

Comprehensive Annual
Financial Report

ANCHORAGE SCHOOL DISTRICT

for the Fiscal Year Ended
June 30, 2006

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 is consistent with numerous laws, regulations, and executive orders enforced by various federal, state, and municipal agencies, including but not limited to Executive Order 11246, Title 41, part 60-1, 60-2, 60-3, 60-20, Title VI and VII of the 1964 Civil Rights Act, Title IX of the Education Amendments Act of 1972, and Section 504. Inquiries or complaints may be addressed to the School District's Equal Employment Opportunity Director, who also serves as the Title IX Coordinator, ASD Education Center, P.O. Box 196614, Anchorage, AK 99519-6614, (907) 742-4132 or to any of the following external agencies: Alaska State Commission for Human Rights, Anchorage Equal Rights Commission, Director of the Office for Civil Rights, Department of Education, Department of Health and Human Services

	<u>Page</u>
Title Page	i
EEO Policy	ii
Table of Contents	iii
 INTRODUCTORY SECTION	
Letter of Transmittal	v
School Board	xxiii
Organizational Chart	xxiv
Certificate of Achievement	xxv
Certificate of Excellence	xxvi
 FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
<u>Exhibit</u> Basic Financial Statements:	
Government-wide Financial Statements:	
I Statement of Net Assets	13
II Statement of Activities	14
Fund Financial Statements:	
III Balance Sheet - Governmental Funds	15
IV Reconciliation of the Balance Sheet Governmental Funds to the Statement of Net Assets.....	16
V Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
VI Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities.....	18
VII Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual - General Fund	19
VIII Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual - State and Federal Grants Special Revenue Fund.....	21
IX Statement of Net Assets - Proprietary Fund	25
X Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund	26
XI Statement of Cash Flows - Proprietary Fund	27
Notes to the Basic Financial Statements	28
Combining and Individual Fund Statements and Schedules:	
<u>Schedule</u> General Fund:	
A-1 Balance Sheet	51
A-2 Schedule of Revenues, Expenditures, and Changes in Fund Balance - GAAP Basis	52
A-3 Schedule of Expenditures - GAAP Basis	54
A-4 Schedule of Expenditures, Budget (Non-GAAP Basis) and Actual	56
A-5 Schedule of Expenditures by Function, Activity, and Object - GAAP Basis	60
Special Revenue Funds:	
State and Federal Grants Fund:	
B-1 Balance Sheet	63
B-2 Schedule of Revenues, Expenditures and Changes in Fund Balance - GAAP Basis	64
B-3 Schedule of Expenditures - GAAP Basis	67
B-4 Schedule of Expenditures, Budget (Non-GAAP Basis) and Actual	70
B-5 Schedule of Expenditures by Function, Activity, and Object - GAAP Basis	81
B-6 Combining Balance Sheet - Nonmajor Governmental Funds.....	85
B-7 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	86

<u>Schedule</u>		<u>Page</u>
	Food Service Fund:	
B-8	Balance Sheet	87
B-9	Schedule of Revenues, Expenditures, and Changes in Fund Balance - GAAP Basis	88
B-10	Schedule of Revenues, Expenditures, and Changes in Fund Balance, Budget (Non-GAAP Basis) and Actual	89
B-11	Schedule of Expenditures by Function, Activity, and Object - GAAP Basis	91
	Student Activity Fund:	
B-12	Balance Sheet - By Account	92
B-13	Schedule of Revenues, Expenditures, and Changes in Fund Balance - By Account	93
B-14	Balance Sheet - Decentralized Activities - By Department	94
B-15	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Decentralized Activities - By Department	95
B-16	Balance Sheet - Centralized Activities - By Department	96
B-17	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Centralized Activities - By Department	97
	Debt Service Fund:	
C-1	Balance Sheet	99
C-2	Schedule of Revenues, Expenditures, and Changes in Fund Balance, Budget (GAAP Basis) and Actual	100
	Capital Projects Fund:	
D-1	Balance Sheet	101
D-2	Schedule of Revenues, Expenditures, and Changes in Fund Balance - GAAP Basis	102
D-3	Project-Length Schedule of Construction Projects	103
D-4	Schedule of Expenditures - Project Authorization and Actual - GAAP Basis	104
	Capital Assets Used in the Operation of Governmental Funds:	
E-1	Schedule of Capital Assets by Source	109
E-2	Schedule of Capital Assets by Function and Activity	110
E-3	Schedule of Changes in Capital Assets by Function and Activity	111

Table STATISTICAL SECTION

AA	Statement of Net Assets - Last Five Years	115
BB	Statement of Activities and Change in Net Assets - Last Five Years	116
CC	Fund Balance, Governmental Funds - Last Five Years	117
DD	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Last Five Years	118
EE	Government-wide Expenses by Function	119
FF	Government-wide Revenues by Function	120
GG	General Expenditures by Function - Last Ten Fiscal Years	121
HH	General Revenues by Source - Last Ten Fiscal Years	122
II	Assessed and Actual Value of Taxable Property - Last Ten Fiscal Years	123
JJ	Property Tax Rates and Tax Levies - Direct and Overlapping Governments - Service Funds - Last Ten Fiscal Years	124
KK	Property Tax Payers - Current Year and Nine Years Ago	126
LL	Property Tax Levies and Collections - Last Ten Fiscal Years	127
MM	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita and Per Student - Last Ten Fiscal Years	128
NN	Computation of Direct and Overlapping Debt, and Legal Debt Margin	129
OO	Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures - Last Ten Fiscal Years	130
PP	Demographic Statistics - Last Ten Fiscal Years	131
QQ	Principal Employers	132
RR	Commercial and Residential Construction Activity - Last Ten Fiscal Years	133
SS	Average General Expenditures Per Pupil - Last Ten Fiscal Years	134
TT	Average Daily Membership as Compared to Assessed Valuation Showing Assessed Valuation Support Per Student - Last Ten Fiscal Years	135
UU	Authorized Positions by Category - General Operations - Last Three Fiscal Years	136
VV	Average Daily Membership With Percentage Increase (Decrease) Over Prior Year - Last Ten Fiscal Years	137
WW	Facility Utilization	138
XX	School Buildings	139
YY	Miscellaneous Statistics	140
ZZ	Schedule of Insurance in Force	141

Introductory Section



October 20, 2006

Anchorage School District

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SCHOOL BOARD

Jeff Friedman
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Clerk

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Crystal Kennedy

Jake Metcalfe

Tim Steele

SUPERINTENDENT

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, 2006, 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 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 with an emphasis on improving staff diversity to better reflect our student body.
- challenging each student academically,
- Maximizing opportunities for lifelong learning,
- 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 the 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.

The Anchorage School District is committed to establishing an environment of respect and mutual collaboration by attracting and retaining a quality work force, at every level in the District, who are committed to providing a positive learning environment, who value diversity and who reflect the diversity of the Anchorage community and the relevant labor market.

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 not proficient in language arts and math will decrease by at least ten percent in each AYP-designated student group.

Reporting Directions: Results will be reported in the inverse as the respective percents proficient.

Examples:

Given that the Caucasian group was 12.2 percent not proficient last year, they would need to reduce the percent not proficient by 1.22 percent. Therefore, the target will be met if the percent not proficient is 10.98. Reporting in the inverse, the target is 89.02 percent proficient.

Given that the special education group was 58.9 percent not proficient last year, they would need to reduce the percent not proficient by 5.89 percent. Therefore, the target will be met if the percent not proficient is 53.01. Reporting it in the inverse, the target is 46.99 percent proficient.

- b. In a year-to-year comparison, the percentage of students scoring proficient in reading on the Alaska Standards Based Assessment will increase by 2.5 percent in each AYP-designated student group in each grade level three-nine.
- c. In a year-to-year comparison, the percentage of students scoring proficient in mathematics on the Alaska Standards Based Assessment will increase by 2.5 percent in each AYP-designated student group in each grade level three-nine.
- d. In a cohort comparison, the percentage of students scoring proficient in mathematics on the Alaska Standards Based Assessment in either grade will be greater than the percentage of those same students scoring proficient in seventh grade the previous year.
- e. In a year-to-year comparison, the achievement gap in language arts and math will decrease significantly between each AYP-designated group and the Caucasian group, narrowing the achievement gap.
- f. The performance of the cohort of students in fifth, seventh, and ninth grades will show a 2.5 percent increase in the percent proficient from the previous year on the writing content strands of *Structures and Conventions of Writing* and *Revision*.

Performance will be assessed on the Alaska Standards Based Assessment (Grades three through ten). These assessments will provide information on the status of student group performance for each school at grade levels three through ten.

Results will also be provided on student performance in tenth grade on the Alaska High School Graduation Qualifying Exam (HSGQE) and on the performance of those in grades eleven and twelve who have not yet passed the Alaska High School Graduation Qualifying Exam, though these scores are not included in the determination of adequate yearly progress.

Performance by students in grades five and seven 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 2004-2005 and 2005-2006 in Language Arts is 71.48 and Math is 57.61.

2. A higher percentage of students will master reading skills and strategies to read proficiently at the end of the 3rd grade.

Indicators:

- a. In a year-to-year comparison, the percentage of students scoring proficient in reading on the Alaska Standards Based Assessment will increase by 2.5 percent in each AYP-designated student group in grade three.
 - 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:

- a. The percentage of students in each AYP-designated student group who successfully complete Algebra I in eighth grade or earlier with a grade of C or higher will increase by five percent in a year-to-year comparison.
- b. In a cohort comparison, 100 percent of the students still enrolled in the Anchorage School District who successfully completed Algebra I with a B or better in eighth grade are enrolled in Geometry or Algebra II in grade nine.

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.
 - c. ASD Administration will explore the Orleans-Hanna math assessment as a predictor of math proficiency and, specifically, Algebra readiness.
 - d. Math teachers will focus on articulation of the curriculum, K-12, with a particular focus on the transition from sixth to seventh grade.
4. The dropout rate will decrease.

Indicator:

- a. The dropout rate of seventh through twelfth students will decrease by five percent in each AYP-designated group in a year-to-year comparison across the District and in each school.

Process Directions:

- a. Students' reported reason for dropping out will be reported by grade level.
5. The graduation rate will increase.

Indicators:

- a. The graduation rate will increase by five percent from year-to-year in each AYP-designated student group across the District and in each school.
6. The percent of high school students successfully completing higher-level courses will increase.

