

Comprehensive Annual
Financial Report

ANCHORAGE SCHOOL DISTRICT

for the Fiscal Year Ended
June 30, 2005

Carol Comeau
Superintendent

Prepared by Business Management Division

Janet Stokesbary
Chief Financial Officer



A Component Unit of the Municipality of Anchorage
Anchorage, Alaska

Non Discrimination Statement

It is the policy of the Anchorage School District to provide equal educational and employment opportunities, and to provide services and benefits to all students and employees without regard to race, color, religion, disability, national origin, gender, marital status, change in marital status, pregnancy, parenthood or other prohibitions.

This policy of the Anchorage School District is consistent with numerous laws, regulations, and executive orders enforced by various federal, state, and municipal agencies, including but not limited to Section 504, Executive Order 11246, Title 41 (part 60-1, 60-2, 60-3, 60-20), Title VI and VII of the 1964 Civil Rights Act, and Title IX of the Education Amendments Act of 1972. Inquiries or complaints may be addressed to the School District Equal Employment Opportunity Office, the Alaska State Commission for Human Rights, the Anchorage Equal Rights Commission, or the Director of the Office for Civil Rights, the Department of Education or the Department of Health and Human Services. Grievance procedures for student and employee concerns have been established by the Anchorage School District. For more information, contact: Director of EEO, P.O. Box 196614, Anchorage, AK 99519-6614 (907) 742-4132.

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Introductory Section



October 7, 2005

Anchorage School District

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School Board

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Mary Marks

Jake Metcalfe

Tim Steele

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Carol Comeau

Members of the School Board, and
Citizens of the Municipality of Anchorage
Anchorage School District
Anchorage, Alaska

The Comprehensive Annual Financial Report of the Anchorage School District (District) for the year ended June 30, 2005, is submitted herewith. It includes, as required by Alaska statutes, financial statements that have been audited by an independent firm of certified public accountants, Mikunda, Cottrell & Co. Their audit opinion is included in this report.

The report was prepared by the Business Management Division. Responsibility for the accuracy, completeness and fairness of presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain maximum understanding of the District's financial affairs have been included.

This report has been prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada, the Association of School Business Officials International, and generally accepted accounting principles. Based upon criteria developed by the Governmental Accounting Standards Board, the Anchorage School District is a component unit of the Municipality of Anchorage and is included in their comprehensive annual financial report pursuant to Alaska statutes.

The report consists of three parts: introductory section including this transmittal letter; financial section including financial statements, schedules of additional information, notes, management's discussion and analysis and the independent auditor's report; and statistical section including tables of unaudited data depicting the financial history of the District for the past ten years.

INSIDE THE ANCHORAGE SCHOOL DISTRICT

SCHOOL BOARD

The seven-member School Board determines policy to guide the District. Each member serves for three years and is elected at large. Elections are held each year with Board members holding overlapping terms; terms are limited to three successive three-year terms in office.

The School Board has regularly scheduled meetings on the second and fourth Mondays of each month at 6:30 p.m. School Board work sessions are scheduled on the third Monday or as needed.

Meeting agendas are published regularly in the newspaper of general circulation not less than thirty-two (32) hours prior to any regular meeting and on the District's website, <http://www.asdk12.org>. The District's cable channel 14 broadcasts the regular School Board meetings and features an educational bulletin board for announcing District activities.

ANCHORAGE SCHOOL DISTRICT MISSION AND GOALS

Mission: To educate all students for success in life.

Increase student **academic achievement** using data to guide adoption of curriculum, methods, materials, and professional development specifically designed to ensure that each group as designated by No Child Left Behind and the Quality Schools Initiative makes adequate yearly progress.

Establish and maintain a **supportive and effective learning environment** by

- providing safe, caring, barrier-free schools,
- promoting health and wellness,
- continuing to retain, recruit and train highly qualified staff,
- challenging each student academically,
- offering reinforcing extracurricular activities, and
- collaborating with other community agencies to maximize opportunities for lifelong learning

Ensure **public accountability** through

- continued participation in the State and Federal required testing programs,
- continued preparation and publication of the Profile of Performance, budget basics, and budget and bond summaries,
- effective consultation with community to ensure wise use of financial resources and responsible construction and maintenance of facilities, and
- effective communication with students, staff, parents, community and government at all levels.

Measurable Achievement Goals

We, the Anchorage School Board, Superintendent and District staff commit that:

1. Students will demonstrate increased academic achievement as indicated by improved performance on State measures of academic performance. Students will meet the State defined Annual Measurable Objective (AMO).

Indicators:

- a. The percentage of students scoring proficient or above in each designated group will increase by at least ten percent of the difference between the previous year's percent proficient for that group and one hundred percent.
- b. The percentage of students in each designated group in the advanced proficient category will increase by at least five percent over a two-year period.

Performance will be assessed on:

- a. Alaska Standards Based Assessment (Grades 3-9)
- b. Alaska High School Graduation Qualifying Exam

These various assessments will provide information on the status of student group performance for each school at grade levels 3 through 10. Results will also be provided on students in grades 11 and 12 who have not yet passed the Alaska High School Graduation Qualifying Exam.

Performance by students in grades 5 and 7 on the Terra Nova will be reported though these scores are no longer included in the determination of adequate yearly progress.

Note: The State defined AMO for 2003-2004 Language Arts was 64.03 and Math was 54.86. The State defined AMO for 2004-2005 Language Arts was 70.03 (reset in July 2005 to 71.48) and Math 62.83 (reset in July 2005 to 57.61).

2. A higher percentage of students in each group at each school will master basic skills and strategies to read independently by the end of the 3rd grade.

Indicators:

- a. Over a two year period, there will be an increase of at least five percent of students in each designated group demonstrating proficiency or higher on the reading portion of the grade 3 Alaska Benchmark Reading Exam.
- b. Over a two year period, there will be an increase of at least five percent of students demonstrating proficiency or higher as measured by the District assessment of student reading.

3. The percentage of students in accelerated math sequence will increase.

Indicators:

The percentage of students in each group who successfully complete each of the following courses with a grade of C or higher will increase by five percent in a year to year comparison: Algebra I in grade 8, Geometry in grade 9, and Algebra II in grade 10.

Reporting directions:

- a. Grades earned in each class will also be reported.
- b. Student grades and credits earned by students in Algebra classes for each middle and high school will be reported by student grade level.

Process directions for math department and math teachers:

- a. The District will continue to develop and implement training in math content and teaching strategies for elementary and middle school teachers.
- b. The District will continue to work with students, parents, teachers, counselors, administrators, and community representatives to increase expectations for elementary, middle and high school math achievement at each school, particularly for those groups for which assessment data identifies average performance significantly below District average performance.

4. There will be at least a five percent decrease in the dropout rate of middle and high school students over a period of two years as compared to the 2002-2003 school year.
5. There will be at least a five percent increase in the District's graduation rate in a year to year comparison.
6. There will be at least a five percent increase in the percent of high school students who successfully complete AP courses for the 2004-2005 school year; "Successfully complete" is defined as passing the AP course with a grade of C or higher.

COMMUNITY INVOLVEMENT

The PTA is an organization of parents, teachers and community members. Its goal is to improve education for all children. Most elementary schools, middle schools and several high schools have PTAs or PTSAs. Collectively, they form the Anchorage Council of PTAs. Some schools have Parent Advisory Committees or Parent Teacher Organizations instead of PTAs/PTSAs. Each charter school has an Academic Policy Committee which governs the school.

The Minority Education Concerns Committee (MECC) is a Board appointed committee that advises the School Board and Administration on issues concerning minority students and families.

Advisory committees - focusing on Bilingual, Alaska Native, Multicultural, Title I, Gifted, Special Education, Middle School, High School Education and Alternative programs and other concerns are additional means through which the District receives information. Citizens representing various ethnic and cultural groups are actively encouraged to participate in these groups. Short-term or topic-specific advisory committees are also appointed on an as-needed basis.

Parents, senior citizens, and other community members volunteer in school classrooms, playgrounds, libraries and offices. Businesses and organizations participate in the award-winning School Business Partnership program under the guidance of the Superintendent. There are 400+ partnerships which are involved in many classroom activities and District wide programs. The School Board goal of having at least one partnership in each school was met and has been sustained. These activities include classroom presentations, tours, tutoring, mentoring, and other varied programs.

COMMUNITY RESOURCES

The Community Resources Department works closely with the classroom teacher, community-wide resources and special events to enhance the quality of student education. During the 2004-2005 school year, a new Community Resources computerized scheduling program was implemented. This program was designed as a precursor to on-line web based scheduling. It is anticipated that future use of web based scheduling will allow the current Community Resource schedulers more time to identify and secure field trips, speakers and assemblies that can support the instruction to our students. Additionally the new Community Resources program provides increased capabilities for accurate scheduling of events, while providing much needed reporting mechanisms.

During the 2004-2005 school year, the Community Resources Department scheduled over 4,200 events. This includes 3,100 field trips, many of which were scheduled through People Mover, thereby saving thousands of dollars in District transportation by providing transportation at a reduced cost. 950 volunteer speakers, presenting special topics and sharing resources that enhanced classroom instruction district-wide, provided over 5,000 hours of volunteer time. Examples of some of the businesses, agencies

and organizations that this department works with throughout the school year include the Alaska Native Heritage Center, Public Lands, Animal Control, Anchorage Museum, Campbell Creek Science Center, Eagle River Nature Center, Fish and Game, Imaginarium, Oscar Anderson House, People Mover, Pioneer Schoolhouse, Alaska Railroad, Starbase Alaska, Anchorage Symphony and the Anchorage Zoo.

COMMUNITY SERVICES (RENTALS)

The Rentals Department (formerly called Community Services) is responsible for coordinating both District and public use of School District facilities. Areas that are available include outdoor areas such as fields, tracks, playgrounds, ice rinks and parking lots. Indoor spaces include classrooms, libraries/ IMC, multipurpose rooms, gyms and auditoriums/auditerias. During FY 2004-2005, the Department scheduled activities for approximately 700 organizations for school, community, cultural and recreational activities. Primary user groups include the Municipality of Anchorage Parks and Recreation Department, University of Alaska-Anchorage, and a number of community groups including the YMCA, Camp Fire USA, Anchorage Youth Soccer Association, Anchorage Japanese School, Anchorage Korean School, Boys and Girls Club, Boy Scouts and Girl Scouts, Community Councils, PTA Councils, and Community Schools. Revenues realized from the rental of District Facilities were \$684,176 in FY 2004-2005 and are budgeted for \$572,000 for FY 2005-2006. Effective July 1, 2004, new rental rates were put into effect. In preparation for the transition of Community Schools to non-profit organizations for FY 2004-2005, a new rental category was instituted and Board Policy was rewritten.

The District's recreation facilities are consistently scheduled to near capacity. The Rentals Department continues to work closely with the Optimum Facilities Use policy, which insures more effective scheduling of gymnasium and multi-purpose rooms. The Department, working with the Municipal Parks and Recreation Department, developed a joint application process, which facilitates more appropriate and effective use of outdoor sport facilities. Cooperation between community user groups and the District is enhanced through interaction with the Community Services Youth Task Force Advisory Committee.

Currently, the District employs four auditorium technicians who coordinate the management and maintenance of auditoriums and auditerias at Chugiak, Dimond, East, South and West High Schools. Throughout the school year, these technicians provide technical training for teachers and students who use these facilities. Technical assistance continues to expand to provide expertise and equipment to schools across the District resulting in essential technical improvements at significant savings. Generally during the summer months, the group provides annual maintenance and upkeep of our auditoriums. However, for the summer of FY 2004-2005, the group also provided technical assistance to an expanded summer school program. The duties that the auditorium technicians perform are expanding as we look for ways to support the increasing use of school district facilities.

COMMUNITY EDUCATION

For FY 2004-2005, the Community Schools Program was no longer funded through the Anchorage School District. This program resides with a non-profit agency, the Anchorage Community Education Association. The Community Education group, which previously oversaw Community Resources, Rentals, Community Schools and coordinated several large community-wide programs, will be re-organized for FY 2005-2006. This re-organization is as a result of the transition of the Community School program to non-profit organizations and the reassignment of the community-wide programs to other departments.

21st CENTURY COMMUNITY LEARNING CENTERS

The 21st Century Community Learning Centers (CCLC) provide a safe, drug-free, and academically enriching out-of-school program of expanded learning, recreational, and supportive opportunities for over 1500 high-needs students. Parent literacy programs are offered to help parents support their children's education. The project objectives and outcomes address: increases in student academic achievement; development of positive attitudes, skill, and behaviors; sustaining the Community Learning Centers; supporting student success through service learning, culture, and community partnerships; and strengthening family involvement in student success and literacy events.

During the 2004-2005 school year, the 21st Century Community Learning Center (CCLC) delivered afterschool academic and enrichment services in one middle school and twelve elementary schools. Five sites operated under their 3rd year of five-year renewable state grant, four sites operated under their 2nd year of a five-year renewable state grant, and four sites operated under their 1st year of a five-year renewable state grant. The same thirteen sites will provide 21st CCLC programs during the 2005-2006 school year.

A 21st CCLC non-profit association was established to help provide advocacy and financial support, and over 300 business and community organizations partnered to provide services for students in the 21st CCLC afterschool education program. Partnerships providing financial support include the YWCA, Boy Scouts of America, Western Alaska Council, the Municipality of Anchorage Parks and Recreation, and the AfterSchool Alliance.

SCHOOL BUSINESS PARTNERSHIPS

Over the past thirteen years, the School Business Partnership Program has been responsible for developing more than 400 partnerships between businesses and schools in Anchorage. In addition to these partnerships, the program spearheads many special events and champions the School Business Partnership classes held at area middle schools.

CURRICULUM

Elementary schools provide the initial school experience for children in kindergarten through 6th grade. Each child receives instruction guided by a school board approved Six-year Instructional Plan in reading, math, spelling, writing, speaking and listening, social studies, science, art, music, physical education, health and safety, and library skills. Technology, as a tool for learning, is infused throughout the curriculum.

In the elementary years students learn to read with understanding, write with skill using correct grammar and spelling, and solve math problems with accuracy. In addition, children learn to plan and complete assigned tasks, develop good work habits, respect authority, work well with others, honor their country, keep themselves healthy, recognize and appreciate beauty in art and music, and develop both a continuing interest in self-improvement and an optimistic approach to the future.

A full-day kindergarten program is offered at fifty-nine schools. The primary differences between the full-day and half-day program are the length of day and the opportunity for expansion of regular activities and a broadened program through enrichment.

The District has counselors at twenty elementary schools. Each school program is designed to meet individual school needs, but common features include working with individual students, classroom guidance lessons, parent contacts, referral to support services and agencies, and consultation with teachers and other school staff. Major themes of emphasis are positive school-wide discipline, personal safety and safe and appropriate problem solving skills.

The middle school and the high school programs, grades 7 through 12, teach students to think critically and act effectively through mastery of essential skills. The programs help students develop intellectually, emotionally, and socially so that everyday problems can be tackled and solved. The middle school program features small, consistent communities of learning called teams which provide the core academic program for each student of math, language arts, social studies and science. A broad spectrum of elective programs is also provided to give middle school students opportunities to experience the Fine Arts, World Languages, and Career and Technical Education classes. High schools are organized into smaller learning communities and provide entry-level career and technical education training as well as academic preparation for college with opportunities to obtain college credit while still enrolled in high school. In addition, a wide variety of academic, fine arts and career and technical education electives are available.

The District's graduation requirements are as follows:

Total Credits Required	22.5	Credits
Language Arts	4	Credits
Social Studies*	4*	Credits
Mathematics	2.5	Credits
Science	3	Credits
PE/Health	1.5	Credits
Electives	7.5	Credits

*Alaska Studies will be required as one of the 4 social studies credits (Class of 2006)

Culturally Responsive and AP/higher level coursework components of the Six-year Instructional Plan create opportunities for all students to achieve at optimal levels. Curriculum support programs including Migrant Education, Indian Education, Bilingual/Multicultural Education and Gifted Education enhance the regular curriculum by providing research based best practices to better meet the needs of our diverse population of students.

EDUCATIONAL ALTERNATIVES

The Anchorage School District offers many alternative schools and programs to students in the kindergarten through 12th grades. These programs offer a variety of educational options for students.

Birchwood and Northern Lights schools offer an “ABC” or “back to basics” program. These schools are highly structured and dedicated to academic excellence. ABC schools seek to build a sense of responsibility, patriotism, citizenship, confidence, pride in accomplishment and a positive self-image through academic achievement. To do this, ABC schools provide a quiet and orderly environment that utilizes a positive, firm, and consistent code of conduct. Birchwood is a K-6 school and Northern Lights is a K-8 school.

Open optional schools exist at Willard L. Bowman, Chinook, Chugach Optional, Eagle River, Polaris K-12, and Susitna Elementary Schools. Optional programs are primarily child-centered, emphasizing the physical, emotional and academic development of the individual child. In open optional multi-grade

classrooms students of different ages work and learn together. Students are responsible for directing some aspects of their own learning.

A Montessori program is offered at Denali Elementary School. Students in kindergarten through grade 6 learn in classrooms that emphasize individualized learning in a specially prepared environment using materials that are based on students' developmental stages. Children progress at a rate appropriate to their ability and level of achievement. Direct instruction is used in individual and small group settings. Cooperative learning and peer coaching are integral parts of the Montessori program.

World Language Partial Immersion Programs are offered at Sand Lake and Chugiak, Government Hill and Turnagain Elementary Schools. Partial immersion programs are offered at Sand Lake (Japanese), Chugiak (Spanish) and Turnagain (Russian) Elementary Schools. In partial immersion programs students are immersed in the target language for half of the school day and learn in English for half of the day. A two-way immersion program in Spanish is housed at Government Hill Elementary, in this program both English and Spanish speaking students learn together in both languages.

Steller School offers individualized self-pacing education in grades 7 through 12 for self-motivated, self-disciplined students. The program maintains an informal and non-competitive environment. Community and parent participation is an integral part of Steller's program.

East High School has a School-Within-A-School (SWS), which offers individualized self-pacing instruction to students in grades 9 through 12. The program emphasizes student responsibility and productivity. Students earn credit in a number of ways, including traditional class work, independent studies or small group research. Students enrolled in SWS may also take classes in East High's programs.

Bartlett High School's Humanities Interdisciplinary Program allows Bartlett students to become a part of a community. They are a group of people, grades 10, 11, and 12, of all abilities levels, from advanced placement, academically motivated students, to learning disabled and at risk students, who acknowledge their interconnectedness, have a sense of common purpose, respect their differences, share in decision making, and share the responsibility for the group's actions. The goals are: increase skills in reading, writing, listening, speaking, organizing, and thinking; to create a process of dialogue and reflection between students, between students and teacher and between teachers; to implement an exchange between students and the greater Anchorage community; to enable students to examine their relationship with themselves, with others, and with the larger world community; to help students understand their own learning and writing process and to provide students with opportunities to invest time, energy, effort and creativity in long term projects in publishing, acting, video production and community service.

Central Middle School of Science focuses on math, science, and technology taught in an interdisciplinary manner. School business partnerships and community service are key components.

Polaris K-12 School is a unique school of 500 K-12 students. It offers an open-optional, fully inclusive learning environment.

Service Seminar School is based on the Paideia Seminar approach for Service students in grades 10-12.

West High School has a School of the Arts, which focuses on integrating the arts into the core curriculum and humanities. The International Baccalaureate Program began in the fall of 2004 for juniors and seniors. The preeminent college preparatory course of studies in the world, taught in more than 115

countries, includes courses in English, a second language, social studies, math, science and an arts elective.

Elitnaurvik-within-East (EWE) at East High School and Kanakugaq program at West High School are designed to emphasize the Alaska Native culture. These programs are open to all students. The primary emphasis of EWE and Kanakugaq is improving academic performance, attendance, cultural identification, and family outreach.

The comprehensive high schools are moving toward smaller learning communities for all high school students. Under the collaborative teaching approach, groups of students share teachers in certain subjects, including social studies, math, language arts and science.

Charter schools are non-sectarian, public schools that operate within the public school district under written contracts with the local school board. Charter schools must comply with all local, state and federal laws applicable to public schools and be accessible to all students who choose to apply. Charter schools differ from regular public schools in which they offer alternative teaching methods or curriculum and more independence than regular public schools. During the 2004-2005 school year, the District operated five charter schools as a result of legislation passed in 1995, namely: Aquarian, K-6; Family Partnership, K-12; Village, K-8 (until January); Frontier, K-12; and Highland Tech High, 7-10. In the 2005-2006 school year, two additional charter schools will open – Eagle Academy, K-6, and Winterberry, K-6.

Specialized middle school and senior high school programs are available:

A.V.A.I.L. is designed for students who have previously dropped out of school and desire to return to school. The program is a partnership with the business community and places high emphasis on basic educational and employment skills. To be eligible, a student must be between the ages of 15 1/2 and 19 and have been out of school for one entire semester.

Crossroads Program is the Anchorage School District's instructional setting for pregnant and parenting teens. Crossroads provides a supportive instructional environment which allows students to continue their education while pregnant and parenting. A complete program of instruction is provided with an emphasis on core academics. The program utilizes on-line instruction to compliment traditional coursework to meet the academic needs of the students. Maternity health is offered and community support contacts are available for students.

Continuation Program is a limited educational opportunity for students expelled for non-violent offenses, which allows students to stay connected to their education while completing the reinstatement criteria required by the School Board. The Continuation Program utilizes on-line instruction complimented by traditional instruction to meet the needs of the students. The instruction and course work are individualized for each student to coordinate with the courses/credits required for promotion to the next grade level and/or progress toward graduation.

S.A.V.E. and Benny Benson, specialized programs for potential high school dropouts, combine work experience with regular high school classes. Students in 10th through 12th grades, earn credit upon completion of contracts with teachers.

SEARCH is an individualized program designed for 13 to 15 year old students who have experienced academic, attendance and/or discipline problems in a regular school setting. It provides opportunities for both personal and academic growth. Students spend the day in a highly struc-

tured environment with individual attention readily available. The program is located at Benny Benson Secondary School.

Martin Luther King, Jr. Career Center (KCC) is a half-day program which offers high school students, sophomores through seniors, vocational training in 26 occupations.

Other programs for which students are referred by teachers and other staff, based on assessment, are also available.

Multi-Sensory Instruction (MSI) has been used in the Anchorage School District since 1973. There are two K-6 MSI alternative programs housed at Baxter and at Northwood Elementary schools. The MSI approach teaches students how to learn by teaching traditional subject matter in a non-traditional manner. MSI methods do not cure learning difficulties, they “go around” them. As students learn information they see it, say it, hear it and feel it as their hands write it. Children who benefit from MSI interventions in first grade may have difficulties with speech or writing, following instruction they hear, or letter/sound recognition and other visual tasks. In addition to the two K-6 programs at Baxter and Northwood, many elementary schools offer specific MSI classrooms in first and second grades.

The Gifted Program is serving children in pre-school through 6th grade in the acceleration program (IA) and 2nd through 6th grade in the enrichment (IGNITE) program. Students in grades 7–8 can be eligible for gifted language arts and gifted science classes if they meet the program requirements. The Gifted Program continues to have the Mentorship Program for qualified high school students.

Special Education provides comprehensive educational services to all children who experience disabilities and have additional needs beyond those which can generally be met by the regular classroom program. These services are provided in all schools, including alternative, optional and charter schools and special school program. An IEP team, including the parent as a contributing member, designs the necessary services for the student in the least restrictive environment. In addition to providing the necessary special education services, the IEP team may determine a need for related services. Related services may include speech therapy, occupational therapy, physical therapy, counseling, specialized nursing services, audiology services and transportation.

Indian Education meets educational and cultural needs of Alaska Native and American Indian students. Bilingual Education aids students whose first language is not English. Title I provides disadvantaged students with more help in the mastery of basic skills. Migrant Education provides services to meet the special needs of children whose education may have been affected by a lack of continuity. North Star Elementary Summer School was instituted in the summer of 2000 for remediation in math and reading.

Summer school opportunities are available for students in the kindergarten through 12th grade. Elementary summer school is offered to K-6 students who are not proficient in reading, writing or mathematics in the elementary grades. Each year summer school is offered at a variety of sites around the school district. Students are referred by parents and/or teachers in the spring of each year and attend a six week summer school program in June and July each summer. Summer school serves between 800 and 1,000 students each summer.

An intensive K-3 reading initiative has been established to support School Board goals for academic excellence in the area of literacy. In addition, students in grades 4 through 12 are receiving opportunities to improve their reading and spelling skills. Reading specialists have been hired for grades 7 - 12.

The "Creating Successful Futures" (CSF) program is a kindergarten through third grade program housed at Northwood and College Gate elementary schools. The CSF program is a highly structured, district-wide, short-term program designed to empower "at-risk" K-3 students to make safe and positive choices. Teaming with schools and parents, CSF equips students to develop the courage to change and achieve academic and social success. The CSF program serves 70-76 students per year.

STUDENTS

The Anchorage area had an estimated population of 277,498 in 2004. This represents an increase of 3,495 residents over 2003.

The population is well educated and younger than national averages. Many residents are white-collar workers and have relatively high incomes. Once characterized as a "boom or bust" economy, the Anchorage economy is in its seventeenth year of uninterrupted, slow and steady job growth. For the past four years, the health care and construction industries have led that growth.

The Anchorage School District is charged with the responsibility of education the your people of Anchorage. The District serves more than 49,000 students, approximately 37 percent of the state's total public school population. The minority and bilingual student population continues to increase annually with more than 90 languages spoken by District students. While ethnic minorities make up 25% of the Anchorage population, they are 44% of the District student population. The official enrollment for 2004-2005 reached 49,454 students; 25,566 elementary, 22,758 secondary, and 1,130 special services and contracted program students.

Approximately 26,000 Anchorage students participated in the Alaska Standards Based Assessment (SBA) in 2004-2005. The SBAs are statewide tests designed to provide information about students performance in reading, writing, and mathematics at grade level. In 2004-2005, they were enhanced to estimate the degree to which the students have mastered the Academic Performance Standards for reading, writing, and mathematics outlined in the Grade Level Expectations (GLEs). These tests were administered in grades 3 through 9 and are the foundation of the Alaska school accountability system. When the scores were aggregated at the district level, 80.3% were proficient in reading, 77.4% in writing, and 69.4% in mathematics.

The High School Graduation Qualifying Examination (HSGQE) is used to determine student competency in the essential skills of reading, writing, and mathematics. The HSGQE provides this information in the form of test scores that reflect the essential skills that students should know as a result of their public school experience. The requirement to pass all three subtests (reading, writing, and mathematics) of the HSGQE in order to earn a high school diploma has been in effect since 2004. The students take the HSGQE for the first time in the spring of their sophomore year. The Anchorage School District had 3,518 sophomores take the HSGQE in the spring of 2005 and 60% of these students passed all three subtests on the first administration. Of the 1,404 students who have not passed all three subtests of the HSGQE, 555 have only one remaining subtest to pass, 360 have two remaining subtests to pass, and 489 have all three subtests to pass. Of the seniors enrolled in the Anchorage School District on May 23,

2005, 95.9% of those with sufficient credits to be on track to graduate and who are required to pass the HSGQE had passed.

Norm-referenced tests are a tool for assessing group and individual performance over time. They allow a comparison of student performance against a national population and the comparison of group and individual growth. The norm-referenced testing for 2004-2005 involved the administration of the TerraNova CAT/6 in grades 5 and 7. The Mean Normal Curve Equivalent scores for all students in grades 5 and 7 ranged from 53 to 56 with 50 being the national average. Anchorage School District students scored above the national average on all subtests. This is the aggregated data and does not reflect variations in achievement patterns for subgroups.

College bound students who take the ACT and SAT tests in Anchorage also do well. When reviewing the five-year trend data, the Anchorage scores are above the average for the nation and the state on every subtest and composite score. For the 2004-2005 school year, the average composite ACT score for Anchorage was 23.2 compared to 20.9 nationally and 21.3 for our state. The average total math and verbal was 1062 for Anchorage compared to 1025 nationally and 1042 for our state.

Reading, Language Arts, and Mathematics composite scores are indicators of student achievement. The Anchorage average scores are above the national average of the 50th percentile. Between 94 and 98 percent of Anchorage students in grades 4, 5, 7 and 9 (15,306) students, took the Terra Nova/CAT/ 6 tests last year. Skill in reading is a basic factor in determining student success in all educational areas. The Terra Nova/CAT/6 tests include both vocabulary and reading comprehension. Language Arts Composite items focus on the mechanics of writing and recognition of errors. Mathematics items focus on basic math operations and problem solving.

New Federal requirements assure that schools do not exclude special education and bilingual students from state and districtwide assessments. The regulations require that there be an accounting of all students, that students with special needs be provided accommodations, and that students who are not capable of taking tests even with accommodations be provided with alternative assessments.

In terms of meeting Adequate Yearly Progress (AYP) as defined by No Child Left Behind, the Anchorage School District exceeded the previous year's performance. In the first year of NCLB, 40 percent of our schools met AYP, in the second year 58 percent, and this year, roughly 66 percent of our schools made AYP. In addition, the Title I schools continue to show dramatic improvement. Whereas only three Title I schools made AYP in the first year, that number grew to seven in the second year and to seventeen of the twenty-one this year.

College bound students who take the ACT and SAT tests in Anchorage also do well. About seventy percent of Anchorage students go on to college. The Anchorage scores are above the average for the nation and the state. Higher than average ACT and SAT scores have been a characteristic of Anchorage college bound students over the past twenty or more years.

STUDENT SUPPORT SERVICES

The Transportation Department provides school bus service for approximately 20,000 students daily for a total of over 6,000,000 passenger trips a year. Two hundred and forty-five buses operate over 1,500 routes each day and travel over 3,000,000 miles annually. The Transportation Department also scheduled and dispatched 4,200 buses on activity and field trips last year. Thirty-five percent of school bus

service is provided on district owned and operated buses and the remaining sixty-five percent of the service were provided by First Student Inc.

The Vehicle Maintenance Department is responsible for the maintenance of four hundred twenty-nine vehicles and approximately one hundred seventy-eight other pieces of equipment. Fourteen mechanics staff the District's two vehicle maintenance shop.

The Student Nutrition Program serves over 22,000 meals daily or more than 3.7 million meals a year to elementary and middle level and high school students. A school lunch costs \$2.30 for elementary and \$2.70 for middle school students. Choices in all areas include a wide variety using the five food groups of the food pyramid. Senior high students may choose from a variety of nutritious foods, including salad bars and *Subway* sandwiches. These foods are all priced separately. The District also provides a breakfast program at many of the elementary and middle schools. All of the high schools offer various breakfast items.

Library Resources maintains the Anchorage School District library index. This department also provides assistance in library automation to all schools; conducts continuing education and in-service orientations, seminars, and classes on library services and technology. All material housed in the school libraries are indexed at Library Resources. The District library database exceeds 368,000 titles located in 111 library centers. There are over 1.364 million items in the collections. Use of collection development plans and interlibrary loan strategies benefit the complete educational program for all students, staff and community.

Audio-Visual Services provides a centralized system of instructional support. More than 12,000 items of curriculum material ranging from videocassettes to CD-ROM material for computer-assisted instruction is available for loan to Anchorage teachers and students. The organization also repairs all of the District's audio-visual and microcomputer equipment. The District's electronic communications, including telephones and two-way radio systems, are developed and coordinated by Audio-Visual Services. Audio-Visual has a website, <http://media.asdk12.org>, which is available for instructional staff to view what material is available and also order it.

The Communications Department plans and implements an internal and external communications program. The department includes Publications Services and Channel 14. Publications Services provides quality printed materials as needed by all departments and school units and provides mail services for the Administration Building. Channel 14 broadcasts instructional programming and national and district programs on educational topics and services. In addition to airings of ASD School Board meetings and special programming, the station runs a bulletin board between programs that provides event information, district committee meeting dates and times, school closure notices and more.

FINANCIAL HIGHLIGHTS

THE REPORTING ENTITY

This report covers all financial transactions and activities of the District. Based upon criteria developed by the Governmental Accounting Standards Board, the District is a component unit and integral part of the primary government, which is the Municipality of Anchorage and has been included in their Comprehensive Annual Financial Report. Please refer to the Managements Discussion and Analysis beginning on page 3 for additional District financial information. The Anchorage Assembly approves the municipal tax appropriation and the total budget. The Municipality levies and collects taxes for the

The District is mandated by state statute to have a June 30 fiscal year, whereas the Municipal Charter requires a December 31 fiscal year for the Municipality. Audited financial statements for the Municipality of Anchorage, including the District, are available upon request from their administrative offices.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires continuing estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained by fund, organization and object in the General Fund and Food Service Special Revenue Fund only. Budgetary control in the State and Federal Grants Special Revenue Fund is authorized and maintained by the granting agencies. Under the State and Federal Grants Special Revenue Fund, budget revisions and transfers within a grant must be approved by the granting agencies. Expenditures may not exceed the aggregate total amount of the budget, which includes the combined budgets of the following funds: General Fund, State and Federal Grants Special Revenue Fund, Food Service Special Revenue Fund, and Debt Service Fund.

The District policy requires recording of encumbrances as a charge against appropriation in the accounting period in which purchase requisitions or purchase orders are issued rather than in the accounting period when goods or services are received as required by generally accepted accounting principles. Encumbrances are therefore reported as reservations of fund balance at June 30.

CASH MANAGEMENT

The District's cash resources at June 30, 2005 were invested as follows: repurchase agreements 14 percent and United States Treasury obligations 86 percent.

The total amount of interest income earned in 2005 was \$4,693,350, which was \$2,372,430 higher than the interest received on investments for fiscal year 2004. The increase in earnings is primarily due to rising interest rates in 2005.

RISK MANAGEMENT

The District has developed a risk management program committed to effectively manage all risks of accidental loss by: protecting the District against the financial consequences of catastrophic losses; preserving the District's assets and educational system from loss, destruction or depletion; establishing a Loss Control Plan to identify, prevent and control accidental losses and their consequences, creating a system to continually evaluate and assess the District's capacity and financial resources to provide protection from loss; and establishing an exposure-free work and educational environment in which District personnel, students, and the public can enjoy safety and security in the course of their pursuits.

In addition, the department administers all workers' compensation claims, procures all property/casualty excess insurance ,reviews insurance requirements for contracted services, monitors safety programs, and assures compliance to environmental, health and safety regulations.

FINANCIAL OUTLOOK

The projected Anchorage School District fiscal gap for FY 2006-2007 is \$30 million. The forecast can be characterized by the lack of a long-range State fiscal plan to generate new sources of revenue and the management of State spending. The lack of action of either of these two factors may have an impact on funding for public education. Existing State revenue projections may also change due to the fluctuations in oil production as well as the price of oil. These factors play a major role for the Anchorage School District, as The Alaska State Public School Funding Program, funded by oil revenues, is the District's most significant individual revenue source.

Items that contribute significantly to the projected gap between anticipated revenues and expenditures include: increased expenditures for programs and services to meet State and Federal mandates such as The No Child Left Behind Act (NCLB); cost increases related to employee contracts, and rate increases. A great portion of the projected fiscal gap is due to a \$13 million increase to the District's required contribution to the Teachers' Retirement System (TRS) and the Public Employees' Retirement System (PERS). At this time we do not know what the long-term affects Hurricanes Katrina and Rita might have on the District.

The District will conduct four town meetings to assess the status of District programs, review the Anchorage School District budget and make recommendations to the Superintendent for efficiencies, reductions, and revenue enhancements that will facilitate with long-range financial planning.

The District, the Municipality and the Anchorage community must work together to secure the appropriate level of State and local funds. This collaboration is needed to ensure that the instructional programs and services are maintained to provide an equal and quality education for all our students.

INDEPENDENT AUDIT

The statutes of the State of Alaska and the Municipal Charter require that an annual independent audit be made of all the District accounts by an independent certified public accountant selected by the Board. This requirement has been complied with and the independent auditor's opinion has been included in the financial section of this report.

CERTIFICATE OF EXCELLENCE/CERTIFICATE OF ACHIEVEMENT

The Association of School Business Officials International (ASBOI) awarded a Certificate of Excellence in Financial Reporting to the Anchorage School District, Alaska for its comprehensive annual financial report for the fiscal year ended June 30, 2004.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Anchorage School District, Alaska for its comprehensive annual financial report for the fiscal year ended June 30, 2004.

In order to be awarded a Certificate of Excellence and a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to principles and standards as recommended and adopted by ASBOI and GFOA. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Excellence and a Certificate of Achievement are valid for a period of one year only. We believe our current report continues to conform to the Certificate of Excellence and Certificate of Achievement Program requirements, and we are submitting it to ASBOI and GFOA.

