENUES					479,779,775
Changes in Net Position					34,621,959
NET POSITION - September 1					469,496,970
NET POSITION - August 31					504,118,929

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, 2023

	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	\$ 1,537,289	\$ 80,171	\$ 301,129	\$ 2,035,869	\$ 268,341	\$ 4,222,800
Construction Retainage Escrow	-	-	-	596,401	-	596,401
Investments	67,022,294	2,324,664	32,309,106	332,802,743	3,029,645	437,488,453
Property Tax Receivable	36,574,571	-	34,477,565	11,795,543	-	82,847,679
Accounts Receivable, Net	1,072,563	23,278	-	-	-	1,095,841
Interfund Receivable	5,376,232	-	-	35,000,000	-	40,376,232
Leases Receivable	330,528	-	-	-	-	330,528
Due From Other Government Units	9,726,286	150	-	2,201,179	-	11,927,615
Inventories at Cost	4,607,490	-	-	-	-	4,607,490
Prepaid Items	825,321	-	-	-	-	825,321
TOTAL ASSETS	\$ 127,072,575	\$ 2,428,263	\$ 67,087,800	\$ 384,431,735	\$ 3,297,987	\$ 584,318,360
LIABILITIES						
Accounts Payable	\$ 21,859,999	\$ 108,050	\$ -	\$ 10,799,452	\$ 267,605	\$ 33,035,106
Retainage Payable	-	-	-	596,401	-	596,401
Accrued Wages & Benefits Payable	16,521,683	1,770	-	987,341	-	17,510,793
Interfund Payable	35,000,000	3,995	-	5,372,237	-	40,376,232
Unearned Revenue - Other	523,543	114,329	-	-	-	637,873
TOTAL LIABILITIES	73,905,225	228,144	-	17,755,431	267,605	92,156,405
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	35,595,297	-	33,554,085	11,479,763	-	80,629,145
Unavailable Revenue - Leases	328,999	-	-	-	-	328,999
TOTAL DEFERRED INFLOWS OF RESOURCES	35,924,296	-	33,554,085	11,479,763	-	80,958,144
FUND BALANCES						
Nonspendable - Inventory & Prepaid Items	5,451,547	-	-	-	-	5,451,547
Restricted for Carryover of Restricted Revenues	800,578	-	-	-	-	800,578
Restricted for Construction	-	-	-	338,268,311	-	338,268,311
Restricted for Debt Service	439,803	-	33,533,715	-	-	33,973,518
Restricted to Special Revenue Fund	-	2,200,119	-	-	3,030,381	5,230,500
Restricted for Technology	-	-	-	12,399,094	-	12,399,094
Committed to Contingencies	1,000,000	-	-	-	-	1,000,000
Assigned to Other Items	4,007,979	-	-	-	-	4,007,979
Assigned to Budget Carryover	2,282,537	-	-	-	-	2,282,537
Assigned to Future Operations	7,487,175	-	-	-	-	7,487,175
Assigned to Curriculum & Instruction	-	-	-	-	-	-
Assigned to Capital Projects Fund	-	-	-	4,529,137	-	4,529,137
Unassigned Fund Balance	(4,226,566)	-	-	-	-	(4,226,566)
TOTAL FUND BALANCES	17,243,053	2,200,119	33,533,715	355,196,542	3,030,381	411,203,811
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 127,072,575	\$ 2,428,263	\$ 67,087,800	\$ 384,431,735	\$ 3,297,987	\$ 584,318,360

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, 2023

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position	Totals
ASSETS					
Cash on Hand and in Bank	\$ 4,222,800	\$ -	\$ -	\$	4,222,800
Cash Held by Trustees	596,401	-	-		596,401
Investments	437,488,453	-	-		437,488,453
Property Tax Receivable	82,847,679	-	-		82,847,679
Receivables, Net	1,426,369	-	-		1,426,369
Interfund Receivable	40,376,232	-	(40,376,232)		-
Due From Other Governments	11,927,615	-	-		11,927,615
Inventories	4,607,490	-	-		4,607,490
Prepaid Items	825,321	-	-		825,321
Long-Term Assets - Leases	-	184,208	-		184,208
Long-Term Assets - SBITAs	-	882,663	-		882,663
Long-Term Assets - Pension	-	7,600,532	-		7,600,532
Capital Assets, Net	-	1,211,216,471	-		1,211,216,471
TOTAL ASSETS	584,318,360	1,219,883,875	(40,376,232)		1,763,826,002
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	-	15,683,609	-		15,683,609
Pension Plan Experience - Assumption Changes & Plan Contributions	-	84,945,532	-		84,945,532
OPEB Changes - Contributions and Assumptions	-	24,229,292	-		24,229,292
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	124,858,433	-		124,858,433
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 584,318,360	\$ 1,344,742,308	\$ (40,376,232)	\$	1,888,684,435
LIABILITIES					
Accounts Payable	\$ 33,631,507	\$ 6,582,559	\$ -	\$	40,214,066
Wages, Benefits & Other Payables	17,510,793	-	-		17,510,793
Interfund Payable	40,376,232	-	(40,376,232)		-
Unearned Revenue - Other	637,873	-	-		637,873
Long-Term Liabilities - Pension	-	48,503,102	-		48,503,102
Long-Term Liabilities - OPEB	-	133,533,864	-		133,533,864
Long-Term Liabilities - Not Pension or OPEB	-	1,001,046,864	-		1,001,046,864
TOTAL LIABILITIES	92,156,405	1,189,666,389	(40,376,232)		1,241,446,562
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	80,629,145	(80,629,145)	-		-
Unavailable Revenue - Leases	328,999	-	-		328,999
Pension Plan Investment Earnings & Changes in Proportions	-	35,390,529	-		35,390,529
OPEB Changes - Differences and Assumptions	-	107,399,416	-		107,399,416
TOTAL DEFERRED INFLOWS OF RESOURCES	80,958,144	62,160,801	-		143,118,944
FUND BALANCES/NET POSITION					
Fund Balances/Position	411,203,811	92,915,119	0		504,118,930
TOTAL FUND BALANCES/NET POSITION	411,203,811	92,915,119	0		504,118,930
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES/NET POSITION	\$ 584,318,360	\$ 1,344,742,308	\$ (40,376,232)	\$	1,888,684,435

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

TACOMA SCHOOL DISTRICT No. 10
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2023