Indicators:

- a. The District will maintain or increase the percent of students scoring in the fourth quartile (76-100 percent) on the TerraNova CAT/6 in grades five and seven.
 - b. There will be at least a five-percent increase in each AYP-designated student group in the number of students taking the PSAT in a year-to-year comparison. The 2005-2006 school year will establish the baseline.
 - c. There will be at least a five-percent increase in each AYP-designated student group in the percent of high school students who successfully complete AP courses in a year-to-year comparison. "Successfully complete" is defined as passing the AP course with a grade of C or higher.
7. Customer service and satisfaction will improve.

Indicators:

- a. Questions will be added on the parent, student, and staff questionnaires to address customer service and satisfaction. The 2005-2006 school year data will establish the baseline.

Process directions for the District:

- a. The district will address customer service issues in district trainings.

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 schedules individuals and businesses, industry, government, labor and cultural organizations who are willing to contribute to students' education by providing three major types of activities:

1. Assemblies – This involves activities for larger than classroom-sized groups for either cultural or subject related experiences.
2. Classroom Speakers – People from the community come into the classroom to offer teachers a vehicle for expanding learning opportunities to students. Speakers offer a wealth of expertise and information that was gained through their many years of work experience.
3. Field Trips – Student groups visit community facilities which provide vast exposure to cultural, business, industrial, governmental, labor, professional and residential sectors of the community. Field trips can also be utilized to achieve a wide range of career awareness, explorations and preparation as well as cultural and subject related awareness.

During the past school year, the Community Resources Department scheduled over 4,000 events. This includes over 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. 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, Alaska Department of Fish and Game, Imaginarium, People Mover, Pioneer Schoolhouse, Alaska Railroad, Starbase Alaska, Anchorage Fire Department, Anchorage Symphony and the Anchorage Zoo.

COMMUNITY SERVICES (RENTALS)

The Rentals Department 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 fiscal year 2005-2006, 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, and PTA Councils. Revenues realized from

the rental of District Facilities were \$684,383 in school year 2005-2006 and are projected for \$548,000 for school year 2006-2007. Effective July 1, 2005, new rental rates were put into effect.

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 Municipality of Anchorage 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 auditorias at Chugiak, Dimond, East, South and West High Schools. A fifth technician will be added in school year 2006-2007 to assist with the opening of Bartlett High School auditorium which is coming on-board after district renovation. 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 and auditoria. During the summers of school year 2004-2005 and school year 2005-2006, the group also provided technical assistance to an expanded summer school program in conjunction with the University of Alaska Anchorage.

COMMUNITY EDUCATION

Effective for school year 2004-2005, the Community Schools Program was no longer funded through the Anchorage School District. Instead, this program resided with a non-profit agency, the Anchorage Community Education Association. This group has since closed its operations, effective May 2006. The Municipality of Anchorage Parks and Recreation department is currently looking for ways to fill the void of providing community based classes.

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 2005-2006 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 4th year of five-year renewable state grant, four sites operated under their 3rd year of a five-year renewable state grant, and four sites operated under their 2nd year of a five-year renewable state grant. The same thirteen sites will provide 21st CCLC programs during the 2006-2007 school year.

Supplemental Educational Services (SES) was provided by the Anchorage School District's 21st Century Community Learning Center program to students attending Clark, Mountain View and Williwaw

schools. SES services will be offered during the 2006-2007 school year to the following schools: Clark, Creekside Park, Fairview, North Star, Ptarmigan, Tyson, Williwaw and Willow Crest.

A 21st CCLC non-profit association continues 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

Supported by both the ASD and the Chamber of Commerce, Anchorage School Business Partnerships is a 501c3 non-profit corporation. Over the past sixteen years, the School business Partnership Program has been responsible for developing more than 450 partnerships between businesses and schools in Anchorage. The partnerships have an economic value of over \$2.5 million to the ASD. In addition to these partnerships, the program spearheads many special events and supports the School Business Partnership classes taught at various middle and high schools. These classes follow either an entrepreneurial model (e.g., drink booths, banks) or a community service model. Both models develop business and work force skills.

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-half of one of the four 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 stu-

dents 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 2005-2006 school year, the District operated six charter schools as a result of legislation passed in 1995, namely: Aquarian, K-6; Family Partnership, K-12; Frontier, K-12; Eagle Academy, K-6; Winterberry, K-6; and Highland Tech High, 7-10.

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., COHO 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 structured 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. A 3rd session has been scheduled at KCC for students who can attend after-school classes. Classes will be 1/2 credit introductory courses for the 2006- 2007 school year.

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.

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.

The Special Education Division provides services to students eligible for services under the federal Individuals with Disabilities Education Act (IDEA) and state regulations. Children experiencing disabilities are guaranteed a free appropriate public education when the disability is defined in one of fourteen eligibility categories, the disability adversely affects the education performance of the child, and because of the disability the child is in need of special education and related services. A team of professionals and the parent determine services for a student through development of the Individual Education Plan. Services are delivered in the least restrictive environment of a continuum of placements, ranging from in general education classroom to special classes, special schools, and institutional settings. Special education services are provided in all district schools, including alternative and optional schools, charter schools, and special school programs. The IEP team may determine a need for Related Services which may include speech therapy, occupational therapy, physical therapy, counseling, specialized nursing services, audiological 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. CSF II offers “aggression replacement” training for identified 4, 5, and 6 grade students. This is offered on site at various schools throughout the district each year. The CSF program is a highly structured, district-wide, short-term program designed to empower “at-risk” K-3 and 4-6 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 200 - 225 students per year.

STUDENTS

The Anchorage area had an estimated population of 278,241 in 2005. This represents a small increase of residents over 2004.

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 eighteenth year of uninterrupted, slow and steady job growth. For the past five years, the health care and construction industries have led that growth.

The Anchorage School District is charged with the responsibility of educating the young 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 percent of the Anchorage population, they are 45 percent of the District student population. The official enrollment for school year 2005-2006 reached 49,589 students; 25,381 elementary, 23,004 secondary, and 1,204 special services and contracted program students.

Approximately 29,300 Anchorage students participated in the Alaska Standards Based Assessment (SBA) in school year 2005-2006. The SBAs are statewide tests designed to provide information about what students are able to do in reading, writing, and mathematics at grade level. The SBAs 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). They were administered in grades three through ten and are the foundation of the Alaska school accountability system. When the scores were aggregated at the district level, 81.7 percent were proficient in reading, 78.8 percent in writing, and 70.6 percent 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 3,817 sophomores take the HSGQE in the spring of 2006 and 66.2 percent of these students passed all three subtests on the first administration. Of the 1,292 students who have not passed all three subtests of the HSGQE, 531 have only one remaining subtest to pass, 361 have two remaining subtests to pass, and 400 have all three subtests to pass. Of the seniors enrolled in the Anchorage School District on May 23, 2006, 93.2 percent of those with sufficient credits to graduate passed the HSGQE.

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 school year 2005-2006 involved the administration of the TerraNova CAT/6 in grades five and seven. The Mean Normal Curve Equivalent scores for all students in grades five and seven ranged from 54 to 57 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 2005-2006 school year, the average composite ACT score for Anchorage was 22.6 compared to 21.1 nationally and 21.1 for our state. The average SAT total math and critical reading was 1055 for Anchorage compared to 1021 nationally and 1034 for our state.

In terms of meeting Adequate Yearly Progress (AYP) as defined by No Child Left Behind, the Anchorage School District has progressed as follows: In the first year of NCLB, 40 percent of our schools met AYP, in the second year 58 percent, in the third year 66 percent, and this year 62 percent of our schools made AYP. In addition, our Title I schools have progressed as follows: Whereas only three Title I schools made AYP in the first year, that number grew to seven in the second year, to seventeen of the twenty-one last year, and dropped to thirteen of the twenty-five this year. However, four of our Title I schools successfully made AYP for two years in a row and were thus removed from school improvement status.

STUDENT SUPPORT SERVICES

The Transportation Department provides school bus service for approximately 20,000 eligible students daily for a total of over 6,000,000 passenger trips a year. Two hundred and thirty-five buses operate over 1,500 routes each day and travel over 3,000,000 miles annually. The Transportation Department also scheduled and dispatched 4,300 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 was provided by First Student Inc.

The Vehicle Maintenance Department is responsible for the servicing and maintenance of one hundred twenty one school buses and approximately four hundred forty support vehicles and equipment. Fourteen mechanics staff the District's two vehicle maintenance shops.

The Student Nutrition Program serves over 20,000 meals daily or more than 3.5 million meals a year to elementary and middle level and high school students. A school lunch costs \$2.40 for elementary, \$2.80 for middle school and \$3.25 for high school students. Choices in all areas include a wide variety using the five food groups of the food pyramid. Senior high students may purchase a complete well balanced meal or choose from a variety of nutritious foods, including salad bars and *Subway* sandwiches. Breakfast is served daily 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 369,000 titles located in 111 library centers. There are over 1.37 million items in the collections. The Anchorage School District library index is accessible to the community via the internet. Use of collection development plans and interlibrary loan strategies among schools benefit the 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, includ-

ing 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 schools. 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 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 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 Districts cash resources at June 30, 2006 were invested as follows: repurchase agreements 15 percent and United States Treasury obligations 85 percent.

The total amount of interest income earned in 2006 was \$6,747,140, which was \$2,053,790 higher than the interest received on investments for fiscal year 2005-2006. 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 preliminary fiscal gap for fiscal year 2007-2008 is \$22 million. The District has been notified recently that the employer contribution rates for Teachers' Retirement System (TRS) and Public Employees' Retirement System (PERS) will increase to 54.03 percent and 40.89 percent respectively for fiscal year 2007-2008. Compared with the contribution rates of 26 percent (TRS) and 24.25 percent (PERS) for fiscal year 2006-2007, this increase will widen the District's financial gap for fiscal year 2007-2008 by \$68.5 million. At this time, the Alaska State Legislature has not addressed the funding needs for the retirement and other cost increases. Although the State currently has a budget surplus, existing State revenue projections may also change due to the fluctuations in oil production as well as the price of oil. This, combined with the State's lack of a long-range State fiscal plan to generate new sources of revenue and the management of State spending, may have an impact on funding for public education. These factors have a major impact on 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 (approximately 58 percent).

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) and the Individuals with Disabilities Education Act (IDEA); cost increases related to employee contracts, and utility and fuel rate increases.

The District is organizing community/staff budget review teams 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 accompany long-range financial planning.