ACKNOWLEDGMENTS

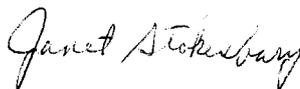
The preparation of this report could not be accomplished without the efficient and dedicated services of the entire accounting staff, data processing, budget staff, independent auditors, and administrative staff. We would like to express our appreciation to all staff members who assisted and contributed to its preparation. We would also like to thank the members of the Anchorage School Board for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,



Carol Comeau
Superintendent

Prepared by,



Janet Stokesbary
Chief Financial Officer

The Anchorage School Board



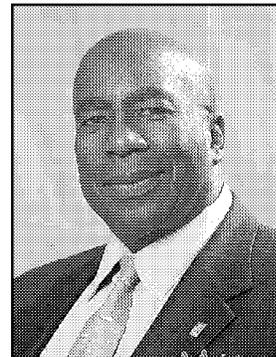
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Vice President



John Steiner
Clerk



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Treasurer



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Jake Metcalfe

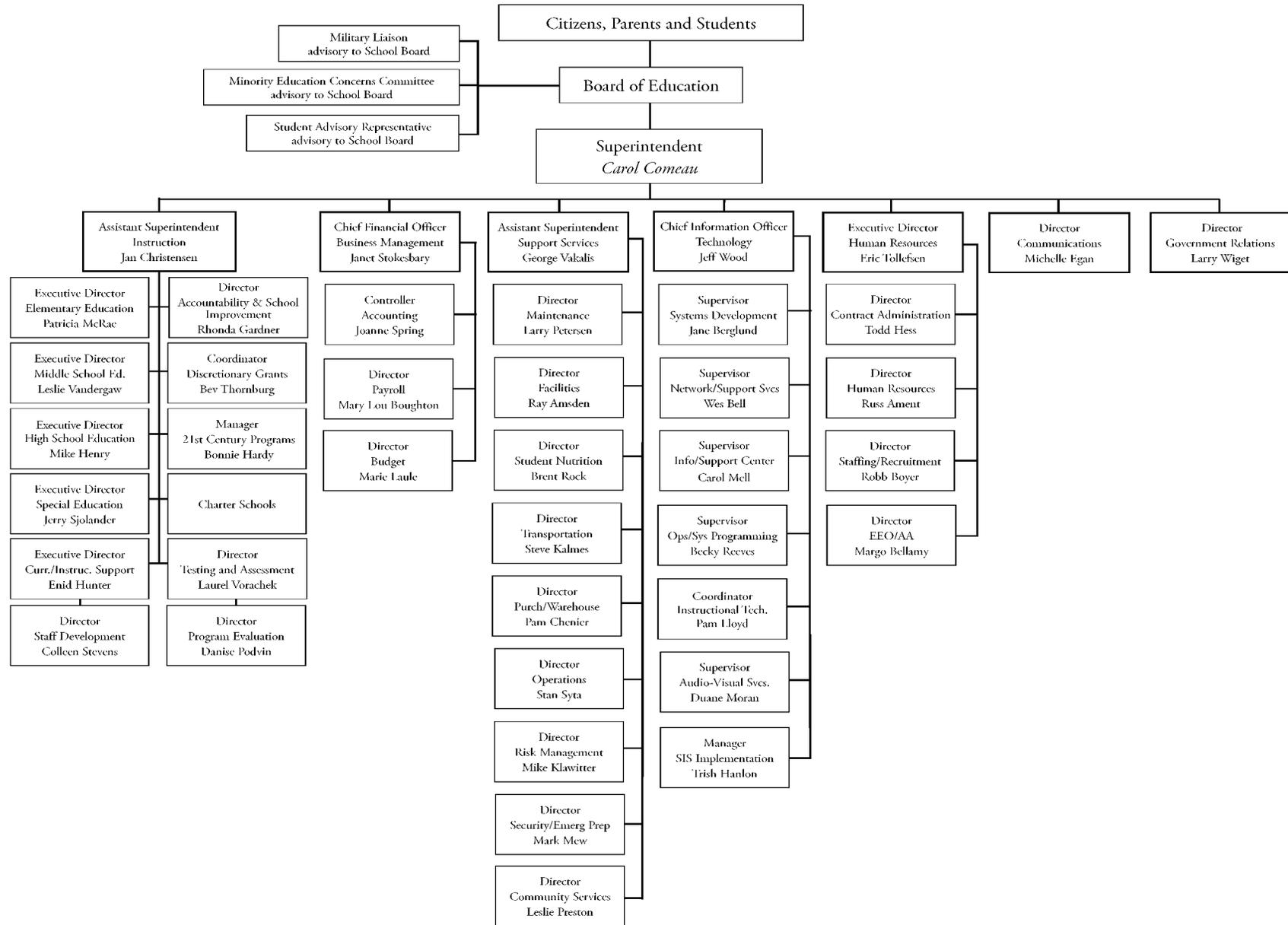


Tim Steele

The Anchorage School Board is the legislative branch of the Anchorage School District and is composed of seven members. The School Board has regularly scheduled meetings on the second and fourth Mondays of each month at 6:30 p.m. School Board work sessions are scheduled on the third Monday or as needed. The meetings are held in the Board Room of the Administrative Building located at 4600 DeBarr Road. In addition, special meetings and work sessions are scheduled throughout the year.

ANCHORAGE SCHOOL DISTRICT ORGANIZATIONAL CHART

SEPTEMBER 2005



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Anchorage School District,
Alaska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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



Nancy L. Zjelke

President

Jeffrey R. Emery

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

ANCHORAGE SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2004

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


President


Executive Director

Financial Section

Financial Section

MIKUNDA, COTTRELL & Co.

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

3601 "C" Street, Suite 600 • Anchorage, Alaska 99503

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Independent Auditor's Report

Members of the School Board
Anchorage School District
Anchorage, Alaska

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Anchorage School District, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Anchorage School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Anchorage School District, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the State and Federal Grants Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2005 on our consideration of the Anchorage School District's internal control over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* and should be considered in assessing the results of our audit.

Members of the School Board
Anchorage School District

The management's discussion and analysis on pages 3-12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Anchorage School District's basic financial statements. The combining and individual fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mikunda, Cottrell & Co.

October 7, 2005

Management's Discussion and Analysis

As management of the Anchorage School District, we offer readers of the Anchorage School District's financial statements this narrative overview and analysis of the financial activities of the Anchorage School District for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v-xiv of this report. Professional standards require the inclusion of certain comparative information in the Management's Discussion and Analysis (MD&A).

Financial Highlights

- The assets of the Anchorage School District exceeded its liabilities at the close of the most recent fiscal year by \$483,396,836 (net assets). Of this amount; \$141,606,088 (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net assets decreased by \$16,841,100 due to expenditures exceeding revenues. The District's overall financial position has decreased due to the disposal of capital assets that were not fully depreciated.
- As of the close of the current fiscal year, the Anchorage School District's governmental funds reported combined ending fund balances of \$250,474,005 an increase of \$47,890,784 in comparison with the prior year. Of this total, \$41,475,152 is available for spending at the District's discretion (undesignated fund balance).
- At the end of the current fiscal year, undesignated fund balance for the General Fund was \$21,878,326 or 5.6 percent of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Anchorage School District's basic financial statements. The Anchorage School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Anchorage School District's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Anchorage School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Anchorage School District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are

reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Anchorage School District that are principally supported by taxes and intergovernmental revenues (governmental activities). The District does not currently have any activities that are considered business-type activities. The governmental activities of the District include general administration, instruction, pupil transportation, operation maintenance of plant, community services and education, non-departmental, food services, capital projects, and interest expense.

The government-wide financial statements include only the Anchorage School District. The Anchorage School District is a component unit of the Municipality of Anchorage.

The government-wide financial statements can be found on pages 13-14 of this report.

Schedules of budgetary comparisons. These schedules present comparisons of actual information to the legally adopted budget. The basis of budgeting is on the modified accrual basis.

The District's financial transactions are recorded on a modified accrual basis of accounting for the various governmental fund types. The modified accrual basis of accounting is defined as that method of accounting in which revenues are recorded in the accounting period in which they become susceptible to accrual; this is, when they become both measurable and available to finance expenditures of the current period. The source of revenue not considered susceptible to accrual is Federal Impact Aid under Title VIII of the Elementary and Secondary Education Act of 1965. All other revenue sources are considered susceptible to accrual. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured principal and interest on long-term debt, accrued compensated absences and workers' compensation.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Anchorage School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Anchorage School District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Anchorage School District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, State and Federal Grants Special Revenue Fund, Debt Service Fund and Capital Projects Fund, all of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and individual fund schedules elsewhere in this report.

The Anchorage School District adopts an annual appropriated budget for its General Fund, State and Federal Grants Special Revenue Fund, Food Service Special Revenue Fund and Debt Service Fund. Budgetary comparison schedules have been provided for the General Fund and State and Federal Grants Special Revenue Fund. The supplementary information also includes budgetary information for the Food Service Special Revenue Fund and Debt Service Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15-24 of this report.

Proprietary funds. The Anchorage School District maintains an Internal Service Fund for equipment replacement. The Internal Service Fund is used to account for the financing of government equipment and vehicles. Because this service predominantly benefits governmental functions rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

The Internal Service Fund is presented in a separate presentation. The basic proprietary fund financial statements can be found on pages 25-27 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-50 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Anchorage School District's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 47 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and individual fund schedules can be found on pages 51-107 of this report.

The capital assets used in the operation of governmental funds can be found on pages 109-111.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Anchorage School District, assets exceeded liabilities by \$483,396,836 at the close of the most recent fiscal year. Table 1 compares the most recent fiscal year to the prior fiscal year.

Table 1 – Net Assets

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
ASSETS		
Current and other assets	\$ 371,484,861	\$ 320,628,737
Capital assets	<u>1,075,723,091</u>	<u>1,006,889,068</u>
Total assets	<u>1,447,207,952</u>	<u>1,327,517,805</u>
LIABILITIES		
Long-term liabilities outstanding	758,820,000	646,490,000
Other liabilities	<u>204,991,116</u>	<u>180,789,869</u>
Total liabilities	<u>963,811,116</u>	<u>827,279,869</u>
NET ASSETS		
Invested in capital assets, net of related debt	277,868,091	325,639,068
Restricted	63,922,657	11,677,968
Unrestricted	<u>141,606,088</u>	<u>162,920,900</u>
Total net assets	<u>\$ 483,396,836</u>	<u>\$ 500,237,936</u>

By far the largest portion of the Anchorage School District's total assets reflects its investment in capital assets (e.g. land, building, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The Anchorage School District uses these capital assets to provide services to students and citizens; consequently, these assets are not available for future spending. The District's net assets invested in capital assets, net of debt was \$277,868,091. Although the District's investment in its capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Anchorage School District's net assets (13.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$141,606,088) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Anchorage School District is able to report positive balances in all three categories of net assets for the District as a whole. The same situation held true for the prior fiscal year.

The District's net assets decreased by \$16,841,100 during the current fiscal year. Approximately \$11.8 million of the decrease in net assets resulted from the disposal of old capital assets associated with major renovation and addition of school facilities. The majority of the asset disposal occurred in the renovation projects of Chugiak High School and Ptarmigan Elementary School

Table 2 highlights the District's revenues and expenses for the fiscal year ended June 30, 2005. These two main components are subtracted to yield the change in net assets. This table utilizes the full accrual method of accounting.

Revenue is further divided into two major components: program revenues and general revenues. Program revenues are defined as charges for services, operating and capital grants and contributions. General revenues include taxes and entitlements such as the Alaska Public School Funding Program support.

Expenses are shown in programs including general administration, instruction, pupil transportation, operation and maintenance of plant, community service and education, food services, non-departmental and interest expense. The increase in General Administration expenses is mainly due to the loss on the sale of capital assets resulting from the disposal of two school facilities that were not fully depreciated.

Table 2 – Program Revenues and Expenses

<u>Governmental Activities</u>		
Revenues:	<u>2005</u>	<u>2004</u>
Program revenues:		
Charges for services and sales	\$ 7,551,820	\$ 6,887,621
Operating grants and contributions	73,696,296	69,845,791
Capital grants and contributions	38,057,560	38,721,389
General revenue:		
Appropriation from		
Municipality of Anchorage	163,503,322	144,983,658
Public school funding program	227,186,292	205,100,316
Federal impact aid	14,303,124	14,054,338
Interest earnings	4,693,350	2,320,920
State tuition program	--	46,784
Other	<u>1,824,565</u>	<u>2,194,195</u>
Total revenues	<u>530,816,329</u>	<u>484,155,012</u>
Program expenses:		
General administration	\$ 22,928,887	\$ 26,454,531
Instruction	434,474,069	380,596,221
Pupil transportation	16,390,472	16,219,676
Operation and maintenance of plant	21,441,868	19,298,372
Community service and education	1,602,248	2,193,218
Non-departmental	3,768,058	3,956,114
Food services	13,778,656	12,406,855
Capital projects	449,333	--
Interest expense	<u>32,823,838</u>	<u>43,244,987</u>
Total expenses	<u>547,657,429</u>	<u>504,369,974</u>
Decrease in net assets	(16,841,100)	(20,214,962)
Net asset beginning of year	<u>500,237,936</u>	<u>520,452,898</u>
Net assets ending	<u>\$ 483,396,836</u>	<u>\$ 500,237,936</u>

Compared with 2004, Instruction Program expenses increased by \$53,877,848 in 2005. This increase mainly included expenses associated with the opening of the new South Anchorage High School, increased retirement contributions, the accrual of net pension obligation and workers' compensation.

In FY 2004–2005, the Municipality of Anchorage issued two refunding bonds on behalf of the Anchorage School District, in the total amount of \$109,890,000 to advance refund \$108,615,000 of outstanding bonds. In addition, the District retired \$34,760,000 of outstanding bonds. All these significantly reduced the debt service interest expense in the current and future years.

A net pension obligation of \$4,957,300 was recognized as of June 30, 2005 which reflects the unfunded actuarially determined pension obligation associated with the State of Alaska Public Employees' Retirement System.

Table 3 discloses cost of services for the governmental activities. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be covered by unrestricted state revenues (e.g. Alaska Public School Funding Program) or local taxes. The difference in these two columns would represent restricted grants, fees and donations.

Table 3 – Governmental Activities

Programs	<u>Total Cost of Services 2005</u>	<u>Net Cost of Services 2005</u>
General administration	\$ 22,928,887	\$ 22,893,095
Instruction	434,474,069	384,735,776
Pupil transportation	16,390,472	(661,269)
Operating and maintenance of plant	21,441,868	20,775,197
Community service and education	1,602,248	894,874
Non-departmental	3,768,058	3,684,933
Food service	13,778,656	813,536
Capital projects	449,333	(37,608,227)
Interest expense	32,823,838	32,823,838
Total expenses	<u>\$ 547,657,429</u>	<u>\$ 428,351,753</u>

Financial Analysis of the Government's Funds

Anchorage School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – the focus of the Anchorage School District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Anchorage School District's governmental funds reported combined ending fund balances of \$250,474,005, an increase of \$47,890,784 in comparison with the prior year. Approximately 17 percent of this total amount (\$41,475,152) constitutes undesignated fund balance, which may be available for spending at the District's discretion. In addition, a portion of the

fund balance was designated for the subsequent year's expenditure (\$6,869,413), accrued compensated absences (\$7,908,521) and authorized construction net of unissued bonds (\$51,706,706). The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) encumbrances \$96,748,322, 2) inventory \$2,621,088, 3) Federal Impact Aid \$12,534,815, 4) prepaids \$2,192,191, 5) self-insurance \$16,201,846, and 6) debt services \$12,215,951.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$35,205,224, while total fund balance reached \$78,106,101. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 9 percent of total General Fund expenditures, while total fund balance represents 20 percent of that same amount.

The fund balance of the District's General Fund increased by \$8,237,417 during the current fiscal year. Key factors are as follows:

- Net revenues were less than budgeted by \$382,874. Contributing factors were:
 - Revenue realized from interest earnings was more than budgeted due to the rising interest rate.
 - Federal Impact Aid exceeded budgeted revenues due to prior year receipts. The amount of Federal Impact Aid revenue each year is uncertain because it is subject to pro-ration based on the annual funding appropriated by Congress. The receipt of additional Impact Aid funding helped offset the lower receipt of revenues in other accounts.
 - Revenue from the Alaska Public Schools Funding Program was less than budgeted as a result of actual number of students as well as the actual number of intensive needs students who receive special education services being less than budgeted.
- On a budgetary basis, expenditures and encumbrances were less than budgeted by \$7,844,691, with the largest portion in the area of instruction. The District was not able to fill all the vacant teaching positions. In addition, the actual student enrollment was slightly less than budgeted.

Grants reported in the State and Federal Grants Special Revenue Fund is cost reimbursable grants; therefore, expenditures are equal to revenues. Expenditures and revenues for the State and Federal Grants Special Revenue Fund for the current year were \$40,075,724 or an increase of 6 percent over prior year.

The Debt Service Fund has a total fund balance of \$12,215,951 all of which is reserved for payment of debt service. The net increase in the fund balance of \$1,483,839 was mainly due to the transfer of bond premium proceeds from the Capital Projects Fund. As a result, the anticipated usage of fund balance was not necessary.

The Capital Projects Fund total fund balance on June 30, 2005 was \$154,533,656 or an increase of 32.9 percent over the prior year. The Municipality of Anchorage, on behalf of the Anchorage School District, issued a total of \$150,090,000 of general obligation bonds for ongoing new and renovation projects on October 28, 2004 and April 13, 2005. The timing of the April 2005 issuance and project completion as of June 30, 2005, resulted in an increase of \$50,760,850 in the amount designated for authorized construction over the prior year. There is \$85,650,840 reserved for encumbrances, \$180,643 reserved

for prepaid items, \$231,704 designated for accrued compensated absences, \$51,706,706 designated for authorized construction, and \$16,763,763 undesignated.

General Fund Budgetary Highlights

The General Fund expenditure budget decreased from the original amount of \$398,712,237 by \$605,000 on June 22, 2004. The final amended budget was \$398,107,237. Due to actual student enrollment being less than budgeted enrollment, it was anticipated that total General Fund expenditures would be less than originally budgeted. This portion of General Fund’s original spending authority was reallocated to the State and Federal Grants Special Revenue Fund.

Capital Assets and Debt Administration

Capital assets. The Anchorage School District’s investment in capital assets for its governmental activities as of June 30, 2005 amounts to \$1,075,723,091 (net of accumulated depreciation). This investment in capital assets includes land, land improvement, buildings, equipment and vehicles, and construction in progress. The total increase in the District’s investment in capital assets for the current year was 6.8 percent.

As described in Note Two of the Financial Statements, the District has a significant number of construction projects that are currently in various stages of planning or construction. A brief summary of the major projects is as follows:

- Bartlett High School Phase 2 Design and Renovation
- East High School Phase 3 Renovation and Phase 4 Design
- Service High School Phase 2A Renovation
- Muldoon Area Middle School Construction
- Chugach Optional Elementary School Renovation
- Polaris K-12 School Renovation

The following table shows ending balances of capital assets invested in various categories. The District recognized a total increase of \$68,834,023 less the depreciation expense.

Table 4 – Capital Assets as of June 30 (Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Land	\$ 31,426,615	\$ 31,389,247
Land improvements	12,240,618	13,959,867
Buildings, equipment and vehicles	934,464,469	763,322,333
Construction in progress	<u>97,591,389</u>	<u>198,217,621</u>
Totals	<u>\$1,075,723,091</u>	<u>\$1,006,889,068</u>

A summary of project-length Capital Projects Fund expenditures is included as Schedule D-3 in the financial section of this report.

Long-Term Debt. As of June 30, 2005 the Anchorage School District had general obligation bonds and capital lease obligations outstanding totaling \$797,855,000. Of this amount, \$797,855,000 comprises debt backed by the full faith and credit of the Municipality of Anchorage. In the current year, the District paid \$34,760,000 in principal. The Municipality of Anchorage, on behalf of the Anchorage School District, issued \$150,090,000 in general obligation bonds. More detailed information about the District's long-term debt liabilities is presented in Note 3, Changes in Long-Term Debt, in the basic financial statements.

The Municipality of Anchorage, on behalf of the Anchorage School District, also issued \$109,890,000 of general obligation refunding bonds to advance refund \$108,615,000 of outstanding bonds. The economic gain generated by these refundings was \$5,041,839, calculated as the difference between the present value of the debt service requirements of the new debt and the present value of the debt service requirements of the refunded debt.

Table 5 – Outstanding Debt, as of June 30

	<u>2005</u>	<u>Governmental Activities</u>	
		<u>2004</u>	<u>Maturity</u>
General obligation bonds	<u>\$ 797,855,000</u>	<u>\$ 681,250,000</u>	2024

As of June 30, 2005, the School District's available authorized but unissued general obligation school bonds was \$48,495,000.

Outstanding debt on general obligation bonds of the Municipality of Anchorage, including the District, is reflected in the Municipality of Anchorage's Comprehensive Annual Financial Report for their fiscal year ended December 31, 2004.

The Municipality of Anchorage's current bond ratings are as follows:

	<u>Moody's Investors Service</u>	<u>Standard and Poor's</u>
General obligation bonds	Aa3	AA-

Economic Factors and Next Year's Budgets and Rates

- The official Consumer Price Index of 2.6 percent and a population growth of 1.37 percent were used in calculating the total taxes for the General Fund for FY 2005-2006. The Consumer Price Index and the population growth increased over FY 2004-2005. These two factors are major components that make up the formula that allows for collection of property taxes that support the operations of the District's General Fund.
- A revision passed by the Alaska Legislature and the Governor increased the base student allocation used in the Alaska Public School Program funding formula from \$4,576 to \$4,919. In FY 2005-2006, the Anchorage School District will receive approximately \$19,173,838 more in State funding based on a projected 49,289 students. Since the start of the FY 2005 – 2006, preliminary enrollment data have shown increases above the projection.

- Interest rates have increased throughout 2005. It is anticipated that the growth in interest rate may continue in 2006.
- The Anchorage School District is carrying more school facilities under its property insurance. This addition includes the new Eagle River High School, the increased square footage of Chugach Optional Elementary School and the transfer of ownership of five schools located on two military bases in Anchorage. Even with increase in property value and the addition of school facilities, the Anchorage School District has actually experienced a decrease in insurance premium renewal for property insurance, resulting from successful negotiation with insurance carriers.
- Rate increases to purchased services have continued due to the fluctuations in oil production as well as the price of oil. Underlying costs to provide services and produce products, such as insurance and shipping, have been passed along to the District. In addition, maintenance materials have increased due to the diversion of these materials to overseas and natural disaster reconstruction.
- Even with close monitoring of all the utilities across the District, due to energy rate increases in some markets such as gasoline, heat and electricity, the District is experiencing higher energy costs.
- The District has been notified of retirement rate increases by the Teachers' Retirement System from 16 percent to 21 percent and the Public Employees' Retirement System from 14.25 percent to 19.25 percent, which is estimated to increase retirement expenditures by \$13 million in the FY 2005-2006.
- A major driving force of the District's financial outlook is student enrollment. Maturing of the Anchorage population coupled with low birth rates should result in a decline in student enrollment. However, the District is experiencing increased migration over prior years. In addition, rural-urban transitioning and immigration from other countries is also occurring more so now than in the past. This movement in the student population has cushioned the decline in enrollment. In fact, school enrollment for the 2005-2006 school year was above projected by 300 students and above last year's enrollment by 130 students - the first increase in three years. Whether this is a trend or one-time occurrence remains to be seen. However, it is anticipated that in future years the enrollment will remain flat and then decline slightly.
- The Anchorage School District has experienced a substantial increase to our workers' compensation excess insurance premium, which covers losses above the District's self-insured retention. This is due to the increase in workers' compensation experience nationwide, as well as national increases in medical and pharmaceutical costs.

All of these factors were considered in preparing the Anchorage School District's budget for the 2005-2006 fiscal year.

Requests for Information

These financial statements and discussions are designed to provide our students, citizens, taxpayers, investors and creditors disclosure of the District's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please write Chief Financial Officer, Anchorage School District, P.O. Box 196614, Anchorage, Alaska 99519-6614.

Basic Financial Statements

June 30, 2005
With Comparative Totals for
June 30, 2004

STATEMENT OF NET ASSETS

	Governmental Activities	
	2005	2004
Assets		
Cash and investments, at cost	\$ 232,058,895	\$ 191,271,415
Cash and investments with paying agent	18,850,182	15,302,445
Accounts receivable (net)	1,788,716	1,200,992
Interest receivable	1,621,430	774,492
Due from other governments	107,851,985	104,768,829
Prepaid items	2,192,191	1,526,575
Inventory, at weighted average cost	2,769,076	2,737,471
Deferred charges	4,352,386	3,046,519
Capital assets:		
Non-depreciable:		
Land	31,426,615	31,389,247
Construction in progress	97,591,389	198,217,621
Depreciable:		
Land improvements	42,532,441	41,094,867
Buildings and equipment	1,224,699,803	1,027,244,705
Pupil transportation equipment	9,034,193	9,039,694
Accumulated depreciation	(329,561,350)	(300,097,066)
Capital assets, net of depreciation	<u>1,075,723,091</u>	<u>1,006,889,068</u>
Total assets	<u>1,447,207,952</u>	<u>1,327,517,806</u>
Liabilities		
Accounts payable	5,805,796	4,719,987
Contracts payable	8,518,502	13,614,175
Medical claims payable	3,744,586	3,393,256
Interest payable	10,894,038	10,767,475
Workers' compensation payable	12,476,638	5,721,569
Accrued salaries and related items:		
Wages and salaries payable	2,625,811	2,222,499
Payroll taxes, other accrued and withheld items	7,536,647	5,086,756
Accrued compensated absences	7,908,521	7,701,634
Other accrued liabilities	17,202,254	10,459,986
Noncurrent liabilities:		
Due within one year	39,035,000	34,760,000
Due in more than one year	758,820,000	646,490,000
Deferred revenue	<u>89,243,323</u>	<u>82,342,533</u>
Total liabilities	<u>963,811,116</u>	<u>827,279,870</u>
Net Assets		
Investment in capital assets, net of related debt	277,868,091	325,639,068
Restricted for:		
Debt service	12,215,951	10,732,112
Authorized construction, net of authorized unissued bonds	51,706,706	945,856
Unrestricted	<u>141,606,088</u>	<u>162,920,900</u>
Total net assets	<u>\$ 483,396,836</u>	<u>\$ 500,237,936</u>

See accompanying notes to basic financial statements.

For the Year Ended June 30, 2005

STATEMENT OF ACTIVITIES

Functions/Program	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Districtwide Activities:					
General administration (See Note 2)	\$ (22,928,887)	\$ 7,292	\$ 28,500	\$ --	\$ (22,893,095)
Instruction	(434,474,069)	1,479,913	48,258,380	--	(384,735,776)
Pupil transportation	(16,390,472)	2,801	17,048,940	--	661,269
Operation and maintenance of plant	(21,441,868)	--	666,671	--	(20,775,197)
Community services and education	(1,602,248)	684,176	23,198	--	(894,874)
Non-departmental	(3,768,058)	83,125	--	--	(3,684,933)
Food services	(13,778,656)	5,294,513	7,670,607	--	(813,536)
Capital projects	(449,333)	--	--	38,057,560	37,608,227
Interest expense	(32,823,838)	--	--	--	(32,823,838)
Total districtwide activities	<u>\$ (547,657,429)</u>	<u>\$ 7,551,820</u>	<u>\$ 73,696,296</u>	<u>\$ 38,057,560</u>	<u>(428,351,753)</u>
General revenues:					
Unrestricted:					
Appropriation from Municipality of Anchorage					163,503,322
Interest earnings					4,693,350
Public School Funding Program					227,186,292
Federal Impact Aid					14,303,124
Other					1,824,565
Total general revenues					<u>411,510,653</u>
Change in net assets					(16,841,100)
Net assets at beginning of year					<u>500,237,936</u>
Net assets at end of the year					<u>\$ 483,396,836</u>

See accompanying notes to basic financial statements.

June 30, 2005
With Comparative Totals for
June 30, 2004

BALANCE SHEET - GOVERNMENTAL FUNDS

	General	State and Federal Grants	Debt Service	Capital Projects	Other Governmental Funds	Totals (Memorandum Only)	
		Special Revenue				2005	2004
Assets							
Cash and investments, at cost	\$ 67,175,865	\$ --	\$ --	\$ 159,244,360	\$ 2,122,099	\$ 228,542,324	\$ 188,051,899
Cash and investments with paying agent	--	--	18,850,182	500,207	--	19,350,389	15,621,596
Accounts receivable (net of any allowances for uncollectibles)	1,608,448	172,149	--	--	8,119	1,788,716	1,200,992
Interest receivable	309,701	--	45,846	1,265,262	--	1,620,809	758,775
Due from other funds	23,813,319	--	--	2,652,936	3,434,495	29,900,750	29,692,190
Due from other governments	73,125,103	14,241,660	20,335,932	127,264	22,026	107,851,985	104,768,829
Prepaid items	2,005,401	570	--	180,643	5,577	2,192,191	1,526,575
Inventory	2,064,961	--	--	--	704,115	2,769,076	2,737,471
Total assets	\$ 170,102,798	\$ 14,414,379	\$ 39,231,960	\$ 163,970,672	\$ 6,296,431	\$ 394,016,240	\$ 344,358,327
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 4,074,517	\$ 609,041	\$ --	\$ 778,686	\$ 343,552	\$ 5,805,796	\$ 4,719,987
Contracts payable	--	--	--	8,518,502	--	8,518,502	13,614,175
Medical claims payable	3,744,586	--	--	--	--	3,744,586	3,393,256
Due to other funds	7,211,552	13,190,316	10,598,669	--	24,334	31,024,871	30,395,900
Accrued salaries and related items	4,804,881	179,697	--	139,828	80,751	5,205,157	7,309,255
Deferred revenue	72,161,161	435,325	16,417,340	--	229,497	89,243,323	82,342,533
Total liabilities	91,996,697	14,414,379	27,016,009	9,437,016	678,134	143,542,235	141,775,106
Fund balances:							
Reserved:							
Encumbrances	10,093,854	492,430	--	85,650,840	511,198	96,748,322	112,381,858
Inventory	2,064,961	--	--	--	556,127	2,621,088	2,588,401
Federal Impact Aid	12,534,815	--	--	--	--	12,534,815	11,988,897
Prepaid items	2,005,401	570	--	180,643	5,577	2,192,191	1,526,575
Self-insurance	16,201,846	--	--	--	--	16,201,846	9,229,661
Debt service	--	--	12,215,951	--	--	12,215,951	10,732,112
Unreserved:							
Designated:							
Subsequent year's expenditures							
General Fund	6,500,000	--	--	--	--	6,500,000	--
Special Revenue Funds	--	--	--	--	369,413	369,413	225,000
Accrued compensated absences							
General Fund	6,826,898	--	--	--	--	6,826,898	6,706,442
Special Revenue Funds	--	544,471	--	--	305,448	849,919	796,892
Capital Projects Fund	--	--	--	231,704	--	231,704	198,300
Authorized construction, net of authorized unissued bonds	--	--	--	51,706,706	--	51,706,706	945,856
Undesignated, reported in:							
General Fund	21,878,326	--	--	--	--	21,878,326	27,989,871
Special Revenue Funds	--	(1,037,471)	--	--	3,870,534	2,833,063	2,930,089
Capital Projects Fund	--	--	--	16,763,763	--	16,763,763	14,343,267
Total fund balances	78,106,101	--	12,215,951	154,533,656	5,618,297	250,474,005	202,583,221
Total liabilities and fund balances	\$ 170,102,798	\$ 14,414,379	\$ 39,231,960	\$ 163,970,672	\$ 6,296,431	\$ 394,016,240	\$ 344,358,327

See accompanying notes to basic financial statements.

June 30, 2005
With Comparative Totals for
June 30, 2004

**RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS**

	<u>2005</u>	<u>2004</u>
Total governmental fund balances	\$ 250,474,005	\$ 202,583,221
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds	1,073,931,024	1,005,195,349
Other long-term liabilities not due and payable in the current period, and therefore not reported in the funds:		
Accrued compensated absences	(7,908,521)	(7,701,634)
Workers' compensation payable	(12,476,638)	(5,721,569)
Unfunded pension obligation	(4,957,300)	--
General obligation debt	(797,855,000)	(681,250,000)
Accrued interest on general obligation debt	(10,894,038)	(10,767,475)
Unamortized cost of bond issuance	4,352,386	3,046,519
Unamortized general obligation bond premium	(17,202,254)	(10,459,986)
Internal service fund net assets	5,933,172	5,313,511
Total reconciling items	<u>232,922,831</u>	<u>297,654,715</u>
Net assets of governmental activities	<u>\$ 483,396,836</u>	<u>\$ 500,237,936</u>

See accompanying notes to basic financial statements.

Fiscal Year Ended June 30, 2005
With Comparative Totals for
Fiscal Year Ended June 30, 2004

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS**

						Totals (Memorandum Only)	
	General	State and Federal Grants		Capital Projects	Other Governmental Funds	2005	2004
		Special Revenue Grants	Debt Service				
Revenues:							
Local sources	\$ 138,086,420	\$ 544,810	\$ 30,180,094	\$ 3,087,163	\$ 12,080,077	\$ 183,978,564	\$ 161,768,902
State sources	245,980,123	815,016	34,164,926	3,813,696	--	284,773,761	263,485,503
Federal sources	14,406,968	38,715,898	--	398,615	7,670,607	61,192,088	58,290,973
Total revenues	<u>398,473,511</u>	<u>40,075,724</u>	<u>64,345,020</u>	<u>7,299,474</u>	<u>19,750,684</u>	<u>529,944,413</u>	<u>483,545,378</u>
Expenditures:							
Current:							
General administration	10,270,182	--	--	--	--	10,270,182	9,516,769
Instruction	337,499,611	40,075,724	--	--	6,641,515	384,216,850	358,265,412
Pupil transportation	15,774,086	--	--	--	--	15,774,086	15,356,917
Operation and maintenance of plant	21,267,797	--	--	--	--	21,267,797	19,015,616
Community services and education	1,514,088	--	--	--	--	1,514,088	2,068,659
Non-departmental	3,763,972	--	--	--	--	3,763,972	3,959,112
Food services	--	--	--	--	13,217,128	13,217,128	12,033,209
Debt service:							
Principal	--	--	34,760,000	--	--	34,760,000	28,745,000
Interest	--	--	34,214,001	--	--	34,214,001	32,290,960
Fiscal agent fees	--	--	9,579	--	--	9,579	9,322
Capital outlays	--	--	--	120,638,291	--	120,638,291	121,896,066
Total expenditures	<u>390,089,736</u>	<u>40,075,724</u>	<u>68,983,580</u>	<u>120,638,291</u>	<u>19,858,643</u>	<u>639,645,974</u>	<u>603,157,042</u>
Excess (deficiency) of revenues over expenditures	<u>8,383,775</u>	<u>--</u>	<u>(4,638,560)</u>	<u>(113,338,817)</u>	<u>(107,959)</u>	<u>(109,701,561)</u>	<u>(119,611,664)</u>
Other financing sources (uses):							
Proceeds from sale of property and equipment	25,405	--	--	--	--	25,405	23,748
Issuance of general obligation bonds	--	--	--	150,090,000	--	150,090,000	126,770,000
Premium on issuance of general obligation bonds	--	--	--	7,507,226	--	7,507,226	1,421,741
Issuance of refunding bonds	--	--	109,930,938	--	--	109,930,938	--
Premium on issuance of refunding bonds	--	--	11,178,973	--	--	11,178,973	--
Payment to refunded bond escrow agent	--	--	(121,068,973)	--	--	(121,068,973)	--
Transfers in	--	--	6,081,461	--	--	6,081,461	777,009
Transfers out	(100,539)	--	--	(5,980,922)	--	(6,081,461)	(777,009)
Total other financing sources	<u>(75,134)</u>	<u>--</u>	<u>6,122,399</u>	<u>151,616,304</u>	<u>--</u>	<u>157,663,569</u>	<u>128,215,489</u>
Net change in fund balances	8,308,641	--	1,483,839	38,277,487	(107,959)	47,962,008	8,606,825
Fund balances at beginning of year	69,868,684	--	10,732,112	116,256,169	5,726,256	202,583,221	193,793,469
Increase/(decrease) in reserve for inventory	(71,224)	--	--	--	--	(71,224)	182,927
Fund balances at end of year	<u>\$ 78,106,101</u>	<u>\$ --</u>	<u>\$ 12,215,951</u>	<u>\$ 154,533,656</u>	<u>\$ 5,618,297</u>	<u>\$ 250,474,005</u>	<u>\$ 202,583,221</u>

See accompanying notes to basic financial statements.

Fiscal Year Ended June 30, 2005
With Comparative Totals for
Fiscal Year Ended June 30, 2004

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**

	<u>2005</u>	<u>2004</u>
Net change in fund balances - total governmental funds (page 17)	\$ 47,962,008	\$ 8,606,825
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital assets, net, end of year	1,075,723,091	1,006,889,068
Capital assets, net, beginning of year	(1,006,889,068)	(930,908,735)
Change in Internal Service Fund Capital assets, net	<u>(98,347)</u>	<u>252,882</u>
	68,735,676	76,233,215
The issuance of long-term debt on bonds provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term and related items.		
Issuance of general obligation bonds	(150,090,000)	(126,770,000)
Premium on issuance of general obligation bonds	(7,507,226)	(1,421,741)
Principal payments on general obligation bonds and refunded bonds	33,485,000	28,745,000
Bond issuance costs	1,526,302	327,870
Amortization of bond issuance costs	(220,438)	(177,231)
Amortization of general obligation bonds premium	764,958	576,841
Accrued interest	(126,564)	(6,596,780)
Expenses that do not require the use of current financial resources are reported in the Statement of Activities, but they are not recorded as expenditures in the funds:		
Accrued compensated absences	(206,885)	(231,267)
Workers' compensation payable	(6,755,068)	86,412
Unfunded pension obligation	(4,957,300)	--
Increase (decrease) in inventory reserve	(71,224)	182,927
Change in net assets - Internal Service Fund	<u>619,661</u>	<u>222,967</u>
Total reconciling items	<u>(64,803,108)</u>	<u>(28,821,787)</u>
Change in net assets of governmental activities (page 14)	<u>\$ (16,841,100)</u>	<u>\$ (20,214,962)</u>

See accompanying notes to basic financial statements.