	General Fund	Special Revenue (ASB) Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Total Governmental Funds
REVENUES						
Local	\$ 82,256,530	\$ 1,618,545	\$ 72,141,044	\$ 42,450,478	\$ 107,023	\$ 198,573,620
State	365,922,028	-	-	27,194	997,694	366,946,916
Federal	75,949,612	-	-	7,782,419	-	83,732,030
Other Districts/Agencies	6,263,705	-	-	-	-	6,263,705
TOTAL REVENUES	530,391,875	1,618,545	72,141,044	50,260,090	1,104,717	655,516,272
EXPENDITURES						
Current:						
Regular Instruction	281,437,422	-	-	-	-	281,437,422
Federal Special Purpose Funding	27,570,039	-	-	-	-	27,570,039
Special Instruction	72,363,184	-	-	-	-	72,363,184
Career & Technical Instruction	18,391,662	-	-	-	-	18,391,662
Compensatory Instruction	46,035,132	-	-	-	-	46,035,132
Other Instructional Programs	3,037,449	-	-	-	-	3,037,449
Community Services	5,990,260	-	-	-	-	5,990,260
Support Services	106,253,107	-	-	-	-	106,253,107
Student Activities	-	1,437,269	-	-	-	1,437,269
Debt Service:						
Principal	793,499	-	42,405,000	-	-	43,198,499
Interest and Other Charges	17,906	-	26,753,674	-	-	26,771,580
Capital Outlay:						
Other	2,533,948	-	-	121,266,379	657,203	124,457,530
TOTAL EXPENDITURES	564,423,607	1,437,269	69,158,674	121,266,379	657,203	756,943,133
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(34,031,733)	181,276	2,982,370	(71,006,288)	447,514	(101,426,861)
OTHER FINANCING SOURCES (USES)						
Long Term Financing - Leases	1,359,298	-	-	-	-	1,359,298
Proceeds from Sale of Real Property	-	-	-	1,368,795	-	1,368,795
Proceeds from Sale of Surplus Equipment	173,607	-	-	-	19,302	192,909
Transfers	5,407,392	-	-	(5,407,392)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	6,940,296	-	-	(4,038,597)	19,302	2,921,001
NET CHANGE IN FUND BALANCE	(27,091,436)	181,276	2,982,370	(75,044,885)	466,816	(98,505,860)
FUND BALANCE - September 1	44,334,490	2,018,843	30,551,345	430,241,427	2,563,566	509,709,670
FUND BALANCE - August 31	\$ 17,243,053	\$ 2,200,119	\$ 33,533,715	\$ 355,196,541	\$ 3,030,381	\$ 411,203,810

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, 2023

	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	\$ 171,754,610	\$ 3,420,011	\$ -	\$ -	\$ 175,174,621
Local Non-Taxes	26,819,009	-	-	-	26,819,009
State	366,946,916	-	-	-	366,946,916
Federal	83,732,030	-	-	-	83,732,030
Other Districts/Agencies	6,263,705	-	-	-	6,263,705
Other Sources:					
Long Term Financing - SBITAs	1,359,298	-	-	(1,359,298)	(0)
Proceeds from Sale of Real Property	1,368,795	-	-	-	1,368,795
Proceeds from Sale of Surplus Equipment	192,909	-	-	-	192,909
TOTAL REVENUES AND OTHER SOURCES	658,437,273	3,420,011	-	(1,359,298)	660,497,986
EXPENDITURES AND OTHER USES					
Current:					
Regular Instruction	281,437,422	(19,285,379)	34,166,990	-	296,319,032
Federal Special Purpose Funding	27,570,039	(1,889,225)	-	-	25,680,814
Special Instruction	72,363,184	(4,958,656)	837	-	67,405,365
Career & Technical Instruction	18,391,662	(1,260,281)	216,335	-	17,347,716
Compensatory Instruction	46,035,132	(3,154,538)	36,212	-	42,916,806
Other Instructional Programs	3,037,449	(208,140)	27,304	-	2,856,613
Community Services	5,990,260	(410,480)	-	-	5,579,780
Support Services	106,253,107	(7,280,949)	2,188,239	726,888	101,887,286
Student Activities	1,437,269	-	1,087	-	1,438,356
Debt Service:					
Principal	43,198,499	-	-	(43,198,499)	-
Interest and Other Charges	26,771,580	-	-	(2,931,430)	23,840,151
Capital Outlay	124,457,530	-	(82,494,125)	(1,359,298)	40,604,107
TOTAL EXPENDITURES AND OTHER USES	756,943,133	(38,447,648)	(45,857,121)	(46,762,338)	625,876,026
NET CHANGE FOR THE YEAR	\$ (98,505,860)	\$ 41,867,660	\$ 45,857,121	\$ 45,403,040	\$ 34,621,960

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

TACOMA SCHOOL DISTRICT No. 10
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2023

	<u>Private-Purpose Trusts</u>
ASSETS	
Cash and Cash Equivalents	\$ 7,866
Investments at Fair Value	<u>1,066,767</u>
TOTAL ASSETS	<u>1,074,633</u>
LIABILITIES	
Accounts Payable	149,996
TOTAL LIABILITIES	<u>149,996</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue	<u>766</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>766</u>
NET POSITION	
Held in Trust for Scholarships and Student Aid	<u>923,871</u>
TOTAL NET POSITION	<u>\$ 923,871</u>

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, 2023

	<u>Private-Purpose Trusts</u>
ADDITIONS	
Donations	\$ 356,916
TOTAL ADDITIONS	<u>356,916</u>
DEDUCTIONS	
Scholarships	38,570
Tuition and Fees	5,023
Supplies & Materials	241,002
Field Trips	36,307
Purchased Services	5,288
Salaries & Benefits	<u>5,398</u>
TOTAL DEDUCTIONS	<u>331,587</u>
CHANGE IN NET POSITION	25,329
NET POSITION - September 1	<u>898,542</u>
NET POSITION - August 31	<u><u>\$ 923,871</u></u>

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, 2022 through August 31, 2023

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 and is presented separately in statements.

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 2022-2023.

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 \$4,007,977 on August 31, 2023, which were re-encumbered on September 1, 2023. 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 2022-2023:

City of Tacoma - Housing projects with 5 or more units \$4,564,523.

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 2022-2023 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 2022-2023, supplies consisting of various types of COVID-19 test kits were donated to the district by the federal Department of Health via the Puget Sound Educational Service District. The fair market value of the donated supplies totaled \$397,350.

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

The district has adopted provisions of GASB 87 Statement No 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 of \$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.

SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

On September 1, 2022, the district adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). Implementation of this Statement provide guidance on the accounting and financial reporting for SBITAs for government end users.

The district has recorded SBITA assets and liabilities as a result of implementing GASB 96. SBITAs which are based on variable payments (or user seats) are not recorded as subscription assets or liabilities and are expenses as incurred.

Leases that meet the capitalization threshold at lease commencement of \$55,000, are reported as a lease liability and an intangible right-to-use lease asset on the Statement of Net Position in the government-wide fund financial statements. Meanwhile, on the governmental fund financial statements, the initial value of the subscription liability is reported as other financing sources with a corresponding capital outlay. The subscription liability is initially measured at the present value of payments expected to be made during the agreement term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The right-to-use asset is initially measured as the amount of the subscription liability, plus any payments made at or before the commencement of the subscription term and certain direct costs, less any lease incentives received. Subsequently, the lease asset is amortized on a straight-line basis over the subscription term.