The District, the Municipality and the Anchorage community must work together to secure the appropriate level of State, local and federal 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, 2005.

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, 2005.

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,

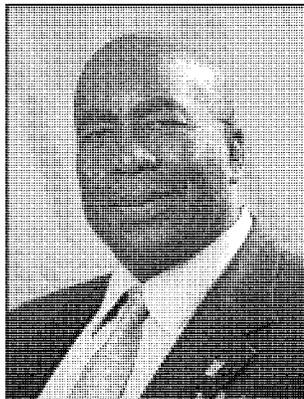


Janet Stokesbary
Chief Financial Officer

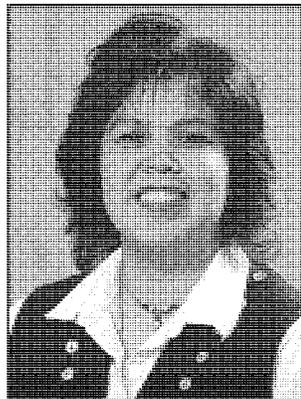
The Anchorage School Board



Jeff Friedman
President



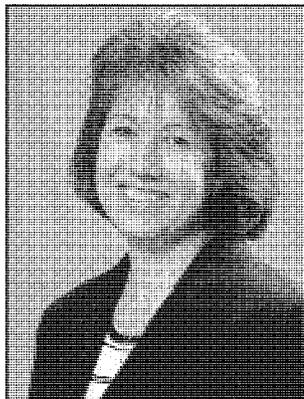
Macon Roberts
Vice President



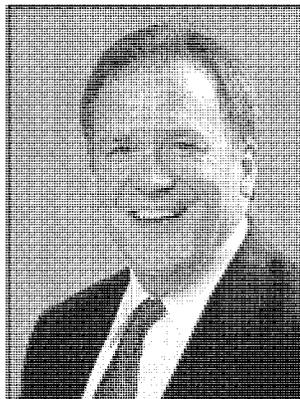
Mary Marks
Clerk



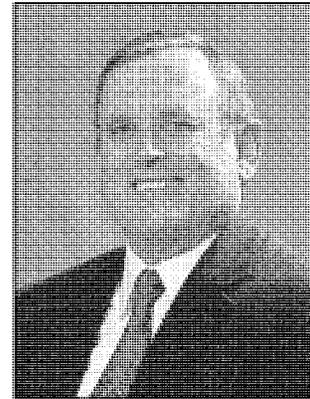
John Steiner
Treasurer



Crystal Kennedy



Jake Metcalfe

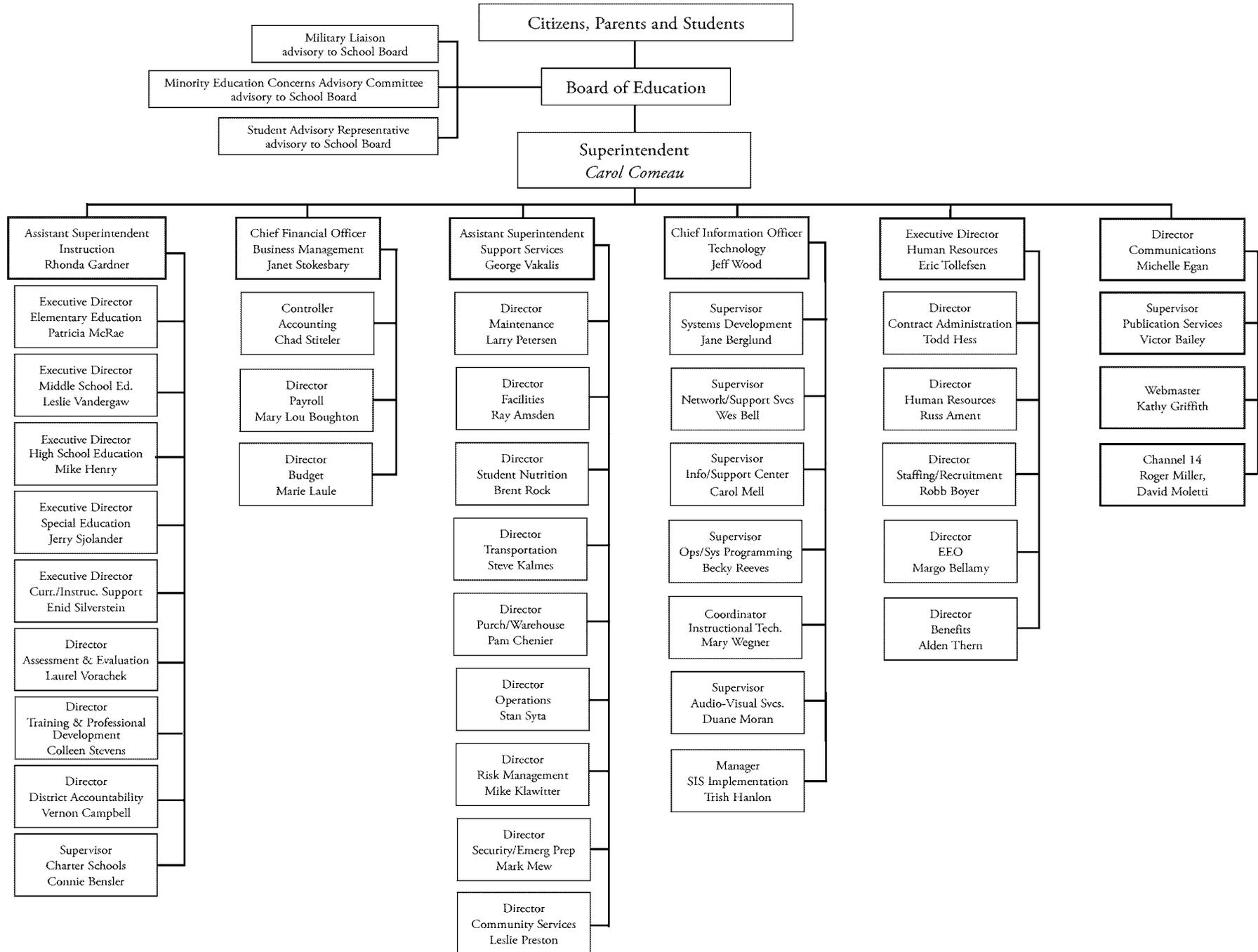


Tim Steele

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

OCTOBER 2006



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, 2005

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.



Carla E. Perry

President

Jeffrey R. Emer

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, 2005**

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

President

Interim Executive Director

Financial Section

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, 2006, 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, 2006, 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 20, 2006 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.

Anchorage, Alaska
October 20, 2006

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 year ended June 30, 2006. 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-xxii 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 \$497,496,207 (net assets). Of this amount, \$78,079,515 (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$14,099,371 due to revenues exceeding expenses. The increase in total net assets is also due to the reduction of long-term debt and increase of construction work in progress over the past year.
- As of the close of the current fiscal year, the Anchorage School District's governmental funds reported combined ending fund balances of \$148,809,517 a decrease of \$101,664,488 in comparison with the prior year. Of this total, \$49,468,664 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 \$29,350,831 or 6.9 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 \$497,496,207 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>2006</u>	<u>2005</u>
ASSETS		
Current and other assets	\$ 269,716,770	\$ 371,484,861
Capital assets	<u>1,160,124,125</u>	<u>1,075,723,091</u>
Total assets	<u>1,429,840,895</u>	<u>1,447,207,952</u>
LIABILITIES		
Net pension obligation and other post-employment benefits	13,380,489	4,957,300
Long-term liabilities outstanding	718,340,000	758,820,000
Other liabilities	<u>200,624,199</u>	<u>200,033,816</u>
Total liabilities	<u>932,344,688</u>	<u>963,811,116</u>
NET ASSETS		
Invested in capital assets, net of related debt	401,914,125	277,868,091
Restricted	17,502,567	63,922,657
Unrestricted	<u>78,079,515</u>	<u>141,606,088</u>
Total net assets	<u>\$ 497,496,207</u>	<u>\$ 483,396,836</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 \$401,914,125. Although the District's investment in its capital assets is reported net of debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves can't be used to liquidate the liabilities.

An additional portion of the Anchorage School District's net assets (3.5 percent) represents resources that are subject to external restrictions on how they may be used. \$11,703,334 is reserved for authorized construction and \$5,799,233 is related to debt service. The remaining balance of unrestricted net assets (\$78,079,515) may be used to meet the government's ongoing obligations to citizens and creditors.

The net pension obligation and other post-employment benefits increased \$8,423,189 based on the District employees' enrolled in the Public Employees' Retirement System. The liability is recognized for difference in the retirement system required contribution rate compared to the actuarial determined rate. This is the first year the District has included the post-employment healthcare cost to the net pension obligation liability.

At the end of the current fiscal year, the 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 in the prior fiscal year.

The District's net assets increased by \$14,099,371 during the fiscal year. This increase is due mainly to the reduction of long-term debt and increase of construction work in progress over the past year.

Table 2 highlights the District's revenues and expenses for the fiscal year 2005-2006. 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 Revenues is primarily due to increased tax appropriation from the Municipality of Anchorage and the increase in the Alaska Public School Funding Program. The change in the Alaska Public School Funding Program is due to the increase in the base student allocation from \$4,576 in 2005 to \$4,919 in 2006 and an increase in students.

Table 2 – Program Revenues and Expenses

<u>Governmental Activities</u>		
Revenues:	<u>2006</u>	<u>2005</u>
Program revenues:		
Charges for services and sales	\$ 7,491,497	\$ 7,551,820
Operating grants and contributions	74,942,367	73,696,296
Capital grants and contributions	38,065,413	38,057,560
General revenue:		
Appropriation from		
Municipality of Anchorage	177,157,001	163,503,322
Public school funding program	248,771,460	227,186,292
Federal impact aid	11,804,273	14,303,124
Interest earnings	6,747,140	4,693,350
Other	<u>2,531,372</u>	<u>1,824,565</u>
Total revenues	<u>567,510,523</u>	<u>530,816,329</u>
Program expenses:		
General administration	\$ 20,418,961	\$ 22,928,887
Instruction	435,822,328	434,474,069
Pupil transportation	17,181,490	16,390,472
Operation and maintenance of plant	23,980,926	21,441,868
Community service and education	716,982	1,602,248
Non-departmental	2,945,943	3,768,058
Food services	14,471,253	13,778,656
Capital projects	625,117	449,333
Interest expense	<u>37,248,152</u>	<u>32,823,838</u>
Total expenses	<u>553,411,152</u>	<u>547,657,429</u>
Increase (Decrease) in net assets	14,099,371	(16,841,100)
Net asset beginning of year	<u>483,396,836</u>	<u>500,237,936</u>
Net assets ending	<u>\$ 497,496,207</u>	<u>\$ 483,396,836</u>

* In 2006, included under General administration is \$8,448,099 loss on disposal of capital assets recorded as an expense in the government-wide Statement of Activities, as compared to \$11,778,953 loss on disposal of capital assets in 2005.