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL

Fiscal Year Ended June 30, 2005

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Budgeted Amounts		Variance with Final Budget Positive (Negative)
				Original	Final	
Revenues:						
Revenues from local sources:						
Appropriation from Municipality of Anchorage	\$ 133,412,722	\$ --	\$ 133,412,722	\$ 133,412,722	\$ 133,412,722	\$ --
Reimbursement for school facilities rental	684,176	--	684,176	552,500	552,500	131,676
Nonresident tuition	24,317	--	24,317	1,000	1,000	23,317
Interest earnings	1,496,977	--	1,496,977	525,000	525,000	971,977
Other revenues	2,468,228	--	2,468,228	2,673,200	2,673,200	(204,972)
Total revenues from local sources	138,086,420	--	138,086,420	137,164,422	137,164,422	921,998
Revenues from state sources:						
Public school funding program	227,186,292	--	227,186,292	229,980,895	229,375,895	(2,189,603)
Transportation	17,048,940	--	17,048,940	17,028,333	17,028,333	20,607
State tuition	--	--	--	--	--	--
Youth detention program	777,146	--	777,146	413,503	413,503	363,643
Contract school Providence Heights	172,366	--	172,366	90,000	90,000	82,366
On-Base tuition	408,484	--	408,484	408,484	408,484	--
Other revenues	386,895	--	386,895	1,150,000	1,150,000	(763,105)
Total revenues from state sources	245,980,123	--	245,980,123	249,071,215	248,466,215	(2,486,092)
Revenues from federal sources:						
Reserve Officers Training Corps	502,459	--	502,459	560,000	560,000	(57,541)
Federal Impact Aid	13,904,509	--	13,904,509	11,900,000	11,900,000	2,004,509
Total revenues from federal sources	14,406,968	--	14,406,968	12,460,000	12,460,000	1,946,968
Total revenues	398,473,511	--	398,473,511	398,695,637	398,090,637	382,874
Expenditures:						
Current:						
General administration	10,270,182	122,805	10,392,987	10,495,450	10,917,539	524,552
Instruction	337,499,611	378,466	337,878,077	344,626,144	344,730,206	6,852,129
Pupil transportation	15,774,086	(46,549)	15,727,537	15,632,808	15,624,014	(103,523)
Operation and maintenance of plant	21,267,797	(287,290)	20,980,507	21,535,543	21,429,970	449,463
Community services and education	1,514,088	(14,896)	1,499,192	1,285,935	1,325,322	(173,870)
Non-departmental	3,763,972	20,274	3,784,246	5,136,357	4,080,186	295,940
Total expenditures	390,089,736	172,810	390,262,546	398,712,237	398,107,237	7,844,691
Excess (deficiency) of revenues over expenditures	8,383,775	(172,810)	8,210,965	(16,600)	(16,600)	8,227,565

See accompanying notes to basic financial statements.

(Continued)

Fiscal Year Ended June 30, 2005

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL (Continued)**

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Budgeted Amounts		Variance with Final Budget Positive (Negative)
				Original	Final	
Other financing sources (uses):						
Proceeds from sale of property and equipment	\$ 25,405	\$ --	\$ 25,405	\$ 16,600	\$ 16,600	\$ 8,805
Transfers out-Debt Service Fund	(100,539)	--	(100,539)	--	--	(100,539)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	8,308,641	(172,810)	8,135,831	--	--	8,135,831
Fund balance at beginning of year	69,868,684	--	69,868,684	69,868,684	69,868,684	--
Decrease in reserve for inventory	(71,224)	--	(71,224)	--	--	(71,224)
Fund balance at end of year	<u>\$ 78,106,101</u>	<u>\$ (172,810)</u>	<u>\$ 77,933,291</u>	<u>\$ 69,868,684</u>	<u>\$ 69,868,684</u>	<u>\$ 8,064,607</u>

BASIS OF BUDGETING - The General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual has been prepared on a legally prescribed basis of budgeting which differs from accounting principles generally accepted in the United States of America (GAAP). The purpose of the basis of budgeting is to demonstrate compliance with the legal requirements of the local, state, and federal programs. The difference between the two methods is set forth below:

Revenues reported on the basis of GAAP		\$ 398,473,511
Expenditures reported on the basis of GAAP		390,089,736
Add current year encumbrances	\$ 7,303,132	
Deduct expenditures on prior year's encumbrances	<u>(7,130,322)</u>	
		<u>172,810</u>
Expenditures and encumbrances reported on the basis of budgeting		<u>390,262,546</u>
Excess of revenues over expenditures on the basis of budgeting		<u>\$ 8,210,965</u>

See accompanying notes to basic financial statements.

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL

Fiscal Year Ended June 30, 2005

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Original and Final Budget	Variance - Positive (Negative)
Revenues:					
Revenues from local grants:					
Alaska Railroad Summer Youth Program	\$ 26,974	\$	\$ 26,974	\$ 28,000	\$ (1,026)
Donations From Local Agencies	340,903	1,882	342,785	410,361	(67,576)
Reading is Fundamental Grant	6,478	--	6,478	6,480	(2)
Bus Shelter Cleaning Grant	38,036	(7,984)	30,052	31,900	(1,848)
Buddy Bear Peer Program	132,419	(206)	132,213	107,381	24,832
Contingency	--	--	--	747,612	(747,612)
Total revenues from local grants	<u>544,810</u>	<u>(6,308)</u>	<u>538,502</u>	<u>1,331,734</u>	<u>(793,232)</u>
Revenues from state grants:					
Contract Schools - Memorandum of Agreement Alaska State School for Deaf	296,397	(8,201)	288,196	319,000	(30,804)
Conflict Resolution Program	26,312	297	26,609	--	26,609
Mental Health Trust Grant	2,000	(1,000)	1,000	--	1,000
Alaska Science and Technology Program	4,237	4,937	9,174	--	9,174
Fetal Alcohol Syndrome Grant	47,030	325	47,355	50,000	(2,645)
K-12 School Based Learn and Serve	8,769	--	8,769	9,000	(231)
Alaska Mentorship Project	233,796	--	233,796	233,871	(75)
Designated Legislative Grant Program Senate Bill 283	196,475	3,718	200,193	266,000	(65,807)
Total revenues from state grants	<u>815,016</u>	<u>76</u>	<u>815,092</u>	<u>877,871</u>	<u>(62,779)</u>
Revenues from federal grants:					
Title I - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
Districtwide Grant	10,203,008	32,951	10,235,959	11,144,541	(908,582)
Summer School Program	609,701	--	609,701	815,816	(206,115)
McLaughlin Youth Center	157,895	--	157,895	161,141	(3,246)
Delinquent and At-Risk Youth Program	103,808	(1,317)	102,491	103,797	(1,306)
Highly Qualified Program	46,694	--	46,694	49,290	(2,596)
School Improvement Program	152,462	5,015	157,477	183,538	(26,061)
Total Title I - Elementary and Secondary Education Act					
Public Law 103-382 103D Congress	11,273,568	36,649	11,310,217	12,458,123	(1,147,906)
Title I - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 - Congress Statute 115					
Migrant Education Program	634,690	18,843	653,533	690,291	(36,758)

See accompanying notes to basic financial statements.

(Continued)

Fiscal Year Ended June 30, 2005

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL (Continued)

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Original and Final Budget	Variance - Positive (Negative)
Title I - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 - Congress Statute 115					
Migrant Education - Summer Program	\$ 86,525	\$ 1,619	\$ 88,144	\$ 106,575	\$ (18,431)
Title I - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 - Congress Statute 115					
Migrant Education - Parent Involvement Program	3,266	--	3,266	5,000	(1,734)
Title II-A - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 - Congress Statute 115					
Professional Development Program	4,014,797	(17,738)	3,997,059	4,883,008	(885,949)
Title II-D - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 - Congress Statute 115					
Education of Technology Program	551,372	(90,980)	460,392	567,529	(107,137)
Title III - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 - Congress Statute 115					
English Language Acquisition	303,907	17,287	321,194	473,502	(152,308)
Title IV-A - Elementary and Secondary Education Act					
No Child Left Behind					
Public Law 107-110 - Congress Statute 115					
Save and Drug Free Schools	538,827	37	538,864	670,160	(131,296)
Title V - Elementary and Secondary Education Act					
No Child Left Behind					
Public Law 107-110 - Congress Statute 115					
Innovative Program	479,540	(115)	479,425	731,673	(252,248)
Title VII - Elementary and Secondary Education Act					
No Child Left Behind					
Public Law 107-110 - Congress Statute 115					
Indian, Native Hawaiian, and Alaska Native Education	1,503,784	(18,066)	1,485,718	1,609,444	(123,726)
Title VI-B - Education of the Handicapped Act					
Public Law 94-142	11,504,961	23,811	11,528,772	11,955,395	(426,623)
Pre-School Handicapped Grant - Public Law 99-457	402,756	(925)	401,831	474,630	(72,799)
High Intensity Summer Reading Program	10,327	(10,327)	--	--	--
Reading is Fundamental Grant	17,447	--	17,447	17,448	(1)
Human Immunodeficiency Virus					
Prevention Program	18,400	1,600	20,000	20,810	(810)
Alaska State School for the Deaf Program	68,699	650	69,349	73,400	(4,051)
Capacity Building Improvement Program	70,594	(3,152)	67,442	69,059	(1,617)
Carl Perkins Vocational Education Basic Grant	1,042,811	(54,793)	988,018	1,069,738	(81,720)

See accompanying notes to basic financial statements.

(Continued)

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL (Continued)

Fiscal Year Ended June 30, 2005

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Original and Final Budget	Variance - Positive (Negative)
Access to Education for Homeless Children	\$ 45,149	\$ --	\$ 45,149	\$ 45,149	\$ --
Drug and Violence Prevention Program	32,066	(8,401)	23,665	--	23,665
Smaller Learning Communities Program	1,203,448	12,908	1,216,356	--	1,216,356
National Science Foundation Presidential Award	4,784	--	4,784	--	4,784
Right Start Program	131,467	(141)	131,326	133,636	(2,310)
Bilingual Education - Comprehensive School Grant	17,144	--	17,144	--	17,144
Community Business Partner Program	77,770	--	77,770	150,000	(72,230)
Charter Schools Grants	236,398	171,900	408,298	555,000	(146,702)
Standard and Assessment Training Program	5,957	(2,500)	3,457	4,246	(789)
Reading First Grant	1,089,890	(62,599)	1,027,291	1,235,278	(207,987)
Alaska Native Heritage Center Grant	15,593	3,580	19,173	50,000	(30,827)
Peer Safety Training Grant	5,416	--	5,416	--	5,416
Work Investment Act School Youth Program	74,041	(206)	73,835	80,000	(6,165)
Partnership for Teacher Enhancement Program	57,099	2,002	59,101	75,460	(16,359)
Bilingual Teachers for Anchorage Program	17,028	--	17,028	28,965	(11,937)
Bilingual Education - Development and Implementation Program - Lakehood Elementary	22,221	(1,297)	20,924	--	20,924
Foreign Language Assistance Program	221,779	(25,084)	196,695	161,245	35,450
Gear-Up Alaska Program	55,048	--	55,048	62,800	(7,752)
Northwest Eisenhower Consortium Program	13,413	--	13,413	5,000	8,413
Advanced Placement Incentive Program	10,121	(10,121)	--	--	--
Reading Excellence Act Program	110,656	(110,656)	--	--	--
Teaching American History	256,191	6,936	263,127	--	263,127
Physical Education for Progress Program	77,874	(43,926)	33,948	--	33,948
School Health Program	16,189	--	16,189	17,618	(1,429)
Community Centers Learning Program	1,442,712	(5,985)	1,436,727	1,597,114	(160,387)
Governor's Drug Prevention	30,876	8,690	39,566	55,655	(16,089)
Web-Based IEP Project	115,058	--	115,058	120,000	(4,942)
Set for Life	8,360	--	8,360	8,562	(202)
Healthy Marriages Initiative	14,249	35,314	49,563	49,889	(326)
Alaska Studies Program	13,024	--	13,024	15,000	(1,976)
Minority Literacy Project	9,308	1,544	10,852	13,750	(2,898)
Fund for the Improvement of Education	759,298	588	759,886	994,100	(234,214)
Advanced Placement for Every Able Learner	--	--	--	898,588	(898,588)
Refugee Assistance Program	--	--	--	16,000	(16,000)
Alaska Educational Innovations Network	--	--	--	41,555	(41,555)
Total revenues from federal grants	38,715,898	(123,054)	38,592,844	42,290,395	(3,697,551)
Total revenues	40,075,724	(129,286)	39,946,438	44,500,000	(4,553,562)

See accompanying notes to basic financial statements.

(Continued)

Fiscal Year Ended June 30, 2005

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL (Continued)

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Original and Final Budget	Variance - Positive (Negative)
Expenditures:					
Current:					
Instruction					
Local grants	\$ 544,810	\$ (6,308)	\$ 538,502	\$ 1,331,734	\$ 793,232
State grants	815,016	76	815,092	877,871	62,779
Federal grants	38,715,898	(123,054)	38,592,844	42,290,395	3,697,551
Total expenditures	<u>40,075,724</u>	<u>(129,286)</u>	<u>39,946,438</u>	<u>44,500,000</u>	<u>4,553,562</u>
Excess of revenues over expenditures	--	--	--	--	--
Fund balance at beginning of year	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

BASIS OF BUDGETING - State and Federal Grants Special Revenue Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual has been prepared on a legally prescribed basis of budgeting which differs from accounting principles generally accepted in the United States of America (GAAP). The purpose of the basis of of budgeting is to demonstrate with the legal requirements of the local, state, and federal programs. The difference between the two methods is set forth below:

Revenues reported on the basis of GAAP	\$ 40,075,724
Add revenues from current year encumbrances	\$ 492,364
Deduct revenues from prior year's encumbrances	<u>(621,650)</u>
	<u>(129,286)</u>
Revenues reported on the basis of budgeting	<u>39,946,438</u>
Expenditures reported on the basis of GAAP	40,075,724
Add current year encumbrances	492,364
Deduct expenditures on prior year's encumbrances	<u>(621,650)</u>
	<u>(129,286)</u>
Expenditures and encumbrances reported on the basis of budgeting	<u>39,946,438</u>
Excess of revenue over expenditures on the basis of budgeting	<u>\$ --</u>

See accompanying notes to basic financial statements.

June 30, 2005
With Comparative Totals for
June 30, 2004

INTERNAL SERVICE FUND

STATEMENT OF NET ASSETS

	Governmental Activities	
	2005	2004
Assets		
Current Assets:		
Investments, at cost	\$ 3,016,364	\$ 2,900,365
Interest receivable	620	15,717
Due from General Fund	1,124,121	703,710
Total current assets	<u>4,141,105</u>	<u>3,619,792</u>
Noncurrent assets:		
Equipment	6,312,765	5,743,892
Accumulated depreciation	<u>(4,520,698)</u>	<u>(4,050,173)</u>
Total capital assets (net of accumulated depreciation)	<u>1,792,067</u>	<u>1,693,719</u>
Total assets	<u>5,933,172</u>	<u>5,313,511</u>
Net Assets		
Invested in capital assets	1,792,067	1,693,719
Unrestricted	<u>4,141,105</u>	<u>3,619,792</u>
Total net assets	<u>\$ 5,933,172</u>	<u>\$ 5,313,511</u>

See accompanying notes to basic financial statements.

For Fiscal Year Ended June 30, 2005
 With Comparative Totals for
 For Fiscal Year Ended June 30, 2004

INTERNAL SERVICE FUND

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS

	Governmental Activities	
	2005	2004
Operating revenues:		
Charges for sales and services	\$ 463,599	\$ 443,058
Operating expenses:		
Depreciation	463,599	443,058
Total operating income	--	--
Non-operating revenues:		
Interest earnings	57,715	32,790
Income before capital contributions and transfers	57,715	32,790
Capital contributions	561,946	190,177
Changes in net assets	619,661	222,967
Net assets at beginning of year	5,313,511	5,090,544
Net assets at end of year	\$ 5,933,172	\$ 5,313,511

See accompanying notes to basic financial statements

For Fiscal Year Ended June 30, 2005
 With Comparative Totals for
 For Fiscal Year Ended June 30, 2004

INTERNAL SERVICE FUND

STATEMENT OF CASH FLOWS

	Governmental Activities	
	2005	2004
Cash flows from operating activities:		
Cash received from charges for sales and services and other operating income	\$ 463,599	\$ 443,058
Cash flows from noncapital financing activities		
(Advances to) repayment from General Fund	(420,411)	(703,710)
Cash flows from investing activities		
Proceeds from matured investments	5,951,000	3,159,768
Purchase of investments	(5,995,817)	(2,900,365)
Interest earnings received	1,629	1,249
Net cash used in operating activities	(43,188)	260,652
Net increase in cash	--	--
Cash at beginning of year	--	--
Cash at end of year	\$ --	\$ --
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ --	\$ --
Depreciation	463,599	443,058
Net cash provided by operating activities	\$ 463,599	\$ 443,058

See accompanying notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Anchorage School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The accompanying financial statements include all the activities of the Anchorage School District. Based upon criteria developed by the Governmental Accounting Standards Board, the District is a component unit and integral part of the primary government, the Municipality of Anchorage and has been included in their Comprehensive Annual Financial Report. The District is fiscally dependent upon the primary government because the Anchorage Assembly approves the municipal tax appropriation and the total budget, and levies and collects taxes for the District. The Anchorage Assembly also approves the borrowing of funds and issuance of bonds for the District.

The District is mandated by state statute to have a June 30 fiscal year, whereas the Municipality is required by Municipal Charter to have a December 31 fiscal year. Audited financial statements for the Municipality of Anchorage, including the District, are available upon request from their principal administrative office. There are no other organizations or agencies whose financial statements should be combined and presented with the District's financial statements.

B. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net assets, a statement of activities, and the fund financial statements that provide a more detailed level of financial information.

Government-wide financial statements – The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the governmental and proprietary funds. The District does not have any activities that are considered business-type activities.

The statement of net assets presents the financial condition of governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements – During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. The major funds are presented in separate columns. Non-major funds are aggregated and presented in a single column. The fund financials are accounted for using a flow of current financial resources measurement focus. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

C. Fund Accounting

The accounts of the District are organized on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The District has two categories of funds: governmental and

proprietary. The various funds are grouped, in the financial statements in this report, into five generic fund types and two broad fund categories as follows:

Governmental Funds

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources traditionally associated with school districts except those required to be accounted for in another fund.

State and Federal Grants Special Revenue Fund: This fund is to account for revenues from sources which include categorical state and federal grants or contracts used to supplement the educational programs.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term bonded debt principal, interest and related costs.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for major capital outlay relating to the acquisition, construction and remodeling of capital facilities.

The other governmental funds of the District are considered nonmajor and are as follows:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are restricted by law or administrative action to expenditures for specified purpose. Brief descriptions of the District's two special revenue funds are as follows:

Food Service Fund: This fund is to account for the operations of the District's Student Nutrition program. Financing is provided by user fees and proceeds received under the National School Lunch and Breakfast Programs.

Student Activities Funds include Decentralized and Centralized accounts. Decentralized student activities are used to account for assets held by the District for the secondary school student body organizations. Decentralized student activities maintain its own treasury to account for cash and investment and for daily operation. Centralized student activities are used to account for assets held by the District for the various school student body organizations. Centralized student activities use the District's central treasury to account for cash and investments and for daily operation.

Proprietary Fund

Internal Service Fund – The Internal Service Fund may be used to account for the financing of goods or services provided by one department to other departments of the primary government on a cost-reimbursement basis. It is also used to account for the management and replacement of the General Fund's equipment and vehicles. Internal Service Fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the Internal Service Fund principal ongoing operations.

D. Basis of Accounting/Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Financial transactions are recorded on the modified accrual basis of accounting for the various governmental fund types. The modified accrual basis of accounting is defined as that method of accounting in which revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the current period. "Measurable" means the amount of the transaction can be recognized when collectibility is assured or losses can be reasonably estimated, and "available" means collectible within sixty days of fiscal year-end or soon enough thereafter to be used to pay liabilities of the current

period. Application of the "susceptibility to accrual" criteria requires judgment, consideration of the materiality of the item in question, and due regard for the practicality of accrual, as well as consistency in application. The source of revenue not considered susceptible to accrual is Federal Impact Aid Program. Property taxes, charges for services and investment income are susceptible to accrual. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue sources are also considered susceptible to accrual. Some of the significant revenue sources susceptible to accrual are the Alaska Public School Funding Program, Non-Resident Tuition Program, Pupil Transportation Program, and United States School Lunch and Breakfast Program. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term obligations and compensated absences, which is recognized when due.

The full-accrual basis of accounting is used for the proprietary fund type – Internal Service Fund; that is, revenues are recognized when they are earned and become measurable, and expenses are recognized in the period incurred, if measurable. Accruals and deferrals are used to match expenses to the period in which they generate revenues or otherwise benefit the organization. The principal operating revenue of the District's Internal Service Fund is charges for services. Operating expenses includes primarily depreciation in capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. This also requires the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. Significant accounting estimates include those for the allowance for doubtful accounts, reserves for claims incurred but not reported for self-insured workers' compensation and health care plans, and reserves for the ultimate cost of the settlement of litigation.

E. Budgetary Data

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board, at such time as the Board directs, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the Board to obtain the comments of residents of the Municipality of Anchorage.
3. The proposed budget is approved and revised by the Board and submitted to the Anchorage Assembly on but not later than or prior to the first Monday in March of each year.
4. The Assembly shall approve the upper spending authorization of the budget for the District, and appropriate and establish by ordinance the necessary municipal tax appropriation within thirty (30) days after receipt. If the Assembly fails to make the necessary appropriation within the time stated, the budget as submitted to the Assembly becomes the budget and appropriation for the fiscal year of the District without further Assembly action as stated in the Municipal Charter, Article VI, Section 6.05.
5. The Board shall conduct at least one public hearing following the Assembly action on the budget if the amount approved by the Assembly is different than the amount submitted.

The legal level on which expenditures may not exceed the aggregate total budget of the combined budgets is the total of the following funds: General Fund, State and Federal Grants Special Revenue Fund, Food Service Special Revenue Fund, and Debt Service Fund.

Budgetary control by the District is maintained by fund, organization and object in the General Fund and Food Service Special Revenue Fund only. Budgetary control in the State and Federal Grants Special Revenue Fund is authorized and maintained by the granting agencies. The management of the District has the authority to approve budget transfers up to \$30,000 in the General Fund and Food Service Special Revenue Fund. Budget transfers in excess of \$30,000 require Board approval only. Under the State and Federal Grants Special Revenue Fund, the management of the District may request budget revisions and transfers within a grant subject to the approval of the granting agencies. In addition, under the State and Federal Grants Special Revenue Fund, the District may revise a grant within the state code line item budget without the approval of the granting agencies. The Board may amend the upper limit of the aggregate total budget, by budget revision subject to the approval of the Assembly.

On March 16, 2004, the Assembly approved the District's combined budget of \$499,816,482 with \$163,748,007 in local tax appropriation for the following funds: General Fund, State and Federal Grants Special Revenue Fund, Food Service Special Revenue Fund and Debt Service Fund. On April 27, 2004, the Assembly approved and increased the upper spending authorization to \$502,127,421. The revision was due to new construction projects and low interest rates and the debt service requirement for the sale of voter-approved bonds. On June 22, 2004, the Assembly approved a revision and increased the upper spending authorization by another \$23,833,745. This revision resulted from the passage of House Bill 233, which provided for an increase in the Alaska Public School Funding Program. The revision under the

General Fund and the State and Federal Grants Special Revenue Fund was based on the increased projections of revenues and expenditures. On various dates (May 24, 2004, January 24, 2005 and June 27, 2005), the Board approved adjustments based on projected actual year-end revenues and expenditures in the General Fund, State and Federal Grants Special Revenue Fund, and Food Service Special Revenue Fund. The approved final budget at June 30, 2005 was \$525,961,166.

The encumbrance system of accounting is used wherein encumbrances outstanding at year-end are not reported as expenditures in the financial statements, but are reported as reservations of fund balance for subsequent years' expenditures based on the encumbered appropriation authority carried over. District policy requires recording of an encumbrance as a charge against appropriation in the accounting period in which a purchase requisition or purchase order is issued, rather than in the accounting period when goods or services are received as required by generally accepted accounting principles.

Appropriations for capital improvement projects carry over at year-end; all other appropriations lapse at year-end to the extent that they have not been expended or encumbered.

F. Assets, Liabilities and Fund Equity

Cash and Investments

A central treasury is used to account for all cash and investments, except for the decentralized activities of the Student Activities account that have investments with independent banking institutions. Investments in the decentralized activities portion of the Student Activities account are not subject to Board Policy and are handled by the principals of each secondary school who have full discretionary authority over the management of investments.

Investments of the District, all having a maturity of less than one year, are valued at cost, which approximates fair value. The fair value of the District's discount securities includes the approximate value of accrued interest. Investment income from General Fund, Capital Projects Fund, Debt Service Fund and Internal Service Fund investments is allocated to the respective fund.

Demand Deposits and Time Deposits

The District can invest excess funds either through direct investments or through the Municipality of Anchorage. School Board Policy requires direct investments, in excess of any insured amount, to be collateralized at all times with United States Government guaranteed securities having a fair value, plus accrued interest, which equals or exceeds the collateralized amount of the investment. Board Policy requires collateral to be held in the District's name by the District's agent, the bank's trust department, or the bank's agent. Anchorage Municipal Code authorizes the Municipality to invest in negotiable certificates of deposit issued by banks rated at least "A" by nationally recognized rating services or non-negotiable certificates of deposit or other collateralized depository agreements. The District maintains a \$192,681 non-interest bearing "Time Open Account" as a compensatory balance in return for zero-balance banking services.

A summary of the demand deposits and time deposits at June 30, 2005 is as follows:

<u>Fund</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC, NCUSIF) or collateralized by securities held by the Municipality or its agent in the Municipality's name:		
Demand deposits:		
Student Activities Special Revenue Fund	\$ 1,627,482	\$ 1,698,167
Time deposits:		
Student Activities Special Revenue Fund	<u>450,427</u>	<u>450,427</u>
Total	<u>2,077,909</u>	<u>2,148,594</u>
Collateralized with securities held by the bank's trust department in the District's name:		
Demand deposits:		
General Fund, Special Revenue Fund, and Capital Projects Fund	<u>(10,739,546)</u>	<u>209,133</u>
Total demand deposits and time deposits	<u>\$ (8,661,637)</u>	<u>\$ 2,357,727</u>

Investments

The District is authorized to secure direct investments in the following:

- Obligations of, or obligations insured or guaranteed by, the United States of America or an agency or instrumentality of the United States;
- Repurchase agreements secured by obligations insured or guaranteed by the United States of America or agencies or instrumentalities of the United States.

The District is authorized to secure investments for two years or less through the Municipality of Anchorage according to Anchorage Municipal Code. The District does not have any investments subject to custodial credit risk. The following types of investments are authorized:

- Direct obligations of or obligations insured or guaranteed by the United States of America or agencies thereof;
- Commercial paper with no more than nine-month maturities issued by business organizations having the highest rating of a nationally recognized rating service;
- Banker's acceptances accepted by a rated bank and eligible for rediscount with or purchase by Federal Reserve System banks; and
- Repurchase agreements secured by obligations insured or guaranteed by the United States of America or agencies thereof.

At June 30, 2005 a summary of the District's investments:

	<u>Carrying Amount</u>
District investments:	
Repurchase agreements	\$ 35,029,804
Investments through Municipality:	
U.S. government securities	209,113,953
Cash with paying agent:	
U.S. government securities	<u>501,362</u>
	<u>\$ 244,645,119</u>

The following is a schedule of investments by fund in the governmental fund type and proprietary fund type at June 30, 2005:

	<u>Date Acquired</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Carrying Amount</u>
<u>General Fund:</u>				
First National Bank Alaska				
Repurchase Agreement	06/30/05	3.0470%	07/01/05	\$ 13,546,808
Repurchase Agreement	06/30/05	3.0470	07/01/05	1,314,980
Repurchase Agreement	06/30/05	3.0470	07/01/05	<u>219,181</u>
				<u>15,080,969</u>
United States Treasury				
FHLMC Premium Note	10/15/04	2.8750	09/15/05	7,999,883
FMCDN Discount Note	03/23/05	3.1817	09/26/05	7,999,785
FNMA Discount Note	04/20/05	3.2119	10/21/05	4,999,920
FNMA Discount Note	06/02/05	3.2529	10/28/05	4,000,501
FMCDN Discount Note	06/09/05	3.2919	10/28/05	5,999,645
FFCB Discount Note	05/02/05	3.2538	11/04/05	4,997,978
FNMA Discount Note	05/18/05	3.3560	11/16/05	5,998,232
FNMA Discount Note	04/20/05	3.2127	11/29/05	5,000,486
FNMA Discount Note	06/09/05	3.3845	11/30/05	3,999,574
FNMA Discount Note	05/09/05	3.3796	12/19/05	4,999,860
FHLMC Discount Note	06/29/05	2.0000	06/09/06	<u>6,896,127</u>
				<u>62,891,991</u>
Total General Fund				<u>\$ 77,972,960</u>

	<u>Date Acquired</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Carrying Amount</u>
<u>Capital Projects Fund:</u>				
First National Bank of Alaska				
Repurchase Agreement	06/30/05	3.0470%	07/01/05	\$ 19,948,835
United States Treasury				
FMCDN Discount Notes	03/23/05	3.1817%	09/26/05	1,500,206
FMCDN Discount Notes	03/23/05	3.1817	09/26/05	1,999,946
FNMA Discount Notes	06/02/05	3.2283	10/14/05	1,000,972
FNMA Discount Notes	06/02/05	3.2283	10/14/05	2,198,581
FNMA Discount Notes	06/17/05	3.5002	12/14/05	1,299,262
FMCDN Discount Notes	03/23/05	3.1817	09/26/05	1,099,823
FNMA Discount Notes	06/17/05	3.5002	12/14/05	999,508
FMCDN Discount Notes	03/23/05	3.1817	09/26/05	1,099,823
FHLB Discount Notes	06/30/05	3.2576	08/29/05	4,028,130
FMCDN Discount Notes	05/11/05	3.3225	11/01/05	47,241
FNMA Discount Notes	03/02/05	3.2480	11/30/05	1,120,403
FNMA Discount Notes	04/01/05	3.0512	08/01/05	790,823
FNMA Discount Notes	01/06/05	2.7423	07/06/05	9,093,620
FNMA Discount Notes	03/02/05	3.2481	11/30/05	29,279
FNMA Discount Notes	04/01/05	3.0512	08/01/05	2,969
FNMA Discount Notes	01/06/05	2.7423	07/06/05	1,059,393
FMCDN Discount Notes	05/11/05	3.3225	11/01/05	8,858
FNMA Discount Notes	03/02/05	3.2480	11/30/05	8,784
FNMA Discount Notes	04/01/05	3.0512	08/01/05	6,928
FNMA Discount Notes	04/27/05	3.0229	07/27/05	313,604
FNMA Discount Notes	03/02/05	3.2481	11/30/05	100,524
FNMA Discount Notes	10/29/04	2.2786	07/28/05	14,994,851
FNMA Discount Notes	10/29/04	2.3692	09/16/05	15,000,134
FNMA Discount Notes	04/27/05	3.0229	07/27/05	3,969,667
FNMA Discount Notes	10/29/04	2.1250	04/15/06	10,193,280
FNMA Discount Notes	10/29/04	2.0000	01/15/06	9,998,819
FNMA Discount Notes	04/13/05	2.9925	07/13/05	11,456,341
FNMA Discount Notes	04/13/05	3.2836	10/12/05	11,452,876
FNMA Discount Notes	04/13/05	3.4587	01/12/06	10,576,575
FNMA Discount Notes	04/13/05	3.6792	04/04/06	9,143,340
FMCDN Discount Notes	04/27/05	3.2958	11/01/05	123,868
FNMA Discount Notes	04/13/05	3.1250	07/15/06	9,684,304
FNMA Premium Notes	04/13/05	4.3750	10/15/06	5,069,214
				139,471,946
Total Capital Projects Fund				<u>\$ 159,420,781</u>
<u>Internal Service Fund:</u>				
United States Treasury				
FMCDN Discount Notes	06/29/05	3.7033%	06/27/06	\$ 3,016,364
<u>Debt Service Fund:</u>				
United States Treasury				
FNMA Discount Notes	04/01/05	3.0512%	08/01/05	\$ 48,499
FNMA Discount Notes	11/04/04	2.4099	09/16/05	2,237,665
FNMA Discount Notes	06/07/05	3.4006	11/30/05	29,509
FNMA Discount Notes	04/13/05	3.0867	08/31/05	1,417,979
				<u>\$ 3,733,652</u>

Cash with Paying Agent

The total amount of cash with the paying agent at June 30 is \$19,350,389, which is recorded in the Capital Projects Fund and Debt Service Fund.

Due From Other Governments

The amounts due from the Municipality of Anchorage are for funds appropriated from local property taxes levied by Municipal Ordinance in support of the District. The amounts recorded in the General Fund and Debt Service Fund at June 30 is \$72,161,161 and \$16,417,340, respectively.

The amounts due from the State of Alaska in the General Fund mainly include \$388,588 for McLaughlin Youth Detention Grant, \$386,895 for Medicaid and \$117,634 for Providence Heights Grant.

The amounts due from the State of Alaska in the Special Revenue Funds include \$12,462,870 for 2005 reimbursements under cost reimbursable grants and \$22,026 for the final 2005 amounts earned under the United States School Lunch and Breakfast Programs.

The amounts due from the State of Alaska in the Debt Service Fund include \$3,918,592 for 2005 reimbursements under the Aid for School Construction Program.

The amounts due from the United States Government in the General Fund include \$42,443 for the ROTC programs. There is also \$1,715,235 for 2005 reimbursements under cost reimbursable grants in the Special Revenue Funds.

Property Taxes

The Anchorage Assembly has approved an ordinance, which levied taxes on real and personal properties for calendar year 2004 in support of the District. Property taxes levied by the Municipality of Anchorage attach a lien on property on the first day of the tax year in which taxes are levied. For 2004, taxes were levied on May 4. Real property taxes were payable in two installments on June 15 and August 15, and personal property taxes in two installments on August 31 and October 31.

The amount of funds appropriated from local property taxes by Municipal ordinance is an established amount based on estimated assessed valuations of real property and estimated personal property. Remittance of funds is based upon an installment schedule mutually agreed upon between the Municipality and the District.

A summary of the amount levied in support of the District is as follows:

Computation of Mill Rate Required to Fund Contribution from Real and Personal Property Taxes

Amount required by the District to fund the second half of the fiscal year 2004-2005 budget:

January 1, 2005 through June 30, 2005	\$163,748,007 x 50%	=	\$ 81,874,004
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Amount required by the District to fund the first half of the fiscal year 2005-2006 budget:

July 1, 2005 through December 31, 2005	\$177,157,001 x 50%	=	<u>88,578,501</u>
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Total amount required by the District for calendar year 2005			<u>\$ 170,452,505</u>
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Based on an assessed valuation of \$22,404,488,758 and on the initially approved taxes for fiscal year 2005-2006 of \$177,157,001, the mill rate assessment for schools during calendar year 2005 is 7.61 mills.

The District has accrued the taxes of \$88,578,501 for funding of the first half of the 2005-2006 budget as of June 30, 2005 in the General Fund and Debt Service Fund. The corresponding deferred revenue has been established.

Prepaid Items

Prepaid items primarily represent supplies paid for in advance of the period to which they apply. Due to the time required for transportation, it is necessary to order certain supplies in advance in order to insure that the supplies are available when school begins the following year. The District accounts for prepaid items under the purchase method and is reflected as a reservation of fund balance.

Inventories

Inventories of purchased supplies and materials are valued based on the weighted average cost. Commodities that are received from the United States Department of Agriculture (USDA) consist of food to be used in the District's Student Nutrition Program. The commodities are valued at the allocated cost provided by the State of Alaska, which approximates fair value. These commodities become the property of the District and recorded as inventory when received. The District maintains two methods of inventory - purchase method and consumption method.

Inventories for building and grounds maintenance use are maintained under the purchase method of inventory. The expenditures are recorded in the General Fund upon acquisition. The value of the purchase method of inventory at June 30 is \$1,711,556 and is equally offset by a fund balance reserve.

Inventories for miscellaneous supplies are maintained under the consumption method of inventory and are recorded as inventory initially and charged as expenditures when used. The value of the consumption method of inventory at June 30 in the General Fund and Food Service Special Revenue Fund is \$353,405 and \$556,127, respectively, and are equally offset by a fund balance reserve. \$147,988 is the value of the USDA food commodities under the consumption method of inventory at June 30. This amount is also reported as deferred revenue at June 30.

Capital Assets

General capitals assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available and updated for additions, retirements and deletions during the year. Donated capital assets are recorded at their estimated fair value on the date donated. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	20 years
Buildings	45 years
Equipment	5 – 20 years
Pupil transportation equipment	7 years

Compensated Absences

It is the District's policy to allow employees to accumulate earned but unused vacation pay benefits. Seven of the eight collective bargaining agreements of the District allow for the payment of varying amounts of unused personal leave subject to certain restrictions and maximum accumulations. All other employees are paid for any accumulated personal leave upon request or at termination. The District records its liability for accrued leave as a reservation of the fund balance in the governmental funds for the amounts equal to the value of the accrued leave at June 30. A liability for these amounts is reported in the governmental funds only if they are due and payable, for example, as a result of employee resignations or retirements. All vacation pay is accrued when incurred in the government-wide financial statements as June 30. The liability for the compensated absences includes salary-related payments in accordance with the provisions of GASB Cod. Sec. C60.108.

Sick leave pay is recorded as expenditure when used. Sick leave may accumulate indefinitely. Upon resignation, outstanding sick leave is generally lost except for its use as an increase in service credit for those employees who are members of the Alaska Teachers' Retirement System.

Deferred Revenue

Deferred revenues for property taxes are recorded in the General Fund and Debt Service Fund. These are funds appropriated from local property taxes levied by Municipal Ordinance in support of the District.

Grant proceeds received prior to incurring the related expenditures are generally deferred in the Special Revenue Fund until such expenditures are incurred.

USDA commodities are considered donated commodities and reported as inventory when received. The fair market value of donated commodities used during the year is reported as an expense, with a like amount reported as revenue. All unused donated commodities are reported as deferred revenue. These donated commodities are recorded in the Food Service Special Revenue Fund.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Reservation of Fund Balance

Reserved for encumbrances represent commitments related to unperformed contracts for goods or services authorized by current and prior years' appropriations. They are reported as reserved fund balance since they do not constitute liabilities or expenditures.