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

Subscription terms include the noncancellable period of the agreement plus any additional periods covered by either a subscriber or vendor 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 subscriber or vendor 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 subscriptions. When certain changes occur that are expected to significantly affect the amount of the subscription, the liability is remeasured, and a corresponding adjustment is made to the subscription liability. For subscriptions which are below the capitalization threshold, have a maximum possible term of 12 months or less at commencement, or which are based on variable payments (or user seats) are not recorded as subscription liabilities and are expensed as incurred.

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 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 10F for more details.

Leases Receivable Unavailable revenues from long-term leases receivable 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.

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, 2023, was \$8,575,414 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, 2023, was \$21,515,309 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 comingled 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 nonspendable) are comingled in an account, assuming an expenditure meets the constraints of the classification, the assumed order of spending is restricted first, committed second, assigned, and unassigned last. The district classifies ending fund balance for its governmental funds into five categories.

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

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

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

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

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

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

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

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

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, 2023, are as follows:

Investment Type	Number of Securities	Carrying Amount	Market Value
State Treasurer's Investment Pool	6	\$ 438,555,220	\$ 438,555,220
Total Investments	6	\$ 438,555,220	\$ 438,555,220

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	\$ 4,222,800	\$ 596,401	\$ 437,488,453
Fiduciary Funds	7,866	-	1,066,767
Total Deposits & Investments	\$ 4,230,666	\$ 596,401	\$ 438,555,220

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, 2023, 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	\$ 5,376,232	\$ 35,000,000
Special Revenue Fund	-	3,995
Capital Projects Fund	35,000,000	5,372,237
Total	\$ 40,376,232	\$ 40,376,232

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.

On March 16, 2023, the district's board of directors authorized an interfund loan from the Capital Projects Fund to the General Fund in the amount of \$35,000,000. The stated interest rate of the loan was set as equal to the rate earned by the Pierce County Local Government Investment pool, which was 4.6082%. The loan is to be repaid no later than October 31, 2023. At year-end, the entire \$35,000,000 remained outstanding.

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 of \$5,407,391 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 \$1,579,020,184 for fiscal year 2022-2023. 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	\$ 45,065,502	\$ 0	\$ (91,963)	\$ 44,973,539
Construction-in-Progress	101,527,792	72,225,797	(85,261,912)	88,491,677
Total Capital Assets, not being depreciated	\$ 146,593,295	\$ 72,225,797	\$ (85,353,875)	\$ 133,465,216
Capital assets, being depreciated:				
Building and Improvements	\$ 1,457,254,802	\$ 93,544,091	\$ (2,367,832)	\$ 1,548,431,061
Equipment	49,147,624	2,250,764	(2,174,981)	49,223,407
Total Capital assets, being depreciated:	\$ 1,506,402,427	\$ 95,794,855	\$ (4,542,813)	\$ 1,597,654,468
Less Accumulated Depreciation for:				
Building and Improvements	\$ (445,894,636)	\$ (35,165,981)	\$ 2,206,036	\$ (478,854,581)
Equipment	(41,741,734)	(1,471,023)	2,164,125	(41,048,632)
Total Accumulated Depreciation	\$ (487,636,370)	\$ (36,637,004)	\$ 4,370,161	\$ (519,903,213)
Total Capital assets, being depreciated, net	1,018,766,057	59,157,851	(172,652)	1,077,751,255
Governmental Activities Capital Assets, Net	\$ 1,165,359,351	\$ 131,383,648	\$ (85,526,527)	\$ 1,211,216,471

Current Year Depreciation Expense charged to governmental activities:	
Regular Instruction	\$ 34,166,990
Special Instruction	837
Career & Technical Instruction	216,335
Compensatory Instruction	36,212
Other Instruction Programs	27,304
Support Services	2,188,239
Extracurricular Activities (ASB)	1,087
Total	\$ 36,637,004

NOTE 5 CONSTRUCTION IN PROGRESS

School	Project	Project Authorization	Accumulated Expenditures to Aug. 31, 2023
School Projects			
Bryant Elementary	New School	\$ 53,940,000	\$ 8,624,194
Fawcett Elementary	New School	45,828,000	35,740,188
Oakland High School	New School	44,700,000	1,443,002
Maritime Skills Center	New School	55,000,000	55,251
McKinley Elementary	Improvement	3,500,000	1,901,348
Willie Stewart Academy	Improvement	8,700,000	6,545,557
Total School Projects		\$ 211,668,000	\$ 54,309,540
District-Wide Projects			
Community Schoolyards		1,200,000	569,599
Building/Site Improvements		9,320,000	513,259
Fields		23,957,000	8,095,219
EMS Controls		7,800,000	713,177
Lighting & HVAC		1,500,000	1,254,546
Pool Renovations		11,300,000	5,986,442
Safety & Security		31,587,000	17,049,895
Total District-Wide Projects		\$ 86,664,000	\$ 34,182,137
GRAND-TOTAL		\$ 298,332,000	\$ 88,491,677

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 2023:

Aggregate Pension Amounts—All Plans	
Pension Liabilities	\$ (48,503,102)
Pension Assets	\$ 7,600,532
Deferred outflows of resources	\$ 84,945,532
Deferred inflows of resources	\$ (35,390,529)
Pension expense/expenditures	\$ (717,474)

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, 2022. PERS contribution rates changed on July 1, 2023. The pension plan contribution rates (expressed as a percentage of covered payroll) for fiscal year 2023 are listed below:

	From this date	Through this date	Member rate	Employer rate	
PERS 1	7/1/2022	6/30/2023	6.00%	10.39%	
PERS 1	7/1/2022	8/31/2023	6.00%	9.39%	
TRS 1	7/1/2023	8/31/2023	6.00%	14.69%	
TRS 2	9/1/2022	8/31/2023	8.05%	14.69%	
TRS 3	9/1/2022	8/31/2023	*	14.69%	**
SERS 2	9/1/2022	8/31/2023	7.76%	11.79%	
SERS 3	9/1/2022	8/31/2023	*	11.79%	**

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, 2023, the district reported a total liability of \$48,503,102 for its proportionate shares of the individual plans' collective net pension liability and \$7,600,532 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, 2023, the district's proportionate share of each plan's net pension liability is reported below:

June 30, 2023	PERS 1	SERS 2/3	TRS 1	TRS 2/3	Total
District's Annual Contributions	\$ 3,409,854	\$ 6,845,441	\$ 15,801,702	\$ 19,739,180	\$ 45,796,177
Proportionate Share of the Net Pension Liability	\$ 11,422,673	\$ (4,017,873)	\$ 37,080,429	\$ (3,582,659)	\$ 40,902,570

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

At June 30, 2023, 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	0.500395%	2.806875%	2.927748%	2.917119%
Prior year proportionate share of the Net Pension Liability	0.550258%	2.968113%	3.073082%	3.082028%
Net difference percentage	-0.049863%	-0.161239%	-0.145334%	-0.164910%

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, 2022, with the results rolled forward to June 30, 2023, 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, 2022, 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 2022 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, 2021, 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 long-term estimate of broad economic inflation consistent with their 2021 CMAs.