In fiscal year 2005–2006, interest expense increased due to the sale of general obligation bonds in April 2005.

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 2006</u>	<u>Net Cost of Services 2006</u>
General administration	\$ 20,418,961	\$ 20,410,488
Instruction	435,822,328	386,180,887
Pupil transportation	17,181,490	(135,709)
Operating and maintenance of plant	23,980,926	23,118,258
Community service and education	716,982	25,733
Non-departmental	2,945,943	2,862,796
Food service	14,471,253	641,566
Capital projects	625,117	(37,440,296)
Interest expense	<u>37,248,152</u>	<u>37,248,152</u>
Total expenses	<u>\$ 553,411,152</u>	<u>\$ 432,911,875</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, undesignated fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The governmental funds undesignated fund balance grew by \$7,993,512 as of June 30, 2006. Actual revenues primarily from the Alaska Public School Funding Program and interest income were more than anticipated for the fiscal year 2005-2006; therefore the District did not need a majority of the funds designated for subsequent year expenditures at June 30, 2005.

The District recorded \$105,820,823 in capital outlay through capital projects by using the designated fund balance for authorized construction and reducing encumbrances reserved for capital projects. A portion of the fund balance was designated for the subsequent year's expenditure (\$193,160), accrued compensated absences (\$8,181,236) and authorized construction net of unissued bonds (\$11,703,334).

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 \$41,364,398, 2) inventory \$2,828,027, 3) Federal Impact Aid \$10,201,503, 4) prepaid items \$1,767,410, 5) self-insurance \$17,302,552, and 6) debt services \$5,799,233.

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 \$36,352,779, while total fund balance reached \$83,676,039. 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 8.6 percent of total General Fund expenditures, while total fund balance represents 19.7 percent of that same amount.

The fund balance of the District's General Fund increased by \$5,569,938 during the fiscal year 2005-2006. Key factors are as follows:

- Net revenues were more than budgeted by \$4,268,761. Contributing factors were:
 - Revenue realized from interest earnings was more than budgeted due to the rising interest rate.
 - Revenue from the Alaska Public Schools Funding Program was more 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 more than budgeted.
 - Medicaid reimbursement was more than budgeted due to increased districtwide response to state surveys on services provided.
 - Federal Impact Aid was less than budgeted. 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.
- On a budgetary basis, 99.6 percent of the final budget amount was either expended or encumbered by June 30, 2006. The remaining available budget amounted to \$1,582,676.

Grants reported in the State and Federal Grants Special Revenue Fund are cost reimbursable grants; therefore, expenditures are equal to revenues. Expenditures & revenues for the State and Federal Grants Special Revenue Fund for the year were \$40,304,747 or an increase of 0.6 percent over prior year.

The Debt Service Fund has a total fund balance of \$5,799,233 all of which is reserved for payment of debt service. The net decrease in the fund balance of \$6,416,718 was towards debt service payments in the current year, which reduced the tax payers' burden.

The Capital Projects Fund closed the fiscal year with \$105,820,823 in expenditures. Proceeds from the April 2005 general obligation bond sale recognized in the prior year fund balance primarily financed the activity for the year, thus reducing the total fund balance on June 30, 2006 to \$53,808,808. No general obligation bond sale occurred in fiscal year 2005-2006. There is \$24,866,104 reserved for encumbrances, \$616 reserved for prepaid items, \$253,877 designated for accrued compensated absences, \$11,703,334 designated for authorized construction, and \$16,984,877 undesignated.

General Fund Budgetary Highlights

The General Fund expenditure budget increased from the original amount of \$430,213,291 by \$2,790,385 on June 27, 2005. The final amended budget was \$433,003,676. This increase is primarily a

result of an increase to the Alaska Public School Funding Program through the passage of House Bill 1. On August 9th, the Anchorage Assembly approved the addition to the upper limit spending authority.

Capital Assets and Debt Administration

Capital assets. The Anchorage School District’s investment in capital assets for its governmental activities as of June 30, 2006 amounts to \$1,160,124,125 (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 7.8 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
- Chugach Optional Elementary School Renovation
- Eagle River High School Construction
- East High School Phase 3 Renovation/Phase 4 Design
- Government Hill Elementary School Boiler Building
- Muldoon Area Middle School Construction
- Orion Elementary School Boiler Building
- Polaris K-12 School Renovation/Design
- Service High School Phase 2A Design and Construction

The following table shows ending balances of capital assets invested in various categories. The District recognized a total increase of \$84,401,034 less the depreciation expense.

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

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Land	\$ 31,426,615	\$ 31,426,615
Land improvements	12,302,354	12,240,618
Buildings, equipment and vehicles	930,673,947	934,464,469
Construction in progress	185,721,209	97,591,389
Totals	<u>\$1,160,124,125</u>	<u>\$1,075,723,091</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, 2006 the Anchorage School District had general obligation bonds and capital lease obligations outstanding totaling \$758,210,000. Of this amount, \$758,210,000 comprises debt backed by the full faith and credit of the Municipality of Anchorage. In the current year, the District paid \$39,035,000 in principal. 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.

In the fiscal year 2005-2006, the Municipality of Anchorage issued \$14,790,000 general obligation refunding school bonds to refund \$15,400,000 general obligations school bonds, resulting in a decrease of \$959,894 total debt service. The economic gain of this refunding is \$703,993.

Table 5 – Outstanding Debt, as of June 30

	<u>Governmental Activities</u>		<u>Maturity</u>
	<u>2005-2006</u>	<u>2004-2005</u>	
General obligation bonds	<u>\$ 758,210,000</u>	<u>\$ 797,855,000</u>	2025

As of June 30, 2006, 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, 2005.

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 Citizens Property Tax Cap limits the amount of local taxes for general government and school purposes. The calculation does allow for both economic change (inflation and population) and for a number of other factors including new construction, debt service, voter-approved new services, special taxes, operations and maintenance costs on voter approved projects, and judgments. The official Consumer Price Index of 3.1 percent and a population growth of 1.26 percent were used in calculating the total tax revenue for the General Fund for fiscal year 2006-2007. 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. The Anchorage Assembly appropriated the full amount of tax appropriation requested by the District under the Citizens Property Tax Cap.
- A revision passed by the Alaska Legislature and the Governor increased the base student allocation used in the Alaska Public School Program funding formula for fiscal year 2006-2007 from \$4,919 in 2006 to \$5,380 in 2007. In fiscal year 2006-2007, the Anchorage School District was projected to receive approximately \$27,408,799 more in State funding based on a projected 49,378 students. Since the start of the school year, preliminary enrollment data have shown decreases below the projection, thus reducing state funding increases.
- The District will receive approximately \$4 million from a one-time supplementary School Improvement Grant from the Alaska State Legislature for fiscal year 2006-2007. This one-time revenue will go to student related services including a new student information system (partial), implementation of girl’s flag football to meet the Title IX requirements, special education summer school and other single year school improvement expenditures.

- 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 significant decline in student enrollment. However, the District has experienced a slight decline in enrollment since its historic enrollment of 50,029 students in fiscal year 2002-2003. This slow rate of decline can be explained by increased in-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. This cushion may be short-lived given the recent deployment of more than 3,500 Army soldiers from Fort Richardson and numerous Alaska National Guard members. Most of the troops being deployed are young, single, new recruits. However, some soldiers have families who need more support than that offered by the Army. These families may move back home for the duration of the deployment which may be 18 months.
- Interest rates increased throughout the fiscal year 2005-2006. With oil prices dipping below \$60 per barrel and inflation lower than predicted, it is likely that interest rates may trend down, reducing interest income for 2007.
- 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. Specifically, the District is experiencing increases of over 25 percent in natural gas rates.

- The District was notified of retirement rate increases by the Teachers' Retirement System from 21 percent to 26 percent and the Public Employees' Retirement System from 19.25 percent to 24.25 percent, which is estimated to increase retirement expenditures by \$13 million in fiscal year 2006-2007. The Alaska State Legislature did take into consideration this increase of retirement system rates and included funding in the Alaska Public School Funding Program for this increase.

All of these factors were considered in preparing the Anchorage School District's budget for the 2006-2007 fiscal year.

In addition, the District has also been notified of a rate change for the following fiscal year 2007-2008 by ~~the Teachers' Retirement System from 26 percent to 54.03 percent and the Public Employees' Retirement System from 24.25 percent to 40.89 percent~~, which is estimated to increase retirement costs \$68.5 million. This change has not been addressed by the Alaska State Legislature.

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, 2006
With Comparative Totals for
June 30, 2005

STATEMENT OF NET ASSETS

	Governmental Activities	
	2006	2005
Assets		
Cash and investments, at cost	\$ 129,175,521	\$ 232,058,895
Cash and investments with paying agent	15,376,615	18,850,182
Accounts receivable (net)	1,246,507	1,788,716
Interest receivable	1,248,711	1,621,430
Due from other governments	113,894,926	107,851,985
Prepaid items	1,768,052	2,192,191
Inventory, at weighted average cost	2,939,963	2,769,076
Deferred charges	4,066,475	4,352,386
Capital assets:		
Non-depreciable:		
Land	31,426,615	31,426,615
Construction in progress	185,721,209	97,591,389
Depreciable:		
Land improvements	42,639,723	42,532,441
Buildings and equipment	1,222,389,763	1,224,699,803
Pupil transportation equipment	8,921,297	9,034,193
Accumulated depreciation	(330,974,482)	(329,561,350)
Capital assets, net of accumulated depreciation	1,160,124,125	1,075,723,091
Total assets	1,429,840,895	1,447,207,952
Liabilities		
Due within one year:		
Accounts payable	4,132,471	5,805,796
Contracts payable	2,002,044	8,518,502
Medical claims payable, including IBNR	6,527,571	3,744,586
Interest payable	10,602,983	10,894,038
Accrued salaries and related items:		
Wages and salaries payable	1,897,235	2,625,811
Payroll taxes, other accrued and withheld items	1,090,365	2,579,347
Accrued compensated absences	8,181,236	7,908,521
Workers' compensation payable	4,660,077	3,064,718
Bonds payable	39,870,000	39,035,000
Unearned revenue	96,416,402	89,243,323
Due in more than one year:		
Workers' compensation payable	8,732,679	9,411,920
Net pension obligation and other post-employment benefits	13,380,489	4,957,300
Long-term debt	718,340,000	758,820,000
Other accrued liabilities	16,511,136	17,202,254
Total liabilities	932,344,688	963,811,116
Net Assets		
Investment in capital assets, net of related debt	401,914,125	277,868,091
Restricted for:		
Debt service	5,799,233	12,215,951
Authorized construction, net of authorized unissued bonds	11,703,334	51,706,706
Unrestricted	78,079,515	141,606,088
Total net assets	\$ 497,496,207	\$ 483,396,836

See accompanying notes to basic financial statements.