Reserved for inventory represents the portion of the fund balance, which indicates that inventories recorded on the purchase and consumption method of inventory do not constitute "available spendable resources".

Reserved for Federal Impact Aid represents the amount required to be reserved to offset a reduction of funding in the Alaska Public School Funding Program.

Reserved for prepaid items represent that portion of fund balance, which indicates that prepaid items recorded on the purchases method do not constitute "available spendable resources".

Reserved for self-insurance represents an amount established to cover estimates for reserves for workers' compensation and liability claims and incurred but not reported claims. In addition, the amount is established to cover self-insured retention in the event of multiple losses related to auto and general liability, workers' compensation, and/or property losses.

Reserved for debt service represents the fund balance legally restricted and available for debt service.

Designation of Fund Balance

Designated for subsequent year's expenditure represents the portion of the fund balance, which has been allocated to fund the subsequent year's financial plan. This amount is included in subsequent year's budget.

Designated for accrued compensated absences represent the portion of the fund balance, which has been allocated to fund the value of the unused personal leave at June 30.

Designated for authorized construction represents the portion of the unreserved fund balance, which has been allocated to specific capital projects at June 30.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted resources are used first to fund appropriation.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Interfund activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flow of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and other non-operating revenues/expenses in proprietary fund. Repayments from funds responsible for particular expenditures /expenses to the funds that initially paid for them are not presented to the financial statements.

Generally, the effect of internal activity has been eliminated in the government-wide statement of activities. Allocations of administrative overhead expenses from one function to another, and within one function, are eliminated in the statement of activities so that allocated expenses are reported only by the function to which they were allocated. Interfund services provided and used are not eliminated in the process of consolidation.

G. Reclassifications

Certain amounts included in the prior year financial statements have been reclassified to conform to current year classification. The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2004, from which the summarized information was derived.

NOTE 2 - CHANGES IN CAPITAL ASSETS

The capital assets activity for the fiscal year ended June 30, 2005 are as follows:

	Balance July 1, 2004	Additions/ Transfers	Deduction/ Transfers	Balance June 30, 2005
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 31,389,247	\$ 37,368	\$ --	\$ 31,426,615
Construction in progress	198,217,621	120,638,291	221,264,523	97,591,389
Total capital assets not being depreciated	<u>229,606,868</u>	<u>120,675,659</u>	<u>221,264,523</u>	<u>129,018,004</u>
Capital assets being depreciated:				
Land improvements	41,094,867	1,437,574	--	42,532,441
Buildings and equipment	1,027,244,705	218,348,256	20,893,158	1,224,699,803
Pupil transportation equipment	9,039,694	621,704	627,205	9,034,193
Total capital assets being depreciated	<u>1,077,379,266</u>	<u>220,407,534</u>	<u>21,520,363</u>	<u>1,276,266,437</u>
Less accumulated depreciation for:				
Land improvements	(27,135,000)	(3,156,823)	--	(30,291,823)
Buildings and equipment	(266,561,648)	(36,421,132)	(10,289,867)	(292,692,913)
Pupil transportation equipment	(6,400,418)	(803,401)	(627,205)	(6,576,614)
Total accumulated depreciation	<u>(300,097,066)</u>	<u>(40,381,356)</u>	<u>(10,917,072)</u>	<u>(329,561,350)</u>
Total capital assets, being depreciated, net	<u>777,282,200</u>	<u>180,026,178</u>	<u>10,603,291</u>	<u>946,705,087</u>
Governmental activities capital assets, net	<u>\$ 1,006,889,068</u>	<u>\$ 300,701,837</u>	<u>\$ 231,867,814</u>	<u>\$ 1,075,723,091</u>

In the fiscal year 2004-2005, there was capital assets disposals which resulted to a loss of \$11,778,953 and was reported in the General Administration function of the Statement of Activities.

The depreciation expense charged to functions of the governmental activities is as follows:

	Amount
Governmental activities:	
General administration	\$ 316,839
Instruction	38,267,859
Pupil transportation	822,925
Operation and maintenance of plant	620,776
Community services and education	1,525
Non-departmental	882
Food services	350,550
Total depreciation expense, governmental activities	<u>\$ 40,381,356</u>

Construction in progress, less projects completed in 2005 is composed of the following:

	Project Authorization	Expended to 6/30/2005	Committed
Secondary schools:			
Bartlett High School 3A	\$ 1,000,000	\$ 143,615	\$ 807,258
Bartlett High School Electrical Upgrade	1,500,000	41,569	47,362
Bartlett High School Phase 2 Design and Renovation	26,940,000	14,745,072	8,158,498
Chugiak High School Design	900,000	985	--
Chugiak High School Public Sewer	1,100,000	186,458	902,000
Clark Middle School HVAC	1,487,900	77,184	14,204
Clark Middle School Roof	825,000	6,002	248,830
Dimond High School Gym/Pool	2,000,000	--	--
Eagle River High School Construction	8,033,041	--	3,837,787
East High School Phase 2 Design	891,000	179,488	19,895
East High School Phase 2 Emergency Preparedness	979,000	7,287	--
East High School Phase 2 Sprinkler Design and Construction	4,200,000	3,393,802	1,145,815
East High School Phase 3 Renovation/Phase 4 Design	18,200,000	16,804,256	622,756
East High School Renovation	5,130,000	917,490	3,137,065
Goldenview Middle School Electrical Upgrade	850,000	17,149	20,710
Hanshaw Middle School Electrical Upgrade	1,000,000	21,408	11,143
Mears Middle School Electrical Upgrade	1,000,000	30,491	10,970
Mirror Lake Site Acquisition	610,658	--	--
Muldoon Area Middle School Construction	52,000,000	4,000,195	27,245,958
Romig Middle School Electrical Upgrade	1,200,000	7,302	43,600
Romig Middle School Loading/Lighting	915,000	895,087	210,933
Service High School Design	1,800,000	900	917,251
Service High School Electrical	650,000	20,137	23,800
Service High School Phase 2A Design and Construction	19,300,000	14,651,267	1,586,823
Service High School Renovation	18,500,000	2,213,946	12,206,327
Wendler Middle School Phase 2 Renovation	970,932	392,256	--
West High School Electrical Upgrade	1,200,000	13,517	33,000
West High School Electrical/Data/Technology	1,009,099	209,001	--
West High School Restrooms	860,000	29,721	26,908
Other secondary schools	17,982,450	3,180,510	6,281,467
Total secondary schools	<u>193,034,080</u>	<u>62,186,095</u>	<u>67,560,360</u>
Elementary schools:			
Airport Heights Elementary School Entry/Sidewalks	530,000	155,702	225,397
Aurora Elementary School Boiler	900,000	721,071	2,833
Bayshore Elementary School Lights	565,172	215,918	294,492
Birchwood Elementary School Public Sewer	1,100,000	186,533	902,000
Chester Valley Elementary School Design	750,000	297,248	283,308
Chester Valley Elementary School Roof	1,000,000	277,558	403,903
Chugach Optional Elementary School Boilers	1,150,091	848,343	309,182
Chugach Optional Elementary School Renovation	7,000,000	6,305,450	793,566
College Gate Elementary School HVAC	550,000	198,496	279,331
Girdwood Elementary School Roof	551,119	--	307
Government Hill Elementary School Boiler Building	1,576,884	537,254	821,655
Huffman Elementary School Doors and Partitions	550,000	28,684	5,266
Huffman Elementary School HVAC	500,000	97,639	15,712
Lake Otis Elementary School Classroom Windows	575,000	3,849	--
Lake Otis Elementary School HVAC	725,702	405,681	270,913
Lake Otis Elementary School Sprinklers	800,000	691,012	7,137
Mt. Iliamna Elementary School Boiler Building	900,000	39,744	786,955
Mt. Spurr Elementary School Boiler Building	900,000	74,649	708,399
Mountain View Elementary School H2O	1,369,848	1,977	512,158
North Star Elementary School HVAC	500,000	373,380	37,246
North Star Elementary School Lighting/Ceiling	500,000	2,944	--
Orion Elementary School Boiler Building	1,618,806	78,688	833,278
Polaris K-12 Renovation/Design	18,600,000	13,612,026	2,874,468
Sand Lake Elementary School Design	750,000	505,697	14,333
Tudor Elementary School Asbestos/Tiles/Lights	840,000	82,846	414,919
Tudor Elementary School Windows	575,000	49,240	407,410
Ursa Major Elementary School Windows/Asbestos	1,035,850	407,630	514,002

	Project Authorization	Expended to 6/30/2005	Committed
Elementary schools (continued):			
Whaley Center HVAC	\$ 972,000	\$ 111,184	\$ 13,000
Other elementary schools	28,885,048	7,012,200	5,390,188
Total elementary schools	<u>76,270,520</u>	<u>33,322,643</u>	<u>17,121,358</u>
Other capital projects:			
Districtwide Asbestos/ADA/Code	2,674,903	144,274	3,999
Districtwide Doors and Locks	1,153,718	2,053	--
Districtwide Emergency Preparedness	900,000	--	--
Districtwide Energy Conservation	765,760	12,679	--
Districtwide Maintenance Heavy Equipment	195,682	--	138,788
Districtwide Site Acquisition	10,000,000	197,178	--
Facility Maintenance Preparedness	531,293	82,260	4,191
Student Nutrition Emergency Preparedness	669,896	206,043	17,870
Student Transportation New Buses	830,000	791,402	--
Warehouse Emergency Preparedness	516,287	100,193	9,571
Other capital projects	12,383,105	546,569	794,703
Total other capital projects	<u>30,620,644</u>	<u>2,082,651</u>	<u>969,122</u>
Total construction in progress	<u>\$ 299,925,244</u>	<u>\$ 97,591,389</u>	<u>\$ 85,650,840</u>

NOTES 3 - CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the District for fiscal year ended June 30, 2005 (in thousands):

	Balance July 1, 2004	Additions	Reductions	Balance June 30, 2005
General obligation bonds	<u>\$ 681,250</u>	<u>\$ 259,980</u>	<u>\$ 143,375</u>	<u>\$ 797,855</u>

Bonds payable at June 30, 2005 are comprised of the following individual issues (in thousands):

General Obligation Bonds	Amount	Due within One Year
\$41,635,000 1993 series B, school construction refunding serial bonds due in annual installments of \$1,245,000 in September 2005; interest at 5.0 percent	\$ 1,245	\$ 1,245
\$63,000,000 1994 series A school construction serial bonds due in annual installments of \$3,060,000 in July 2005; interest at 5.4 percent	3,060	3,060
\$60,000,000 1995 series A school construction serial bonds due in annual installments of \$110,000 to \$5,030,000 through October 2015; interest at 5.0 percent to 6.0 percent	22,810	2,740
\$29,765,000 1995 series A school construction refunding bonds due in annual installments of \$1,505,000 to \$3,700,000 through October 2012; interest at 5.125 percent to 6.0 percent	23,520	2,630
\$65,000,000 1996 series A school construction serial bonds due in annual installments of \$3,015,000 to \$3,865,000 through August 2006; interest at 6.0 percent	6,880	3,015
\$43,850,000 1997 series A school construction serial bonds due in annual installments of \$1,790,000 to \$1,995,000 through December 2007; interest at 5.0 percent to 5.25 percent	5,675	1,790
\$20,735,000 1998 series A school construction refunding bonds due in annual installments of \$140,000 to \$5,120,000 through July 2014; interest at 3.90 percent to 4.75 percent	20,020	140
\$55,900,000 1999 series A school construction serial bonds due in annual installments of \$2,295,000 to \$4,270,000 through December 2018; interest at 4.0 percent to 5.125 percent	28,000	2,295
\$35,000,000 2000 series A school construction serial bonds due in annual installments of \$1,245,000 to \$1,810,000 through December 2012; interest at 4.75 percent to 5.25 percent	12,090	1,245

General Obligation Bonds (continued)	Amount	One Year
\$77,900,000 2000 series B school construction serial bonds due in annual installments of \$2,820,000 to \$6,235,000 through December 2020; interest at 4.75 percent to 5.125 percent	\$ 31,330	\$ 2,820
\$65,000,000 2001 series A school construction serial bonds due in annual installments of \$2,350,000 to \$5,065,000 through June 2021; interest at 4.25 percent to 5.5 percent	33,515	2,350
\$51,805,000 2001 school construction refunding bonds due in annual installments of \$1,070,000 to \$10,345,000 through July 2013; interest at 4.125 percent to 5.5 percent	51,640	1,070
\$131,800,000 2002 series B school construction serial bonds due in annual installments of \$4,385,000 to \$10,390,000 through July 2022; interest at 3.2 percent to 5.5 percent	108,155	4,385
\$70,345,000 2002 school construction refunding bonds due in annual installments of \$150,000 to \$10,255,000 through July 2015; interest at 3.75 percent to 5.5 percent	67,690	150
\$126,770,000 2003 series B school construction serial bonds due in annual installments of \$1,145,000 to \$9,420,000 through September 2023; interest at 2.0 percent to 5.25 percent	122,245	4,580
\$80,735,000 2004 series B school construction refunding bonds due in annual installments of \$60,000 to \$27,390,000 through December 2017; interest at 3.0 percent to 5.25 percent	80,735	60
\$86,240,000 2004 series D school construction serial bonds due in annual installments of \$2,915,000 to \$6,540,000 through December 2024; interest at 2.0 percent to 5.0 percent	86,240	2,915
\$63,850,000 2005 series A school construction serial bonds due in annual installments of \$2,240,000 to \$4,730,000 through March 2025; interest at 2.5 percent to 5.0 percent	63,850	2,500
\$29,155,000 2005 series B school construction refunding bonds due in annual installments of \$45,000 to \$8,140,000 through December 2020; interest at 2.5 percent to 5.0 percent	29,155	45
	<u>\$ 797,855</u>	<u>\$ 39,035</u>

The annual requirements to amortize all general obligation debt outstanding as of June 30, 2005, including interest payments in the amount \$365,542,533 are as follows (in thousands):

	Principal	Interest	Total
2006	\$ 39,035	\$ 37,637	\$ 76,672
2007	39,870	36,177	76,047
2008	41,145	34,537	75,682
2009	42,710	32,791	75,501
20010	44,525	30,824	75,349
2011-15	244,675	119,847	364,522
2016-20	216,020	60,086	276,106
2021-25	129,875	13,644	143,519
	<u>\$ 797,855</u>	<u>\$ 365,543</u>	<u>\$ 1,163,398</u>

The amount of long-term liability that is due within one year as of June 30, 2005 is \$39,035,000.

The Debt Service Fund has \$12,215,915 available to service the general obligation bonds.

There are a number of restrictions contained in the various bond indentures. The District is in compliance with all significant restrictions.

The amount available and to be provided by Debt Service Fund to repay long-term debt obligations, general obligation bonds at June 30, 2005 is \$797,855,000.

Bonds Authorized But Unissued

There are \$48,495,000 authorized but unissued general obligation school bonds of the Municipality of Anchorage at June 30, 2005 as follows (in thousands):

Purpose	Election Date	Interest Limitation	Amount Authorized	Amount Issued	Remaining Authorization
Construction/renovation/ replacement/major maintenance	April 01, 2003	none	\$ 167,330	\$ 156,860	\$ 10,470
Construction/renovation/ replacement/major maintenance	April 06, 2004	none	\$ 36,380	\$ 17,855	18,525
Construction/renovation/ replacement/major maintenance	November 02, 2004	none	\$ 81,600	\$ 62,100	19,500
					\$ 48,495

Refunded Bond Issues

The balance of refunded bonds outstanding as of June 30, 2005 is as follows (in thousands):

	Fiscal Year of Refunding	Total Issue	Balance June 30, 2005
1992 General Obligation School Bonds, Series B	1996	\$ 19,450	\$ 12,595
1994 General Obligation School Bonds, Series A	1998	\$ 63,000	19,200
1993 General Obligation School Bonds, Series A	2001	\$ 19,300	11,030
1994 General Obligation School Bonds, Series A	2001	\$ 63,000	11,670
1995 General Obligation School Bonds, Series A	2001	\$ 58,655	12,325
1996 General Obligation School Bonds, Series A	2001	\$ 65,000	16,490
1993 General Obligation School Bonds, Series A	2002	\$ 19,300	940
1994 General Obligation School Bonds, Series A	2002	\$ 63,000	6,700
1995 General Obligation School Bonds, Series A	2002	\$ 60,000	6,380
1996 General Obligation School Bonds, Series A	2002	\$ 65,000	20,800
1997 General Obligation School Bonds, Series A	2002	\$ 43,850	14,490
1999 General Obligation School Bonds, Series A	2002	\$ 55,900	5,900
2000 General Obligation School Bonds, Series A	2002	\$ 35,000	1,910
2000 General Obligation School Bonds, Series B	2002	\$ 77,900	11,985
1996 General Obligation School Bonds, Series A	2005	\$ 65,000	5,345
1997 General Obligation School Bonds, Series A	2005	\$ 43,850	12,575
1999 General Obligation School Bonds, Series A	2005	\$ 55,900	10,550
2000 General Obligation School Bonds, Series A	2005	\$ 35,000	16,640
2000 General Obligation School Bonds, Series B	2005	\$ 77,900	25,140
2001 General Obligation School Bonds, Series A	2005	\$ 65,000	22,960
2002 General Obligation School Bonds, Series B	2005	\$ 131,800	15,405
			\$ 261,030

Compensated Absences

The balance changes of compensated absences in the fiscal year of 2004-2005 are disclosed as the following:

Beginning Balance	Increases	Decreases	Ending Balance
\$ 7,701,634	\$ 208,282	\$ 1,395	\$ 7,908,521

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Compensatory Bank Balances

The District maintains a compensatory account with a balance at June 30, 2005 of \$192,681 to compensate First National Bank Alaska for servicing a zero-balance banking service contract.

B. Other Individual Fund Disclosures

A summary of changes in fund balance is as follows (in thousands):

	<u>RESERVED</u>					
	<u>Encum- brances</u>	<u>Inventory</u>	<u>Federal Impact Aid</u>	<u>Prepaid Items</u>	<u>Self Insurance</u>	<u>Debt Service</u>
GENERAL FUND						
Balance July 1	\$ 10,434	\$ 2,031	\$ 11,989	\$ 1,509	\$ 9,210	\$ --
Increase (decrease)	<u>(340)</u>	<u>34</u>	<u>546</u>	<u>496</u>	<u>6,992</u>	<u>--</u>
Total General Fund						
Balance June 30	<u>\$ 10,094</u>	<u>\$ 2,065</u>	<u>\$ 12,535</u>	<u>\$ 2,005</u>	<u>\$ 16,202</u>	<u>\$ --</u>
SPECIAL REVENUE FUNDS						
State and Federal Grants						
Balance July 1	\$ 692	\$ --	\$ --	\$ 13	\$ --	\$ --
Increase (decrease)	<u>(200)</u>	<u>--</u>	<u>--</u>	<u>(12)</u>	<u>--</u>	<u>--</u>
Balance June 30	<u>492</u>	<u>--</u>	<u>--</u>	<u>1</u>	<u>--</u>	<u>--</u>
Food Service						
Balance July 1	488	558	--	2	19	--
Increase (decrease)	<u>23</u>	<u>(2)</u>	<u>--</u>	<u>4</u>	<u>(19)</u>	<u>--</u>
Balance June 30	<u>511</u>	<u>556</u>	<u>--</u>	<u>6</u>	<u>--</u>	<u>--</u>
Student Activity						
Balance July 1	--	--	--	1	--	--
Increase (decrease)	<u>--</u>	<u>--</u>	<u>--</u>	<u>(1)</u>	<u>--</u>	<u>--</u>
Balance June 30	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Special Revenue Funds						
Balance June 30	<u>\$ 1,003</u>	<u>\$ 556</u>	<u>\$ --</u>	<u>\$ 7</u>	<u>\$ --</u>	<u>\$ --</u>
DEBT SERVICE FUND						
Balance July 1	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 10,732
Increase	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,484</u>
Total Debt Service Fund						
Balance June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>--</u>	<u>\$ 12,216</u>
CAPITAL PROJECTS FUND						
Balance July 1	\$ 100,768	\$ --	\$ --	\$ 1	\$ --	\$ --
Increase	<u>(15,117)</u>	<u>--</u>	<u>--</u>	<u>179</u>	<u>--</u>	<u>--</u>
Total Capital Projects Fund						
Balance June 30	<u>\$ 85,651</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 180</u>	<u>\$ --</u>	<u>\$ --</u>

UNRESERVED

DESIGNATED

Subsequent Year's Expend- itures	Accrued Compensated Absences	Authorized Const- ruction	Undesig- nated	Total
\$ --	\$ 6,706	\$ --	\$ 27,990	\$ 69,869
<u>6,500</u>	<u>121</u>	<u>--</u>	<u>(6,112)</u>	<u>8,237</u>
<u>\$ 6,500</u>	<u>\$ 6,827</u>	<u>\$ --</u>	<u>\$ 21,878</u>	<u>\$ 78,106</u>
\$ --	\$ 516	\$ --	\$ (1,221)	\$ --
<u>--</u>	<u>28</u>	<u>--</u>	<u>184</u>	<u>--</u>
<u>--</u>	<u>544</u>	<u>--</u>	<u>(1,037)</u>	<u>--</u>
225	280	--	1,278	2,850
<u>144</u>	<u>25</u>	<u>--</u>	<u>(424)</u>	<u>(249)</u>
<u>369</u>	<u>305</u>	<u>--</u>	<u>854</u>	<u>2,601</u>
--	1	--	2,874	2,876
<u>--</u>	<u>(1)</u>	<u>--</u>	<u>143</u>	<u>141</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>3,017</u>	<u>3,017</u>
<u>\$ 369</u>	<u>\$ 849</u>	<u>\$ --</u>	<u>\$ 2,834</u>	<u>\$ 5,618</u>
\$ --	\$ --	\$ --	\$ --	\$ 10,732
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,484</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 12,216</u>
\$ --	\$ 198	\$ 946	\$ 14,343	\$ 116,256
<u>--</u>	<u>34</u>	<u>50,761</u>	<u>2,421</u>	<u>38,278</u>
<u>\$ --</u>	<u>\$ 232</u>	<u>\$ 51,707</u>	<u>\$ 16,764</u>	<u>\$ 154,534</u>

A summary of individual interfund receivables and payables at June 30 is as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major funds:		
General Fund	\$23,813,319	\$ 7,211,552
State and Federal Grants		
Special Revenue Fund	--	13,190,316
Debt Service Fund	--	10,598,669
Capital Projects Fund	2,652,936	--
Non-major funds:		
Special Revenue Funds:		
Food Service	2,452,630	--
Student Activity Fund	981,865	24,334
Internal Service Fund	<u>1,124,121</u>	<u>--</u>
	<u>\$31,024,871</u>	<u>\$31,024,871</u>

All interfund receivables and payables are recorded as advances to and from other funds. All balances are for short-term operations and subsidies and are expected to be settled within the next fiscal year.

A summary of interfund transfers is as follows:

	<u>Transfers In</u>	<u>Transfers out</u>
General Fund	\$ --	\$ 100,539
Capital Projects Fund	--	5,980,922
Debt Service Fund	<u>6,081,461</u>	<u>--</u>
	<u>\$ 6,081,461</u>	<u>\$ 6,081,461</u>

The District transferred \$5,980,922 from the Capital Projects Fund to the Debt Service Fund. The amount transferred is the portion of the premium received from the sale of 2004D and 2005A general obligation school bonds and was allocated to make debt service payments for both bonds. An additional \$100,539 was transferred from the General Fund to the Debt Service Fund.

NOTE 5 - RETIREMENT PLANS

As of June 30, 2005, substantially all employees of the District are either members of the Alaska Public Employees' Retirement System (PERS) or the Alaska Teachers' Retirement System (TRS). Employer contributions for PERS and TRS are actuarially determined and have been paid or accrued. In addition to PERS, the Alaska Teamster-Employer Pension Trust Fund also covers bus drivers and attendants. The Alaska Teamster-Employer Pension Trust Fund Plan is a multi-employer cost-sharing defined benefit plan created and administered by Teamster Local 959.

Effective July 2000, PERS and TRS will issue a publicly available financial report every two years that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P. O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460.

Alaska Public Employees' Retirement System (PERS)

Plan Description and Provisions

The Alaska Public Employees' Retirement System is a defined benefit agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for political subdivisions within the State of Alaska. PERS was created by State statute and political subdivision; participation is optional.

Pension Benefits

Benefits vest after five years of credited service. Employees hired prior to July 1, 1986 with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. For employees hired after June 30, 1986 the normal and early retirement ages are 60 and 55, respectively. The normal annual pension benefit is based on years of service and average compensation. The pension benefit is equal to 2 percent of the member's highest three-year average monthly compensation for the first ten years of service, 2-1/4 percent for the second ten years of service, and 2-1/2 percent for the third ten years of service. All service earned prior to July 1, 1986 is calculated using the 2 percent multiplier. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit.

Postemployment Healthcare Benefits

When pension benefits begin, major medical benefits are provided without cost to all employees first hired before July 1, 1986 and to employees who are disabled or age 60 or older, regardless of their initial hire dates. Employees first hired after June 30, 1986, but before July 1, 1996, and who have five years of credited service may receive major medical benefits prior to age 60 by paying premiums. Employees first hired after June 30, 1996, who have at least ten years of credited service, may receive major medical benefits prior to age 60 by paying premiums. Postemployment healthcare benefits are provided by the payment of insurance premiums from the Plan. Beginning July 1, 1997, the Plan became self-insured under a professionally administered program.

Minimum benefits for employees eligible for retirement are \$25 per month for each year of credited service. The plan also provides for both occupational and non-occupational disability and death benefits.

Pension benefits are adjusted each year based upon increases in the Consumer Price Index (CPI) for the prior year. The increase in the benefits is 75 percent of the CPI increase up to a 9 percent maximum for recipients who are at least age 65 or on disability or 50 percent of the increase up to a 6 percent maximum for recipients who are at least age 60 but under 65 or who have been receiving benefits for at least five years. Starting at age 65, or at any age for those employed before July 1, 1986, a retired employee who remains in Alaska is eligible for an additional allowance equal to 10 percent of the base benefit or \$50 a month, whichever is greater.

Funding Policy and Annual Pension

Employee participation in the plan is mandatory for permanent employees scheduled to work at least 15 hours a week. There is no optional participation for other employees. Members are required to contribute 6.75 or 9.6 percent of their eligible compensation on a pre-tax basis (usually equal to gross wages). The District is required to contribute remaining amounts necessary to fund the plan using the actuarial basis specified by the State Retirement Board. Employer rates are adjusted annually on July 1 and are based on actuarial valuations made two years prior to that date. The employer rate for amortizing all future service liabilities is uniform for all participating employers and a separate rate is determined for amortizing each employer's unfunded past service liability.

The PERS funding policy provides for actuarially determined periodic contributions at rates that, for individual employers, change over time so that sufficient assets will be available to pay benefits when due. The rate for the District's employee group as a whole is equal to a consolidated rate and a past service rate. The consolidated rate is a uniform rate for all participating employers sufficient to amortize all future service liabilities (less value of employee contributions) over future working lifetimes of the covered group. The past service rate is determined separately for each employer sufficient to amortize each employer's unfunded past service liability or funded surplus with level payments over 25 years.

Contributions and rates made in accordance with actuarially determined contribution requirements determined through actuarial valuations consist of the following:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Total payroll	\$ 280,244,476	\$ 272,537,772	\$ 264,697,221
Total covered payroll	\$ 73,912,288	\$ 71,815,832	\$ 69,221,358
Contributions:			
District (Employer)	\$ 10,543,510	\$ 6,642,964	\$ 6,472,197
Employees	<u>5,354,081</u>	<u>4,847,569</u>	<u>4,672,442</u>
	<u>\$ 15,897,591</u>	<u>\$ 11,490,533</u>	<u>\$ 11,144,639</u>
Normal Cost	\$ 14,915,450	\$ 11,050,446	\$ 10,390,126
Percentage of covered payroll	20.18%	12.07%	15.01%
Amortization of funded (unfunded) accrued liability	\$ 982,141	\$ 440,087	\$ 754,513
Percentage of covered payroll	1.33%	3.83%	1.09%
Rates:			
District (Employer)	14.25%	9.25%	9.35%
Employees	6.75%	6.75%	6.75%

Actuarial valuations for 2005, 2004 and 2003 were performed as of June 30, 2002, 2001 and 2000 respectively.

Annual pension costs for the year ended June 30, 2005 and the related information follows:

	<u>Pension</u>	<u>Postemployment Healthcare</u>
Contribution rates:		
Employees	4.80%	1.95%
District (Employer)	8.86%	5.39%
Actual pension cost	\$11,515,563	\$6,996,620
Contributions made	\$ 6,558,263	\$3,985,246
Actuarial valuation date	June 30, 2002	June 30, 2002
Actuarial cost method	Project unit credit	Project unit credit
Amortization method	Level dollar, open	Level dollar, open
Amortization period	Rolling 25 years	Rolling 25 years
Asset valuation method	5-year smoothed market	5-year smoothed market
Actuarial assumptions:		
Inflation rate	3.50%	3.50%
Investment return	8.25%	8.25%
Projected salary increase:		
Inflation rate	3.5%	3.50%
Productivity and merit	2.00%	2.00%
Health cost trend	N/A	12.00%

Alaska Teachers' Retirement System (TRS)

Plan Description and Provisions

The Alaska Teachers' Retirement System is a multi-employer cost-sharing defined benefit public retirement system, created and administered by the State of Alaska to provide benefits for teachers of the State of Alaska. Benefit and contribution provisions are established by Alaska law and may be amended only by the Alaska State Legislature. All the District's certificated employees are participants in TRS. The payroll for employees covered by TRS for the year ended June 30, 2005 was \$187,670,449, which compares to the District's total payroll of \$280,244,476.

Membership in TRS is compulsory for each certificated elementary or secondary teacher or other certificated personnel who are employed on a full-time basis or part-time basis in positions that require teaching or administrative certificates as a condition of employment.

Pension Benefits

Generally, employees with eight years or more of credited service are entitled to annual pension benefits beginning at normal retirement age 55 equal to 2 percent of their highest three-year average compensation for each year of service. In 1991, employees with twelve years of combined part-time and full-time services are vested in the system. Effective in 1991, normal retirement age for employees hired after June 30, 1990 was raised to age 60. The plan permits early retirement at age 55. The benefit formula multiplier was increased for future service over 20 years effective 1991. Employees may elect to receive their pension benefits in the form of a joint or survivor annuity. Effective January 1, 1987, a married member who retires must receive his/her benefit in the form of a joint and survivor annuity unless the member's spouse consents to another form of benefit. Minimum benefits for employees eligible for retirement are \$25 per month for each year of credited service. In addition, major medical benefits are provided. TRS also provides death and disability benefits. For employees hired after June 30, 1990, cost of living allowance benefits will be delayed to age 65 unless disabled, and post-retirement medical benefits will be reduced.

Effective in fiscal year 1991, automatic post retirement pension adjustment (PRPA) will be granted to all current and future retirees. The PRPA amount may not exceed the lesser of (a) the actual cost of living increase (percentage) from the date of retirement until the effective date of the PRPA; or (b) 4 percent of the base benefits for each full year that the member has been retired and a prorated percentage for each partial year. However, the PRPA percentage is offset by the percentage of all prior PRPA'S that have been granted. TRS members receiving a retirement, disability or survivor benefit who remain in Alaska are eligible for an additional allowance equal to 10 percent of the base benefit.

Funding Policy

Covered employees are required to contribute 8.65 percent of their compensation on a pre-tax basis and the District is required to contribute at an actuarially determined rate. The current rate is 16 percent of annual covered payroll. The District's contributions to TRS for the years ended June 30, 2005, 2004, and 2003 were \$30,031,960, \$21,840,825 and \$19,408,978 respectively, equal to the required contributions for each year.

The District's employer contributions to TRS of \$30,031,960 amounted to 32 percent of the total TRS employer contributions statewide of \$93,539,910.

Trend Information - PERS and TRS

The District's contributions, which are made in accordance with actuarially determined requirements, have shown the following trend as a percentage of covered payroll for the three years ended June 30:

	PERS		TRS	
	Actuarial Determined Rate	Actual Contribution Rate	Actuarial Determined Rate	Actual Contribution Rate
2003	9.35%	9.35%	11.00%	11.00%
2004	9.25	9.25	12.00	12.00
2005	25.02	14.25	35.57	16.00

Three-year historical trend information presenting the District's annual pension cost for PERS is as follows:

<u>Year ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
<i>Pension</i>			
6/30/03	\$4,601,732	100%	\$ 0
6/30/04	4,666,980	100	0
6/30/05	11,515,563	57	4,957,300
<i>Postemployment Health Care</i>			
6/30/03	\$1,870,465	100%	\$ 0
6/30/04	1,975,984	100	0
6/30/05	6,996,620	57	3,011,374

Required Supplementary Information-Schedule of Funding Progress for PERS

The most recent three-year historical trend information available presenting the District's progress in accumulation sufficient assets to pay benefits under the PERS when due is presented as follows (in thousands):

<u>Actuarial Valuation Date</u>	<u>Actuarial Valuation of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Funded Ratio (b/a)</u>	<u>Unfunded AAL (b-a)</u>	<u>Covered Payroll (c)</u>	<u>UAAAL as a Percentage of Covered Payroll ((b-a)/c)</u>	<u>Annual Pension Cost for FY 01 - FY 03</u>
<i>Pension</i>							
6/30/01	\$245,817	\$258,427	100%	\$12,610	\$71,638	18%	9.35%
6/30/02	207,488	284,004	73%	76,516	64,634	118%	9.35%
6/30/03	206,826	293,796	70%	86,970	70,720	123%	9.25%
<i>Postemployment Health Care</i>							
6/30/01	\$104,079	\$109,419	95%	\$ 5,339	\$71,638	7%	9.35%
6/30/02	126,066	172,555	73%	46,489	64,634	72%	9.35%
6/30/03	138,235	196,363	70%	58,128	70,720	82%	9.25%

Investment - PERS, TRS and Teamster Pension

The PERS, TRS and Teamster Pension Plans do not own any notes, bonds or other instruments of the District.

Alaska Teamster-Employer Pension Trust Fund

The Alaska Teamster-Employer Pension Trust Fund is a cost-sharing multi-employer defined benefit plan for bus drivers and attendants. The District contributes two dollars (\$2.00) for each hour of compensation earned by each permanent bus driver and attendant with more than 6 years of continuous regular experience with the District, and one dollar (\$1.00) for each hour of compensation earned by each permanent bus driver and attendant with 6 or fewer years of continuous regular experience with the District. The District contributed \$191,918 in 2005, \$208,599 in 2004, and \$198,179 in 2003 to this union administered plan. The actual contributions amount 100 percent of the required contributions. The payroll for employees covered by Alaska Teamster-Employer Pension Trust Fund for the year ended June 30, 2005 was \$2,242,246, which compares to the District's total of \$280,244,476.

The Alaska Teamster-Employer Pension Trust Fund prepares an annual financial report and can be obtained by writing to the Plan Administrator at 520 East 34th Avenue, Anchorage, Alaska 99503.

NOTE 6 - POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 5, the District provides basic post-employment health care benefits, in accordance with State Statutes, to all employee groups who retired through the State of Alaska retirement plans. The District also provides supplemental post-employment health care benefits, in accordance with the employment contract settlement agreement, to all employee groups who retired and elected to participate in the plan as of September 1974 through June 30, 1977. The number of retirees covered under this plan is 121 as of June 30, 2005. The cost of the retiree supplemental health benefits is recognized as expenditure when premiums are paid. The total amount expended for the year ended June 30, 2005 is \$661,173.

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; illness of and injuries to employees; unemployment; and natural disasters. The District utilizes a self-insurance program primarily maintained in the General Fund to account for and finance its uninsured risks of loss.

The District self-insures to the extent of \$1,000,000 per occurrence for school bus, auto, and general liability, \$750,000 per occurrence on workers' compensation, and \$100,000 per occurrence on property losses with coverage in excess thereof provided by private carriers. The District is self-insured for earthquake or flood damage. The District has maintained the same insurance coverage and reflected no reduction of insurance coverage in the prior year by major categories of risk. In addition, there are no settlements that exceeded insurance coverage for each of the prior three fiscal years. The District's healthcare program is a self-funded minimum premium split plan.

The District has established estimated liabilities for claims incurred but not reported and a liability for estimated future payments on reported claims based on information provided by the claims servicing agent.

The District has reflected as a reserve for self-insurance a portion of the fund balance in the General Fund and Food Service Special Revenue Fund to provide for reserves for workers' compensation and liability claims and incurred but not reported claims. The reserve for self-insurance in the General Fund also provides for emergency funds to cover the self-insured retention in the event of multiple losses. The portion has been set at \$16,201,846. The balance in this account does not represent a contingent liability, but rather signifies the availability of funds should such a casualty occur.

Unemployment compensation expenditure is based on actual claims filed with the State of Alaska and reimbursed by the District.

Claims payable represents estimates of claims to be paid based upon past experience modified for current trends and information. The ultimate amount of losses incurred through June 30, 2005 is dependent upon future developments. The District has no settlements that exceeded the amount of insurance coverage.