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 or (asset).

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	\$ 3,189,149,000	\$ 2,282,732,000	\$ 1,491,643,000
Allocation Percentage	0.500395%	0.500395%	0.500395%
Proportionate Share of Collective NPL	\$ 15,958,337	\$ 11,422,673	\$ 7,464,104

SERS 2/3 NPL	\$ 1,168,408,000	\$ (143,114,000)	\$ (1,224,160,000)
Allocation Percentage	2.806875%	2.806875%	2.806875%
Proportionate Share of Collective NPL	\$ 32,795,748	\$ (4,017,873)	\$ (34,360,637)
TRS 1 NPL	\$ 1,927,853,000	\$ 1,266,517,000	\$ 688,424,000
Allocation Percentage	2.927748%	2.927748%	2.927748%
Proportionate Share of Collective NPL	\$ 56,442,682	\$ 37,080,429	\$ 20,155,321
TRS 2/3 NPL	\$ 3,595,509,000	\$ (122,815,000)	\$ (3,446,561,000)
Allocation Percentage	2.917119%	2.917119%	2.917119%
Proportionate Share of Collective NPL	\$ 115,678,604	\$ (3,582,659)	\$ (100,540,275)

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, 2023, 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	-	(1,288,527)
Changes in assumptions or other inputs	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	7,376	-
TOTAL	\$ 7,376	\$ (1,288,527)
SERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$ 10,026,145	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(6,274,397)
Changes in assumptions or other inputs	6,832,969	(234,690)
Changes in proportion and differences between contributions and proportionate share of contributions	554,756	(340,252)
Contributions subsequent to the measurement date	1,869,662	-
TOTAL	\$ 19,283,532	\$ (6,849,339)
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	-	(5,367,983)
Changes in assumptions or other inputs	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	8,426	-
TOTAL	\$ 8,426	\$ (5,367,983)
TRS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$ 31,198,136	\$ (504,768)
Net difference between projected and actual earnings on pension plan investments	-	(17,183,758)
Changes in assumptions or other inputs	28,460,705	(2,820,638)
Changes in proportion and differences between contributions and proportionate share of contributions	1,688,794	(1,375,496)
Contributions subsequent to the measurement date	4,298,542	-
TOTAL	\$ 65,646,177	\$ (21,884,661)

ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$ 41,224,281	\$ (504,768)
Net difference between projected and actual earnings on pension plan investments	-	(30,114,666)
Changes in assumptions or other inputs	35,293,674	(3,055,328)
Changes in proportion and differences between contributions and proportionate share of contributions	2,243,572	(1,715,767)
Contributions subsequent to the measurement date	6,184,006	-
TOTAL	\$ 84,945,532	\$ (35,390,529)

\$6,184,006 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, 2024.

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
2024	\$ (876,659)	\$ 85,897	\$ (3,751,239)	\$ (4,044,572)
2025	(1,102,503)	(1,221,202)	(4,742,342)	(6,731,020)
2026	679,786	7,151,489	3,030,803	17,529,186
2027	10,849	3,005,876	94,795	7,659,081
2028	-	1,418,105	-	7,445,523
Thereafter	-	124,366	-	17,604,776

PENSION EXPENSE

For the year ending August 31, 2023, the district recognized total pension expense as follows:

Pension Expense	
PERS 1	\$ (1,742,055)
SERS 2/3	2,124,600
TRS 1	(10,630,060)
TRS 2/3	9,530,038
TOTAL	\$ (717,474)

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

The district has implemented the provisions of 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 2022-2023 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	\$ 12,218
Carpenters Retirement Plan of Wester Washington	8	132,595
Northwest Laborers Employers Pension Plan	23	165,530
Central Pension Fund of the IUOE	302	900,770

IBEW Pacific Coast Pension Fund	8	94,306
Western Washington Glaziers Retirement Plan	1	27,468
Plumbers & Pipefitters National Pension Fund	13	61,324
WA State Plumbing & Pipefitting Pension Fund	13	62,114
Western Conference of Teamsters Pension Plan	11	71,649
International Painters & Allied Trades	4	15,021
IUOE Local 302/612 Employers Const. Industry Ret. Plan	4	3,911
Total	389	\$ 1,546,906

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 2022-2023 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 22-22 – district paid \$3.43/hour

Contribution amount FY 22-22 - \$12,218

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. 8 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 2022-2023 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 22-23 – district paid \$10.10/hour

Contribution amount FY 22-23 - \$132,595

There is currently no withdrawal liability for the CRP.

Northwest Laborers Employers Pension Plan (NWLEPP)

It is administered by Zenith American Solutions, NW Laborers Employers Trust Fund. The entity identification is 91-6022315. 23 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 2022-2023 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 22-23 – district paid \$5.30/hour

Contribution amount FY 22-23 - \$165,530

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. 302 district employees are covered by the plan - 57 bus drivers and dispatchers, 39 security employees, and 206 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 2022-2023 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 22-23 – 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 \$1.80/hour for custodians.

Contribution amount FY 22-23 – Total – \$900,770. \$9,682 for dispatchers, \$90,843 for bus drivers, \$43,951 for part-time security employees, \$12,593 for full-time security employees, and \$743,704 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 2022-2023 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 22-23 – district paid \$5.41/hour for IBEW and 3% of gross wages for NEBF.

Contribution amount FY 22-23 - \$94,306

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 2022-2023 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 22-23 – district paid \$13.25/hour

Contribution amount FY 22-23 - \$27,468

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. 12 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 2022-2023 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 22-23 – district paid \$3.90/hour (09/01-04/30) and \$4.00/hour (05/01-08/31)

Contribution amount FY 22-23 - \$58,770

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. 12 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 2022-2023 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 22-23 – district paid \$4.00/hour

Contribution amount FY 22-23 - \$59,560

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 22-23 – district paid \$3.30/hour

Contribution amount FY 22-23 - \$71,649

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 2021-2023 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 22-23 – district paid \$2.73/hour
Contribution amount FY 22-23 - \$15,021
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. Four 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 2022-2023 all pension contributions are based on 2080 hours compensated per year.