For the Year Ended June 30, 2006

STATEMENT OF ACTIVITIES

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Functions/Program</u>					
Districtwide Activities:					
General administration (See Note 2)	\$ (20,418,961)	\$ 8,473	\$ --	\$ --	\$ (20,410,488)
Instruction	(435,822,328)	1,465,127	48,176,314	--	(386,180,887)
Pupil transportation	(17,181,490)	--	17,317,199	--	135,709
Operation and maintenance of plant	(23,980,926)	--	862,668	--	(23,118,258)
Community services and education	(716,982)	684,383	6,866	--	(25,733)
Non-departmental	(2,945,943)	83,147	--	--	(2,862,796)
Food services	(14,471,253)	5,250,367	8,579,320	--	(641,566)
Capital projects	(625,117)	--	--	38,065,413	37,440,296
Interest expense	(37,248,152)	--	--	--	(37,248,152)
Total districtwide activities	<u>\$ (553,411,152)</u>	<u>\$ 7,491,497</u>	<u>\$ 74,942,367</u>	<u>\$ 38,065,413</u>	<u>(432,911,875)</u>
General revenues:					
Unrestricted:					
Appropriation from Municipality of Anchorage					177,157,001
Interest earnings					6,747,140
Public School Funding Program					248,771,460
Federal Impact Aid					11,804,273
Other					2,531,372
Total general revenues					<u>447,011,246</u>
Change in net assets					14,099,371
Net assets at beginning of year					<u>483,396,836</u>
Net assets at end of the year					<u>\$ 497,496,207</u>

See accompanying notes to basic financial statements.

June 30, 2006
With Comparative Totals for
June 30, 2005

BALANCE SHEET - GOVERNMENTAL FUNDS

	General	State and	Debt	Capital	Other	Totals	
		Federal Grants Special Revenue				Service	Projects
Assets							
Cash and investments, at cost	\$ 75,786,336	\$ --	\$ --	\$ 47,134,614	\$ 1,964,463	\$ 124,885,413	\$ 228,542,324
Cash with paying agent	--	--	15,364,953	14,662	--	15,379,615	19,350,389
Accounts receivable (net of any allowances for uncollectibles)	1,071,487	145,721	--	--	25,388	1,242,596	1,788,716
Interest receivable	609,448	--	35	627,784	--	1,237,267	1,620,809
Due from other funds	23,795,418	--	--	7,118,817	2,383,081	33,297,316	29,900,750
Due from other governments	79,341,583	14,444,248	18,542,409	1,025,968	540,718	113,894,926	107,851,985
Prepaid items	1,733,567	33,636	--	616	233	1,768,052	2,192,191
Inventory	2,061,456	--	--	--	878,507	2,939,963	2,769,076
Total assets	<u>\$ 184,399,295</u>	<u>\$ 14,623,605</u>	<u>\$ 33,907,397</u>	<u>\$ 55,922,461</u>	<u>\$ 5,792,390</u>	<u>\$ 294,645,148</u>	<u>\$ 394,016,240</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 3,778,597	\$ 266,456	\$ 1,133	\$ 60,575	\$ 25,711	\$ 4,132,472	\$ 5,805,796
Contracts payable	--	--	--	2,002,044	--	2,002,044	8,518,502
Medical claims payable	6,527,571	--	--	--	--	6,527,571	3,744,586
Due to other funds	9,974,123	13,854,158	9,934,575	--	6,685	33,769,541	31,024,871
Accrued salaries and related items	2,814,277	116,968	--	29,721	26,635	2,987,601	5,205,157
Unearned revenue	77,628,688	386,023	18,172,456	21,313	207,922	96,416,402	89,243,323
Total liabilities	<u>100,723,256</u>	<u>14,623,605</u>	<u>28,108,164</u>	<u>2,113,653</u>	<u>266,953</u>	<u>145,835,631</u>	<u>143,542,235</u>
Fund balances:							
Reserved:							
Encumbrances	16,024,824	163,592	--	24,866,104	309,878	41,364,398	96,748,322
Inventory	2,061,456	--	--	--	766,571	2,828,027	2,621,088
Federal Impact Aid	10,201,503	--	--	--	--	10,201,503	12,534,815
Prepaid items	1,732,925	33,636	--	616	233	1,767,410	2,192,191
Self-insurance	17,302,552	--	--	--	--	17,302,552	16,201,846
Debt service	--	--	5,799,233	--	--	5,799,233	12,215,951
Unreserved:							
Designated:							
Subsequent year's expenditures:							
General Fund	--	--	--	--	--	--	6,500,000
Special Revenue Funds	--	--	--	--	193,160	193,160	369,413
Accrued compensated absences:							
General Fund	7,001,948	--	--	--	--	7,001,948	6,826,898
Special Revenue Funds	--	618,248	--	--	307,163	925,411	849,919
Capital Projects Fund	--	--	--	253,877	--	253,877	231,704
Authorized construction, net of authorized unissued bonds	--	--	--	11,703,334	--	11,703,334	51,706,706
Undesignated, reported in:							
General Fund	29,350,831	--	--	--	--	29,350,831	21,878,326
Special Revenue Funds	--	(815,476)	--	--	3,948,432	3,132,956	2,833,063
Capital Projects Fund	--	--	--	16,984,877	--	16,984,877	16,763,763
Total fund balances	<u>83,676,039</u>	<u>--</u>	<u>5,799,233</u>	<u>53,808,808</u>	<u>5,525,437</u>	<u>148,809,517</u>	<u>250,474,005</u>
Total liabilities and fund balances	<u>\$ 184,399,295</u>	<u>\$ 14,623,605</u>	<u>\$ 33,907,397</u>	<u>\$ 55,922,461</u>	<u>\$ 5,792,390</u>	<u>\$ 294,645,148</u>	<u>\$ 394,016,240</u>

See accompanying notes to basic financial statements.

June 30, 2006
 With Comparative Totals for
 June 30, 2005

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

	2006	2005
Total governmental fund balances	\$ 148,809,517	\$ 250,474,005
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	1,158,186,780	1,073,931,024
Other long-term liabilities not due and payable in the current period, and therefore not reported in the funds:		
Accrued compensated absences	(8,181,236)	(7,908,521)
Workers' compensation payable	(13,392,756)	(12,476,638)
Net pension obligation and other post-employment benefits	(13,380,489)	(4,957,300)
General obligation debt	(758,210,000)	(797,855,000)
Accrued interest on general obligation debt	(10,602,983)	(10,894,038)
Unamortized cost of bond issuance	4,066,475	4,352,386
Unamortized general obligation bond premium	(16,511,136)	(17,202,254)
Internal service fund net assets	6,712,035	5,933,172
Total reconciling items	348,686,690	232,922,831
Net assets of governmental activities	\$ 497,496,207	\$ 483,396,836

See accompanying notes to basic financial statements.

For the Year Ended June 30, 2006
With Comparative Totals for
For the Year Ended June 30, 2005

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

	General	State and Federal Grants	Debt Service	Capital Projects	Other Governmental Funds	Totals	
		Special Revenue Grants				2006	2005
Revenues:							
Local sources	\$ 150,583,271	\$ 424,968	\$ 32,898,080	\$ 3,453,384	\$ 11,999,227	\$ 199,358,930	\$ 183,978,564
State sources	267,009,066	904,665	36,995,247	1,070,165	--	305,979,143	284,773,761
Federal sources	13,157,100	38,975,114	--	606,654	8,579,320	61,318,188	61,192,088
Total revenues	430,749,437	40,304,747	69,893,327	5,130,203	20,578,547	566,656,261	529,944,413
Expenditures:							
Current:							
General administration	10,962,994	--	--	--	--	10,962,994	10,270,182
Instruction	371,172,307	40,304,747	--	--	6,673,412	418,150,466	384,216,850
Pupil transportation	16,303,868	--	--	--	--	16,303,868	15,774,086
Operation and maintenance of plant	22,962,874	--	--	--	--	22,962,874	21,267,797
Community services and education	688,032	--	--	--	--	688,032	1,514,088
Non-departmental	2,940,084	--	--	--	--	2,940,084	3,763,972
Food services	--	--	--	--	13,997,995	13,997,995	13,217,128
Debt service:							
Principal	--	--	39,035,000	--	--	39,035,000	34,760,000
Interest	--	--	37,525,701	--	--	37,525,701	34,214,001
Fiscal agent fees	--	--	13,506	--	--	13,506	9,579
Capital outlays							
	--	--	--	105,820,823	--	105,820,823	120,638,291
Total expenditures	425,030,159	40,304,747	76,574,207	105,820,823	20,671,407	668,401,343	639,645,974
Excess (deficiency) of revenues over expenditures	5,719,278	--	(6,680,880)	(100,690,620)	(92,860)	(101,745,082)	(109,701,561)
Other financing sources (uses):							
Proceeds from sale of property and equipment	65,320	--	--	--	--	65,320	25,405
Issuance of general obligation bonds	--	--	--	--	--	--	150,090,000
Premium on issuance of general obligation bonds	--	--	--	--	--	--	7,507,226
Proceeds of refunding bonds	--	--	14,790,000	--	--	14,790,000	109,930,938
Premium on issuance of refunding bonds	--	--	1,561,914	--	--	1,561,914	11,178,973
Payment to refunded bond escrow agent	--	--	(16,330,730)	--	--	(16,330,730)	(121,068,973)
Transfers in	--	--	242,978	--	--	242,978	6,081,461
Transfers out	(208,750)	--	--	(34,228)	--	(242,978)	(6,081,461)
Total other financing sources (uses)	(143,430)	--	264,162	(34,228)	--	86,504	157,663,569
Net change in fund balances	5,575,848	--	(6,416,718)	(100,724,848)	(92,860)	(101,658,578)	47,962,008
Fund balances at beginning of year	78,106,101	--	12,215,951	154,533,656	5,618,297	250,474,005	202,583,221
Decrease in reserve for inventory	(5,910)	--	--	--	--	(5,910)	(71,224)
Fund balances at end of year	\$ 83,676,039	\$ --	\$ 5,799,233	\$ 53,808,808	\$ 5,525,437	\$ 148,809,517	\$ 250,474,005

See accompanying notes to basic financial statements.