Changes in the funds' claim liability amounts in 2005, 2004, and 2003 follow:

	Liability Balance July 1	Current Year Claims and Changes in Estimates	Claims Payment	Liability Balance June 30
2005				
Health	\$ 3,393,256	\$ 17,934,260	\$ 17,582,930	\$ 3,744,586
Unemployment	62,143	346,265	319,474	88,934
	<u>\$ 3,455,399</u>	<u>\$ 18,280,525</u>	<u>\$ 17,902,404</u>	<u>\$ 3,833,520</u>
2004				
Health	\$ 3,491,706	\$ 12,626,782	\$ 12,725,232	\$ 3,393,256
Unemployment	73,939	338,321	350,117	62,143
	<u>\$ 3,565,645</u>	<u>\$ 12,965,103</u>	<u>\$ 13,075,349</u>	<u>\$ 3,455,399</u>
2003				
Health	\$ 3,132,282	\$ 12,453,880	\$ 12,094,456	\$ 3,491,706
Unemployment	75,396	344,625	346,082	73,939
	<u>\$ 3,207,678</u>	<u>\$ 12,798,505</u>	<u>\$ 12,440,538</u>	<u>\$ 3,565,645</u>

NOTE 8 - COMMITMENTS

Commitments under lease agreements for the various administration buildings provide for minimum annual rental payments as follows:

2006	<u>\$ 1,699,028</u>
------	---------------------

The rent expenditures for the year ended June 30, 2005 were \$2,696,520.

NOTE 9 - CONTINGENT LIABILITIES

Grants

The District participates in a variety of State and Federal assistance grant and revenue sharing programs. These programs are subject to program compliance review by the grantors or their representatives. The audits of some of these programs before and including the year ended June 30, 2004 have not been concluded. Accordingly, the District's compliance with the applicable grantor revenue sharing program will be established at some future date. The amount, if any, of expenditures or revenues, which may be disallowed by the granting agencies, cannot be determined at this time. Any disallowed claims, including amounts already collected, would become a liability of the General Fund or other applicable funds. In management's opinion, disallowed claims, if any, will be immaterial.

Property Tax Limitation

On October 4, 1983, the Anchorage voters approved a charter amendment, which sets a limitation on the amount of taxes the Municipality can levy. The amendment limits taxes, with certain exceptions, to the amount levied in the previous year, increased by inflation (Anchorage CPI) and population (5-year average) growth. In the opinion of management, the Municipality and the District are in compliance with the intent of the amendment.

Litigation

In the normal course of activities, the District is involved in various other claims and litigation. In the opinion of management and the District's attorney's, the disposition of the claims and litigation are not presently expected to have a material adverse effect on the District's financial statements.

NOTE 10 -RELATED PARTY TRANSACTIONS

The Municipality of Anchorage is responsible for assessing and collecting property taxes, and remitting the amount approved by the Anchorage Assembly to the District. The Municipality is responsible for various State grants that pass through to the District. In addition, there are various services that are performed by the Municipality on behalf of the District.

The following is a summary of related party transactions with the Municipality:

Property taxes collected		
General Fund	\$	133,412,722
Debt Service Fund	\$	30,090,600
Grant revenues from State of Alaska passed through to the District:		
State and Federal Grants Special Revenue Fund	\$	38,036
Capital Projects Fund	\$	298,783
Charges for services:		
Operations of swimming pools	\$	414,768
Joint property and liability insurance:		
Purchase of a single property policy and single liability policy, which covers both the Municipality and District	\$	851,075

The Anchorage School District, under Alaska law, cannot legally hold title to real property nor incur long-term debt. However, the Municipality of Anchorage has delegated to the District, the construction management of school projects. In order to reflect all the capital assets used for school purposes and the related obligations serviced by the District, real property and the associated obligations have been reported in the accompanying financial statements.

NOTE 11 - EVENTS SUBSEQUENT TO THE BALANCE SHEET

On July 13, 2005, the Municipality of Anchorage issued \$14,790,000 of General Obligation Refunding School Bonds to refund \$15,400,000 of General Obligation School Bonds for a savings of \$959,894. The Municipality of Anchorage advance refunded these bonds due to lower interest rates available at the date of issue.

Combining and Individual Fund Statements and Schedules

General Fund

*To account for resources traditionally associated with school districts
which are not required to be accounted for in another fund.*

June 30, 2005
With Comparative Totals for
June 30, 2004

BALANCE SHEET

Assets	2005	2004
Cash and investments, at cost	\$ 67,175,865	\$ 61,029,944
Accounts receivable (net of allowances for estimated uncollectibles of \$31,624 in 2005)	1,608,448	831,944
Interest receivable	309,701	189,015
Due from other funds:		
State and Federal Grants Special Revenue Fund	13,190,316	16,156,330
Student Activity Special Revenue Fund	24,334	--
Debt Service Fund	10,598,669	7,007,056
Due from other governments:		
Municipality of Anchorage - property taxes	72,161,161	66,706,361
State of Alaska	921,499	2,090,179
United States Government	42,443	67,852
Prepaid items	2,005,401	1,509,007
Inventory, at weighted average cost	2,064,961	2,030,830
Total assets	<u>\$ 170,102,798</u>	<u>\$ 157,618,518</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 4,074,517	\$ 3,452,138
Medical claims payable	3,744,586	3,393,256
Due to other funds:		
Internal Service Fund	1,124,121	703,710
Food Service Special Revenue Fund	2,452,630	2,262,680
Student Activity Special Revenue Fund	981,865	929,936
Capital Projects Fund	2,652,936	3,336,188
Accrued salaries and related items:		
Wages and salaries payable	2,295,336	1,926,042
Payroll taxes, other accrued and withheld items	2,509,545	5,039,523
Deferred revenue - property taxes	72,161,161	66,706,361
Total liabilities	<u>91,996,697</u>	<u>87,749,834</u>
Fund balance:		
Reserved:		
Encumbrances	10,093,854	10,433,541
Inventory	2,064,961	2,030,830
Federal Impact Aid	12,534,815	11,988,897
Prepaid items	2,005,401	1,509,007
Self-insurance	16,201,846	9,210,096
Unreserved:		
Designated for subsequent year's expenditures	6,500,000	--
Designated for accrued compensated absences	6,826,898	6,706,442
Undesignated	21,878,326	27,989,871
Total fund balance	<u>78,106,101</u>	<u>69,868,684</u>
Total liabilities and fund balance	<u>\$ 170,102,798</u>	<u>\$ 157,618,518</u>

Fiscal Year Ended June 30, 2005
 With Comparative Totals for
 Fiscal Year Ended June 30, 2004

**SCHEDULE OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND
 BALANCE - GAAP BASIS**

	<u>2005</u>	<u>2004</u>
Revenues:		
Revenues from local sources:		
Appropriation from Municipality of Anchorage	\$ 133,412,722	\$ 121,490,634
Reimbursement for school facilities rental	684,176	412,466
Nonresident tuition	24,317	1,075
Interest earnings	1,496,977	539,695
Other revenues	2,468,228	1,370,423
Total revenues from local sources	<u>138,086,420</u>	<u>123,814,293</u>
Revenues from state sources:		
Public school funding program	227,186,292	205,100,316
Transportation	17,048,940	17,019,454
State tuition	--	46,785
Youth detention program	777,146	471,390
Contract school - Providence Heights	172,366	113,913
On-Base tuition	408,484	408,484
Other revenues	386,895	977,607
Total revenues from state sources	<u>245,980,123</u>	<u>224,137,949</u>
Revenues from federal sources:		
Reserve Officers Training Corps	502,459	440,445
Federal Impact Aid	13,904,509	13,347,439
Total revenues from federal sources	<u>14,406,968</u>	<u>13,787,884</u>
Total revenues	<u>398,473,511</u>	<u>361,740,126</u>
Expenditures:		
Current:		
General administration	10,270,182	9,516,769
Instruction	337,499,611	313,984,746
Pupil transportation	15,774,086	15,356,917
Operation and maintenance of plant	21,267,797	19,015,616
Community services and education	1,514,088	2,068,659
Non-departmental	3,763,972	3,956,112
Total expenditures	<u>390,089,736</u>	<u>363,898,819</u>
Excess (deficiency) of revenues over expenditures	8,383,775	(2,158,693)

(Continued)

Fiscal Year Ended June 30, 2005
 With Comparative Totals for
 Fiscal Year Ended June 30, 2004

**SCHEDULE OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND
 BALANCE - GAAP BASIS (Continued)**

	<u>2005</u>	<u>2004</u>
Other financing sources and (uses):		
Proceeds from sale of property and equipment	\$ 25,405	\$ 23,748
Transfers out - Debt Service Fund	<u>(100,539)</u>	<u>--</u>
Total other financing sources and (uses)	<u>(75,134)</u>	<u>23,748</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	8,308,641	(2,134,945)
Fund balance at beginning of year	69,868,684	71,820,702
Increase (decrease) in reserve for inventory	<u>(71,224)</u>	<u>182,927</u>
Fund balance at end of year	<u>\$ 78,106,101</u>	<u>\$ 69,868,684</u>

Fiscal Year Ended June 30, 2005
 With Comparative Totals for
 Fiscal Year Ended June 30, 2004

SCHEDULE OF EXPENDITURES GAAP BASIS

	<u>2005</u>	<u>2004</u>
Current:		
General administration:		
Anchorage School Board	\$ 335,897	\$ 332,098
Superintendent	1,245,489	981,754
Instruction	342,738	351,070
Support services	3,145,331	3,023,663
Planning, communications and development	723,565	641,067
Business management	2,175,044	2,078,222
Employee relations	<u>2,302,118</u>	<u>2,108,895</u>
Total general administration	<u>10,270,182</u>	<u>9,516,769</u>
Instruction:		
Instructional support:		
Curriculum and staff development	6,789,988	6,193,916
Instructional media	2,524,882	2,773,575
Assessment and evaluation	655,604	584,709
Technology/management information systems	<u>7,166,266</u>	<u>6,148,296</u>
Total instructional support	17,136,740	15,700,496
Elementary education	121,499,617	115,155,187
Charter schools	7,403,018	6,766,256
Middle school education	41,242,963	39,425,149
High school education	75,792,590	67,563,443
Special education services:		
Special services	19,882,389	18,284,808
Special education	<u>46,965,154</u>	<u>43,913,592</u>
Total special education services	66,847,543	62,198,400
Bilingual education	<u>7,577,140</u>	<u>7,175,815</u>
Total instruction	<u>337,499,611</u>	<u>313,984,746</u>
Pupil transportation	<u>15,774,086</u>	<u>15,356,917</u>
Operation and maintenance of plant:		
Custodial services	2,401,324	2,147,354
Facilities	17,851,310	15,844,283
Vehicle maintenance	<u>1,015,163</u>	<u>1,023,979</u>
Total operation and maintenance of plant	<u>21,267,797</u>	<u>19,015,616</u>

(Continued)

Fiscal Year Ended June 30, 2005
 With Comparative Totals for
 Fiscal Year Ended June 30, 2004

SCHEDULE OF EXPENDITURES GAAP BASIS (Continued)

	<u>2005</u>	<u>2004</u>
Community services and education:		
Community services	\$ 1,218,343	\$ 1,219,879
Community education	<u>295,745</u>	<u>848,780</u>
Total community services and education	<u>1,514,088</u>	<u>2,068,659</u>
Non-departmental:		
Contracted services	177,198	54,280
Employee benefits:		
Association benefits	200,615	207,930
Employee assistance	71,853	82,854
Medical insurance - retirees	661,173	667,444
Sick leave bank	<u>258,824</u>	<u>278,029</u>
Total employee benefits	1,192,465	1,236,257
Insurance	1,814,675	2,274,945
Rental land and buildings	1,660,656	1,644,460
Utilities	217,190	329,197
Other non-departmental	<u>(1,298,212)</u>	<u>(1,583,027)</u>
Total non-departmental	<u>3,763,972</u>	<u>3,956,112</u>
Total expenditures	<u>\$ 390,089,736</u>	<u>\$ 363,898,819</u>

Fiscal Year Ended June 30, 2005

**SCHEDULE OF EXPENDITURES,
BUDGET (NON-GAAP BASIS) AND ACTUAL**

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Budgeted Amounts		Variance with Final Budget Positive (Negative)
				Original	Final	
Current:						
General administration:						
Anchorage School Board:						
Personnel services	\$ 120,567	\$ --	\$ 120,567	\$ 120,600	\$ 120,600	\$ 33
Employee benefits	21,616	--	21,616	21,629	21,629	13
Purchased services	169,445	61,382	230,827	233,900	233,900	3,073
Supplies and materials	12,707	(413)	12,294	12,600	12,600	306
Capital outlay	11,562	(4,067)	7,495	--	7,500	5
Total Anchorage School Board	335,897	56,902	392,799	388,729	396,229	3,430
Superintendent:						
Personnel services	331,596	--	331,596	339,318	341,338	9,742
Employee benefits	89,349	--	89,349	89,039	89,881	532
Purchased services	802,745	(46,324)	756,421	579,000	895,201	138,780
Supplies and materials	8,129	(281)	7,848	9,950	8,684	836
Capital outlay	13,670	(5,658)	8,012	--	8,209	197
Total superintendent	1,245,489	(52,263)	1,193,226	1,017,307	1,343,313	150,087
Instruction:						
Personnel services	172,858	--	172,858	174,463	176,463	3,605
Employee benefits	45,299	--	45,299	46,326	46,694	1,395
Purchased services	122,122	2,357	124,479	60,000	129,703	5,224
Supplies and materials	2,459	(1,646)	813	2,453	2,453	1,640
Capital outlay	--	--	--	--	--	--
Total instruction	342,738	711	343,449	283,242	355,313	11,864
Support services:						
Personnel services	2,163,408	--	2,163,408	2,293,879	2,292,291	128,883
Employee benefits	874,702	--	874,702	893,921	893,989	19,287
Purchased services	54,013	7,552	61,565	72,288	68,897	7,332
Supplies and materials	39,690	8,235	47,925	58,100	59,554	11,629
Capital outlay	13,518	11,289	24,807	30,546	29,663	4,856
Total support services	3,145,331	27,076	3,172,407	3,348,734	3,344,394	171,987
Planning, communications and development:						
Personnel services	383,795	--	383,795	376,814	376,814	(6,981)
Employee benefits	142,483	--	142,483	141,925	141,925	(558)
Purchased services	172,589	(1,834)	170,755	162,350	164,925	(5,830)
Supplies and materials	4,681	5,714	10,395	11,050	10,751	356
Capital outlay	20,017	(17,932)	2,085	--	360	(1,725)
Total planning, communications and development	723,565	(14,052)	709,513	692,139	694,775	(14,738)
Business management:						
Personnel services	1,561,262	--	1,561,262	1,696,720	1,696,720	135,458
Employee benefits	555,264	--	555,264	597,456	597,456	42,192
Purchased services	13,998	1,234	15,232	4,310	14,884	(348)
Supplies and materials	25,584	(3,074)	22,510	33,240	23,057	547
Capital outlay	18,936	6,390	25,326	23,000	25,328	2
Total business management	2,175,044	4,550	2,179,594	2,354,726	2,357,445	177,851

(Continued)

Fiscal Year Ended June 30, 2005

**SCHEDULE OF EXPENDITURES,
BUDGET (NON-GAAP BASIS) AND ACTUAL (Continued)**

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Budgeted Amounts		Variance with Final Budget Positive (Negative)
				Original	Final	
Employee relations:						
Personnel services	\$ 1,581,121	\$ --	\$ 1,581,121	\$ 1,572,568	\$ 1,575,772	\$ (5,349)
Employee benefits	568,338	--	568,338	570,902	572,052	3,714
Purchased services	111,004	93,631	204,635	244,900	227,462	22,827
Supplies and materials	14,806	3,237	18,043	19,550	21,542	3,499
Capital outlay	26,849	3,013	29,862	2,653	29,242	(620)
Total employee relations	2,302,118	99,881	2,401,999	2,410,573	2,426,070	24,071
Total general administration	10,270,182	122,805	10,392,987	10,495,450	10,917,539	524,552
Instruction:						
Instructional support:						
Curriculum and staff development:						
Personnel services	4,436,403	--	4,436,403	4,470,599	4,548,922	112,519
Employee benefits	1,251,180	--	1,251,180	1,330,103	1,338,650	87,470
Purchased services	229,336	47,028	276,364	370,128	325,486	49,122
Supplies and materials	612,770	82,340	695,110	716,240	750,165	55,055
Capital outlay	260,299	55,182	315,481	315,313	326,627	11,146
Total curriculum and staff development	6,789,988	184,550	6,974,538	7,202,383	7,289,850	315,312
Instructional media:						
Personnel services	1,250,559	--	1,250,559	1,250,145	1,259,275	8,716
Employee benefits	483,356	--	483,356	481,178	482,628	(728)
Purchased services	347,037	72,538	419,575	437,562	424,517	4,942
Supplies and materials	409,147	45,836	454,983	462,406	449,435	(5,548)
Capital outlay	34,783	6,879	41,662	11,529	35,792	(5,870)
Total instructional media	2,524,882	125,253	2,650,135	2,642,820	2,651,647	1,512
Assessment and evaluation:						
Personnel services	419,721	--	419,721	510,874	545,063	125,342
Employee benefits	135,773	--	135,773	176,209	183,389	47,616
Purchased services	14,771	(2,294)	12,477	53,500	19,228	6,751
Supplies and materials	54,417	(8,536)	45,881	92,476	92,583	46,702
Capital outlay	30,922	(26,076)	4,846	929	4,852	6
Total assessment and evaluation	655,604	(36,906)	618,698	833,988	845,115	226,417
Technology/management information systems:						
Personnel services	2,959,930	--	2,959,930	2,963,676	2,963,909	3,979
Employee benefits	1,047,351	--	1,047,351	1,063,353	1,063,872	16,521
Purchased services	2,121,913	131,028	2,252,941	2,234,911	2,253,835	894
Supplies and materials	674,414	(4,578)	669,836	722,225	670,151	315
Capital outlay	362,658	(187,700)	174,958	80,999	163,499	(11,459)
Total technology/management information systems	7,166,266	(61,250)	7,105,016	7,065,164	7,115,266	10,250
Total instructional support	17,136,740	211,647	17,348,387	17,744,355	17,901,878	553,491

(Continued)

Fiscal Year Ended June 30, 2005

**SCHEDULE OF EXPENDITURES,
BUDGET (NON-GAAP BASIS) AND ACTUAL (Continued)**

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Budgeted Amounts		Variance with Final Budget Positive (Negative)
				Original	Final	
Elementary education:						
Personnel services	\$ 84,424,600	\$ --	\$ 84,424,600	\$ 84,475,413	\$ 86,216,547	\$ 1,791,947
Employee benefits	27,736,650	--	27,736,650	27,504,261	27,922,066	185,416
Purchased services	6,088,043	330,008	6,418,051	9,091,655	6,749,526	331,475
Supplies and materials	2,922,991	270,524	3,193,515	2,508,094	3,271,809	78,294
Capital outlay	322,422	15,442	337,864	160,651	355,883	18,019
Other	4,911	1,193	6,104	5,520	6,365	261
Total elementary education	121,499,617	617,167	122,116,784	123,745,594	124,522,196	2,405,412
Charter schools:						
Personnel services	3,644,785	--	3,644,785	4,068,869	3,650,082	5,297
Employee benefits	1,228,327	--	1,228,327	1,392,618	1,243,686	15,359
Purchased services	1,795,156	(159,743)	1,635,413	1,603,298	1,673,002	37,589
Supplies and materials	522,062	12,103	534,165	619,618	537,484	3,319
Capital outlay	158,953	(51,476)	107,477	106,013	111,556	4,079
Other	53,735	10,162	63,897	61,504	63,905	8
Total charter schools	7,403,018	(188,954)	7,214,064	7,851,920	7,279,715	65,651
Middle school education:						
Personnel services	27,988,305	--	27,988,305	28,391,825	28,311,495	323,190
Employee benefits	9,281,420	--	9,281,420	9,403,970	9,464,925	183,505
Purchased services	2,086,006	47,838	2,133,844	3,312,134	2,178,640	44,796
Supplies and materials	1,289,101	(315,067)	974,034	762,779	996,152	22,118
Capital outlay	529,184	63,380	592,564	213,970	598,220	5,656
Other	68,947	6,740	75,687	63,000	77,362	1,675
Total middle school education	41,242,963	(197,109)	41,045,854	42,147,678	41,626,794	580,940
High school education:						
Personnel services	49,985,932	--	49,985,932	50,611,942	51,332,839	1,346,907
Employee benefits	16,530,674	--	16,530,674	16,657,197	16,889,046	358,372
Purchased services	5,588,669	77,544	5,666,213	7,147,360	5,961,478	295,265
Supplies and materials	2,491,054	(17,238)	2,473,816	2,484,274	2,524,540	50,724
Capital outlay	848,252	(32,853)	815,399	417,734	865,454	50,055
Other	348,009	(15,842)	332,167	310,725	334,348	2,181
Total high school education	75,792,590	11,611	75,804,201	77,629,232	77,907,705	2,103,504
Special education services:						
Special services:						
Personnel services	14,324,804	--	14,324,804	14,069,266	14,096,152	(228,652)
Employee benefits	4,925,107	--	4,925,107	4,952,670	4,887,707	(37,400)
Purchased services	425,497	1,379	426,876	282,016	397,106	(29,770)
Supplies and materials	120,189	(10,848)	109,341	104,770	112,269	2,928
Capital outlay	86,792	(34,697)	52,095	57,102	52,522	427
Total special services	19,882,389	(44,166)	19,838,223	19,465,824	19,545,756	(292,467)

(Continued)

Fiscal Year Ended June 30, 2005

**SCHEDULE OF EXPENDITURES,
BUDGET (NON-GAAP BASIS) AND ACTUAL (Continued)**

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Budgeted Amounts		Variance with Final Budget Positive (Negative)
				Original	Final	
Special education:						
Personnel services	\$ 33,733,475	\$ --	\$ 33,733,475	\$ 34,178,549	\$ 34,128,788	\$ 395,313
Employee benefits	12,512,843	--	12,512,843	12,772,452	12,755,747	242,904
Purchased services	323,624	28,835	352,459	371,378	374,811	22,352
Supplies and materials	283,598	(19,412)	264,186	272,324	276,126	11,940
Capital outlay	99,614	(25,033)	74,581	132,559	82,445	7,864
Other	12,000	--	12,000	--	12,000	--
Total special education	46,965,154	(15,610)	46,949,544	47,727,262	47,629,917	680,373
Total special education services	66,847,543	(59,776)	66,787,767	67,193,086	67,175,673	387,906
Bilingual education:						
Personnel services	5,193,263	--	5,193,263	5,724,262	5,736,154	542,891
Employee benefits	2,294,982	--	2,294,982	2,487,592	2,489,855	194,873
Purchased services	19,979	--	19,979	46,175	33,686	13,707
Supplies and materials	67,533	(14,820)	52,713	56,250	56,550	3,837
Capital Outlay	1,383	(1,300)	83	--	--	(83)
Total bilingual education	7,577,140	(16,120)	7,561,020	8,314,279	8,316,245	755,225
Total instruction	337,499,611	378,466	337,878,077	344,626,144	344,730,206	6,852,129
Pupil transportation:						
Personnel services	3,642,808	--	3,642,808	3,406,318	3,407,309	(235,499)
Employee benefits	1,961,270	--	1,961,270	1,871,944	1,872,593	(88,677)
Purchased services	9,427,607	(18,321)	9,409,286	9,761,213	9,627,779	218,493
Supplies and materials	524,246	(486)	523,760	483,478	527,478	3,718
Capital outlay	146,686	(27,742)	118,944	36,855	115,855	(3,089)
Other	71,469	--	71,469	73,000	73,000	1,531
Total pupil transportation	15,774,086	(46,549)	15,727,537	15,632,808	15,624,014	(103,523)
Operation and maintenance of plant:						
Custodial services:						
Personnel services	916,286	--	916,286	1,010,456	1,042,632	126,346
Employee benefits	305,152	--	305,152	468,205	499,538	194,386
Purchased services	182,376	(5,999)	176,377	267,865	177,162	785
Supplies and materials	839,770	43,219	882,989	856,026	882,640	(349)
Capital outlay	157,740	(64,168)	93,572	89,755	89,955	(3,617)
Total custodial services	2,401,324	(26,948)	2,374,376	2,692,307	2,691,927	317,551
Facilities:						
Personnel services	8,000,036	--	8,000,036	8,295,156	8,179,010	178,974
Employee benefits	3,406,159	--	3,406,159	3,504,161	3,444,146	37,987
Purchased services	3,269,200	360,722	3,629,922	3,816,528	3,640,835	10,913
Supplies and materials	2,335,890	(368,851)	1,967,039	1,829,130	1,899,899	(67,140)
Capital outlay	840,025	(252,391)	587,634	386,305	562,197	(25,437)
Total facilities	17,851,310	(260,520)	17,590,790	17,831,280	17,726,087	135,297
Vehicle maintenance:						
Personnel services	426,285	--	426,285	421,719	421,719	(4,566)
Employee benefits	182,852	--	182,852	183,939	183,939	1,087
Purchased services	76,276	--	76,276	76,374	76,374	98
Supplies and materials	282,859	178	283,037	283,174	283,174	137
Capital outlay	46,891	--	46,891	46,750	46,750	(141)
Total vehicle maintenance	1,015,163	178	1,015,341	1,011,956	1,011,956	(3,385)
Total operation and maintenance of plant	21,267,797	(287,290)	20,980,507	21,535,543	21,429,970	449,463

(Continued)

Fiscal Year Ended June 30, 2005

**SCHEDULE OF EXPENDITURES,
 BUDGET (NON-GAAP BASIS) AND ACTUAL (Continued)**

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Budgeted Amounts		Variance with Final Budget Positive Negative
				Original	Final	
Community services and education:						
Community services:						
Personnel services	\$ 842,992	\$ --	\$ 842,992	\$ 745,500	\$ 750,442	\$ (92,550)
Employee benefits	336,515	--	336,515	265,103	266,717	(69,798)
Purchased services	5,337	(2,500)	2,837	3,510	4,347	1,510
Supplies and materials	5,660	3,608	9,268	10,250	9,405	137
Capital outlay	27,839	(11,326)	16,513	16,411	16,419	(94)
Total community services	1,218,343	(10,218)	1,208,125	1,040,774	1,047,330	(160,795)
Community education:						
Personnel services	121,259	--	121,259	100,665	109,913	(11,346)
Employee benefits	40,493	--	40,493	37,396	38,101	(2,392)
Purchased services	120,368	(99)	120,269	103,200	120,885	616
Supplies and materials	9,352	(306)	9,046	3,900	9,093	47
Capital outlay	4,273	(4,273)	--	--	--	--
Total community education	295,745	(4,678)	291,067	245,161	277,992	(13,075)
Total community services and education	1,514,088	(14,896)	1,499,192	1,285,935	1,325,322	(173,870)
Non-departmental:						
Personnel services	454,326	--	454,326	1,747,102	679,824	225,498
Employee benefits	828,327	(680)	827,647	641,254	656,133	(171,514)
Purchased services	98,549	10,780	109,329	420,371	92,010	(17,319)
Supplies and materials	(41,671)	--	(41,671)	26,000	52,198	93,869
Capital outlay	52,139	10,174	62,313	150,880	107,631	45,318
Other	2,372,302	--	2,372,302	2,150,750	2,492,390	120,088
Total non-departmental	3,763,972	20,274	3,784,246	5,136,357	4,080,186	295,940
Total current	\$ 390,089,736	\$ 172,810	\$ 390,262,546	\$ 398,712,237	\$ 398,107,237	\$ 7,844,691

Fiscal Year Ended June 30, 2005

**SCHEDULE OF EXPENDITURES
BY FUNCTION, ACTIVITY, AND OBJECT
GAAP BASIS**

	Personnel Services	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Other	Total
Current:							
General administration:							
Anchorage School Board	\$ 120,567	\$ 21,616	\$ 169,445	\$ 12,707	\$ 11,562	\$ --	\$ 335,897
Superintendent	331,596	89,349	802,745	8,129	13,670	--	1,245,489
Instruction	172,858	45,299	122,122	2,459	--	--	342,738
Support Services	2,163,408	874,702	54,013	39,690	13,518	--	3,145,331
Planning, communications and development	383,795	142,483	172,589	4,681	20,017	--	723,565
Business management	1,561,262	555,264	13,998	25,584	18,936	--	2,175,044
Employee relations	1,581,121	568,338	111,004	14,806	26,849	--	2,302,118
Total general administration	6,314,607	2,297,051	1,445,916	108,056	104,552	--	10,270,182
Instruction:							
Instructional support:							
Curriculum and staff development	4,436,403	1,251,180	229,336	612,770	260,299	--	6,789,988
Instructional media	1,250,559	483,356	347,037	409,147	34,783	--	2,524,882
Assessment and evaluation	419,721	135,773	14,771	54,417	30,922	--	655,604
Technology/manage- ment information systems	2,959,930	1,047,351	2,121,913	674,414	362,658	--	7,166,266
Total instructional support	9,066,613	2,917,660	2,713,057	1,750,748	688,662	--	17,136,740
Elementary education	84,424,600	27,736,650	6,088,043	2,922,991	322,422	4,911	121,499,617
Charter Schools	3,644,785	1,228,327	1,795,156	522,062	158,953	53,735	7,403,018
Middle School education	27,988,305	9,281,420	2,086,006	1,289,101	529,184	68,947	41,242,963
High School education	49,985,932	16,530,674	5,588,669	2,491,054	848,252	348,009	75,792,590
Special education services:							
Special services	14,324,804	4,925,107	425,497	120,189	86,792	--	19,882,389
Special education	33,733,475	12,512,843	323,624	283,598	99,614	12,000	46,965,154
Total special education services	48,058,279	17,437,950	749,121	403,787	186,406	12,000	66,847,543
Bilingual education	5,193,263	2,294,982	19,979	67,533	1,383	--	7,577,140
Total instruction	228,361,777	77,427,663	19,040,031	9,447,276	2,735,262	487,602	337,499,611
Pupil transportation	3,642,808	1,961,270	9,427,607	524,246	146,686	71,469	15,774,086
Operation and maintenance of plant:							
Custodial services	916,286	305,152	182,376	839,770	157,740	--	2,401,324
Facilities	8,000,036	3,406,159	3,269,200	2,335,890	840,025	--	17,851,310
Vehicle maintenance	426,285	182,852	76,276	282,859	46,891	--	1,015,163
Total operation and maintenance of plant	9,342,607	3,894,163	3,527,852	3,458,519	1,044,656	--	21,267,797

(Continued)

**SCHEDULE OF EXPENDITURES
BY FUNCTION, ACTIVITY, AND OBJECT
GAAP BASIS (Continued)**

Fiscal Year Ended June 30, 2005

	Personnel Services	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Other	Total
Community services and education							
Community services	\$ 842,992	\$ 336,515	\$ 5,337	\$ 5,660	\$ 27,839	\$ --	\$ 1,218,343
Community education	121,259	40,493	120,368	9,352	4,273	--	295,745
Total community services and education	<u>964,251</u>	<u>377,008</u>	<u>125,705</u>	<u>15,012</u>	<u>32,112</u>	<u>--</u>	<u>1,514,088</u>
Non-departmental:							
Contracted services	--	--	177,198	--	--	--	177,198
Employee benefits:							
Association benefits	142,810	57,805	--	--	--	--	200,615
Employee assistance	--	71,853	--	--	--	--	71,853
Medical insurance retirees	--	66,173	--	--	--	--	66,173
Sick leave bank	238,144	20,680	--	--	--	--	258,824
Total employee benefits	380,954	216,511	--	--	--	--	597,465
Insurance	--	--	--	--	--	1,814,675	1,814,675
Rental land and buildings	--	--	1,660,656	--	--	--	1,660,656
Utilities	--	--	217,190	--	--	--	217,190
Other non-departmental	73,372	611,816	(1,956,495)	(41,671)	52,139	557,627	(703,212)
Total non-departmental	<u>454,326</u>	<u>828,327</u>	<u>98,549</u>	<u>(41,671)</u>	<u>52,139</u>	<u>2,372,302</u>	<u>3,763,972</u>
Total	<u>\$ 249,080,376</u>	<u>\$ 86,785,482</u>	<u>\$ 33,665,660</u>	<u>\$ 13,511,438</u>	<u>\$ 4,115,407</u>	<u>\$ 2,931,373</u>	<u>\$ 390,089,736</u>

Special Revenue Funds

State and Federal Grants Fund

To account for revenues from sources which include categorical state and federal grants or contracts used to supplement the educational programs.

Food Service Fund

*To account for the operations of the school district's Student Nutrition Program.
Financing is provided by user fees and proceeds received under the
National School Lunch and Breakfast Programs.*

Student Activities Fund

*To account for the operation of organizations affiliated with
elementary and secondary school student activities.*

June 30, 2005
With Comparative Totals for
June 30, 2004

BALANCE SHEET

	<u>2005</u>	<u>2004</u>
Assets		
Cash	\$ --	\$ 2,000
Accounts receivable	172,149	219,726
Due from other governments:		
Municipality of Anchorage	63,555	21,924
State of Alaska	12,462,870	16,540,216
United States Government	1,715,235	280,045
Prepaid items	<u>570</u>	<u>13,209</u>
Total assets	<u>\$ 14,414,379</u>	<u>\$ 17,077,120</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 609,041	\$ 358,191
Due to General Fund	13,190,316	16,156,330
Accrued salaries and related items:		
Wages and salaries payable	146,401	168,667
Payroll taxes, other accrued and withheld items	33,296	26,110
Deferred revenue:		
Unearned revenue - local grants	208,421	216,414
Unearned revenue - state grants	55,556	72,167
Unearned revenue - federal grants	<u>171,348</u>	<u>79,241</u>
Total liabilities	<u>14,414,379</u>	<u>17,077,120</u>
Fund balance:		
Reserved:		
Encumbrances	492,430	692,164
Prepaid items	570	13,209
Unreserved		
Designated for accrued compensated absences	544,471	515,629
Undesignated	<u>(1,037,471)</u>	<u>(1,221,002)</u>
Total fund balance	<u>--</u>	<u>--</u>
Total liabilities and fund balance	<u>\$ 14,414,379</u>	<u>\$ 17,077,120</u>

Fiscal Year Ended June 30, 2005
With Comparative Totals for
Fiscal Year Ended June 30, 2004

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GAAP BASIS

	2005	2004
Revenues:		
Revenues from local grants:		
Community Schools - Recreational Grants	\$ --	\$ 138,686
Alaska Railroad Summer Youth Program	26,974	26,317
Donations From Local Agencies	340,903	234,456
Reading is Fundamental Grant	6,478	6,315
Bus Shelter Cleaning Grant	38,036	28,417
Buddy Bear Peer Program	132,419	86,170
Total revenues from local grants	<u>544,810</u>	<u>520,361</u>
Revenues from state grants:		
Infant Learning Program	--	724
Contract Schools - Memorandum of Agreement		
Alaska State School for Deaf	296,397	292,523
Charter Schools Supplemental Grants	--	33,793
Recruitment and Retention Grant	--	180,096
Youth Serve Program	--	6,848
Conflict Resolution Program	26,312	26,655
Mental Health Trust Grant	2,000	2,072
Alaska Science and Technology Program	4,237	38,519
Fetal Alcohol Syndrome Grant	47,030	7,870
K-12 School Based Learn and Serve Grant	8,769	--
Alaska Mentorship Project	233,796	--
Designated Legislative Grant Program - Senate Bill 283	196,475	--
Total revenues from state grants	<u>815,016</u>	<u>589,100</u>
Revenues from federal grants:		
Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Districtwide Grant	10,203,008	9,235,838
Summer School Program	609,701	320,168
McLaughlin Youth Center	157,895	136,709
Delinquent and At-Risk Youth Program	103,808	84,308
Highly Qualified Program	46,694	38,183
School Improvement Program	152,462	21,270
Total Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115	11,273,568	9,836,476
Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Migrant Education Program	634,690	667,995
Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Migrant Education - Summer Program	86,525	89,157

(Continued)

Fiscal Year Ended June 30, 2005
With Comparative Totals for
Fiscal Year Ended June 30, 2004

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GAAP BASIS (Continued)

	2005	2004
Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Migrant Education - Parent Involvement Program	\$ 3,266	\$ 4,358
Title II- A - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Supplemental Funds - Summer Program	--	12,526
Title II-A - Elementary and Secondary Education Act		
Public Law 103-382 103D Congress - Dwight D. Eisenhower		
Professional Development Program	4,014,797	4,484,210
Title II-D - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Education of Technology Program	551,372	566,050
Title III - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
English Language Acquisition	303,907	160,545
Title IV-A - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Safe and Drug Free Schools	538,827	570,841
Title V - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Innovative Program	479,540	497,617
Title VII - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Indian, Native Hawaiian, and Alaska Native Education	1,503,784	1,685,085
Title VI-B - Education of All Handicapped Children		
Public Law 94-142	11,504,961	9,269,953
Pre-School Handicapped Grant		
Public Law 99-457	402,756	423,283
High Intensity Summer Reading Program	10,327	129,546
Reading is Fundamental Grant	17,447	--
Human Immunodeficiency Virus Prevention Program	18,400	19,274
Alaska State School for Deaf Program	68,699	107,822
State Improvement Program	--	4,568
Capacity Building Improvement Program	70,594	136,217
Carl Perkins Vocational Education Basic Grant	1,042,811	1,018,764
Access to Education for Homeless Children	45,149	50,879
21st Century Community Learning Center	--	974,627
Drug and Violence Prevention Program	32,066	345,726

(Continued)

Fiscal Year Ended June 30, 2005
With Comparative Totals for
Fiscal Year Ended June 30, 2004

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GAAP BASIS (Continued)