Contribution rate FY 22-23 – district paid \$2.00/hour
Contributions amount FY 22-23 - \$3,911
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 LIABILITIES

A. CHANGES IN LONG-TERM LIABILITIES

Bonds payable on August 31, 2023, 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. The amount of bond proceeds expended as of August 31, 2022 was \$144,714,939. Bond proceeds have been used only for the purposes described in district Resolution No. 2065 and approved by the voters of the district.

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.

Net Pension Liabilities, Lease Liabilities, and Subscription-Based Information Technology Agreement Liabilities were added to the Schedule of Long-Term Liabilities under GASB 68, 87 and 96, respectively. See Notes 6, 8 and 9, 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, 2023, and reported in the government-wide financial statements:

GOVERNMENTAL ACTIVITIES	Balance at September 1, 2022	Additions	Reductions	Balance at August 31, 2023	Due within One Year
Bonds and Contracts Payable					
2012 Refunding of '03,05,05A UTGOs	\$ 35,000,000	\$ -	\$ 10,795,000	\$ 24,205,000	\$ 11,705,000
2014 UTGO (Refunded)	6,240,000	-	-	6,240,000	-
2015 UTGO (Refunded)	69,805,000	-	3,820,000	65,985,000	3,640,000
2020 Refunding of '14, '15 UTGOs	360,495,000	-	5,540,000	354,955,000	5,565,000
2020-B UTGO	249,280,000	-	-	249,280,000	-
2020-C UTGO	218,540,000	-	22,250,000	196,290,000	25,905,000
Total Bonds and Contracts Payable	\$ 939,360,000	\$ -	\$ 42,405,000	\$ 896,955,000	\$ 46,815,000
Net Pension Liabilities					
PERS Plan 1	\$ 15,321,204	\$ -	\$ 3,898,531	\$ 11,422,673	
TRS Plan 1	58,444,800	-	21,364,371	37,080,429	
Total Net Pension Liabilities	\$ 73,766,005	\$ -	\$ 25,262,903	\$ 48,503,102	
Other Liabilities					
Leases	\$ 439,804	\$ -	\$ 251,032	\$ 188,772	\$ 188,772
Subscription-Based Information Technology Agreements	1,359,298	-	542,467	816,831	469,343
Unamortized Bond Premium	76,696,375	-	3,700,836	72,995,539	2,343,813
Total OPEB Liability	222,325,439	16,823,621	105,615,196	133,533,864	4,922,114
Compensated Absences	23,469,095	13,243,253	6,621,627	30,090,722	7,522,681
Total Other Liabilities	\$ 324,290,010	\$ 30,066,874	\$ 116,731,157	\$ 237,625,728	\$ 15,446,722
Total Governmental Activities	\$ 1,337,416,015	\$ 30,066,874	\$ 184,399,059	\$ 1,183,083,830	\$ 62,261,722

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, 2023, the district had \$33,533,715 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, 2022	Increase	Decrease	Balance at August 31, 2023
2012 UTGO Bonds	\$ 7,575,544	\$ -	\$ 2,883,776	\$ 4,691,767
2014 UTGO Bonds	1,257,597	-	-	1,257,597
2015 UTGO Bonds	15,304,429	-	817,060	14,487,369
2020-B UTGO Bonds	52,558,805	-	-	52,558,805
Total	\$ 76,696,375	\$ -	\$ 3,700,836	\$ 72,995,539

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	
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	29,350,000	20,959,309	50,309,309
2029-2033	161,460,000	90,812,287	252,272,287
2034-2038	181,570,000	70,559,368	252,129,368
2039-2043	207,900,000	42,820,183	250,720,183
2044-2046	143,705,000	6,652,374	150,357,374
TOTAL	\$ 896,955,000	\$ 328,596,923	\$ 1,225,551,923

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
2024	\$ 16,663,835	\$ -	\$ 980,226	\$ 15,683,609
2025	15,683,609	-	980,226	14,703,383
2026	14,703,383	-	980,226	13,723,158
2027	13,723,158	-	980,226	12,742,932
2028-2032	12,742,932	-	4,901,128	7,841,804
2033-2037	7,841,804	-	4,901,128	2,940,677
2038-2039	2,940,677	-	2,940,677	-

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.

Lessee Activities

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

Leased Assets	Balance at September 1, 2022	Additions	Reductions	Balance at August 31, 2023
Leased Assets Being Amortized				
Real Estate	\$ 132,093	\$ -	\$ -	\$ 132,093
Equipment	552,624	-	-	552,624
Total Leased Assets Being Amortized	\$ 684,717	\$ -	\$ -	\$ 684,717
Less: Accumulated Amortization				
Real Estate	(66,046)	(66,046)	-	(132,092)
Equipment	(184,208)	(184,208)	-	(368,416)
Total Accumulated Amortization	\$ (250,254)	\$ (250,254)	\$ -	\$ (500,508)
Total, Net of Accumulated Amortization	\$ 434,462	\$ (250,254)	\$ -	\$ 184,208

As of August 31, 2023, the principal and interest requirements for leases to maturity are as follows:

Year Ending August 31,	Principal	Interest	Total
2024	\$ 188,772	\$ 2,530	\$ 191,302
TOTAL	\$ 188,772	\$ 2,530	\$ 191,302

Lessor Activities

The district has entered into multiple lease agreements as a lessor, two (2) of which that qualify under GASB 87. The district recognized \$40,165 in lease revenue and \$3,278 in interest income during the current fiscal year related to the leases. As of August 31, 2023, the district's receivable for lease payments was \$330,528. The district's deferred inflow of resources associated with these leases will be recognized as revenue over the terms of the leases. As of August 31, 2023, the balance of the deferred inflow of resources was \$328,999. Future lease payments will be received as follows:

Year Ending August 31,	Principal	Interest	Total
2024	\$ 40,544	\$ 2,899	\$ 43,443
2025	40,927	2,516	43,443
2026	41,314	2,129	43,443
2027	41,704	1,739	43,443
2028	42,097	1,346	43,443
2029-2031	123,942	1,642	125,584
TOTAL	\$ 330,528	\$ 12,271	\$ 342,799

NOTE 9 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS

On September 1, 2022, the district adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). The implementation of this standard establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The district has recorded SBITA assets and liabilities as a result of implementing GASB 96. SBITAs which are based on variable payments (or user seats) are not recorded as subscription assets or liabilities and are expenses as incurred.