For the Year Ended June 30, 2006
With Comparative Totals for
For the Year Ended June 30, 2005

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

	<u>2006</u>	<u>2005</u>
Net change in fund balances - total governmental funds (page 17)	\$ (101,658,578)	\$ 47,962,008
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	1,160,124,125	1,075,723,091
Capital assets, net, beginning of year	(1,075,723,091)	(1,006,889,068)
Change in Internal Service Fund capital assets, net	<u>(145,278)</u>	<u>(98,347)</u>
	84,255,756	68,735,676
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 unearned 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)
Premium on issuance of general obligation bonds	--	(7,507,226)
Principal payments on general obligation bonds and refunded bonds	39,645,000	33,485,000
Bond issuance costs	--	1,526,302
Amortization of bond issuance costs	(285,910)	(220,438)
Amortization of general obligation bonds premium	691,119	764,958
Accrued interest	291,055	(126,564)
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	(272,716)	(206,885)
Workers' compensation payable	(916,120)	(6,755,068)
Net pension obligation and other post-employment benefits	(8,423,189)	(4,957,300)
(Decrease) in inventory reserve	(5,910)	(71,224)
Change in net assets - Internal Service Fund	<u>778,863</u>	<u>619,661</u>
Total reconciling items	<u>115,757,948</u>	<u>(64,803,108)</u>
Change in net assets of governmental activities (page 14)	<u>\$ 14,099,370</u>	<u>\$ (16,841,100)</u>

See accompanying notes to basic financial statements.

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

For the Year Ended June 30, 2006

	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	\$ 144,322,321	\$ --	\$ 144,322,321	\$ 144,182,745	\$ 144,322,321	\$ --
Reimbursement for school facilities rental	684,383	--	684,383	572,000	572,000	112,383
Nonresident tuition	56,682	--	56,682	1,000	1,000	55,682
Interest earnings	3,070,787	--	3,070,787	600,000	600,000	2,470,787
E-Rate	862,668	--	862,668	1,100,000	1,100,000	(237,332)
Other revenues	1,586,430	--	1,586,430	1,782,000	1,693,500	(107,070)
Total revenues from local sources	150,583,271	--	150,583,271	148,237,745	148,288,821	2,294,450
Revenues from state sources:						
Public school funding program	248,771,460	--	248,771,460	243,163,876	246,360,130	2,411,330
Transportation	17,317,199	--	17,317,199	17,009,683	17,034,683	282,516
Youth detention program	388,588	--	388,588	413,503	388,588	--
Providence Heights	123,335	--	123,335	130,000	129,970	(6,635)
On-Base tuition	408,484	--	408,484	408,484	408,484	--
Total revenues from state sources	267,009,066	--	267,009,066	261,125,546	264,321,855	2,687,211
Revenues from federal sources:						
Reserve Officers Training Corps	618,483	--	618,483	500,000	470,000	148,483
Federal Impact Aid	11,197,619	--	11,197,619	12,750,000	12,750,000	(1,552,381)
Medicaid Reimbursement	1,340,998	--	1,340,998	1,100,000	650,000	690,998
Total revenues from federal sources	13,157,100	--	13,157,100	14,350,000	13,870,000	(712,900)
Total revenues	430,749,437	--	430,749,437	423,713,291	426,480,676	4,268,761
Expenditures:						
Current:						
General administration	10,962,994	368,527	11,331,521	10,900,825	11,535,806	204,285
Instruction	371,172,307	4,781,780	375,954,087	367,526,965	378,604,538	2,650,451
Pupil transportation	16,303,868	261,756	16,565,624	16,313,364	16,309,490	(256,134)
Operation and maintenance of plant	22,962,874	1,009,130	23,972,004	23,870,456	24,738,726	766,722
Community services and education	688,032	(993)	687,039	616,673	649,275	(37,764)
Non-departmental	2,940,084	(29,359)	2,910,725	10,985,008	1,165,841	(1,744,884)
Total expenditures	425,030,159	6,390,841	431,421,000	430,213,291	433,003,676	1,582,676
Excess (deficiency) of revenues over expenditures	5,719,278	(6,390,841)	(671,563)	(6,500,000)	(6,523,000)	5,851,437

See accompanying notes to basic financial statements.

(Continued)

For the Year Ended June 30, 2006

**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	\$ 65,320	\$ --	\$ 65,320	\$ 23,000	\$ 23,000	\$ 42,320
Transfers out - Debt Service Fund	(208,750)	--	(208,750)	--	--	(208,750)
Total other financing sources and (uses)	(143,430)	--	(143,430)	23,000	23,000	(166,430)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	5,575,848	(6,390,841)	(814,993)	(6,477,000)	(6,500,000)	5,685,007
Fund balance at beginning of year	78,106,101	--	78,106,101	78,106,101	78,106,101	--
Decrease in reserve for inventory	(5,910)	--	(5,910)	--	--	(5,910)
Fund balance at end of year	<u>\$ 83,676,039</u>	<u>\$ (6,390,841)</u>	<u>\$ 77,285,198</u>	<u>\$ 71,629,101</u>	<u>\$ 71,606,101</u>	<u>\$ 5,679,097</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		\$ 430,749,437
Expenditures reported on the basis of GAAP		425,030,159
Add current year encumbrances	\$ 12,915,670	
Deduct expenditures on prior year's encumbrances	(6,524,829)	
		<u>6,390,841</u>
Expenditures and encumbrances reported on the basis of budgeting		<u>431,421,000</u>
Deficiency of revenues over expenditures on the basis of budgeting		<u>\$ (671,563)</u>

See accompanying notes to basic financial statements.

For the Year Ended June 30, 2006

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

	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	\$ 32,306	\$ --	\$ 32,306	\$ 32,500	\$ (194)
Donations From Local Agencies	286,690	(1,230)	285,460	320,586	(35,126)
Reading is Fundamental Grant	7,420	9,256	16,676	7,037	9,639
Bus Shelter Cleaning Grant	31,819	(139)	31,680	31,900	(220)
Buddy Bear Peer Program	66,733	14,412	81,145	82,486	(1,341)
Contingency	--	--	--	3,451,417	(3,451,417)
Total revenues from local grants	<u>424,968</u>	<u>22,299</u>	<u>447,267</u>	<u>3,925,926</u>	<u>(3,478,659)</u>
Revenues from state grants:					
Contract Schools - Memorandum of Agreement - Alaska State School for Deaf	279,909	(2,808)	277,101	319,000	(41,899)
Conflict Resolution Program	10,427	(296)	10,131	--	10,131
Mental Health Trust Grant	3,999	--	3,999	--	3,999
Alaska Science and Technology Program	9,105	(4,498)	4,607	--	4,607
Fetal Alcohol Syndrome Grant	456	(456)	--	--	--
Alaska Mentorship Project	257,369	--	257,369	257,177	192
Designated Legislative Grant Program - House Bill 67	66,907	--	66,907	66,911	(4)
Designated Legislative Grant Program - Senate Bill 46	254,433	13,023	267,456	435,000	(167,544)
Designated Legislative Grant Program - Senate Bill 283	22,060	(3,335)	18,725	--	18,725
Total revenues from state grants	<u>904,665</u>	<u>1,630</u>	<u>906,295</u>	<u>1,078,088</u>	<u>(171,793)</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	9,451,934	(64,572)	9,387,362	10,801,260	(1,413,898)
Summer School Program	478,169	--	478,169	673,377	(195,208)
McLaughlin Youth Center	167,445	151	167,596	168,341	(745)
Delinquent and At-Risk Youth Program	127,023	--	127,023	127,035	(12)
Highly Qualified Program	41,899	--	41,899	43,774	(1,875)
Professional Development	962,896	--	962,896	1,124,095	(161,199)
School Improvement Program	217,103	(4,170)	212,933	226,846	(13,913)
Total Title I - Elementary and Secondary Education Act No Child Left Behind Act Public Law 107-110 Congress Statute 115	<u>11,446,469</u>	<u>(68,591)</u>	<u>11,377,878</u>	<u>13,164,728</u>	<u>(1,786,850)</u>
Title I - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
Migrant Education Program	770,335	(20,105)	750,230	786,807	(36,577)

See accompanying notes to basic financial statements.

(Continued)

For the Year Ended June 30, 2006

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	\$ 85,067	\$ (1,617)	\$ 83,450	\$ 89,235	\$ (5,785)
Title I - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
Migrant Education - Parent Involvement Program	2,945	--	2,945	5,000	(2,055)
Title II-A - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
Professional Development Program	4,471,255	(1,082)	4,470,173	5,442,109	(971,936)
Title II-D - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
Education of Technology Program	407,857	(2,794)	405,063	625,315	(220,252)
Title III - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
English Language Acquisition	291,490	(18,650)	272,840	466,254	(193,414)
Title IV-A - Elementary and Secondary Education Act					
No Child Left Behind					
Public Law 107-110 Congress Statute 115					
Save and Drug Free Schools	574,396	(371)	574,025	704,265	(130,240)
Title V - Elementary and Secondary Education Act					
No Child Left Behind					
Public Law 107-110 Congress Statute 115					
Innovative Program	288,132	(205)	287,927	431,095	(143,168)
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	1,610,074	27,265	1,637,339	1,603,075	34,264
Title VI-B - Education of All Handicapped Act					
Public Law 94-142	11,301,845	(35,438)	11,266,407	11,496,256	(229,849)
Pre-School Handicapped Grant - Public Law 99-457	378,871	1	378,872	436,340	(57,468)
Reading is Fundamental	--	--	--	17,448	(17,448)
Human Immunodeficiency Virus					
Prevention Program	21,643	(2,970)	18,673	23,430	(4,757)
Alaska State School for Deaf Program	112,383	(679)	111,704	139,708	(28,004)
Capacity Building Improvement Program	855	(855)	--	--	--
Carl Perkins Vocational Education Basic Grant	1,014,234	(24,715)	989,519	1,062,955	(73,436)

See accompanying notes to basic financial statements.