	2005	2004
Smaller Learning Communities Program	\$ 1,203,448	\$ 650,091
National Science Foundation Presidential Award	4,784	100
Right Start Program	131,467	108,936
Bilingual Education - Comprehensive School Grant	17,144	3,341
Community Business Partner Program	77,770	117,182
Charter Schools Grants	236,398	505,353
Standard and Assessment Training Program	5,957	6,986
Reading First Grant	1,089,890	393,158
Alaska Native Heritage Center Grant	15,593	86,216
Peer Safety Training Grant	5,416	99,763
Work Investment Act School Youth Program	74,041	73,115
Partnership for Teacher Enhancement Program	57,099	67,675
Bilingual Teachers for Anchorage Program	17,028	1,217
Bilingual Education - Development and Implementation Program - Districtwide	--	127,717
Bilingual Education - Development and Implementation Program - Lakehood Elementary	22,221	185,805
Foreign Language Assistance Program	221,779	405,785
Gear Up Alaska	55,048	110,576
Communities in School Program	--	12,701
Northwest Eisenhower Consortium Program	13,413	22,337
Advanced Placement Incentive Program	10,121	60,823
Reading Excellence Act Program	110,656	490,766
Teaching American History Program	256,191	161,013
Physical Education For Progress Program	77,874	381,975
School Health Program	16,189	--
Community Vocational Education Alternative Career Program	--	32,768
Community Centers Learning Program	1,442,712	1,190,750
Governor's Drug Prevention Program	30,876	5,548
Web-Based IEP Program	115,058	358,515
Set for Life	8,360	--
Healthy Marriages Initiative	14,249	--
Alaska Studies Program	13,024	--
Minority Language Literacy Project	9,308	--
Fund for the Improvement of Education	759,298	--
Total revenues from federal grants	<u>38,715,898</u>	<u>36,715,731</u>
Total revenues	<u>40,075,724</u>	<u>37,825,192</u>
Expenditures:		
Current:		
Instruction		
Local grants	544,810	520,361
State grants	815,016	589,100
Federal grants	38,715,898	36,715,731
Total expenditures	<u>40,075,724</u>	<u>37,825,192</u>
Excess of revenues over expenditures	--	--
Fund balance at beginning of year	--	--
Fund balance at end of year	<u>\$ --</u>	<u>\$ --</u>

Fiscal Year Ended June 30, 2005
With Comparative Totals for
Fiscal Year Ended June 30, 2004

SCHEDULE OF EXPENDITURES - GAAP BASIS

	2005	2004
Current:		
Instruction		
Local grants:		
Community Schools - Recreational Grants	\$ --	\$ 138,686
Alaska Railroad Summer Youth Program	26,974	26,317
Donations From Local Agencies	340,903	234,456
Reading is Fundamental Grant	6,478	6,315
Bus Shelter Cleaning Grant	38,036	28,417
Buddy Bear Peer Program	132,419	86,170
Total local grants	<u>544,810</u>	<u>520,361</u>
State grants:		
Infant Learning Program	--	724
Contract Schools - Memorandum of Agreement		
Alaska State School for Deaf	296,397	292,523
Charter Schools Supplemental Grants	--	33,793
Recruitment and Retention Grant	--	180,096
Youth Serve Program	--	6,848
Conflict Resolution Program	26,312	26,655
Mental Health Trust Grant	2,000	2,072
Alaska Science and Technology Program	4,237	38,519
Fetal Alcohol Syndrome Grant	47,030	7,870
K-12 School Based Learn and Serve Grant	8,769	--
Alaska Mentorship Project	233,796	--
Designated Legislative Grant Program - Senate Bill 283	196,475	--
Total state grants	<u>815,016</u>	<u>589,100</u>
Federal grants:		
Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Districtwide Grant	10,203,008	9,235,838
Summer School Program	609,701	320,168
McLaughlin Youth Center	157,895	136,709
Delinquent and At-Risk Youth Program	103,808	84,308
Highly Qualified Program	46,694	38,183
School Improvement Program	152,462	21,270
Total Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115	<u>11,273,568</u>	<u>9,836,476</u>
Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Migrant Education Program	634,690	667,995
Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Migrant Education - Summer Program	86,525	89,157

(Continued)

Fiscal Year Ended June 30, 2005
With Comparative Totals for
Fiscal Year Ended June 30, 2004

SCHEDULE OF EXPENDITURES - GAAP BASIS (Continued)

	2005	2004
Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Migrant Education - Parent Involvement Program	\$ 3,266	\$ 4,358
Title II- A - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Supplemental Funds - Summer Program	--	12,526
Title II-A - Elementary and Secondary Education Act		
Public Law 103-382 103D Congress - Dwight D. Eisenhower		
Professional Development Program	4,014,797	4,484,210
Title II-D - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Education of Technology Program	551,372	566,050
Title III - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
English Language Acquisition	303,907	160,545
Title IV-A - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Safe and Drug Free Schools	538,827	570,841
Title V - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Innovative Program	479,540	497,617
Title VII - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Indian, Native Hawaiian, and Alaska Native Education	1,503,784	1,685,085
Title VI-B - Education of the Handicapped Act		
Public Law 94-142	11,504,961	9,269,953
Pre-School Handicapped Grant		
Public Law 99-457	402,756	423,283
High Intensity Summer Reading Program	10,327	129,546
Reading is Fundamental Grant	17,447	--
Human Immunodeficiency Virus Prevention Program	18,400	19,274
Alaska State School for the Deaf Program	68,699	107,822
State Improvement Program	--	4,568
Capacity Building Improvement Program	70,594	136,217
Carl Perkins Vocational Education Basic Grant	1,042,811	1,018,764
Access to Education for Homeless Children	45,149	50,879
21st Century Community Learning Center	--	974,627
Drug and Violence Prevention Program	32,066	345,726
Smaller Learning Communities Program	1,203,448	650,091
National Science Foundation Presidential Award	4,784	100

(Continued)

Fiscal Year Ended June 30, 2005
With Comparative Totals for
Fiscal Year Ended June 30, 2004

SCHEDULE OF EXPENDITURES - GAAP BASIS (Continued)

	2005	2004
Right Start Program	\$ 131,467	\$ 108,936
Bilingual Education - Comprehensive School Grant	17,144	3,341
Community Business Partner Program	77,770	117,182
Charter Schools Grants	236,398	505,353
Standard and Assessment Training Program	5,957	6,986
Reading First Grant	1,089,890	393,158
Alaska Native Heritage Center Grant	15,593	86,216
Peer Safety Training Grant	5,416	99,763
Work Investment Act School Youth Program	74,041	73,115
Partnership for Teacher Enhancement Program	57,099	67,675
Bilingual Teachers for Anchorage Program	17,028	1,217
Bilingual Education - Development and Implementation Program - Districtwide	--	127,717
Bilingual Education - Development and Implementation Program - Lakehood Elementary	22,221	185,805
Foreign Language Assistance Program	221,779	405,785
Gear Up Alaska	55,048	110,576
Communities in School Program	--	12,701
Northwest Eisenhower Consortium Program	13,413	22,337
Advanced Placement Incentive Program	10,121	60,823
Reading Excellence Act Program	110,656	490,766
Teaching American History Program	256,191	161,013
Physical Education For Progress Program	77,874	381,975
School Health Program	16,189	--
Community Vocational Education Alternative Career Program	--	32,768
Community Centers Learning Program	1,442,712	1,190,750
Governor's Drug Prevention Program	30,876	5,548
Web-Based IEP Program	115,058	358,515
Set for Life	8,360	--
Healthy Marriages Initiative	14,249	--
Alaska Studies Program	13,024	--
Minority Language Literacy Project	9,308	--
Fund for the Improvement of Education	759,298	--
Total federal grants	<u>38,715,898</u>	<u>36,715,731</u>
Total expenditures	<u>\$ 40,075,724</u>	<u>\$ 37,825,192</u>

Fiscal Year Ended June 30, 2005

SCHEDULE OF EXPENDITURES,
BUDGET (NON-GAAP BASIS) AND ACTUAL

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Original and Final Budget	Variance - Positive (Negative)
Current:					
Instruction					
Local grants:					
Alaska Railroad Summer Youth Program					
Personnel services	\$ 19,590	\$ --	\$ 19,590	\$ 19,770	\$ 180
Employee benefits	3,513	--	3,513	3,510	(3)
Supplies and materials	3,211	--	3,211	4,060	849
Capital outlay	660	--	660	660	--
Total Alaska Railroad Summer Youth Program	26,974	--	26,974	28,000	1,026
Donations From Local Agencies					
Personnel services	231,815	--	231,815	269,715	37,900
Employee benefits	59,223	--	59,223	74,296	15,073
Purchased services	38,225	(610)	37,615	43,997	6,382
Supplies and materials	9,161	2,492	11,653	19,738	8,085
Capital outlay	2,479	--	2,479	2,615	136
Total Donations From Local Agencies	340,903	1,882	342,785	410,361	67,576
Reading is Fundamental Grant					
Supplies and materials	6,478	--	6,478	6,480	2
Bus Shelter Cleaning Grant					
Personnel services	26,150	--	26,150	26,150	--
Employee benefits	2,287	--	2,287	2,277	(10)
Supplies and materials	5,615	(4,400)	1,215	3,473	2,258
Capital Outlay	3,984	(3,584)	400	--	(400)
Total Bus Shelter Cleaning Grant	38,036	(7,984)	30,052	31,900	1,848
Buddy Bear Peer Program					
Personnel services	55,430	--	55,430	10,000	(45,430)
Employee benefits	6,007	--	6,007	866	(5,141)
Purchased services	1,610	--	1,610	73,884	72,274
Supplies and materials	48,183	(206)	47,977	22,631	(25,346)
Capital outlay	21,189	--	21,189	--	(21,189)
Total Buddy Bear Peer Program	132,419	(206)	132,213	107,381	(24,832)
Contingency	--	--	--	747,612	747,612
Total local grants	544,810	(6,308)	538,502	1,331,734	793,232

(Continued)

Fiscal Year Ended June 30, 2005

SCHEDULE OF EXPENDITURES,
BUDGET (NON-GAAP BASIS) AND ACTUAL (Continued)

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Original and Final Budget	Variance - Positive (Negative)
State grants:					
Contract School - Memorandum of Agreement					
Alaska State School for Deaf					
Personnel services	\$ 170,107	\$ --	\$ 170,107	\$ 192,053	\$ 21,946
Employee benefits	55,917	--	55,917	59,782	3,865
Purchased services	49,402	730	50,132	54,165	4,033
Supplies and materials	15,866	(4,626)	11,240	11,000	(240)
Capital outlay	5,105	(4,305)	800	2,000	1,200
Total Contract School - Memorandum of Agreement Alaska State School for Deaf	296,397	(8,201)	288,196	319,000	30,804
Conflict Resolution Program					
Personnel services	18,415	--	18,415	--	(18,415)
Employee benefits	3,313	--	3,313	--	(3,313)
Purchased services	500	--	500	--	(500)
Supplies and materials	4,084	297	4,381	--	(4,381)
Total Conflict Resolution Program	26,312	297	26,609	--	(26,609)
Mental Health Trust Grant					
Supplies and materials	2,000	(1,000)	1,000	--	(1,000)
Alaska Science and Technology Program					
Purchased services	1,000	--	1,000	--	(1,000)
Supplies and materials	347	--	347	--	(347)
Capital outlay	2,890	4,937	7,827	--	(7,827)
Total Alaska Science and Technology	4,237	4,937	9,174	--	(9,174)
Fetal Alcohol Syndrome Grant					
Personnel services	14,407	--	14,407	14,407	--
Employee benefits	1,995	--	1,995	2,055	60
Purchased services	16,579	--	16,579	18,039	1,460
Supplies and materials	7,046	141	7,187	8,299	1,112
Capital outlay	7,003	184	7,187	7,200	13
Total Fetal Alcohol Syndrome Grant	47,030	325	47,355	50,000	2,645
K-12 School Based Learn and Serve Grant					
Personnel services	8,070	--	8,070	8,285	215
Employee benefits	699	--	699	715	16
Total K-12 School Based Learn and Serve	8,769	--	8,769	9,000	231
Alaska Mentorship Project					
Personnel services	179,212	--	179,212	179,325	113
Employee benefits	54,584	--	54,584	54,546	(38)
Total Alaska Mentorship Project	233,796	--	233,796	233,871	75
Designated Legislative Grant Program Senate Bill 283					
Personnel services	--	--	--	19,444	19,444
Employee benefits	--	--	--	4,045	4,045
Purchased services	3,000	--	3,000	11,511	8,511
Supplies and materials	24,559	3,412	27,971	48,582	20,611
Capital outlay	168,916	306	169,222	182,418	13,196
Total Designated Legislative Grant Program Senate Bill 283	196,475	3,718	200,193	266,000	65,807
Total state grants	815,016	76	815,092	877,871	62,779

(Continued)

Fiscal Year Ended June 30, 2005

SCHEDULE OF EXPENDITURES,
BUDGET (NON-GAAP BASIS) AND ACTUAL (Continued)

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Original and Final Budget	Variance - Positive (Negative)
Federal grants:					
Title I -Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 - Congress Statute 115					
Districtwide Grant					
Personnel services	\$ 5,615,596	\$ --	\$ 5,615,596	\$ 6,074,101	\$ 458,505
Employee benefits	1,869,750	--	1,869,750	1,997,214	127,464
Purchased services	796,567	(11,163)	785,404	910,139	124,735
Supplies and materials	1,330,155	48,042	1,378,197	1,510,661	132,464
Capital outlay	590,940	(3,928)	587,012	652,426	65,414
Total Districtwide Grant	10,203,008	32,951	10,235,959	11,144,541	908,582
Summer School Program					
Personnel services	394,190	--	394,190	516,738	122,548
Employee benefits	72,510	--	72,510	77,660	5,150
Purchased services	141,549	--	141,549	194,153	52,604
Supplies and materials	1,452	--	1,452	27,265	25,813
Total Summer School Program	609,701	--	609,701	815,816	206,115
McLaughlin Youth Center					
Personnel services	101,296	--	101,296	103,906	2,610
Employee benefits	40,012	--	40,012	38,280	(1,732)
Purchased services	8,994	--	8,994	9,612	618
Supplies and materials	5,800	--	5,800	5,943	143
Capital outlay	1,793	--	1,793	3,400	1,607
Total McLaughlin Youth Center	157,895	--	157,895	161,141	3,246
Delinquent and At-Risk Youth Program					
Personnel services	69,341	--	69,341	69,519	178
Employee benefits	22,221	--	22,221	22,078	(143)
Purchased services	9,643	(1,317)	8,326	8,606	280
Supplies and materials	2,603	--	2,603	3,594	991
Total Delinquent and At-Risk Youth Program	103,808	(1,317)	102,491	103,797	1,306
Highly Qualified Program					
Personnel services	7,420	--	7,420	7,820	400
Employee benefits	1,297	--	1,297	1,370	73
Purchased services	37,079	--	37,079	39,200	2,121
Supplies and materials	898	--	898	900	2
Total Highly Qualified Program	46,694	--	46,694	49,290	2,596
School Improvement Program					
Personnel services	51,708	--	51,708	53,735	2,027
Employee benefits	10,014	--	10,014	10,938	924
Purchased services	22,499	--	22,499	44,701	22,202
Supplies and materials	67,809	5,015	72,824	73,514	690
Capital outlay	432	--	432	650	218
Total School Improvement Program	152,462	5,015	157,477	183,538	26,061
Total Title I - Elementary and Secondary Act No Child Left Behind Act Public Law 107-110 - Congress Statute 115	11,273,568	36,649	11,310,217	12,458,123	1,147,906

(Continued)

Fiscal Year Ended June 30, 2005

SCHEDULE OF EXPENDITURES,
BUDGET (NON-GAAP BASIS) AND ACTUAL (Continued)

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Original and Final Budget	Variance - Positive (Negative)
Title I - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 1107-110 Congress Statute 115					
Migrant Education Program					
Personnel services	\$ 413,313	\$ --	\$ 413,313	\$ 423,355	\$ 10,042
Employee benefits	143,116	--	143,116	147,251	4,135
Purchased services	40,787	37	40,824	51,491	10,667
Supplies and materials	29,957	5,525	35,482	45,670	10,188
Capital outlay	7,517	13,281	20,798	22,524	1,726
Total Title I - Elementary and Secondary Education Act, No Child Left Behind Act Public Law 1107-110 Congress Statute 115 Migrant Education Program	634,690	18,843	653,533	690,291	36,758
Title I - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 1107-110 Congress Statute 115					
Migrant Education - Summer Program					
Personnel services	50,285	--	50,285	51,693	1,408
Employee benefits	7,526	--	7,526	9,842	2,316
Purchased services	26,923	870	27,793	22,253	(5,540)
Supplies and materials	91	749	840	7,591	6,751
Capital outlay	1,700	--	1,700	15,196	13,496
Total Title I - Elementary and Secondary Education Act, Public Law 103-382 103D Congress - Migrant Education Summer Program	86,525	1,619	88,144	106,575	18,431
Title I - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 1107-110 Congress Statute 115					
Migrant Education - Parent Involvement Program					
Purchased services	3,266	--	3,266	5,000	1,734
Title II-A - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 - Congress Statute 115					
Professional Development Program					
Personnel services	2,786,632	--	2,786,632	3,308,817	522,185
Employee benefits	923,543	--	923,543	1,069,543	146,000
Purchased services	253,744	(335)	253,409	450,506	197,097
Supplies and Materials	24,927	(12,202)	12,725	29,530	16,805
Capital outlay	25,951	(5,201)	20,750	24,612	3,862
Total Title II-A - Elementary and Secondary Education Act No Child Left Behind Act Public Law 107-110 - Congress Statute 115 Professional Development Program	4,014,797	(17,738)	3,997,059	4,883,008	885,949

(Continued)

Fiscal Year Ended June 30, 2005

SCHEDULE OF EXPENDITURES,
BUDGET (NON-GAAP BASIS) AND ACTUAL (Continued)

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Original and Final Budget	Variance - Positive (Negative)
Title II-D - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
Education of Technology Program					
Personnel services	\$ 133,508	\$ --	\$ 133,508	\$ 194,030	\$ 60,522
Employee benefits	27,579	--	27,579	43,298	15,719
Purchased services	51,676	(3,672)	48,004	52,495	4,491
Supplies and materials	45,182	(1,710)	43,472	50,184	6,712
Capital outlay	293,427	(85,598)	207,829	227,522	19,693
Total Title II-D - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 - Congress Statute 115					
Education of Technology Program	551,372	(90,980)	460,392	567,529	107,137
Title III - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 - Congress Statute 115					
English Language Acquisition					
Personnel services	172,569	--	172,569	267,197	94,628
Employee benefits	77,466	--	77,466	103,146	25,680
Purchased services	6,314	(20)	6,294	16,284	9,990
Supplies and materials	47,558	11,673	59,231	79,875	20,644
Capital outlay	--	5,634	5,634	7,000	1,366
Total Title III - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 - Congress Statute 115					
English Language Acquisition	303,907	17,287	321,194	473,502	152,308
Title IV-A - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 - Congress Statute 115					
Safe and Drug Free Schools					
Personnel services	375,698	--	375,698	436,282	60,584
Employee benefits	94,922	--	94,922	105,071	10,149
Purchased services	42,232	--	42,232	75,700	33,468
Supplies and materials	24,397	37	24,434	46,607	22,173
Capital outlay	1,578	--	1,578	6,500	4,922
Total Title IV-A - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 - Congress Statute 115					
Safe and Drug Free Schools	538,827	37	538,864	670,160	131,296

(Continued)

Fiscal Year Ended June 30, 2005

SCHEDULE OF EXPENDITURES,
BUDGET (NON-GAAP BASIS) AND ACTUAL (Continued)

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Original and Final Budget	Variance - Positive (Negative)
Title V - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 - Congress Statute 115					
Innovative Program					
Personnel services	\$ 345,941	\$ --	\$ 345,941	\$ 474,574	\$ 128,633
Employee benefits	92,128	--	92,128	122,516	30,388
Purchased services	35,643	(12)	35,631	124,226	88,595
Supplies and materials	5,828	(103)	5,725	10,357	4,632
Total Title V - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 - Congress Statute 115					
Innovative Program	479,540	(115)	479,425	731,673	252,248
Title VII - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 - Congress Statute 115					
Indian, Native Hawaiian, and Alaska Native Education					
Personnel services	934,164	--	934,164	1,004,937	70,773
Employee benefits	447,169	--	447,169	488,971	41,802
Purchased services	82,371	(582)	81,789	87,036	5,247
Supplies and materials	21,071	1,102	22,173	27,500	5,327
Capital outlay	19,009	(18,586)	423	1,000	577
Total Title VII - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 - Congress Statute 115					
Indian, Native Hawaiian, and Alaska Native Education	1,503,784	(18,066)	1,485,718	1,609,444	123,726
Title VI-B - Education of All Handicapped Children					
Public Law 94-142					
Personnel services	7,212,395	--	7,212,395	7,357,158	144,763
Employee benefits	2,918,025	--	2,918,025	3,068,178	150,153
Purchased services	881,732	(5,453)	876,279	939,061	62,782
Supplies and materials	275,173	7,756	282,929	301,000	18,071
Capital outlay	217,636	21,508	239,144	289,998	50,854
Total Title VI-B Education of All Handicapped Children					
Public Law 94-142	11,504,961	23,811	11,528,772	11,955,395	426,623
Pre-School Handicapped Grant					
Public Law 99-457					
Personnel services	288,503	--	288,503	335,870	47,367
Employee benefits	87,528	--	87,528	108,780	21,252
Purchased services	17,198	(36)	17,162	20,216	3,054
Supplies and materials	4,764	(889)	3,875	4,764	889
Capital outlay	4,763	--	4,763	5,000	237
Total Pre-School Handicapped Grant					
Public Law 99-457	402,756	(925)	401,831	474,630	72,799

(Continued)

Fiscal Year Ended June 30, 2005

SCHEDULE OF EXPENDITURES,
BUDGET (NON-GAAP BASIS) AND ACTUAL (Continued)

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Original and Final Budget	Variance - Positive (Negative)
High Intensity Summer Reading Program					
Supplies and materials	\$ 10,327	\$ (10,327)	\$ --	\$ --	\$ --
Reading is Fundamental Grant					
Supplies and materials	17,447	--	17,447	17,448	1
Human Immunodeficiency Virus Prevention Program					
Personnel services	9,910	--	9,910	10,578	668
Employee benefits	1,368	--	1,368	1,422	54
Purchased services	3,421	1,000	4,421	4,381	(40)
Supplies and materials	3,701	600	4,301	4,429	128
Total Human Immunodeficiency Virus Prevention Program	18,400	1,600	20,000	20,810	810
Alaska State School for the Deaf					
Purchased services	53,989	--	53,989	56,330	2,341
Supplies and materials	2,883	650	3,533	4,539	1,006
Capital outlay	11,827	--	11,827	12,531	704
Total Alaska State School for the Deaf	68,699	650	69,349	73,400	4,051
Capacity Building Improvement Program					
Personnel services	17,221	--	17,221	17,221	--
Employee benefits	3,202	--	3,202	3,205	3
Purchased services	39,582	(156)	39,426	40,590	1,164
Supplies and materials	7,280	(230)	7,050	7,500	450
Capital outlay	3,309	(2,766)	543	543	--
Total Capacity Building Improvement Program	70,594	(3,152)	67,442	69,059	1,617
Carl Perkins Vocational Education Basic Grant					
Personnel services	151,781	--	151,781	164,000	12,219
Employee benefits	18,496	--	18,496	15,500	(2,996)
Purchased services	253,383	(4,002)	249,381	270,888	21,507
Supplies and materials	193,427	(14,071)	179,356	192,034	12,678
Capital outlay	425,724	(36,720)	389,004	427,316	38,312
Total Carl Perkins Vocational Education Basic Grant	1,042,811	(54,793)	988,018	1,069,738	81,720
Access to Education for Homeless Children					
Personnel services	22,811	--	22,811	22,810	(1)
Employee benefits	4,200	--	4,200	4,200	--
Purchased services	3,614	--	3,614	3,615	1
Supplies and materials	14,524	--	14,524	14,524	--
Total Access to Education for Homeless Children	45,149	--	45,149	45,149	--
Drug and Violence Prevention Program					
Personnel services	6,701	--	6,701	--	(6,701)
Employee benefits	875	--	875	--	(875)
Purchased services	14,958	(330)	14,628	--	(14,628)
Supplies and materials	6,337	(4,876)	1,461	--	(1,461)
Capital outlay	3,195	(3,195)	--	--	--
Total Drug and Violence Prevention Program	32,066	(8,401)	23,665	--	(23,665)

(Continued)

Fiscal Year Ended June 30, 2005

SCHEDULE OF EXPENDITURES,
BUDGET (NON-GAAP BASIS) AND ACTUAL (Continued)

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Original and Final Budget	Variance - Positive (Negative)
Smaller Learning Communities Program					
Personnel services	\$ 590,066	\$ --	\$ 590,066	\$ --	\$ (590,066)
Employee benefits	132,285	--	132,285	--	(132,285)
Purchased services	414,026	1,081	415,107	--	(415,107)
Supplies and materials	67,071	11,827	78,898	--	(78,898)
Total Smaller Learning Communities Program	1,203,448	12,908	1,216,356	--	(1,216,356)
National Science Foundation Presidential Award					
Purchased services	4,784	--	4,784	--	(4,784)
Right Start Program					
Personnel services	62,513	--	62,513	62,514	1
Employee benefits	18,353	--	18,353	18,325	(28)
Purchased services	27,932	--	27,932	27,933	1
Supplies and materials	22,669	(141)	22,528	24,864	2,336
Total Right Start Program	131,467	(141)	131,326	133,636	2,310
Bilingual Education - Comprehensive School Grant					
Purchased services	622	--	622	--	(622)
Supplies and materials	12,439	--	12,439	--	(12,439)
Capital outlay	4,083	--	4,083	--	(4,083)
Total Bilingual Education Comprehensive Grant	17,144	--	17,144	--	(17,144)
Community Business Partner Program					
Personnel services	66,749	--	66,749	131,000	64,251
Employee benefits	5,758	--	5,758	11,020	5,262
Purchased services	5,263	--	5,263	7,980	2,717
Total Community Business Partner Program	77,770	--	77,770	150,000	72,230
Charter Schools Grants					
Purchased services	146,070	4,200	150,270	201,946	51,676
Supplies and materials	65,898	43,509	109,407	135,870	26,463
Capital outlay	24,430	124,191	148,621	217,184	68,563
Total Charter Schools Grants	236,398	171,900	408,298	555,000	146,702
Standard and Assessment Training Program					
Personnel services	2,193	--	2,193	2,571	378
Employee benefits	324	--	324	411	87
Purchased Services	3,440	(2,500)	940	1,264	324
Total Standard and Assessment Training Program	5,957	(2,500)	3,457	4,246	789
Reading First Grant					
Personnel services	548,136	--	548,136	678,625	130,489
Employee benefits	134,105	--	134,105	183,118	49,013
Purchased Services	74,534	(2,232)	72,302	100,773	28,471
Supplies and materials	282,788	(60,367)	222,421	214,709	(7,712)
Capital outlay	50,327	--	50,327	58,053	7,726
Total Anchorage Reads Program	1,089,890	(62,599)	1,027,291	1,235,278	207,987

(Continued)

Fiscal Year Ended June 30, 2005

SCHEDULE OF EXPENDITURES,
BUDGET (NON-GAAP BASIS) AND ACTUAL (Continued)

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Original and Final Budget	Variance - Positive (Negative)
Alaska Native Heritage Center					
Personnel services	\$ 8,756	\$ --	\$ 8,756	\$ 24,407	\$ 15,651
Employee benefits	1,781	--	1,781	5,638	3,857
Purchased Services	4,924	3,580	8,504	18,348	9,844
Supplies and materials	132	--	132	1,607	1,475
Total Alaska Native Heritage Center	15,593	3,580	19,173	50,000	30,827
Peer Safety Training Grant					
Personnel services	3,497	--	3,497	--	(3,497)
Employee benefits	1,370	--	1,370	--	(1,370)
Purchased services	549	--	549	--	(549)
Total Peer Safety Training Grant	5,416	--	5,416	--	(5,416)
Work Investment Act School Youth Program					
Personnel services	60,307	--	60,307	64,880	4,573
Employee benefits	7,026	--	7,026	7,691	665
Purchased services	3,068	--	3,068	3,357	289
Supplies and materials	2,869	--	2,869	2,872	3
Capital outlay	771	(206)	565	1,200	635
Total Work Investment Act School Youth Program	74,041	(206)	73,835	80,000	6,165
Partnership for Teacher Enhancement Program					
Personnel services	22,103	--	22,103	28,050	5,947
Employee benefits	3,166	--	3,166	4,906	1,740
Purchased services	25,774	--	25,774	31,631	5,857
Supplies and materials	6,056	2,002	8,058	10,873	2,815
Total Partnership for Teacher Enhancement Program	57,099	2,002	59,101	75,460	16,359
Bilingual Teachers for Anchorage Program					
Personnel services	7,082	--	7,082	10,470	3,388
Employee benefits	1,436	--	1,436	1,934	498
Purchased services	8,510	--	8,510	16,561	8,051
Total Bilingual Teachers for Anchorage Program	17,028	--	17,028	28,965	11,937
Bilingual Education - Development and Implementation Program - Lakehood Elementary					
Personnel services	16,164	--	16,164	--	(16,164)
Employee benefits	2,425	--	2,425	--	(2,425)
Purchased services	932	(50)	882	--	(882)
Supplies and materials	2,700	(1,247)	1,453	--	(1,453)
Total Bilingual Education - Development and Implementation Program Lakehood Elementary	22,221	(1,297)	20,924	--	(20,924)
Foreign Language Assistance Program					
Personnel services	74,841	--	74,841	88,786	13,945
Employee benefits	22,505	--	22,505	25,605	3,100
Purchased services	41,344	8,269	49,613	28,854	(20,759)
Supplies and materials	76,018	(33,353)	42,665	15,000	(27,665)
Capital Outlay	7,071	--	7,071	3,000	(4,071)
Total Foreign Language Assistance Program	221,779	(25,084)	196,695	161,245	(35,450)

(Continued)

Fiscal Year Ended June 30, 2005

SCHEDULE OF EXPENDITURES,
BUDGET (NON-GAAP BASIS) AND ACTUAL (Continued)

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Original and Final Budget	Variance - Positive (Negative)
Gear-Up Alaska Program					
Personnel services	\$ 34,929	\$ --	\$ 34,929	\$ 39,859	\$ 4,930
Employee benefits	5,053	--	5,053	6,082	1,029
Purchased services	5,878	--	5,878	7,669	1,791
Supplies and materials	9,188	--	9,188	9,190	2
Total Gear-Up Alaska Program	55,048	--	55,048	62,800	7,752
Northwest Eisenhower Consortium Program					
Personnel services	8,960	--	8,960	4,202	(4,758)
Employee benefits	1,064	--	1,064	798	(266)
Purchased services	3,389	--	3,389	--	(3,389)
Total Northwest Eisenhower Consortium Program	13,413	--	13,413	5,000	(8,413)
Advanced Placement Incentive Program					
Purchased services	647	(647)	--	--	--
Supplies and materials	9,474	(9,474)	--	--	--
Total Advanced Placement Incentive Program	10,121	(10,121)	--	--	--
Reading Excellence Act Program					
Purchased services	20,810	(20,810)	--	--	--
Supplies and materials	89,846	(89,846)	--	--	--
Total Reading Excellence Act Program	110,656	(110,656)	--	--	--
Teaching American History Program					
Personnel services	64,103	--	64,103	--	(64,103)
Employee benefits	20,864	--	20,864	--	(20,864)
Purchased services	158,934	6,446	165,380	--	(165,380)
Supplies and materials	12,290	490	12,780	--	(12,780)
Total Teaching American History Program	256,191	6,936	263,127	--	(263,127)
Physical Education for Progress Program					
Purchased services	15,743	(1,725)	14,018	--	(14,018)
Capital outlay	62,131	(42,201)	19,930	--	(19,930)
Total Physical Education for Progress Program	77,874	(43,926)	33,948	--	(33,948)
School Health Program					
Personnel services	7,847	--	7,847	8,807	960
Employee benefits	1,424	--	1,424	1,531	107
Purchased services	679	--	679	739	60
Supplies and materials	6,239	--	6,239	6,541	302
Total School Health Program	16,189	--	16,189	17,618	1,429
Community Centers Learning Program					
Personnel services	999,058	--	999,058	1,099,396	100,338
Employee benefits	316,487	--	316,487	345,315	28,828
Purchased services	106,654	(5,985)	100,669	119,278	18,609
Supplies and materials	20,513	--	20,513	31,805	11,292
Capital outlay	--	--	--	1,320	1,320
Total Community Centers Learning Program	1,442,712	(5,985)	1,436,727	1,597,114	160,387

(Continued)

Fiscal Year Ended June 30, 2005

SCHEDULE OF EXPENDITURES,
BUDGET (NON-GAAP BASIS) AND ACTUAL (Continued)

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Original and Final Budget	Variance - Positive (Negative)
Governor's Drug Prevention					
Personnel services	\$ --	\$ --	\$ --	\$ 640	\$ 640
Employee benefits	--	--	--	118	118
Purchased services	18,317	(161)	18,156	28,468	10,312
Supplies and materials	9,484	6,465	15,949	19,929	3,980
Capital outlay	3,075	2,386	5,461	6,500	1,039
Total Governor's Drug Prevention	30,876	8,690	39,566	55,655	16,089
Web-Based IEP Project					
Personnel services	60,247	--	60,247	64,420	4,173
Employee benefits	18,147	--	18,147	18,916	769
Supplies and materials	36,664	--	36,664	36,664	--
Total Web-Based IEP Project	115,058	--	115,058	120,000	4,942
Set for Life					
Personnel services	1,783	--	1,783	1,805	22
Employee benefits	265	--	265	381	116
Purchased services	6,312	--	6,312	6,376	64
Total Set for Life	8,360	--	8,360	8,562	202
Healthy Marriages Initiative					
Personnel services	4,044	--	4,044	4,164	120
Employee benefits	927	--	927	937	10
Purchased services	2,750	33,363	36,113	36,113	--
Supplies and materials	6,528	1,951	8,479	8,675	196
Total Healthy Marriages Initiative	14,249	35,314	49,563	49,889	326
Alaska Studies Program					
Personnel services	8,397	--	8,397	8,655	258
Employee benefits	1,477	--	1,477	1,595	118
Purchased services	3,150	--	3,150	4,750	1,600
Total Alaska Studies Program	13,024	--	13,024	15,000	1,976
Minority Literacy Project					
Personnel services	1,008	--	1,008	1,320	312
Employee benefits	231	--	231	330	99
Supplies and Materials	8,069	1,544	9,613	12,100	2,487
Total Minority Literacy Project	9,308	1,544	10,852	13,750	2,898
Fund for the Improvement of Education					
Personnel services	27,807	--	27,807	158,297	130,490
Employee benefits	8,897	--	8,897	46,985	38,088
Purchased services	286,454	--	286,454	326,335	39,881
Supplies and materials	436,140	588	436,728	456,983	20,255
Capital outlay	--	--	--	5,500	5,500
Total Fund for the Improvement of Education	759,298	588	759,886	994,100	234,214
Advanced Placement for Every Able Learner					
Personnel services	--	--	--	178,982	178,982
Employee benefits	--	--	--	51,294	51,294
Purchased services	--	--	--	632,769	632,769
Supplies and materials	--	--	--	23,168	23,168
Capital outlay	--	--	--	12,375	12,375
Total Advanced Placement for Every Able Learner	--	--	--	898,588	898,588

(Continued)

Fiscal Year Ended June 30, 2005

SCHEDULE OF EXPENDITURES,
BUDGET (NON-GAAP BASIS) AND ACTUAL (Continued)

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Original and Final Budget	Variance - Positive (Negative)
Refugee Assistance Program					
Personnel services	\$ --	\$ --	\$ --	\$ 12,509	\$ 12,509
Employee benefits	--	--	--	3,491	3,491
Total Refugee Assistance Program	--	--	--	16,000	16,000
Alaska Educational Innovations Network					
Personnel services	--	--	--	25,649	25,649
Employee benefits	--	--	--	4,653	4,653
Purchased services	--	--	--	7,031	7,031
Supplies and materials	--	--	--	4,222	4,222
Total Alaska Educational Innovations Network	--	--	--	41,555	41,555
Total federal grants	38,715,898	(123,054)	38,592,844	42,290,395	3,697,551
	<u>\$ 40,075,724</u>	<u>\$ (129,286)</u>	<u>\$ 39,946,438</u>	<u>\$ 44,500,000</u>	<u>\$ 4,553,562</u>

Fiscal Year Ended June 30, 2005 | SCHEDULE OF EXPENDITURES BY FUNCTION,
ACTIVITY, AND OBJECT - GAAP BASIS

	Personnel Services	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Total
Current:						
Instruction						
Local grants:						
Alaska Railroad Summer Youth Program	\$ 19,590	\$ 3,513	\$ --	\$ 3,211	\$ 660	\$ 26,974
Donations From Local Agencies	231,815	59,223	38,225	9,161	2,479	340,903
Reading is Fundamental Grant	--	--	--	6,478	--	6,478
Bus Shelter Cleaning Grant	26,150	2,287	--	5,615	3,984	38,036
Buddy Bear Peer Program	55,429	6,007	1,610	48,184	21,189	132,419
Total local grants	332,984	71,030	39,835	72,649	28,312	544,810
State grants:						
Contract Schools - Memorandum of Agreement						
Alaska State School for Deaf	170,107	55,917	49,402	15,866	5,105	296,397
Conflict Resolution Program	18,415	3,313	500	4,084	--	26,312
Mental Health Trust Grant	--	--	--	2,000	--	2,000
Alaska Science and Technology Program	--	--	1,000	347	2,890	4,237
Fetal Alcohol Syndrome Grant	14,407	1,995	16,579	7,046	7,003	47,030
K-12 School Based Learn and Serve	8,070	699	--	--	--	8,769
Alaska Mentorship Project	179,212	54,584	--	--	--	233,796
Designated Legislative Grant Program Senate Bill 283	3,000	24,559	168,916	--	--	196,475
Total state grants	393,211	141,067	236,397	29,343	14,998	815,016
Federal grants:						
Title I - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
Districtwide Grant	5,615,596	1,869,750	796,567	1,330,155	590,940	10,203,008
Summer School Program	394,190	72,510	141,549	1,452	--	609,701
McLaughlin Youth Center	101,296	40,012	8,994	5,800	1,793	157,895
Delinquent and At-Risk Youth Program	69,341	22,221	9,643	2,603	--	103,808
Highly Qualified Program	7,420	1,297	37,079	898	--	46,694
School Improvement Program	51,708	10,014	22,499	67,809	432	152,462
Title I - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115	6,239,551	2,015,804	1,016,331	1,408,717	593,165	11,273,568
Title I - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
Migrant Education	413,313	143,116	40,787	29,957	7,517	634,690