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

Subscription Assets	Balance at September 1, 2022	Additions	Reductions	Balance at August 31, 2023
Subscription Assets Being Amortized				
Intangible Right-to-Use	\$ 1,359,298	\$ -	\$ -	\$ 1,359,298
Total Subscription Assets Being Amortized	\$ 1,359,298	\$ -	\$ -	\$ 1,359,298
Less: Accumulated Amortization				
Intangible Right-to-Use	-	(476,634)	-	(476,634)
Total Accumulated Amortization	\$ -	\$ (476,634)	\$ -	\$ (476,634)
Total, Net of Accumulated Amortization	\$ 1,359,298	\$ (476,634)	\$ -	\$ 882,663

As of August 31, 2023, the principal and interest requirements for SBITAs to maturity are as follows:

Year Ending August 31,	Principal	Interest	Total
2024	\$ 469,343	\$ 4,931	\$ 474,274
2025	311,838	506	312,344
2026	35,650	-	35,650
TOTAL	\$ 816,831	\$ 5,437	\$ 822,267

For the year-ended August 31, 2023, the district had SBITAs with variable payments that were based on user seats which were expensed as incurred in the amount of \$418,255.

NOTE 10 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
2022	\$ 532,187	383,620	264,668	\$ 651,139
2023	\$ 651,139	769,770	480,077	\$ 940,832

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
2022	\$ 688,614	4,124,544	4,437,251	\$ 375,907
2023	\$ 375,907	8,623,828	8,239,974	\$ 759,761

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 \$4,593,081 for its annual premium contribution to WSRMP for its property and liability insurance coverage in 2022-23. 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 2022-23, the district paid \$49,115,800 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 2022-2023:

OPEB Amounts	
As of August 31, 2023	
OPEB Liabilities	\$ 133,533,864
Deferred Outflows of resources	24,229,292
Deferred Inflows of resources	(107,399,416)
OPEB expense (benefit)	4,621,428

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 \$80.04 per month per full-time equivalent employee in the 2022-23 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, 2023	
Retirees or beneficiaries currently receiving benefits	2,112
Active employees	5,066
Total	7,178

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 2022, the average weighted implicit subsidy was valued at \$392 per adult unit per month. In calendar year 2023, the average weighted implicit subsidy is projected to be \$421 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 2023, the explicit subsidy was up to \$183 per member per month, and it will remain \$183 per member per month in calendar year 2024.

Upon retirement, members are permitted to receive medical benefits. Retirees pay the following monthly rates for pre-65 medical coverage for 2023:

2023 PEBB Retiree Monthly Premiums	Type of Coverage		
	Employee	Employee & Spouse	Full Family
Kaiser Permanente NW Classic	\$ 841.77	\$ 1,678.60	\$ 2,306.22
Kaiser Permanente NW CDHP	700.40	1,394.08	1,870.59
Kaiser Permanente WA Classic	836.57	1,668.20	2,291.92
Kaiser Permanente WA CDHP	699.88	1,393.04	1,869.16
Kaiser Permanente WA Sound Choice	715.63	1,426.32	1,959.34
Kaiser Permanente WA Value	764.09	1,523.24	2,092.60
Uniform Medical Plan Classic	805.36	1,605.78	2,206.10
Uniform Medical Plan CDHP	704.42	1,402.12	1,881.65
Uniform Medical Plan Select	729.13	1,453.32	1,996.46
Uniform Medical Plan Plus	766.95	1,528.96	2,100.47

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 payments 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, 2022. This is the date the census data is gathered and the actuarial valuation is performed. The measurement date was August 31, 2022, 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, 2023. 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	2.35% per year
Projected salary increases	3.25% per year
Post-retirement participation	60%
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	\$ 113,768,834
Current Healthcare Cost Trend Rate	133,533,864
1% Increase	158,979,627

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 3.59% percent for the August 31, 2022, measurement date. The following represents the district's proportionate share of the total OPEB liability, calculated using the discount rate of 3.59%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.59%) or one percentage point higher (4.59%) than the current rate.

Sensitivity of the Discount Rate	
1% Decrease (2.59%)	\$ 155,051,239
Current Discount Rate (1.59%)	133,533,864
1% Increase (4.59%)	116,124,412

Changes in assumptions resulted from an increase in the Bond Buyer General Obligation 20-Bond Municipal Bond Index discount rate resulting in an overall decrease in total OPEB liability for the measurement date of August 31, 2022. 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, 2023, the district reported a total OPEB liability of \$133,533,864. This liability was determined based on a measurement date of August 31, 2022.

CHANGES IN TOTAL OPEB LIABILITY

The following table presents the change in the total OPEB liability as of the August 31, 2023, reporting date:

OPEB Liability	
Reported as of August 31, 2022	\$ 222,325,439
Changes for the year	
Service Cost	11,865,962
Interest on total OPEB liability	4,957,659
Effect of plan changes	-
Effect of economic/demographic gains or losses	(24,114,745)
Effect of assumption changes or inputs	(76,423,388)
Expected benefit payments	(5,077,063)
Reported as of August 31, 2023	\$ 133,533,864

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 2022-2023. The district will recognize OPEB expense of \$4,621,428.

OPEB Expense	
Service cost	\$ 11,865,962
Interest on total OPEB liability	4,957,659
Effect of plan changes	-
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	(3,776,104)
Recognition of assumption changes or inputs	(8,426,089)
Total OPEB Expense	\$ 4,621,428

On August 31, 2023, 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	\$ (27,120,785)	\$ -
Changes of assumptions	(80,278,631)	19,307,178
Payments made subsequent to measurement date	N/A	4,922,114
Total	\$ (107,399,416)	\$ 24,229,292

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. \$4,922,114 reported as deferred outflows of resources resulting from employer payments 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. Payments 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,	
2023	\$ (12,202,193)
2024	(11,397,579)
2025	(9,520,143)
2026	(8,850,563)
2027	(11,410,111)
Thereafter	(34,711,649)

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 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, 2023

	BUDGETED AMOUNTS			VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL *	FINAL *	ACTUAL AMOUNT	
REVENUES				
Local	\$ 87,200,178	\$ 87,200,178	\$ 82,256,530	\$ (4,943,648)
State	387,181,876	387,181,876	365,922,028	(21,259,848)
Federal	90,124,378	90,124,378	75,949,612	(14,174,766)
Other	3,861,613	3,861,613	6,263,705	2,402,092
TOTAL REVENUES	568,368,045	568,368,045	530,391,875	(37,976,170)
EXPENDITURES				
Current:				
Regular Instruction	291,066,667	291,066,667	281,437,422	9,629,245
Federal Special Purpose Funding	53,801,530	53,801,530	27,570,039	26,231,491
Special Education	64,172,384	64,172,384	72,363,184	(8,190,800)
Career & Technical Education	19,801,531	19,801,531	18,391,662	1,409,869
Compensatory Education	45,148,130	45,148,130	46,035,132	(887,002)
Other Instructional Programs	13,219,998	13,219,998	3,037,449	10,182,549
Community Services	5,778,142	5,778,142	5,990,260	(212,118)
Support Services	105,555,602	105,555,602	106,253,107	(697,505)
Capital Outlay				
Other	-	-	2,533,948	(2,533,948)
Debt Service - Leases				
Principal	-	-	793,499	(793,499)
Interest	-	-	17,906	(17,906)
TOTAL EXPENDITURES	598,543,984	598,543,984	564,423,607	34,120,377
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(30,175,939)	(30,175,939)	(34,031,733)	(3,855,794)
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	-	-	173,607	173,607
Transfers Out	-	-	1,359,298	1,359,298
Transfers In	3,000,000	3,000,000	5,407,392	2,407,392
TOTAL OTHER FINANCING SOURCES (USES)	3,000,000	3,000,000	6,940,296	3,940,296
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(27,175,939)	(27,175,939)	(27,091,436)	84,503
FUND BALANCE - September 1	60,819,684	55,513,851	44,334,490	(11,179,361)
FUND BALANCE - August 31	\$ 33,643,745	\$ 28,337,912	\$ 17,243,053	\$ (11,094,859)