For the Ended June 30, 2006

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)
Technical Preparation	\$ 15,675	\$ --	\$ 15,675	\$ 15,675	\$ --
High Growth Job Training - Planning	6,905	--	6,905	10,000	(3,095)
High Growth Job Training - Implementation	--	--	--	80,750	(80,750)
Access to Education for Homeless Children	66,563	--	66,563	66,604	(41)
Drug and Violence Prevention Program	12,518	2,021	14,539	390,751	(376,212)
Smaller Learning Communities Program	208,150	(14,618)	193,532	--	193,532
National Science Foundation Presidential Award	3,883	--	3,883	--	3,883
Right Start Program	91,192	(7,683)	83,509	90,951	(7,442)
Community Action Prevention and Intervention	141,351	--	141,351	148,945	(7,594)
Community Business Partner Program	64,047	--	64,047	150,000	(85,953)
Charter Schools Grants	943,762	(178,329)	765,433	845,780	(80,347)
Standard and Assessment Training Program	1,749	--	1,749	1,841	(92)
Reading First Grant	1,121,027	(13,410)	1,107,617	1,212,044	(104,427)
Alaska Native Heritage Center Grant	2,194	(2,194)	--	--	--
Work Investment Act School Youth Program	84,083	--	84,083	99,646	(15,563)
Partnership for Teacher Enhancement Program	13,176	(2,195)	10,981	--	10,981
Bilingual Teachers for Anchorage Program	15,283	--	15,283	8,000	7,283
Foreign Language Assistance Program	142,824	(4,934)	137,890	174,982	(37,092)
Northwest Eisenhower Consortium Program	11,969	--	11,969	4,900	7,069
Teaching American History Program	192,854	22,542	215,396	--	215,396
Alaska Studies Professional Development	1,889	--	1,889	--	1,889
Partnership for Teacher Enhancement	18,119	4,105	22,224	37,225	(15,001)
Physical Education for Progress Program	59	(57)	2	--	2
Community Centers Learning Program	1,782,282	--	1,782,282	1,794,311	(12,029)
Governor's Drug Prevention Program	52,010	(13,035)	38,975	39,335	(360)
Alaska Family DIR Website	19,667	--	19,667	22,150	(2,483)
Healthy Marriages Initiative	87,528	(35,315)	52,213	52,889	(676)
Minority Literacy Project	1,423	(1,503)	(80)	--	(80)
Fund for the Improvement of Education	279,291	6,060	285,351	198,400	86,951
Advanced Placement for Every Able Learner	640,133	34,079	674,212	847,457	(173,245)
Refugee Assistance Program	15,838	--	15,838	16,000	(162)
Alaska Educational Innovations Network	61,542	12	61,554	59,055	2,499
FEMA School Safety	98,277	--	98,277	134,275	(35,998)
Total revenues from federal grants	38,975,114	(355,260)	38,619,854	42,995,986	(4,376,132)
Total revenues	40,304,747	(331,331)	39,973,416	48,000,000	(8,026,584)

See accompanying notes to basic financial statements.

(Continued)

For the Year Ended June 30, 2006

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	\$ 424,968	\$ 22,299	\$ 447,267	\$ 3,925,926	\$ 3,478,659
State grants	904,665	1,630	906,295	1,078,088	171,793
Federal grants	38,975,114	(355,260)	38,619,854	42,995,986	4,376,132
Total expenditures	<u>40,304,747</u>	<u>(331,331)</u>	<u>39,973,416</u>	<u>48,000,000</u>	<u>8,026,584</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 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	\$ 40,304,747
Add revenues from current year encumbrances	\$ 163,183
Deduct revenues from prior year's encumbrances	<u>(494,514)</u>
	<u>(331,331)</u>
Revenues reported on the basis of budgeting	<u>39,973,416</u>
Expenditures reported on the basis of GAAP	40,304,747
Add current year encumbrances	163,183
Deduct expenditures on prior year's encumbrances	<u>(494,514)</u>
	<u>(331,331)</u>
Expenditures and encumbrances reported on the basis of budgeting	<u>39,973,416</u>
Excess of revenue over expenditures on the basis of budgeting	<u>\$ --</u>

See accompanying notes to basic financial statements.

June 30, 2006
With Comparative Totals for
June 30, 2005

INTERNAL SERVICE FUND

STATEMENT OF NET ASSETS

	Governmental Activities	
	2006	2005
Assets		
Current Assets:		
Investments, at cost	\$ 4,287,110	\$ 3,016,364
Interest receivable	15,355	620
Due from General Fund	472,226	1,124,121
Total current assets	<u>4,774,690</u>	<u>4,141,105</u>
Noncurrent assets:		
Equipment	6,731,673	6,312,765
Accumulated depreciation	<u>(4,794,328)</u>	<u>(4,520,698)</u>
Total capital assets (net of accumulated depreciation)	<u>1,937,345</u>	<u>1,792,067</u>
Total assets	<u>6,712,035</u>	<u>5,933,172</u>
Net Assets		
Invested in capital assets	1,937,345	1,792,067
Unrestricted	<u>4,774,690</u>	<u>4,141,105</u>
Total net assets	<u>\$ 6,712,035</u>	<u>\$ 5,933,172</u>

See accompanying notes to basic financial statements.

For the Year Ended June 30, 2006
 With Comparative Totals
 For the Year Ended June 30, 2005

INTERNAL SERVICE FUND

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS

	Governmental Activities	
	2006	2005
Operating revenues:		
Charges for sales and services	\$ 472,516	\$ 463,599
Operating expenses:		
Depreciation	472,516	463,599
Total operating income	--	--
Non-operating revenues:		
Interest earnings	161,069	57,715
Income before capital contributions and transfers	161,069	57,715
Capital contributions	617,794	561,946
Changes in net assets	778,863	619,661
Net assets at beginning of year	5,933,172	5,313,511
Net assets at end of year	\$ 6,712,035	\$ 5,933,172

See accompanying notes to basic financial statements

For the Year Ended June 30, 2006
 With Comparative Totals for
 For the Year Ended June 30, 2005

INTERNAL SERVICE FUND
 STATEMENT OF CASH FLOWS

	Governmental Activities	
	2006	2005
Cash flows from operating activities:		
Cash received from charges for sales and services and other operating income	\$ 472,516	\$ 463,599
Cash flows from noncapital financing activities:		
(Advances to) repayment from General Fund	651,896	(420,411)
Cash flows from investing activities:		
Proceeds from matured investments	4,246,000	5,951,000
Purchase of investments	(5,386,690)	(5,995,817)
Interest earnings received	16,278	1,629
Net cash used in operating activities	(1,124,412)	(43,188)
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	472,516	463,599
Net cash provided by operating activities	\$ 472,516	\$ 463,599

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 - These funds include decentralized and centralized accounts. Decentralized student activities accounts are used to account for assets held by the District for the secondary school student body organizations. Decentralized student activities accounts maintain their own treasury to account for cash and investment and for daily operation. Centralized student activities accounts are used to account for assets held by the District for the various school student body organizations. Centralized student activities accounts 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 29, 2005, the Assembly approved the District's combined budget of \$569,415,801 with \$177,017,425 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 June 27, 2005, the School Board approved a revision and increased the upper spending authorization by \$2,790,385 and authorized the Superintendent to prepare the adopted financial plan as revised. The Assembly approved the budget adjustment on August 9, 2005. This revision mainly resulted from the passage of House Bill 1, which provided for an increase in the Alaska Public School Funding

Program. In addition, the municipal tax appropriation increased by \$139,576 due to the increase in new constructions and property improvement. The approved final budget at June 30, 2006 was \$572,206,186.

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 \$2,227,507 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, 2006 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	\$ 1,476,267	\$ 1,553,248
Time deposits:		
Student Activities Special Revenue Fund	<u>487,771</u>	<u>487,771</u>
Total	<u>1,964,038</u>	<u>2,041,019</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>(7,524,513)</u>	<u>2,246,486</u>
Total demand deposits and time deposits	<u>\$ (5,560,475)</u>	<u>\$ 4,287,505</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, 2006 a summary of the District's investments:

	<u>Carrying Amount</u>
District investments:	
Repurchase agreements	\$ 22,303,283
Investments through Municipality:	
U.S. government securities	112,573,478
Cash with paying agent:	
U.S. government securities	<u>15,379,615</u>
	<u>\$ 150,256,376</u>

The following is a schedule of investments by fund in the governmental fund type and proprietary fund type at June 30, 2006:

	<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	06/30/06	4.936%	07/01/06	\$ 21,050,803
Repurchase Agreement	06/30/06	4.9360	07/01/06	873,398
Repurchase Agreement	06/30/06	4.9360	07/01/06	<u>379,082</u>
				<u>22,303,283</u>
United States Agency				
FNMA Discount Note	12/01/05	4.5608	08/28/06	3,000,368
Freddie Mac Discount Note	12/09/05	4.6113	09/18/06	4,999,759
Freddie Mac Discount Note	01/13/06	4.6037	09/22/06	6,000,623
Freddie Mac Discount Note	04/03/06	4.9835	09/26/06	5,000,176
FHLB Discount Note	04/18/06	4.9387	09/29/06	2,999,516
Freddie Mac Discount Note	04/18/06	5.0665	10/17/06	8,999,486
Freddie Mac Discount Note	05/04/06	5.1126	10/24/06	2,000,842
Freddie Mac Discount Note	06/15/06	5.2425	10/30/06	5,000,241
Freddie Mac Discount Note	05/16/06	5.1297	11/14/06	5,000,325
Freddie Mac Discount Note	06/15/06	5.3118	11/21/06	5,000,683
FNMA Discount Note	06/22/06	5.3807	11/29/06	7,000,587
Freddie Mac Discount Note	06/19/06	5.3733	12/13/06	<u>6,001,449</u>
				<u>61,004,055</u>
Total General Fund				<u>\$ 83,307,338</u>