(Continued)

Fiscal Year Ended June 30, 2005 | SCHEDULE OF EXPENDITURES BY FUNCTION,
ACTIVITY, AND OBJECT - GAAP BASIS (Continued)

	Personnel Services	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Total
Title I - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115 - Migrant Education - Summer Program	\$ 50,285	\$ 7,526	\$ 26,923	\$ 91	\$ 1,700	\$ 86,525
Title I - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
Migrant Education						
Parent Involvement Program	--	--	3,266	--	--	3,266
Title II-A - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
Professional Development Program	2,786,632	923,543	253,744	24,927	25,951	4,014,797
Title II-D - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
Education of Technology Program	133,508	27,579	51,676	45,182	293,427	551,372
Title III - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
English Language Acquisition	172,569	77,466	6,314	47,558	--	303,907
Title IV-A - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
Safe and Drug Free Schools	375,698	94,922	42,232	24,397	1,578	538,827
Title V - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110-Congress Statute 115						
Innovative Program	345,941	92,128	35,643	5,828	--	479,540

(Continued)

Fiscal Year Ended June 30, 2005 | SCHEDULE OF EXPENDITURES BY FUNCTION,
ACTIVITY, AND OBJECT - GAAP BASIS (Continued)

	Personnel Services	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Total
Title VII- Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110-Congress Statute 115 Indian, Native Hawaiian, and Alaska Native Education	\$ 934,164	\$ 447,169	\$ 82,371	\$ 21,071	\$ 19,009	\$ 1,503,784
Title VI-B - Education of All Handicapped Children						
Public Law 94-142	7,212,395	2,918,025	881,732	275,173	217,636	11,504,961
Pre-School Handicapped Grant						
Public Law 99-457	288,503	87,528	17,198	4,764	4,763	402,756
High Intensity Summer Reading Program	--	--	--	10,327	--	10,327
Reading is Fundamental Program	--	--	--	17,447	--	17,447
Human Immunodeficiency Virus Prevention Program	9,910	1,368	3,421	3,701	--	18,400
Alaska State School for the Deaf Program	--	--	53,989	2,883	11,827	68,699
Capacity Building Improvement Program	17,221	3,202	39,582	7,280	3,309	70,594
Carl Perkins Vocational Education						
Basic Grant	151,781	18,496	253,383	193,427	425,724	1,042,811
Access to Education for Homeless Children	22,811	4,200	3,614	14,524	--	45,149
Drug and Violence Prevention Program	6,701	875	14,958	6,337	3,195	32,066
Smaller Learning Communities Program	590,066	132,285	414,026	67,071	--	1,203,448
National Science Foundation Presidential Award	--	--	4,784	--	--	4,784
Right Start Program	62,513	18,353	27,932	22,669	--	131,467
Bilingual Education - Comprehensive School Grant	--	--	622	12,439	4,083	17,144
Community Business Partner Program	66,749	5,758	5,263	--	--	77,770
Charter Schools Grants	--	--	146,070	65,898	24,430	236,398
Standard and Assessment Training Program	2,193	324	3,440	--	--	5,957
Reading First Grant	548,136	134,105	74,534	282,788	50,327	1,089,890
Alaska Native Heritage Center Grant	8,756	1,781	4,924	132	--	15,593
Peer Safety Training Grant	3,497	1,370	549	--	--	5,416
Work Investment Act School Youth Program	60,307	7,026	3,068	2,869	771	74,041
Partnership for Teacher Enhancement Program	22,103	3,166	25,774	6,056	--	57,099
Bilingual Teachers for Anchorage Program	7,082	1,436	8,510	--	--	17,028
Bilingual Education - Development and Implementation Program Lakehood Elementary	16,164	2,425	932	2,700	--	22,221

(Continued)

Fiscal Year Ended June 30, 2005 | SCHEDULE OF EXPENDITURES BY FUNCTION,
ACTIVITY, AND OBJECT - GAAP BASIS (Continued)

	Personnel Services	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Total
Foreign Language Assistance Program	\$ 74,841	\$ 22,505	\$ 41,344	\$ 76,018	\$ 7,071	\$ 221,779
Gear-Up Alaska Program	34,929	5,053	5,878	9,188	--	55,048
Northwest Eisenhower Consortium Program	8,960	1,064	3,389	--	--	13,413
Advanced Placement Incentive Program	--	--	647	9,474	--	10,121
Reading Excellence Act Program	--	--	20,810	89,846	--	110,656
Teaching American History Program	64,103	20,864	158,934	12,290	--	256,191
Physical Education for Progress Program	--	--	15,743	--	62,131	77,874
School Health Program	7,847	1,424	679	6,239	--	16,189
Community Centers Learning Program	999,058	316,487	106,654	20,513	--	1,442,712
Governor's Drug Prevention	--	--	18,317	9,484	3,075	30,876
Web-Based IEP Project	60,247	18,147	--	36,664	--	115,058
Set for Life	1,783	265	6,312	--	--	8,360
Healthy Marriages Initiative	4,044	927	2,750	6,528	--	14,249
Alaska Studies Program	8,397	1,477	3,150	--	--	13,024
Minority Literacy Project	1,008	231	--	8,069	--	9,308
Fund for the Improvement of Education	27,807	8,897	286,454	436,140	--	759,298
Total federal grants	21,841,573	7,568,317	4,218,653	3,326,666	1,760,689	38,715,898
	<u>\$ 22,567,768</u>	<u>\$ 7,780,414</u>	<u>\$ 4,494,885</u>	<u>\$ 3,428,658</u>	<u>\$ 1,803,999</u>	<u>\$ 40,075,724</u>

June 30, 2005
With Comparative Totals for
June 30, 2004

COMBINING BALANCE SHEET

	Food Service	Student Activity	Totals	
			2005	2004
Assets				
Cash and investments, at cost	\$ 200	\$ 2,121,899	\$ 2,122,099	\$ 1,912,871
Accounts receivable	8,119	--	8,119	149,322
Due from General Fund	2,452,630	981,865	3,434,495	3,192,616
Due from State of Alaska	22,026	--	22,026	95,007
Prepaid items	5,577	--	5,577	3,700
U.S.D.A. food commodities, at U.S.D.A. allocated value	147,988	--	147,988	149,070
Inventory, at weighted average cost	556,127	--	556,127	557,571
Total assets	<u>\$ 3,192,667</u>	<u>\$ 3,103,764</u>	<u>\$ 6,296,431</u>	<u>\$ 6,060,157</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 282,288	\$ 61,264	\$ 343,552	\$ 60,805
Due to General Fund	--	24,334	24,334	--
Accrued salaries and related items:				
Wages and salaries payable	60,280	1,201	61,481	39,558
Payroll taxes, other accrued and withheld items	18,968	302	19,270	10,488
Deferred revenue	229,497	--	229,497	223,050
Total liabilities	<u>591,033</u>	<u>87,101</u>	<u>678,134</u>	<u>333,901</u>
Fund balance:				
Reserved:				
Encumbrances	511,198	--	511,198	488,066
Inventory	556,127	--	556,127	557,571
Prepaid items	5,577	--	5,577	3,700
Self-insurance	--	--	--	19,565
Unreserved:				
Designated for subsequent year's expenditures	369,413	--	369,413	225,000
Accrued compensated absences	305,448	--	305,448	281,263
Undesignated	853,871	3,016,663	3,870,534	4,151,091
Total fund balance	<u>2,601,634</u>	<u>3,016,663</u>	<u>5,618,297</u>	<u>5,726,256</u>
Total liabilities and fund balance	<u>\$ 3,192,667</u>	<u>\$ 3,103,764</u>	<u>\$ 6,296,431</u>	<u>\$ 6,060,157</u>

Fiscal Year Ended June 30, 2005
With Comparative Totals
for Fiscal Year Ended June 30, 2004

COMBINING SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES

	Food Service	Student Activity	Totals	
			2005	2004
Revenues:				
Revenues from local sources	\$ 5,297,694	\$ 6,782,383	\$ 12,080,077	\$ 12,082,159
Revenues from federal sources	<u>7,670,607</u>	<u>--</u>	<u>7,670,607</u>	<u>7,228,153</u>
Total revenues	<u>12,968,301</u>	<u>6,782,383</u>	<u>19,750,684</u>	<u>19,310,312</u>
Expenditures:				
Current:				
Instruction	--	6,641,515	6,641,515	6,455,474
Food services	<u>13,217,128</u>	<u>--</u>	<u>13,217,128</u>	<u>12,033,209</u>
Total expenditures	<u>13,217,128</u>	<u>6,641,515</u>	<u>19,858,643</u>	<u>18,488,683</u>
Excess (deficiency) of revenues over expenditures	(248,827)	140,868	(107,959)	821,629
Fund balance at beginning of year	<u>2,850,461</u>	<u>2,875,795</u>	<u>5,726,256</u>	<u>4,904,627</u>
Fund balance at end of year	<u>\$ 2,601,634</u>	<u>\$ 3,016,663</u>	<u>\$ 5,618,297</u>	<u>\$ 5,726,256</u>

June 30, 2005
With Comparative Totals for
June 30, 2004

BALANCE SHEET

	<u>2005</u>	<u>2004</u>
Assets		
Cash and investments, at cost	\$ 200	\$ 175
Accounts receivable	8,119	68,280
Due from General Fund	2,452,630	2,262,680
Due from State of Alaska	22,026	95,007
Prepaid items	5,577	2,474
U.S.D.A. food commodities, at U.S.D.A. allocated value	147,988	149,070
Inventory, at weighted average cost	556,127	557,571
Total assets	<u>\$ 3,192,667</u>	<u>\$ 3,135,257</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 282,288	\$ 11,700
Accrued salaries and related items:		
Wages and salaries payable	60,280	39,558
Payroll taxes, other accrued and withheld items	18,968	10,488
Deferred revenue:		
Prepaid meal charges	81,509	73,980
U.S.D.A. food commodities	147,988	149,070
Total liabilities	<u>591,033</u>	<u>284,796</u>
Fund balance:		
Reserved:		
Encumbrances	511,198	488,066
Inventory	556,127	557,571
Prepaid items	5,577	2,474
Self-insurance	--	19,565
Unreserved:		
Designated for subsequent year's expenditures	369,413	225,000
Designated for accrued compensated absences	305,448	279,867
Undesignated	853,871	1,277,918
Total fund balance	<u>2,601,634</u>	<u>2,850,461</u>
Total liabilities and fund balance	<u>\$ 3,192,667</u>	<u>\$ 3,135,257</u>

Fiscal Year Ended June 30, 2005
 With Comparative Totals for
 Fiscal Year Ended June 30, 2004

**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - GAAP BASIS**

	<u>2005</u>	<u>2004</u>
Revenues:		
Revenues from local sources:		
Lunch sales - student	\$ 2,871,086	\$ 3,124,890
Lunch sales - adult	107,428	45,401
Breakfast program	95,310	102,606
Milk program	65,414	72,509
A la carte program	2,093,852	2,035,641
Special meals	56,310	151,768
After school snack program	5,113	13,197
Other revenues	3,181	2,566
Total revenues from local sources	<u>5,297,694</u>	<u>5,548,578</u>
Revenues from federal sources:		
Type A lunch program - reimbursement	6,030,686	5,666,818
Breakfast program - reimbursement	967,244	870,911
After school snack program - reimbursement	101,446	136,951
United States Department of Agriculture commodities	571,231	553,473
Total revenues from federal sources	<u>7,670,607</u>	<u>7,228,153</u>
Total revenues	<u>12,968,301</u>	<u>12,776,731</u>
Expenditures:		
Current:		
Food services		
General administration	1,182,738	1,004,534
Kitchens and food center	10,840,135	10,000,167
Delivery	1,194,255	1,028,508
Total expenditures	<u>13,217,128</u>	<u>12,033,209</u>
Excess (deficiency) of revenues over expenditures	(248,827)	743,522
Fund balance at beginning of year	<u>2,850,461</u>	<u>2,106,939</u>
Fund balance at end of year	<u>\$ 2,601,634</u>	<u>\$ 2,850,461</u>

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL

Fiscal Year Ended June 30, 2005

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Budgeted Amounts		Variance with Final Budget Positive (Negative)
				Original	Final	
Revenues:						
Revenues from local sources:						
Lunch sales - student	\$ 2,871,086	\$ --	\$ 2,871,086	\$ 3,777,987	\$ 3,777,987	\$ (906,901)
Lunch sales - adult	107,428	--	107,428	152,316	152,316	(44,888)
Breakfast program	95,310	--	95,310	96,594	96,594	(1,284)
Milk program	65,414	--	65,414	47,192	47,192	18,222
A la carte program	2,093,852	--	2,093,852	1,944,032	1,944,032	149,820
Special meals	56,310	--	56,310	163,266	163,266	(106,956)
After school snack program	5,113	--	5,113	--	--	5,113
Other revenues	3,181	--	3,181	--	--	3,181
Total revenue from local sources	5,297,694	--	5,297,694	6,181,387	6,181,387	(883,693)
Revenues from federal sources:						
Type A lunch program - reimbursement	6,030,686	--	6,030,686	6,030,616	6,030,616	70
Breakfast program - reimbursement	967,244	--	967,244	798,683	798,683	168,561
After school snack program - reimbursement	101,446	--	101,446	95,319	95,319	6,127
United States Department of Agriculture commodities	571,231	--	571,231	454,307	454,307	116,924
Total revenue from federal sources	7,670,607	--	7,670,607	7,378,925	7,378,925	291,682
Total revenues	12,968,301	--	12,968,301	13,560,312	13,560,312	(592,011)
Expenditures:						
Current:						
Food services						
General administration						
Personnel services	379,861	--	379,861	394,446	404,264	24,403
Employee benefits	146,771	--	146,771	151,839	153,268	6,497
Purchased services	563,116	5,926	569,042	617,981	620,338	51,296
Supplies and materials	25,515	(73)	25,442	15,050	39,845	14,403
Capital outlay	67,475	(21,132)	46,343	65,789	65,396	19,053
Total general administration	1,182,738	(15,279)	1,167,459	1,245,105	1,283,111	115,652
Kitchens and food center						
Personnel services	3,274,335	--	3,274,335	3,350,443	3,350,443	76,108
Employee benefits	1,761,384	--	1,761,384	1,821,476	1,801,322	39,938
Purchased services	458,505	(188,764)	269,741	521,412	349,324	79,583
Supplies and materials	5,116,206	78,825	5,195,031	5,487,582	5,290,193	95,162
Capital outlay	229,705	212,398	442,103	132,662	484,287	42,184
Total kitchens and food center	10,840,135	102,459	10,942,594	11,313,575	11,275,569	332,975

(Continued)

Fiscal Year Ended June 30, 2005

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL (Continued)

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Budgeted Amounts		Variance with Final Budget Positive (Negative)
				Original	Final	
Delivery:						
Personnel services	\$ 745,426	\$ --	\$ 745,426	\$ 763,602	\$ 763,602	\$ 18,176
Employee benefits	318,543	--	318,543	344,567	344,567	26,024
Purchased services	6,994	2,268	9,262	25,063	25,063	15,801
Supplies and materials	78,913	(1,409)	77,504	68,000	68,000	(9,504)
Capital outlay	44,379	(37,849)	6,530	25,400	25,400	18,870
Total delivery	<u>1,194,255</u>	<u>(36,990)</u>	<u>1,157,265</u>	<u>1,226,632</u>	<u>1,226,632</u>	<u>69,367</u>
Total expenditures	<u>13,217,128</u>	<u>50,190</u>	<u>13,267,318</u>	<u>13,785,312</u>	<u>13,785,312</u>	<u>517,994</u>
Excess (deficiency) of revenues over expenditures	(248,827)	(50,190)	(299,017)	(225,000)	(225,000)	(74,017)
Fund balance at beginning of year	<u>2,850,461</u>	--	<u>2,850,461</u>	<u>2,850,461</u>	<u>2,850,461</u>	--
Fund balance at end of year	<u>\$ 2,601,634</u>	<u>\$ (50,190)</u>	<u>\$ 2,551,444</u>	<u>\$ 2,625,461</u>	<u>\$ 2,625,461</u>	<u>\$ (74,017)</u>

BASIS OF BUDGETING - The Food Service Special Revenue Fund - Schedule of Revenues, Expenditures, and changes in Fund Balance - Budget (Non-GAAP Basis) and Actual has been prepared on a legally prescribed basis of budgeting which differs from accounting principles generally accepted in the United States of America (GAAP). The purpose of the basis of budgeting is to demonstrate compliance with the legal requirements of the local, state, and federal programs. The difference between the two methods is set forth below:

Revenues reported on the basis of GAAP		<u>\$ 12,968,301</u>
Expenditures reported on the basis of GAAP		13,217,128
Add: current year encumbrances	\$ 472,110	
Deduct: expenditures on prior year's encumbrances	<u>(421,920)</u>	
		<u>50,190</u>
Expenditures and encumbrances reported on the basis of budgeting		<u>13,267,318</u>
Excess of revenues over expenditures on the basis of budgeting		<u>\$ (299,017)</u>

Fiscal Year Ended June 30, 2005

SCHEDULE OF EXPENDITURES BY FUNCTION,
ACTIVITY, AND OBJECT - GAAP BASIS

	<u>Personnel Services</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies and Materials</u>	<u>Capital Outlay</u>	<u>Total</u>
Current:						
Food services						
General administration	\$ 379,861	\$ 146,771	\$ 563,116	\$ 25,515	\$ 67,475	\$ 1,182,738
Kitchens and food center	3,274,335	1,761,384	458,505	5,116,206	229,705	10,840,135
Delivery	<u>745,426</u>	<u>318,543</u>	<u>6,994</u>	<u>78,913</u>	<u>44,379</u>	<u>1,194,255</u>
	<u>\$ 4,399,622</u>	<u>\$ 2,226,698</u>	<u>\$ 1,028,615</u>	<u>\$ 5,220,634</u>	<u>\$ 341,559</u>	<u>\$ 13,217,128</u>

June 30, 2005
With Comparative Totals for
June 30, 2004

BALANCE SHEET - BY ACCOUNT

	Decentralized Student Activities	Centralized Student Activities	Totals	
			2005	2004
Assets				
Cash and investments, at cost	\$ 2,077,909	\$ 43,990	\$ 2,121,899	\$ 1,912,696
Account receivable	--	--	--	81,042
Due from General Fund	--	981,865	981,865	929,936
Prepaid items	--	--	--	1,226
Total assets	<u>\$ 2,077,909</u>	<u>\$ 1,025,855</u>	<u>\$ 3,103,764</u>	<u>\$ 2,924,900</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ --	\$ 61,264	\$ 61,264	\$ 49,105
Due to General Fund	24,334	--	24,334	--
Accrued salaries and related items:				
Wages and salaries payable	--	1,201	1,201	--
Payroll taxes, other accrued and withheld items	--	302	302	--
Total liabilities	<u>24,334</u>	<u>62,767</u>	<u>87,101</u>	<u>49,105</u>
Fund balance:				
Reserved:				
Prepaid items	--	--	--	1,226
Unreserved:				
Designated for accrued compensated absences	--	--	--	1,396
Undesignated	<u>2,053,575</u>	<u>963,088</u>	<u>3,016,663</u>	<u>2,873,173</u>
Total fund balance	<u>2,053,575</u>	<u>963,088</u>	<u>3,016,663</u>	<u>2,875,795</u>
Total liabilities and fund balance	<u>\$ 2,077,909</u>	<u>\$ 1,025,855</u>	<u>\$ 3,103,764</u>	<u>\$ 2,924,900</u>

Fiscal Year Ended June 30, 2005
With Comparative Totals for
Fiscal Year Ended June 30, 2004

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BY ACCOUNT

	Decentralized Student Activities	Centralized Student Activities	Totals	
			2005	2004
Revenues:				
Revenues from local sources:				
Other revenues	\$ 5,947,019	\$ 835,364	\$ 6,782,383	\$ 6,533,581
Expenditures:				
Current:				
Instruction				
Pupil activity	5,812,070	829,445	6,641,515	6,455,474
Excess of revenues over expenditures	134,949	5,919	140,868	78,107
Fund balance at beginning of year	1,918,626	957,169	2,875,795	2,797,688
Fund balance at end of year	\$ 2,053,575	\$ 963,088	\$ 3,016,663	\$ 2,875,795

June 30, 2005
With Comparative Totals for
June 30, 2004

DECENTRALIZED STUDENT ACTIVITIES
BALANCE SHEET - BY DEPARTMENT

	High Schools	Middle Schools	Alternative Schools and Others	Totals	
				2005	2004
Assets					
Cash and investments, at cost	\$ 1,308,130	\$ 523,996	\$ 245,783	\$ 2,077,909	\$ 1,912,696
Due from General Fund	--	--	--	--	5,930
Total assets	<u>\$ 1,308,130</u>	<u>\$ 523,996</u>	<u>\$ 245,783</u>	<u>\$ 2,077,909</u>	<u>\$ 1,918,626</u>
Liabilities and Fund Balance					
Liabilities:					
Due to General Fund	\$ 27,776	\$ (3,516)	\$ 74	\$ 24,334	\$ --
Fund balance:					
Unreserved - undesignated	<u>1,280,354</u>	<u>527,512</u>	<u>245,709</u>	<u>2,053,575</u>	<u>1,918,626</u>
Total liabilities and fund balance	<u>\$ 1,308,130</u>	<u>\$ 523,996</u>	<u>\$ 245,783</u>	<u>\$ 2,077,909</u>	<u>\$ 1,918,626</u>

Fiscal Year Ended June 30, 2005
With Comparative Totals for
Fiscal Year Ended June 30, 2004

DECENTRALIZED STUDENT ACTIVITIES

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BY DEPARTMENT

	High Schools	Middle Schools	Alternative Schools and Others	Totals	
				2005	2004
Revenues:					
Revenues from local sources					
Other revenues	\$ 4,476,211	\$ 855,787	\$ 615,021	\$ 5,947,019	\$ 5,674,386
Expenditures:					
Current:					
Instruction					
Pupil activity	4,282,638	909,095	620,337	5,812,070	5,683,939
Excess (deficiency) of revenues over expenditures	193,573	(53,308)	(5,316)	134,949	(9,553)
Fund balance at beginning of year	1,086,781	580,820	251,025	1,918,626	1,928,179
Fund balance at end of year	\$ 1,280,354	\$ 527,512	\$ 245,709	\$ 2,053,575	\$ 1,918,626

June 30, 2005
With Comparative Totals for
June 30, 2004

CENTRALIZED STUDENT ACTIVITIES
BALANCE SHEET - BY DEPARTMENT

	PTA Support	Elementary Schools Student Activities	Secondary Schools Instructional Replacement Fees	Supplemental Sources	Totals	
					2005	2004
Assets						
Accounts receivable	\$ --	\$ --	\$ --	\$ 43,990	\$ 43,990	\$ 81,042
Due from General Fund	118,011	184,691	331,681	347,482	981,865	924,006
Prepaid items	--	--	--	--	--	1,226
Total assets	<u>\$ 118,011</u>	<u>\$ 184,691</u>	<u>\$ 331,681</u>	<u>\$ 391,472</u>	<u>\$ 1,025,855</u>	<u>\$ 1,006,274</u>
Liabilities and Fund Balance						
Liabilities:						
Accounts payable	\$ 10,548	\$ 11,975	\$ 6,270	\$ 32,471	\$ 61,264	\$ 49,105
Accrued salaries and related items:						
Wages and salaries payable	--	--	--	1,201	1,201	--
Payroll taxes, other accrued and withheld items	--	--	--	302	302	--
Total liabilities	<u>10,548</u>	<u>11,975</u>	<u>6,270</u>	<u>33,974</u>	<u>62,767</u>	<u>49,105</u>
Fund balance:						
Reserved:						
Prepaid items	--	--	--	--	--	1,226
Unreserved:						
Designated for accrued compensated absences	--	--	--	--	--	1,396
Undesignated	<u>107,463</u>	<u>172,716</u>	<u>325,411</u>	<u>357,498</u>	<u>963,088</u>	<u>954,547</u>
Total fund balance	<u>107,463</u>	<u>172,716</u>	<u>325,411</u>	<u>357,498</u>	<u>963,088</u>	<u>957,169</u>
Total liabilities and fund balance	<u>\$ 118,011</u>	<u>\$ 184,691</u>	<u>\$ 331,681</u>	<u>\$ 391,472</u>	<u>\$ 1,025,855</u>	<u>\$ 1,006,274</u>

Fiscal Year Ended June 30, 2005
With Comparative Totals for
Fiscal Year Ended June 30, 2004

CENTRALIZED STUDENT ACTIVITIES

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BY DEPARTMENT

	PTA Support	Elementary Schools Student Activities	Secondary Schools Instructional Replacement Fees	Supplemental Sources	Totals	
					2005	2004
Revenues:						
Revenues from local sources						
Other revenues	\$ 158,089	\$ 242,556	\$ 195,165	\$ 239,554	\$ 835,364	\$ 859,195
Expenditures						
Current:						
Instruction						
Pupil activity	175,242	260,302	172,570	221,331	829,445	771,535
Excess (deficiency) of revenues over expenditures	(17,153)	(17,746)	22,595	18,223	5,919	87,660
Fund balance at beginning of year	124,616	190,462	302,816	339,275	957,169	869,509
Fund balance at end of year	\$ 107,463	\$ 172,716	\$ 325,411	\$ 357,498	\$ 963,088	\$ 957,169

Debt Service Fund

*To account for the payment of principal, interest and related fees
on general obligation bonded debt.*

June 30, 2005
With Comparative Totals for
June 30, 2004

BALANCE SHEET

	<u>2005</u>	<u>2004</u>
Assets		
Cash and investments with paying agent	\$ 18,850,182	\$ 15,302,445
Interest receivable	45,846	--
Due from other governments:		
Municipality of Anchorage - property taxes	16,417,340	15,045,300
State of Alaska	<u>3,918,592</u>	<u>2,437,290</u>
Total assets	<u>\$ 39,231,960</u>	<u>\$ 32,785,035</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ --	\$ 567
Due to General Fund	10,598,669	7,007,056
Deferred revenue - property taxes	<u>16,417,340</u>	<u>15,045,300</u>
Total liabilities	<u>27,016,009</u>	<u>22,052,923</u>
Fund balance:		
Reserved for debt service	<u>12,215,951</u>	<u>10,732,112</u>
Total liabilities and fund balance	<u>\$ 39,231,960</u>	<u>\$ 32,785,035</u>

Fiscal Year Ended June 30, 2005
With Comparative Actual Amounts
for Fiscal Year Ended June 30, 2004

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL**

	2005				2004
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
Revenues:					
Revenues from local sources:					
Appropriation from Municipality of Anchorage	\$ 30,090,600	\$ 30,090,600	\$ 30,090,600	\$ --	\$ 23,493,024
Interest earnings	--	--	89,494	89,494	26,591
Total revenues from local sources	30,090,600	30,090,600	30,180,094	89,494	23,519,615
Revenues from state sources:					
Aid for school construction	33,266,848	33,266,848	34,164,926	898,078	29,689,508
Total revenues	63,357,448	63,357,448	64,345,020	987,572	53,209,123
Expenditures:					
Debt service:					
Principal	34,760,000	34,760,000	34,760,000	--	28,745,000
Interest	35,688,617	34,793,617	34,214,001	579,616	32,290,960
Fiscal agent fees	15,000	15,000	9,579	5,421	9,322
Total expenditures	70,463,617	69,568,617	68,983,580	585,037	61,045,282
Excess (deficiency) of revenues over expenditures	(7,106,169)	(6,211,169)	(4,638,560)	1,572,609	(7,836,159)
Other financing sources (uses):					
Proceeds of refunding bonds	--	--	109,930,938	109,930,938	--
Premium on issuance of refunding bonds	--	--	11,178,973	11,178,973	--
Payment to refunded bond escrow agent	--	--	(121,068,973)	(121,068,973)	--
Transfers in - General Fund	--	--	100,539	100,539	--
Transfers in - Capital Projects Fund	--	--	5,980,922	5,980,922	777,009
Total other financing sources (uses)	--	--	6,122,399	6,122,399	777,009
Excess (deficiency) of revenues and other financing sources over expenditures	(7,106,169)	(6,211,169)	1,483,839	7,695,008	(7,059,150)
Fund balance at beginning of year	10,732,112	10,732,112	10,732,112	--	17,791,262
Fund balance at end of year	\$ 3,625,943	\$ 4,520,943	\$ 12,215,951	\$ 7,695,008	\$ 10,732,112

Capital Projects Fund

To account for the acquisition and major repair of school facilities and equipment. Capital Projects are financed by proceeds from general obligation bonds, local, state and federal grants and transfers from other funds.

June 30, 2005
With Comparative Totals for
June 30, 2004

BALANCE SHEET

	<u>2005</u>	<u>2004</u>
Assets		
Cash and investments, at cost	\$ 159,244,360	\$ 125,107,084
Cash with paying agent	500,207	319,151
Interest receivable	1,265,262	569,760
Due from General Fund	2,652,936	3,336,188
Due from other governments:		
Municipality of Anchorage	119,825	--
State of Alaska	7,439	1,484,655
Prepaid items	180,643	659
Total assets	<u>\$ 163,970,672</u>	<u>\$ 130,817,497</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 778,686	\$ 848,286
Contracts payable	8,518,502	13,614,175
Accrued salaries and related items:		
Wages and salaries payable	122,592	88,231
Payroll taxes, other accrued and withheld items	17,236	10,636
Total liabilities	<u>9,437,016</u>	<u>14,561,328</u>
Fund balance:		
Reserved:		
Encumbrances	85,650,840	100,768,087
Prepaid items	180,643	659
Unreserved		
Designated		
Accrued compensated absences	231,704	198,300
Authorized construction, net of authorized unissued bonds	51,706,706	945,856
Undesignated	16,763,763	14,343,267
Total fund balance	<u>154,533,656</u>	<u>116,256,169</u>
Total liabilities and fund balance	<u>\$ 163,970,672</u>	<u>\$ 130,817,497</u>

Fiscal Year Ended June 30, 2005
With Comparative Totals
for Fiscal Year Ended June 30, 2004

**SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES
IN FUND BALANCE - GAAP BASIS**

	<u>2005</u>	<u>2004</u>
Revenues:		
Revenues from local sources:		
Interest earnings	\$ 3,049,163	\$ 1,721,844
Other revenues	38,000	110,630
Total revenues from local sources	<u>3,087,163</u>	<u>1,832,474</u>
Revenues from state sources:		
State/Municipal grants	298,783	407,346
State grants	3,514,913	8,303,085
Total revenues from state sources	<u>3,813,696</u>	<u>8,710,431</u>
Revenues from federal sources:		
Federal grants	--	210,821
Federal impact aid	398,615	706,899
Total revenues from federal sources	<u>398,615</u>	<u>917,720</u>
Total revenues	<u>7,299,474</u>	<u>11,460,625</u>
Expenditures:		
Capital outlays:		
Secondary schools	80,654,768	94,523,643
Elementary schools	37,488,425	25,243,093
Other capital outlays	2,495,098	2,129,330
Total expenditures	<u>120,638,291</u>	<u>121,896,066</u>
Deficiency of revenues over expenditures	(113,338,817)	(110,435,441)
Other financing sources and (uses):		
Proceeds of general obligation bonds	150,090,000	126,770,000
Premium on issuance of general obligation bonds	7,507,226	1,421,741
Transfers out - Debt Service Fund	(5,980,922)	(777,009)
Total other financing sources	<u>151,616,304</u>	<u>127,414,732</u>
Excess of revenues and other financing sources over expenditures and other financing uses	38,277,487	16,979,291
Fund balance at beginning of year	<u>116,256,169</u>	<u>99,276,878</u>
Fund balance at end of year	<u>\$ 154,533,656</u>	<u>\$ 116,256,169</u>

Beginning of Projects to June 30, 2005

**PROJECT-LENGTH SCHEDULE
OF CONSTRUCTION PROJECTS**

Total project authorization	<u>\$517,671,627</u>
Revenues and other financing sources:	
Local sources	\$ 21,551,533
State sources	12,556,930
Federal sources	1,692,197
Proceeds of general obligation bonds	437,233,405
Transfers in	<u>355,503</u>
	<u>\$473,389,568</u>
Expenditures:	
Capital outlays:	
Secondary schools	\$256,987,657
Elementary schools	58,592,497
Other capital outlays	<u>3,275,757</u>
	<u>\$318,855,911</u>

Period Ended June 30, 2005

SCHEDULE OF EXPENDITURES - PROJECT
AUTHORIZATION AND ACTUAL (GAAP BASIS)

	2005						Variance- favorable (unfavorable)
	Prior Years	Land and Improvements	Buildings and Equipment	Total	Total	Project Authoriza- tion	
Capital outlays:							
Secondary schools:							
Bartlett Senior High	\$ 5,263,256	\$ -	\$ 11,854,597	\$ 11,854,597	\$ 17,117,853	\$ 31,967,518	\$ 14,849,665
Chugiak Senior High	22,533,096	45,243	2,936,769	2,982,012	25,515,108	29,051,045	3,535,937
Dimond Senior High	6,992,012	-	5,949,870	5,949,870	12,941,882	17,870,214	4,928,332
New Eagle River Area Senior High	24,284,390	-	21,281,596	21,281,596	45,565,986	54,192,270	8,626,284
East Senior High	15,044,926	-	8,139,061	8,139,061	23,183,987	31,644,618	8,460,631
South Anchorage Senior High	61,008,630	-	4,029,253	4,029,253	65,037,883	68,308,457	3,270,574
Service Senior High	4,227,904	-	13,378,725	13,378,725	17,606,629	41,088,092	23,481,463
West Senior High	165,288	4,139	438,592	442,731	608,019	4,779,842	4,171,823
Central Middle School	978,643	638	281,629	282,267	1,260,910	1,484,687	223,777
Clark Middle School	98,698	-	40,439	40,439	139,137	2,964,190	2,825,053
Golden View Middle School	5,299	21,869	51,207	73,076	78,375	1,142,356	1,063,981
Ernest Gruening Middle School	10,344	-	149,513	149,513	159,857	733,330	573,473
U. S. Hanshaw Middle School	8,953	-	91,978	91,978	100,931	1,606,062	1,505,131
Jane Mears Middle School	341,385	(48,855)	252,361	203,506	544,891	2,032,504	1,487,613
Mirror Lake Middle School	72,455	-	20,318	20,318	92,773	210,042	117,269
Muldoon Area Middle School	1,594,765	1,927	5,691,964	5,693,891	7,288,656	55,014,625	47,725,969
Romig Middle School	932,078	584	1,485,486	1,486,070	2,418,148	4,061,269	1,643,121
Wendler Middle School	26,219,260	-	2,388,848	2,388,848	28,608,108	29,914,384	1,306,276
Benny Benson Secondary	373,002	-	347,596	347,596	720,598	1,569,344	848,746
Martin Luther King, Jr. Career Center	5,789,708	1,195	414,911	416,106	6,205,814	6,831,830	626,016
Steller Alternative	388,797	1,220	1,402,095	1,403,315	1,792,112	2,640,534	848,422
Total secondary schools	176,332,889	27,960	80,626,808	80,654,768	256,987,657	389,107,213	132,119,556
Elementary schools:							
Abbott Loop	89,763	10,317	188,523	198,840	288,603	1,825,629	1,537,026
Airport Heights	468,596	1,789	1,079,962	1,081,751	1,550,347	2,303,441	753,094
Alpenglow	16,803	15,118	81,753	96,871	113,674	207,760	94,086
Aurora	5,683	-	737,174	737,174	742,857	1,061,928	319,071
Baxter	74,897	1,239	15,553	16,792	91,689	302,680	210,991
Bayshore	136,511	144,453	499,329	643,782	780,293	2,028,104	1,247,811
Bear Valley	36,603	-	441,894	441,894	478,497	626,344	147,847

(Continued)

Period Ended June 30, 2005

SCHEDULE OF EXPENDITURES - PROJECT
 AUTHORIZATION AND ACTUAL (GAAP BASIS) (Continued)