* 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, 2023

	BUDGETED AMOUNTS		VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)	
	ORIGINAL *	FINAL *		
			ACTUAL AMOUNT	
REVENUES				
General	\$ 1,124,200	\$ 1,124,200	\$ 573,770	\$ (550,430)
Athletics	1,127,700	1,127,700	405,046	(722,654)
Classes	383,800	383,800	180,124	(203,676)
Clubs	1,581,200	1,581,200	442,434	(1,138,766)
Private Monies	74,300	74,300	17,171	(57,129)
TOTAL REVENUES	4,291,200	4,291,200	1,618,545	(2,672,655)
EXPENDITURES				
General	982,700	982,700	434,102	548,598
Athletics	1,046,800	1,046,800	379,803	666,997
Classes	361,300	361,300	177,655	183,645
Clubs	1,560,600	1,560,600	415,579	1,145,021
Private Monies	92,200	92,200	30,130	62,070
TOTAL EXPENDITURES	4,043,600	4,043,600	1,437,269	2,606,331
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	247,600	247,600	181,276	(66,324)
FUND BALANCE - September 1	1,902,800	1,902,800	2,018,843	116,043
FUND BALANCE - August 31	\$ 2,150,400	\$ 2,150,400	\$ 2,200,119	\$ 49,719

* 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	2023
TOTAL OPEB LIABILITY - September 1	\$ 173,580,758	\$ 164,223,379	\$ 166,629,215	\$ 211,144,129	\$ 208,818,780	\$ 222,325,439
Service cost	9,660,446	8,231,336	8,205,259	11,388,588	11,261,911	11,865,962
Interest on total liability	5,154,411	5,985,794	6,839,291	6,538,779	4,788,329	4,957,659
Changes of benefit terms	-	-	-	-	-	-
Effect of economic/demographic gains or (losses)	-	(2,750,298)	-	(6,887,944)	-	(24,114,745)
Effect of assumption changes or inputs	(20,651,786)	(5,189,054)	33,751,543	(8,586,189)	2,341,851	(76,423,388)
Expected benefit payments	(3,520,450)	(3,871,942)	(4,281,179)	(4,778,583)	(4,885,432)	(5,077,063)
Net change in total OPEB liability	(9,357,379)	2,405,836	44,514,914	(2,325,349)	13,506,659	(88,791,575)
TOTAL OPEB LIABILITY - August 31	\$ 164,223,379	\$ 166,629,215	\$ 211,144,129	\$ 208,818,780	\$ 222,325,439	\$ 133,533,864
Covered employee payroll	\$ 255,861,623	\$ 267,277,564	297,560,708	300,035,190	303,589,131	334,895,540
Total OPEB liability as a % of employee covered payroll	64.18%	62.34%	70.96%	69.60%	73.23%	39.87%

* 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 / (ASSET)
LAST 10 FISCAL YEARS *

	2015	2016	2017	2018	2019	2020	2021	2022	2023
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%	0.500395%
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	\$ 15,321,204	\$ 15,321,204	\$ 11,422,673
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	\$ 88,596,668
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%	12.89%
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%	80.16%
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%	2.806875%
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)	\$ (4,017,873)
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	\$ 88,243,457
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%	-4.55%
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%	101.54%
TRS 1									
District's proportion of the net pension liability/(asset)	3.282951%	3.234132%	3.180226%	3.121342%	3.058795%	2.942066%	2.956516%	3.073082%	2.927748%
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	\$ 37,080,429
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	\$ 245,804,888
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%	15.09%
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%	85.09%
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%	2.917119%
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)	\$ (3,582,659)
District's covered payroll	\$ 150,091,121	\$ 160,575,063	\$ 173,807,441	\$ 183,213,142	\$ 205,305,423	\$ 214,018,302	\$ 220,083,188	\$ 244,305,313	\$ 245,221,067
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%	-1.46%
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%	100.49%

* 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	2023
<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	\$ 3,409,854
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	3,409,854
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	\$ 95,616,368
Contribution as a percentage of covered payroll	150.35%	242.97%	4.72%	5.06%	5.09%	5.00%	5.86%	4.14%	3.57%
<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	\$ 6,845,441
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	6,845,441
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	\$ 95,234,339
Contribution as a percentage of covered payroll	5.65%	6.72%	6.66%	8.22%	8.31%	8.43%	9.87%	8.20%	7.19%
<u>TRS 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	\$ 15,801,702
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	15,801,702
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	\$ 259,703,550
Contribution as a percentage of covered payroll	136.84%	298.88%	6.23%	7.45%	7.20%	7.14%	7.28%	6.65%	6.08%
<u>TRS 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	\$ 19,739,180
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	19,739,180
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	\$ 259,363,537
Contribution as a percentage of covered payroll	5.68%	7.14%	6.79%	8.52%	7.96%	7.95%	8.04%	8.33%	7.61%

* 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 *

	2017	2018	2019	2020	2021	2022	2023
National Roofing Industry Pension Fund							
Total Contribution	\$ 12,381	\$ 11,887	\$ 10,559	\$ 5,382	\$ 5,692	\$ 10,384	\$ 12,218
Carpenters Retirement Plan of Western Washington							
Total Contribution	\$ 94,871	\$ 98,674	\$ 110,700	\$ 99,277	\$ 107,307	\$ 131,334	\$ 132,595
Western Washington Laborers Employers Pension Plan							
Total Contribution	\$ 154,903	\$ 154,309	\$ 168,603	\$ 162,532	\$ 151,922	\$ 188,309	\$ 165,530
Central Pension Fund of the IUOE							
Total Contribution	\$ -	\$ 905,425	\$ 894,138	\$ 884,194	\$ 829,089	\$ 878,383	\$ 900,770
IBEW Pacific Coast Pension Fund							
Total Contribution	\$ -	\$ 87,039	\$ 76,401	\$ 94,349	\$ 92,760	\$ 89,697	\$ 94,306
Western Washington Glaziers Retirement Plan							
Total Contribution	\$ -	\$ 20,323	\$ 21,622	\$ 24,024	\$ 24,804	\$ 26,498	\$ 27,468
Plumbers & Pipefitters National Pension Fund							
Total Contribution	\$ -	\$ 66,481	\$ 66,408	\$ 54,630	\$ 59,467	\$ 59,154	\$ 61,324
WA State Plumbing & Pipefitting Pension Fund							
Total Contribution	\$ -	\$ 51,992	\$ 51,934	\$ 47,598	\$ 60,992	\$ 60,671	\$ 62,114
Western Conference of Teamsters Pension Plan							
Total Contribution	\$ -	\$ 83,131	\$ 78,567	\$ 70,747	\$ 68,843	\$ 68,989	\$ 71,649
International Painters & Allied Trades Industry Pension Plan							
Total Contribution	\$ -	\$ 22,796	\$ 18,768	\$ 13,422	\$ 11,955	\$ 17,460	\$ 15,021
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	\$ 3,911