	2005						
	Prior Years	Land and Improvements	Buildings and Equipment	Total	Total	Project Authoriza- tion	Variance- favorable (unfavorable)
Birchwood	\$ 1,417,963	\$ 53,220	\$ 2,120,980	\$ 2,174,200	\$ 3,592,163	\$ 4,857,545	\$ 1,265,382
Willard Bowman	298	-	722	722	1,020	230,609	229,589
Campbell	162,012	(5,440)	923,455	918,015	1,080,027	1,630,948	550,921
Charter School Center	8,624	2,045	53,478	55,523	64,147	171,092	106,945
Chester Valley	299,192	2,248	282,199	284,447	583,639	2,104,564	1,520,925
Chinook	276,236	309,874	525,315	835,189	1,111,425	1,893,998	782,573
Chugach	1,467,484	690	6,270,451	6,271,141	7,738,625	9,013,160	1,274,535
Chugiak	205,527	1,900	187,659	189,559	395,086	1,514,638	1,119,552
College Gate	73,448	1,710	376,336	378,046	451,494	1,283,284	831,790
Creekside Park	116,455	1,992	(819)	1,173	117,628	379,772	262,144
Denali Replacement	4	-	93,338	93,338	93,342	422,985	329,643
Eagle River	934,094	1,846	551,226	553,072	1,487,166	2,321,018	833,852
Fairview	54,456	-	80,130	80,130	134,586	292,492	157,906
Fire Lake	254,240	-	461,205	461,205	715,445	1,173,140	457,695
Girdwood	589,883	201,079	339,588	540,667	1,130,550	1,940,440	809,890
Government Hill	8,964	567	599,067	599,634	608,598	2,156,945	1,548,347
Homestead	90,530	1,120	218,390	219,510	310,040	642,152	332,112
Huffman	497,280	2,464	384,062	386,526	883,806	2,478,452	1,594,646
Inlet View	36,570	3,556	86,126	89,682	126,252	139,640	13,388
Kasuun	3,929	-	33,786	33,786	37,715	312,292	274,577
Kennedy	12,109	-	1,439	1,439	13,548	26,144	12,596
Kincaid	32,051	-	5,570	5,570	37,621	40,700	3,079
Klatt	145,472	-	183,959	183,959	329,431	856,167	526,736
Lake Hood	-	-	-	-	-	(1,332)	(1,332)
Lake Otis	532,041	1,951	787,850	789,801	1,321,842	2,696,679	1,374,837
Mt. View	285,986	7,544	934,796	942,340	1,228,326	3,700,716	2,472,390
Mt. Iliamna	14,497	-	60,743	60,743	75,240	1,189,199	1,113,959
Mt. Spurr	5,684	-	90,746	90,746	96,430	1,108,216	1,011,786
Muldoon	5,211	-	29,516	29,516	34,727	137,340	102,613
North Star	220,049	1,867	262,462	264,329	484,378	1,813,681	1,329,303
Northern Lights	8,327	-	353,330	353,330	361,657	448,754	87,097
Northwood	49,464	2,265	15,838	18,103	67,567	377,755	310,188
Nunaka Valley	69,957	693	53,398	54,091	124,048	194,264	70,216
Ocean View	12,984	1,680	98,607	100,287	113,271	288,037	174,766

(Continued)

Period Ended June 30, 2005

**SCHEDULE OF EXPENDITURES - PROJECT
 AUTHORIZATION AND ACTUAL (GAAP BASIS) (Continued)**

	Prior Years	2005			Total	Total	Project Authoriza- tion	Variance- favorable (unfavorable)
		Land and Improvements	Buildings and Equipment	Total				
O'Malley	\$ 374,088	\$ 13,910	\$ 745,726	\$ 759,636	\$ 1,133,724	\$ 1,504,466	\$ 370,742	
Orion	54,982	-	155,911	155,911	210,893	2,197,009	1,986,116	
Polaris K-12	3,181,166	383	11,202,973	11,203,356	14,384,522	19,892,129	5,507,607	
Ptarmigan	6,324,628	55,483	680,811	736,294	7,060,922	7,400,223	339,301	
Rabbit Creek	11,822	1,531	9,183	10,714	22,536	109,931	87,395	
Ravenwood	123,825	1,175	44,382	45,557	169,382	464,276	294,894	
Rogers Park	489,197	1,042	167,923	168,965	658,162	993,895	335,733	
Russian Jack	-	-	11,000	11,000	11,000	137,199	126,199	
Sand Lake	661,242	2,065	56,550	58,615	719,857	1,206,533	486,676	
Scenic Park	2,980	1,698	11,590	13,288	16,268	76,517	60,249	
Spring Hill	17,499	-	246,496	246,496	263,995	616,892	352,897	
Susitna	4,148	9,180	22,300	31,480	35,628	199,112	163,484	
Trailside	-	-	4,328	4,328	4,328	165,147	160,819	
Taku	27,345	1,063	7,342	8,405	35,750	266,707	230,957	
Tudor	192,089	2,057	767,781	769,838	961,927	2,879,472	1,917,545	
Turnagain	48,496	37,407	246,195	283,602	332,098	621,363	289,265	
Ursa Major	99,018	-	455,244	455,244	554,262	1,540,555	986,293	
Ursa Minor	1,770	-	103,767	103,767	105,537	301,555	196,018	
William Tyson	2,928	-	26	26	2,954	40,292	37,338	
Whaley Center	139,657	1,201	5,339	6,540	146,197	1,434,994	1,288,797	
Williwaw	7,825	10,598	1,415	12,013	19,838	21,019	1,181	
Willow Crest	88,375	56,469	556,977	613,446	701,821	1,310,448	608,627	
Wonder Park	84,779	-	1,923	1,923	86,702	318,642	231,940	
Gladys Wood	446,336	2,145	1,508,913	1,511,058	1,957,394	2,324,745	367,351	
Total elementary schools	21,104,072	965,194	36,523,231	37,488,425	58,592,497	102,214,493	43,621,996	
Other capital outlays:								
Districtwide Asbestos/ Life Safety	117,599	-	69,444	69,444	187,043	3,270,443	3,083,400	
Districtwide AWDA	42,694	-	31,611	31,611	74,305	262,936	188,631	
Districtwide Code Compliance	43,606	-	96,109	96,109	139,715	2,856,931	2,717,216	
Districtwide Computer Equipment/Technology	-	-	68,134	68,134	68,134	101,157	33,023	
Districtwide Fire Code	2,209	-	968	968	3,177	8,961	5,784	
Districtwide Emergency Preparation	44,769	-	45,029	45,029	89,798	1,815,239	1,725,441	

(Continued)

Period Ended June 30, 2005

SCHEDULE OF EXPENDITURES - PROJECT
AUTHORIZATION AND ACTUAL (GAAP BASIS) (Continued)

	2005						
	Prior Years	Land and Improvements	Buildings and Equipment	Total	Total	Project Authoriza- tion	Variance- favorable (unfavorable)
Districtwide Heat/Vent Air Condition Upgrade	\$ 3,410	\$ -	\$ 40	\$ 40	\$ 3,450	\$ 89,792	\$ 86,342
Districtwide Security Systems	26,227	-	58,730	58,730	84,957	1,482,761	1,397,804
Districtwide Sprinkler Upgrade	86,583	-	136,137	136,137	222,720	383,386	160,666
Districtwide Roof Replacement	17,612	-	24,628	24,628	42,240	313,067	270,827
Districtwide Underground Storage Tank Removal	5,538	3,228	(5,088)	(1,860)	3,678	96,819	93,141
Districtwide Elect/Swtch Upgrades	9,873	-	22,045	22,045	31,918	89,133	57,215
Districtwide Traffic Safety	5,173	-	4,751	4,751	9,924	251,897	241,973
Districtwide Restroom Safety	2,845	-	-	-	2,845	6,004	3,159
Districtwide Fencing	15,479	76	-	76	15,555	193,894	178,339
Districtwide Site Acquisition	96,704	120,016	-	120,016	216,720	10,244,654	10,027,934
Facilities/Maintenance	76,589	(13,736)	850,201	836,465	913,054	1,896,146	983,092
Pupil Transportation New Buses	3,114	-	816,838	816,838	819,952	1,357,304	537,352
Student Nutrition	100,320	-	105,723	105,723	206,043	669,897	463,854
Warehouse	80,315	6,439	53,775	60,214	140,529	959,500	818,971
Total other capital outlays	780,659	116,023	2,379,075	2,495,098	3,275,757	26,349,921	23,074,164
	<u>\$ 198,217,620</u>	<u>\$ 1,109,177</u>	<u>\$ 119,529,114</u>	<u>\$ 120,638,291</u>	<u>\$ 318,855,911</u>	<u>\$ 517,671,627</u>	<u>\$ 198,815,716</u>

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Capital Assets

To account for plant, property and equipment used in performance of general school district functions and programs.

June 30, 2005
With Comparative Totals for
June 30, 2004

SCHEDULE OF CAPITAL ASSETS - BY SOURCE [1]

	<u>2005</u>	<u>2004</u>
Capital Assets:		
Land and improvements	\$ 73,959,056	\$ 72,484,114
Buildings and equipment	1,218,387,038	1,021,500,813
Pupil transportation equipment	9,034,194	9,039,694
Construction in progress	<u>97,591,389</u>	<u>198,217,621</u>
Total Capital Assets	<u>\$ 1,398,971,677</u>	<u>\$ 1,301,242,242</u>
Investments in Capital Assets acquired prior to July 1, 2000	\$ 878,293,428	\$ 899,777,142
Investments in Capital Assets acquired after July 1, 2000		
Capital Projects Fund:		
General obligation bonds	492,589,300	376,609,211
Local, state and federal grants	19,772,211	18,280,652
Contribution from General Fund	151,817	151,817
Other	4,763,188	3,110,842
General Fund	2,281,257	2,244,127
State and Federal Grants Special Revenue Fund	369,029	344,338
Food Service Special Revenue Fund	<u>751,447</u>	<u>724,113</u>
Total Investments in Capital Assets	<u>\$ 1,398,971,677</u>	<u>\$ 1,301,242,242</u>

[1] This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

June 30, 2005

SCHEDULE OF CAPITAL ASSETS
BY FUNCTION AND ACTIVITY [1]

Function and Activity	Capital Assets				Total
	Land and Improvements	Buildings and Equipment	Pupil Transportation	Construction in Progress	
General administration	\$ 925,350	\$ 11,673,583	\$ --	\$ 117,627	\$ 12,716,560
Instruction	70,142,445	1,187,421,845	--	96,326,417	1,353,890,707
Pupil transportation	390,741	470,874	9,034,194	1,033,269	10,929,078
Operation and maintenance of plant	2,408,398	8,347,559	--	114,076	10,870,033
Food services	92,122	10,473,177	--	--	10,565,299
Total governmental funds capital assets	<u>\$ 73,959,056</u>	<u>\$ 1,218,387,038</u>	<u>\$ 9,034,194</u>	<u>\$ 97,591,389</u>	<u>\$ 1,398,971,677</u>

[1] This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

For Fiscal Year Ended June 30, 2005

SCHEDULE OF CHANGES IN CAPITAL ASSETS
BY FUNCTION AND ACTIVITY [1]

Function and Activity	Governmental Funds Capital Assets July 1, 2004	Additions	Deductions	Governmental Funds Capital Assets June 30, 2005
General administration	\$ 12,570,398	\$ 28,536	\$ --	\$ 12,598,934
Instruction	1,060,082,261	220,113,556	22,631,526	1,257,564,291
Pupil transportation	9,901,308	621,704	627,205	9,895,807
Operation and maintenance of plant	9,954,981	800,976	--	10,755,957
Food services	10,515,674	70,125	20,500	10,565,299
Construction in progress	198,217,620	120,638,291	221,264,522	97,591,389
Total governmental funds capital assets	\$ 1,301,242,242	\$ 342,273,188	\$ 244,543,753	\$ 1,398,971,677

[1] This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Statistical Section

Last Four Fiscal Years

**GOVERNMENT-WIDE
EXPENSES BY FUNCTION (1)**

Fiscal Year	General Administration	Instruction	Pupil Transportation	Operation and Maintenance of Plant	Community Services and Education	Non Departmental	Food Services	Capital Projects	Interest Expense	Total
2001-2002	\$ 9,452,484	\$ 352,491,798	\$ 15,136,449	\$ 20,379,602	\$ 1,804,986	\$ 3,834,756	\$ 11,482,531	\$ 96,670	\$ 28,615,906	\$ 443,295,182
2002-2003	11,965,357	357,948,970	15,316,591	18,379,710	1,949,296	2,724,000	11,834,319	160,838	30,491,745	450,770,826
2003-2004	26,454,531	380,596,221	16,219,676	19,298,372	2,193,218	3,956,114	12,406,855	--	43,244,987	504,369,974
2004-2005	22,928,887	434,474,069	16,390,472	21,441,868	1,602,248	3,768,058	13,778,656	449,333	32,823,838	547,657,429

Notes:

(1) GASB 34 Implementation began Fiscal Year 2001 - 2002.

Last Four Fiscal Years

GOVERNMENT-WIDE
REVENUES BY FUNCTION (1)

Fiscal Year	Program Revenues			General Revenues						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Appropriation from Municipality of Anchorage	Interest Earnings	Public School Funding Program	State Tuition Program	Federal Impact Aid	Other	
2001-2002	\$ 6,714,869	\$ 56,241,447	\$ 23,007,718	\$ 135,521,074	\$ 4,451,782	\$ 204,684,325	\$ 670,133	\$ 12,949,120	\$ 2,369,238	\$ 446,609,706
2002-2003	6,793,468	64,714,837	27,294,178	142,954,582	3,531,249	207,129,272	680,658	11,417,018	2,070,559	466,585,821
2003-2004	6,887,621	69,845,791	38,721,389	144,983,658	2,320,920	205,100,316	46,784	14,054,338	2,194,195	484,155,012
2004-2005	7,551,820	73,696,296	38,057,560	163,503,322	4,693,350	227,186,292	--	14,303,124	1,824,565	530,816,329

Notes:

(1) GASB 34 Implementation began Fiscal Year 2001 - 2002.

Last Ten Fiscal Years

GENERAL EXPENDITURES
BY FUNCTION (1)

Fiscal Year	General Administration	Instruction	Pupil Transportation	Operation and Maintenance of Plant	Community Services and Education	Non Departmental	Food Services	Debt Service	Total (2)
1995-1996	\$ 7,489,042	\$ 256,507,207	\$ 11,211,243	\$ 15,172,235	\$ 1,697,638	\$ 3,024,542	\$ 7,390,866	\$ 42,142,705	\$ 344,635,478
1996-1997	7,972,899	260,069,618	11,780,683	15,237,950	1,923,013	3,148,228	8,300,150	35,192,379	343,624,920
1997-1998	7,770,331	271,715,872	11,881,572	15,667,483	1,824,664	2,642,828	8,975,709	38,571,333	359,049,792
1998-1999	8,085,691	274,984,963	14,407,509	19,783,468	1,902,396	2,469,840	8,776,204	41,423,649	371,833,720
1999-2000	9,740,589	297,369,141	14,505,315	23,649,383	2,110,331	3,007,214	9,141,632	38,037,184	397,560,789
2000-2001	8,608,469	306,067,874	15,747,079	20,227,505	1,720,283	4,806,465	10,895,039	41,001,425	409,074,139
2001-2002 (3)	9,081,409	330,840,150	14,467,097	20,369,504	1,686,897	3,834,755	11,190,827	46,141,963	437,612,602
2002-2003 (3)	9,648,338	338,395,756	15,447,724	20,171,027	1,839,752	2,724,000	11,763,298	51,071,214	451,061,109
2003-2004 (3)	9,516,769	358,265,412	15,356,917	19,015,616	2,068,659	3,956,112	12,033,209	61,045,282	481,257,976
2004-2005 (3)	10,270,182	384,216,850	15,774,086	21,267,797	1,514,088	3,763,972	13,217,128	68,983,580	519,007,683

Notes:

- (1) Includes General, Special Revenue, and Debt Service Funds; excludes Capital Projects Fund.
- (2) For comparative analysis transfers have not been included.
- (3) Includes Student Activity Funds that were reclassified from Agency Funds to Special Revenue Fund.

Last Ten Fiscal Years

GENERAL REVENUES BY SOURCE (1)

<u>Fiscal Year</u>	<u>Local Sources</u>	<u>State Sources</u>	<u>Federal Sources</u>	<u>Total (2)</u>
1995-1996	\$ 91,896,910	\$ 223,644,437	\$ 27,085,380	\$ 342,626,727
1996-1997	100,464,836	218,758,565	26,184,689	345,408,090
1997-1998	109,976,941	225,250,158	29,108,561	364,335,660
1998-1999	118,488,684	235,064,966	32,578,977	386,132,627
1999-2000	128,523,772	234,621,100	35,771,336	398,916,208
2000-2001	138,625,374	234,688,634	38,799,281	412,113,289
2001-2002 (3)	151,298,176	245,906,981	44,923,129	442,128,286
2002-2003 (3)	158,077,867	250,993,537	49,907,518	458,978,922
2003-2004 (3)	159,936,428	254,775,072	57,373,253	472,084,753
2004-2005 (3)	180,891,401	280,960,065	60,793,473	522,644,939

Notes:

- (1) Includes General, Special Revenue, and Debt Service Funds; excludes Capital Projects Fund.
- (2) For comparative analysis transfers and lapsing prior year encumbrances have not been included.
- (3) Includes Student Activity Funds that were reclassified from Agency Funds to Special Revenue Fund.

Last Ten Fiscal Years

PROPERTY TAX LEVIES AND COLLECTIONS (1)

Fiscal Year	Total Tax Levy	Cash Collections on Tax Levy	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
1995	\$ 194,336,832	\$ 189,783,173	97.7 %	\$ 4,729,880	\$ 194,513,053	100.1 %	\$ 6,144,002 (2)	3.2 %
1996	208,691,496	203,234,593	97.4	5,773,312	209,007,905	100.2	7,341,296 (2)	3.5
1997	228,967,216	228,903,067	99.9	5,992,671	234,895,738	102.6	7,537,994 (2)	3.3
1998	245,907,069	244,407,757	99.4	5,287,492	249,695,249	101.5	8,212,383 (2)	3.3
1999	258,141,619	253,456,190	98.2	5,185,635	258,641,825	100.2	7,783,477 (2)	3.0
2000	262,257,722	258,051,374	98.4	5,547,615	263,598,989	100.5	8,554,371	3.3
2001	279,861,463	277,508,664	99.2	6,091,491	283,600,155	101.3	7,954,029	2.8
2002	299,084,667	298,771,844	99.9	11,657,612	310,429,456	103.8	8,570,659	2.9
2003	315,403,940	311,915,068	98.9	6,019,901	317,934,969	100.8	7,716,065	2.4
2004	337,190,170	325,033,543	96.4	5,400,726	330,434,269	98.0	7,301,265	2.2

Notes:

- (1) Information furnished by the Municipality of Anchorage which reports on a fiscal year ending December 31.
(2) Excludes Senior Tax Credit Receivable.

**ASSESSED AND ACTUAL VALUE
OF TAXABLE PROPERTY (1)**

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>	<u>Ratio of Total Assessed to Total Estimated Actual Value</u>
1995	\$ 10,008,044,242	\$ 1,414,885,125	\$ 11,422,929,367	1.0 %
1996	10,316,737,687	1,444,582,266	11,761,319,953	1.0
1997	11,505,643,829	1,589,703,899	13,095,347,728	1.0
1998	11,731,562,133	1,600,000,000	13,331,562,133	1.0
1999	12,928,231,268	1,618,340,956	14,546,572,224	1.0
2000	12,871,200,276	2,068,612,095	14,939,812,371	1.0
2001	13,778,949,898	1,885,868,114	15,664,818,012	1.0
2002	15,222,751,959	2,113,016,496	17,335,768,455	1.0
2003	17,225,701,316	1,854,219,932	19,079,921,248	1.0
2004	18,884,219,903	1,843,145,621	20,727,365,524	1.0

Notes:

(1) Information furnished by the Municipality of Anchorage which reports on a fiscal year ending December 31.

June 30, 2005

**COMPUTATION OF DIRECT
AND OVERLAPPING DEBT (1), AND
LEGAL DEBT MARGIN (2)**

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable To</u>	<u>Amount Applicable To</u>
Overlapping			
Municipality of Anchorage	\$ 378,185,000	100 %	\$ 378,185,000
Direct:			
Anchorage School District	785,639,049	100	<u>785,639,049</u>
			<u><u>\$ 1,163,824,049</u></u>

Notes:

- (1) Information furnished by the Municipality of Anchorage.
- (2) The Municipality of Anchorage has no legal debt limit mandated by the Municipal Charter, Code or State Law.

Last Ten Fiscal Years

**PROPERTY TAX RATES AND TAX LEVIES
DIRECT AND OVERLAPPING GOVERNMENTS
SERVICE FUNDS (1)**

	TAX RATES (IN MILLS)									
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
Area Wide:										
Municipality of Anchorage	1.10	1.50	1.56	1.24	1.64	2.11	2.07	2.09	2.02	2.24
Anchorage School District	<u>7.26</u>	<u>7.37</u>	<u>7.81</u>	<u>8.20</u>	<u>8.08</u>	<u>7.79</u>	<u>7.77</u>	<u>7.70</u>	<u>7.28</u>	<u>6.98</u>
Total Areawide	8.36	8.87	9.37	9.44	9.72	9.90	9.84	9.79	9.30	9.22
Former City Service Area	.02	.00	.02	.03	.02	.02	.05	.08	--	--
Chugiak Service Area	0.89	0.88	0.99	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Glen Alps Service Area	2.75	2.25	2.47	2.76	2.69	2.92	3.00	2.77	3.10	3.25
Girdwood Service Area	3.47	3.39	3.25	3.35	3.40	3.17	3.05	3.04	2.42	1.81
Former Borough Roads & Drainage Service Area	--	--	--	--	--	.00	.01	.03	.02	.01
Anchorage Fire Service Area	1.87	1.64	1.68	1.82	1.61	1.59	1.56	1.50	1.95	1.61
Roads & Drainage Service Area	2.90	3.10	2.97	3.61	3.03	3.28	3.52	3.44	3.35	3.40
Limited Road Service Areas	1.26	0.99	1.29	1.29	1.29	1.29	1.62	1.25	1.50	1.50
Anchorage Police Service Area	2.37	2.25	2.39	2.40	2.63	2.56	2.97	2.97	3.40	3.29
Parks & Recreation Service Area	.68	.74	.73	.72	.74	.82	.85	.78	.76	.60
Building Safety Service Area	.00	.01	.01	.01	.01	.01	.01	.01	.01	.00
Chugiak/Eagle River Recreational Facilities Service Area	1.18	.69	.69	.70	.53	.53	.54	.54	.54	.50

(Continued)

Last Ten Fiscal Years

**PROPERTY TAX RATES AND TAX LEVIES
DIRECT AND OVERLAPPING GOVERNMENTS
SERVICE FUNDS (Continued) (1)**

	TAX LEVIES (IN THOUSANDS)									
	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Area Wide:										
Municipality of Anchorage	\$ 23,398	\$ 29,635	\$ 28,256	\$ 20,525	\$ 25,449	\$ 32,686	\$ 30,030	\$ 28,029	\$ 20,628	\$ 23,374
Anchorage School District	154,493	143,969	139,238	131,060	122,116	112,983	105,756	96,423	87,744	80,259
Total Areawide	177,891	173,604	167,494	151,585	147,565	145,669	135,786	124,452	108,372	103,633
City Service Area	75	0	85	98	63	69	155	235	--	--
Chugiak Service Area	615	532	517	480	465	440	424	349	320	309
Glen Alps Service Area	199	140	131	130	122	126	124	109	116	116
Girdwood Service Area	935	887	799	736	707	658	603	584	422	307
Roads & Drainage Service Area	--	--	--	--	--	0	46	124	99	42
Anchorage Fire Service Area	37,593	30,141	28,199	27,346	22,858	21,672	19,942	19,465	21,579	17,181
Roads & Drainage Service Area	48,955	47,901	42,236	45,998	36,463	37,848	38,074	34,382	31,599	30,959
Limited Road Service Area	6,054	4,887	4,895	4,469	4,218	4,028	3,774	3,366	3,041	2,909
Anchorage Police Service Area	49,612	43,196	41,996	37,677	39,130	36,460	36,099	36,621	34,625	32,392
Parks & Recreation Service Area	12,558	12,428	11,324	9,994	9,692	10,234	9,997	8,468	7,779	5,921
Building Safety Service Area	0	220	100	136	108	106	93	104	106	0
Chugiak/Eagle River Recreational Facilities Service Area	2,703	1,468	1,309	1,212	867	832	790	708	633	568
Total Tax Levies	<u>\$ 337,190</u>	<u>\$ 315,404</u>	<u>\$ 299,085</u>	<u>\$ 279,861</u>	<u>\$ 262,258</u>	<u>\$ 258,142</u>	<u>\$ 245,907</u>	<u>\$ 228,967</u>	<u>\$ 208,691</u>	<u>\$ 194,337</u>

Note

(1) Information furnished by the Municipality of Anchorage which reports on fiscal year ending December 31.

Last Ten Fiscal Years

**RATIO OF NET GENERAL BONDED DEBT TO
ASSESSED VALUE AND NET BONDED DEBT
PER CAPITA AND PER STUDENT**

Fiscal Year	Population (1)	Average Daily Membership K-12 and Special Ed (2)	Assessed Valuation (3)	Gross Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita	Net Bonded Debt Per Student
1995-1996	253,614	46,159	\$ 11,422,929,367	\$ 255,805,000	\$ 12,100,942	\$ 243,704,058	2.1 %	\$ 961	\$ 5,280
1996-1997	254,269	46,470	11,761,319,953	300,755,000	7,163,115	293,591,885	2.5	1,155	6,318
1997-1998	254,850	47,316	13,095,347,728	323,175,000	4,981,318	318,193,682	2.4	1,249	6,725
1998-1999	258,780	48,116	13,331,562,133	356,840,000	4,056,701	352,783,299	2.6	1,363	7,332
1999-2000	259,390	48,157	14,546,572,224	337,530,000	4,483,106	333,046,894	2.3	1,284	6,916
2000-2001	260,283	48,856	14,939,812,371	496,555,000	5,862,973	490,692,027	3.3	1,885	10,044
2001-2002	264,937	49,247	15,664,818,012	607,940,000	16,162,142	591,777,858	3.8	2,234	12,017
2002-2003	269,070	49,545	17,335,768,455	583,225,000	17,791,262	565,433,738	3.3	2,101	11,413
2003-2004	274,003	49,265	19,079,921,248	681,250,000	10,732,112	670,517,888	3.5	2,447	13,610
2004-2005	277,498	49,182	20,727,365,524	797,855,000	12,215,951	785,639,049	3.8	2,831	15,974

Notes:

- (1) Approved by Municipality of Anchorage and Alaska Department of Community and Regional Affairs.
- (2) Average daily membership includes half-day kindergarten program reported at one-half time.
- (3) Assessed valuation restated to reflect actual assessed valuation received from the Municipality of Anchorage rather than the estimated amount used at time of mill rate determination.

Last Ten Fiscal Years

**RATIO OF ANNUAL DEBT SERVICE
EXPENDITURES FOR GENERAL BONDED
DEBT TO TOTAL GENERAL EXPENDITURES**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Total Debt Service</u>	<u>Total General Expenditures (1)</u>	<u>Ratio of Debt Service to General Expenditures (Percent)</u>
1995-1996	\$ 28,746,497	\$ 12,861,811	\$ 10,616	\$ 41,618,924	\$ 344,635,478	12.1 %
1996-1997	20,050,000	15,122,151	7,506	35,179,657	343,624,920	10.2
1997-1998	21,430,000	17,122,289	10,194	38,562,483	359,049,792	10.7
1998-1999	23,770,000	17,605,959	10,118	41,386,077	371,833,720	11.1
1999-2000	19,310,000	18,680,665	8,947	37,999,612	397,560,789	9.6
2000-2001	19,165,000	21,792,706	6,147	40,963,853	409,074,139	10.0
2001-2002 (2)	21,655,000	24,442,644	6,747	46,104,391	437,612,602	10.5
2002-2003 (2)	24,715,000	26,308,651	9,991	51,033,642	451,061,109	11.3
2003-2004 (2)	28,745,000	32,290,960	9,322	61,045,282	481,257,976	12.7
2004-2005 (2)	34,760,000	34,214,001	9,579	68,983,580	519,007,683	13.3

Notes:

- (1) Includes General, Special Revenue, and Debt Service Funds; excludes Capital Projects Fund
(2) Includes Student Activity Funds that were reclassified from Agency Funds to Special Revenue Fund.

DEMOGRAPHIC STATISTICS

<u>Fiscal Year (1)</u>	<u>Population (2)</u>	<u>Average Daily Membership Grades K-12 and Special Education (3)</u>	<u>Unemployment Rate (4)</u>
1995	253,614	46,159	5 %
1996	254,269	46,470	6
1997	254,850	47,316	6
1998	258,780	48,116	4
1999	259,390	48,157	4
2000	260,283	48,856	4
2001	264,937	49,247	4
2002	269,070	49,545	5
2003	274,003	49,265	6
2004	277,498	49,182	6

Notes:

- (1) Information furnished by the Municipality of Anchorage which reports on a fiscal year ending December 31.
- (2) Approved by Municipality of Anchorage and Alaska Department of Labor.
- (3) Average daily membership includes half-day kindergarten program reported at one-half time.
- (4) Alaska State Department of Labor.

Last Ten Fiscal Years

**COMMERCIAL AND RESIDENTIAL
CONSTRUCTION ACTIVITY (1)**
(Value in Thousands)

Fiscal Year	Commercial Construction (2)		Residential Construction (2)		Real Property Value	
	Number of Units	Estimated Value	Number of Units	Estimated Value	Commercial	Residential
1995	1,009	\$ 141,314	1,462	\$ 159,126	\$ 3,212,582	\$ 6,795,462
1996	1,095	150,283	1,478	188,893	3,266,653	7,050,085
1997	1,147	163,192	1,775	227,941	3,399,411	8,106,233
1998	1,234	285,522	1,771	223,351	3,589,935	8,899,307
1999	1,150	280,232	1,419	178,696	3,549,716	9,378,515
2000	1,225	275,311	2,008	222,999	3,930,622	8,940,578
2001	1,498	289,652	2,300	309,730	5,009,096	8,769,854
2002	1,549	279,137	2,272	308,715	5,422,909	9,799,843
2003	1,836	385,132	2,190	338,710	6,674,399	10,551,303
2004	1,839	351,294	1,938	296,479	6,842,373	12,041,847

Notes:

- (1) Information furnished by the Municipality of Anchorage which reports on a fiscal year ending December 31.
- (2) Municipality of Anchorage building permits. Includes alterations and additions.

June 30, 2005

PRINCIPAL TAXPAYERS (1)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation (1)</u>	<u>Percentage of Total Assessed Valuation</u>
Alaska Communications	Communications	\$ 180,733,155	0.87 %
Fred Meyer Stores, Inc	Retail Services	84,465,980	0.41
Galen Hospital Alaska	Hospital Services	70,997,379	0.34
Calais Co., Inc.	Property Development	70,930,555	0.34
Hickel Investment Co.	Property Development	69,664,202	0.34
WEC 2000A-Alaska LLC	Petroleum	68,643,460	0.33
Federal Express Corporation	Delivery Services	65,987,184	0.32
BP Exploration (Alaska) Inc.	Petroleum	55,936,593	0.27
Hilton MD Finance Company	Property Development	55,323,100	0.27
First National Bank	Financial Services	45,548,058	0.22
		<u>\$ 768,229,666</u>	<u>3.71 %</u>

Note:

- (1) Includes real and personal property. Information furnished by the Municipality of Anchorage which reports on a fiscal year ending December 31.

Last Ten Fiscal Years

AVERAGE GENERAL EXPENDITURES PER PUPIL

<u>Fiscal Year</u>	<u>Total General Expenditures (1)</u>	<u>General Expenditures Percentage Increase (Decrease) Over Prior Year</u>	<u>Average Daily Membership Grades K-12 and Special Education (2)</u>	<u>General Expenditures Per Student Capita</u>	<u>General Expenditures per Student Capita Percentage Increase (Decrease) Over Prior Year</u>
1995-1996	\$ 344,635,478	2.55 %	46,159	\$ 7,466	0.40 %
1996-1997	343,624,920	(0.30)	46,470	7,395	(0.96)
1997-1998	359,049,792	4.49	47,316	7,588	2.62
1998-1999	371,833,720	3.56	48,116	7,728	1.84
1999-2000	397,560,789	6.92	48,157	8,256	6.83
2000-2001	409,074,139	2.90	48,856	8,373	1.42
2001-2002 (3)	437,612,602	6.98	49,247	8,886	6.13
2002-2003 (3)	451,061,109	3.07	49,545	9,104	2.45
2003-2004 (3)	481,257,976	6.69	49,265	9,769	7.30
2004-2005 (3)	519,007,683	7.84	49,182	10,553	8.03

Notes:

- (1) Includes General, Special Revenue and Debt Service Funds; excludes Capital Projects Fund.
- (2) Average daily membership includes half-day kindergarten program reported at one half time.
- (3) Includes Student Activity Funds that were reclassified from Agency Funds to Special Revenue Fund.

Last Ten Fiscal Years

**AVERAGE DAILY MEMBERSHIP AS COMPARED
TO ASSESSED VALUATION SHOWING ASSESSED
VALUATION SUPPORT PER STUDENT**

<u>Fiscal Year</u>	<u>Average Daily Membership Grades K-12 and Special Education (1)</u>	<u>Average Daily Membership Percentage Increase Over Prior Year</u>	<u>Assessed Valuation (2)</u>	<u>Assessed Valuation Percentage Increase Over Prior Year</u>	<u>Assessed Valuation Support Per Student</u>
1995-1996	46,159	0.57 %	\$ 11,422,929,367	3.20 %	\$ 247,469
1996-1997	46,470	0.67	11,761,319,953	2.96	253,095
1997-1998	47,316	1.82	13,095,347,728	11.34	276,764
1998-1999	48,116	1.69	13,331,562,133	1.80	277,071
1999-2000	48,157	0.09	14,546,572,224	9.11	302,066
2000-2001	48,856	1.45	14,939,812,371	2.70	305,793
2001-2002	49,247	0.80	15,664,818,012	4.85	318,087
2002-2003	49,545	0.61	17,335,768,455	10.67	349,899
2003-2004	49,265	(0.57)	19,079,921,248	10.06	387,292
2004-2005	49,182	(0.17)	20,727,365,524	8.63	421,442

Notes:

- (1) Average daily membership includes half-day kindergarten program reported at one-half time.
- (2) Assessed valuation restated to reflect actual assessed valuation furnished by the Municipality of Anchorage rather than the estimated amount used at time of mill rate determination.

Last Ten Fiscal Years

**AVERAGE DAILY MEMBERSHIP WITH
PERCENTAGE INCREASE (DECREASE)
OVER PRIOR YEAR**

<u>Fiscal Year</u>	<u>Average Daily Membership Grades K-6 (1)</u>	<u>Percentage Increase (Decrease) Over Prior Year Grades K-6</u>	<u>Average Daily Membership Grades 7-12</u>	<u>Percentage Increase (Decrease) Over Prior Year Grades 7-12</u>
1995-1996	26,505	0.32 %	19,654	0.91 %
1996-1997	26,443	(0.23)	20,027	1.90
1997-1998	26,682	0.90	20,634	3.03
1998-1999	26,812	0.49	21,304	3.25
1999-2000	26,894	0.31	21,263	(0.19)
2000-2001	27,251	1.33	21,605	1.61
2001-2002	26,941	(1.14)	22,306	3.24
2002-2003	26,694	(0.92)	22,851	2.44
2003-2004	26,481	(0.80)	22,784	(0.29)
2004-2005	26,060	(1.62)	23,122	1.46

Note:

(1) Average daily membership includes half-day kindergarten program reported at one-half time.

June 30, 2005

SCHEDULE OF INSURANCE IN FORCE

<u>Carrier/Coverage</u>	<u>Policy Number</u>	<u>Limits</u>	<u>Expiration Date</u>
Ins Co. of State of PA GL/Auto/Ed Legal Emp Benefits	4705-3118	\$5,000,000 Each Occurrence \$10,000,000 Aggregate (Where Applicable) SIR - \$1,000,000	7/1/2006
Colony Insurance Co. 1st Excess Liability	AR5460077	\$10,000,000 XS \$5,000,000	7/1/2006
Arch Specialty Ins. Co. Excess Liability	UXP000803100	\$5,000,000 XS \$15,000,000	7/1/2006
Employers Reinsurance Corp. Excess WC/ & Employers Liability	642137	\$25,000,000 WC - PT1 \$1,000,000 EL each Accident/Disease SIR: \$750,000	7/1/2006
AIG Life Ins. Co. Travel Accident Ins.	GTP8040253-N	\$500,000 Per Person \$5,000,000 Aggregate	7/1/2006
XL Specialty Ins. Co. N/O Aviation	NAN3028017	\$1,000,000 each Occurrence include per passenger	7/1/2006
Westchester Fine Ins. Co. Employee Dishonesty Bond	G21679586001	\$500,000 Bond Limit \$7,500 Deductible	7/1/2006
Hartford Accident & Indemnity School Board Treasurer Bond	52BSBCH0710	Bond Limit: \$50,000	4/21/2006
Zurich Ins. Co. Storage Tank 3rd Party Liability	USC295441105	\$1,000,000 each Incident \$1,000,000 Aggregate Limit \$10,000 Deductible	1/23/2006
FM Global Insurance Co. Property Insurance excluding Quake	UV974	\$500 Million limit \$100,000 deductible/occurrence	7/1/2006

Last Three Fiscal Years

**AUTHORIZED POSITIONS BY CATEGORY
GENERAL OPERATIONS**

Employee Category	Fiscal Year		
	2002-2003 (1)	2003-2004 (1)	2004-2005 (1)
Administration	151	157	157
Principals	130	135	138
Teachers	3,236	3,221	3,223
Technical	154	169	180
Clerical and teacher aides	899	917	917
Maintenance/warehouse	184	186	191
Custodial	329	329	341
Drivers/attendants	111	111	104
Noon attendants	74	74	74
Food service	136	141	156
Total authorized positions	<u>5,404</u>	<u>5,440</u>	<u>5,481</u>

Note:

- (1) The number of positions include all employees authorized in the General Fund and the Food Service Special Revenue Fund. These positions include those working on Elmendorf Air Force Base and Fort Richardson Military Reservation.

June 30, 2005

MISCELLANEOUS STATISTICS

Date of adoption of Home Rule Charter Municipality of Anchorage		September 16, 1975
Number of school buildings:		
High schools		7
Middle schools		9
Elementary schools		60
Alternative secondary schools		5
Special education schools		2
Vocational school		1
Charter schools		4
Number of students graduated last year		2,579
Number of Type A lunches served:		
Paid		1,116,259
Free		1,279,866
Reduced price		331,524
Adult		13,310
Pupil transportation statistics:	<u>District</u>	<u>Contracted</u>
Number of routes:		
Regular to and from schools	50	100
Special Education to and from schools	26	63