* 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, 2023

Federal Agency (Pass-Through Agency)	Expenditures					Passed through to Subrecipients	Note
	Federal Program	ALN Number	Other Award Number	From Pass- Through Awards	From Direct Awards		
Child Nutrition Cluster							
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	School Breakfast Program	10.553	237WAWA3N11 99	3,697,849	-	3,697,849	-
	National School Lunch Program	10.555	237WAWA3N11 99	8,226,399	-	8,226,399	-
	National School Lunch Program	10.555	237WAWA3N89 03	858,022	-	858,022	-
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	National School Lunch Program	10.555	207WAWA3N10 99	1,045,377	-	1,045,377	-
							5

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, 2023

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		
DEPARTMENT OF DEFENSE	JROTC	12.U02	WA030390	-	47,830	47,830	-	
DEPARTMENT OF DEFENSE	JROTC	12.U03	JROTC213S/JRO OTC224S/JRO TC232S/JROTC C233S	-	60,979	60,979	-	
DEPARTMENT OF DEFENSE	JROTC	12.U04	N3951723MJR TC	-	15,940	15,940	-	
DEPARTMENT OF DEFENSE	JROTC	12.U05	N3951723MJR TC	-	1,127	1,127	-	
DEPARTMENT OF DEFENSE	JROTC	12.U06	WA030941	-	75,476	75,476	-	
DEPARTMENT OF DEFENSE	JROTC	12.U07	WA030237	-	38,195	38,195	-	
ENERGY, DEPARTMENT OF, ENERGY, DEPARTMENT OF (via WA State Dept of Commerce)	State Energy Program	81.041	F21-92501-018	14,938	-	14,938	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	#0270435	69,495	-	69,495	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	#0270431	72,692	-	72,692	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	#0270432	74,144	-	74,144	-	

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, 2023

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	#0270434	68,663	-	68,663	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	#0271155	38,067	-	38,067	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	#0270433	75,855	-	75,855	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	#0271515	28,934	-	28,934	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	#0270620	57,372	-	57,372	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	GT-00283	9,421,030	-	9,421,030	-	6
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	EGMS ID/AP- OSPI-1577	19,730	-	19,730	-	6
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	GT-00283	109,453	-	109,453	-	
Total ALN 84.010:				10,035,435	-	10,035,435	-	

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, 2023

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 State Agency Program for Neglected and Delinquent Children and Youth	84.013	GT-00283	189,348	-	189,348	-	
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 327	1,370,623	-	1,370,623	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Special Education Grants to States	84.027	84.027A/#0371 292	130,266	-	130,266	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA OSPI)	Special Education Grants to States	84.027	84.027A/#0307 750	6,927,515	-	6,927,515	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA OSPI)	Special Education Grants to States	84.027	GT-00724	373,856	-	373,856	-	
Total ALN 84.027:				8,802,260	-	8,802,260	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA OSPI)	Special Education Preschool Grants	84.173	#0367142	234,579	-	234,579	-	
Total Special Education Cluster (IDEA):				9,036,839	-	9,036,839	-	

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, 2023

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	#0176124	263,767	-	263,767	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF	Indian Education Grants to Local Educational Agencies	84.060	-	-	239,262	239,262	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF	Indian Education Grants to Local Educational Agencies	84.060	-	-	21,917	21,917	-	
Total ALN 84.060:				-	261,179	261,179	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF	School Safety National Activities	84.184	-	-	78,811	78,811	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Education for Homeless Children and Youth	84.196	#0457591	68,000	-	68,000	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	English Language Acquisition State Grants	84.365	GT-00283	451,921	-	451,921	-	
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	GT-00283	1,022,155	-	1,022,155	-	

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, 2023

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)	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	84.367A/#0540 213	21,593	-	21,593	-	
		Total ALN 84.367:			-	1,043,748	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	Student Support and Academic Enrichment Program	84.424	GT-00283	809,082	-	809,082	-	
		84.425	84.425D/S425D 210015	470,445	-	470,445	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D/S425D 210015	1,114,227	-	1,114,227	-	
		84.425	84.425D/S425D 210015	38,378	-	38,378	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D/#0143 126	13,218	-	13,218	-	
		84.425	84.425D/#0140 564	48,937	-	48,937	-	

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, 2023

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	84.425D/#0135 909	4,453	-	4,453	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U/#0142 523	59,949	-	59,949	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U/#0142 155	261,017	-	261,017	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U/#0144 918	33,000	-	33,000	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U/#0140 050	48,788	-	48,788	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U/#0140 674	27,901	-	27,901	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425W/#0459 037	17,387	-	17,387	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425W/#0459 616	183,231	-	183,231	-	

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, 2023

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	84.425D/#0120 496	10,730	-	10,730	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D/#0120 496	420	-	420	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U/#0138 223	24,889,635	-	24,889,635	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U/#0138 223	1,691,070	-	1,691,070	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.4525U/#013 7231	9,010,994	-	9,010,994	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.4525U/#013 7231	905,605	-	905,605	-	
Total ALN 84.425:				38,829,385	-	38,829,385	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA OSPI)	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	#0900217	14,287	-	14,287	-	
Head Start 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, 2023

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			
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Head Start	93,600	-	-	6,663,604	6,663,604		-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Head Start	93,600	-	-	73,074	73,074		-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Head Start	93,600	-	-	577,348	577,348		-	
Total Head Start Cluster:				-	7,314,026	7,314,026		-	
Total Federal Awards Expended:				74,707,392	7,970,352	82,677,744		-	

Tacoma School District

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

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. The Tacoma School District used the federal restricted rate of 4.81% and unrestricted rate of 10.05%.

Note 4 – Program Costs/Matching Contributions

The amounts shown as current year expenses represent only the federal award 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, the cost principles contained in the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 5 – 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 6 – Schoolwide Programs

The Tacoma School District operates a schoolwide program in twenty-two elementary schools, six middle schools, two high schools, and two 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 \$7,641,595.

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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