	<u>Date</u> <u>Acquired</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Carrying</u> <u>Amount</u>
<u>Capital Projects Fund:</u>				
United States Agency				
Freddie Mac Discount Note	01/18/06	4.5728%	07/18/06	\$ 1,300,109
FNMA Discount Note	05/04/06	5.0057	08/15/06	2,300,059
Freddie Mac Discount Note	04/03/06	4.9835	09/26/06	2,899,360
Freddie Mac Discount Note	04/03/06	4.9835	09/26/06	600,373
Freddie Mac Discount Note	04/03/06	4.9835	09/26/06	999,645
FHLB Discount Note	06/13/06	5.1688	09/08/06	2,050,388
FHLB Discount Note	04/05/06	4.8333	07/05/06	1,559,941
Freddie Mac Discount Note	01/06/06	4.5292	07/03/06	3,676,663
Freddie Mac Discount Note	01/06/06	4.5291	07/03/06	51,839
FHLB Discount Note	04/05/06	4.8333	07/05/06	942,485
Freddie Mac Discount Note	01/25/06	4.6146	07/25/06	862,000
FHLB Discount Note	06/13/06	5.1688	09/08/06	12,840
Freddie Mac Discount Note	01/06/06	4.5292	07/03/06	375,589
FNMA Discount Note	04/18/06	4.8993	07/17/06	383,305
Freddie Mac Discount Note	01/25/06	4.6146	07/25/06	661,649
FHLB Discount Note	06/13/06	5.1688	09/08/06	450,374
FNMA Discount Note	04/18/06	4.8993	07/17/06	8,063,240
Freddie Mac Discount Note	01/25/06	4.6146	07/25/06	4,000,190
FHLB Discount Note	04/05/06	4.8333	07/05/06	337,872
Freddie Mac Discount Note	01/25/06	4.6146	07/25/06	729,084
FNMA Discount Note	04/18/06	4.8993	07/17/06	108,669
FHLB Discount Note	06/13/06	5.1688	09/08/06	153,088
FNMA Coupon Note	04/13/05	3.1250	07/15/06	9,684,304
FNMA Coupon Note	04/13/05	4.3750	10/15/06	5,069,214
Total Capital Projects Fund				<u>\$ 47,272,280</u>

Internal Service Fund:

United States Treasury				
Freddie Mac Discount Note	04/03/06	4.9835%	09/26/06	\$ 1,141,196
Commercial Paper				
Tango Finance Corporation *	06/27/06	5.3807%	10/27/06	3,145,914
Total Internal Service Fund				<u>\$ 4,287,110</u>

* Commercial paper issued by Tango Finance Corporation is rated as A-1+ by S&P and P-1 by Moody's.

Special Revenue Fund:

United States Treasury				
USTR Coupon Note	09/01/05	4.0000%	08/31/07	\$ 10,033

Cash with Paying Agent

The total amount of cash with the paying agent at June 30 is \$15,379,615, 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 mainly 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 \$77,628,688 and \$18,172,456, respectively.

The amounts due from the State of Alaska in the General Fund mainly include \$388,618 for McLaughlin Youth Detention Grant, \$802,349 for Medicaid and \$123,335 for Providence Heights Grant.

The amounts due from the State of Alaska in the Special Revenue Funds include \$13,434,289 for 2006 reimbursements under cost reimbursable grants and \$540,718 for the final 2006 amounts earned under the United States School Lunch and Breakfast Programs.

The amounts due from the State of Alaska in the Debt Service Fund mainly include \$369,953 for 2006 reimbursements under the Aid for School Construction Program.

The amounts due from the United States Government in the General Fund include \$114,831 for the ROTC programs. There is also \$875,474 for 2006 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 2006 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 2006, taxes were levied on March 28. 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 Calendar Year 2006
Contribution from Real and Personal Property Taxes

Amount required by the District to fund the second half of the fiscal year 2005-2006 budget:			
January 1, 2006 through June 30, 2006	\$177,157,001 x 50%	=	\$ 88,578,501
Amount required by the District to fund the first half of the fiscal year 2006-2007 budget:			
July 1, 2006 through December 31, 2006	\$191,602,288 x 50%	=	<u>95,801,144</u>
Total amount required by the District for calendar year 2006			<u>\$ 184,379,645</u>

Based on an assessed valuation of \$25,851,732,750, the mill rate assessment for schools during calendar year 2006 is 7.13 mills.

The District has accrued the taxes of \$95,801,144 for funding of the first half of the 2006-2007 budget as of June 30, 2006 in the General Fund and Debt Service Fund. The corresponding unearned 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 \$1,699,700 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 \$361,756 and \$766,571, respectively, and are equally offset by a fund balance reserve. \$111,936 is the value of the USDA food commodities under the consumption method of inventory at June 30. This amount is also reported as unearned 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 and liquidated within one year of 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.

Unearned Revenue

Unearned 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 unearned 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. Issuances 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, 2006, from which the summarized information was derived.

NOTE 2 - CHANGES IN CAPITAL ASSETS

The capital assets activity for the fiscal year ended June 30, 2006 are as follows:

	Balance July 1, 2005	Additions/ Transfers	Deductions/ Transfers	Balance June 30, 2006
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 31,426,615	\$ --	\$ --	\$ 31,426,615
Construction in progress	97,591,389	105,854,983	17,725,163	185,721,209
Total capital assets not being depreciated	<u>129,018,004</u>	<u>105,854,983</u>	<u>17,725,163</u>	<u>217,147,824</u>
Capital assets being depreciated:				
Land improvements	42,532,441	107,282	--	42,639,723
Buildings and equipment	1,224,699,803	19,200,225	21,510,265	1,222,389,763
Pupil transportation equipment	9,034,193	159,000	271,896	8,921,297
Total capital assets being depreciated	<u>1,276,266,437</u>	<u>19,466,507</u>	<u>21,782,161</u>	<u>1,273,950,783</u>
Less accumulated depreciation for:				
Land improvements	(30,291,823)	(1,579,807)	(1,534,262)	(30,337,368)
Buildings and equipment	(292,692,913)	(27,358,158)	(26,433,019)	(293,618,052)
Pupil transportation equipment	(6,576,614)	(714,705)	(271,896)	(7,019,423)
Total accumulated depreciation	<u>(329,561,350)</u>	<u>(29,652,670)</u>	<u>(28,239,177)</u>	<u>(330,974,843)</u>
Total capital assets, being depreciated, net	<u>946,705,087</u>	<u>(10,186,163)</u>	<u>(6,457,016)</u>	<u>942,975,940</u>
Governmental activities capital assets, net	<u>\$ 1,075,723,091</u>	<u>\$ 95,668,820</u>	<u>\$ 11,268,147</u>	<u>\$ 1,160,123,764</u>

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

	Amount
Governmental activities:	
General administration	\$ 339,586
Instruction	27,564,845
Pupil transportation	742,240
Operation and maintenance of plant	672,913
Community services and education	774
Non-departmental	882
Food services	331,430
Total depreciation expense, governmental activities	<u>\$ 29,652,670</u>

Construction in progress, less projects completed in 2006 is composed of the following:

	Project Authorization	Expended to 6/30/2006	Committed
Secondary schools:			
Bartlett High School Phase 3A	\$ 1,000,000	\$ 653,231	\$ 312,781
Bartlett High School Electrical Upgrade	1,079,901	566,214	321,560
Bartlett High School Phase 2 Design and Renovation	26,940,000	25,646,780	373,018
Benny Benson Secondary School Sprinkler	520,000	--	--
Chugiak High School Design	900,000	479,124	278,097
Chugiak High School Electrical Upgrade	1,509,783	145,457	184,238
Chugiak High School Public Sewer	1,100,000	982,958	105,500
Clark Middle School Design	900,870	--	--
Clark Middle School HVAC	1,487,900	91,870	14,518
Clark Middle School Roof	1,125,000	369,156	271,164
Dimond High School Gym/Pool	2,000,000	--	129,400
East High School Phase 2 Design	975,300	774,383	177,548

	Project Authorization	Expended to 6/30/2006	Committed
Secondary schools (continued):			
East High School Phase 2 Emergency Preparedness	\$ 979,000	\$ 735,023	\$ 179,272
East High School Phase 2 Sprinkler Design and Construction	4,200,000	3,994,326	--
East High School Phase 3 Renovation/Phase 4 Design	18,200,000	17,589,748	251,597
East High School Renovation	5,045,700	4,440,676	53,913
Eagle River High School Construction	3,046,765	--	726,613
Hanshaw Middle School Electrical Upgrade	544,001	225,450	199,534
Mears Middle School Electrical Upgrade	582,374	297,168	117,040
Muldoon Area Middle School Construction	52,000,000	32,185,834	8,391,031
Romig Middle School Electrical Upgrade	765,217	236,656	322,869
Romig Middle School Loading/Lighting	895,000	816,940	3,834
Service High School Design	1,800,000	903,511	387,791
Service High School Electrical	1,391,415	534,497	399,137
Service High School Phase 2A Deferred and Phase 2B Design	2,300,000	1,898,591	139,259
Service High School Phase 2A Design and Construction	17,000,000	15,390,954	91,737
Service High School Renovation	18,500,000	16,469,940	419,613
South Anchorage High School Design	810,661	--	--
South Anchorage High School Replacement	1,202,468	--	100,561
Wendler Middle School Phase 2 Renovation	970,932	679,986	211,504
West High School Electrical Upgrade	925,000	544,908	210,780
West High School Electrical/Data/Technology	1,009,099	969,296	2,845
West High School Restrooms	860,000	87,295	613,555
Other secondary schools	14,135,432	3,390,369	1,916,505
Total secondary schools	<u>186,701,818</u>	<u>131,100,341</u>	<u>16,906,814</u>
Elementary schools:			
Airport Heights Elementary School Entry/Sidewalks	530,000	418,232	384
Airport Heights Elementary School Galvanized H2O	559,402	302,754	218,252
Aurora Elementary School Boiler	900,000	779,035	3,161
Bayshore Elementary School Lights	565,172	531,847	--
Birchwood Elementary School Public Sewer	1,100,000	983,033	105,500
Chester Valley Elementary School Design	750,000	297,248	280,369
Chester Valley Elementary School Roof	723,970	723,240	718
Chugach Optional Elementary School Boilers	1,214,491	1,199,759	14,729
Chugach Optional Elementary School Renovation	7,000,000	6,920,454	18,802
College Gate Elementary School HVAC	550,000	540,624	6,802
Girdwood Elementary School Roof	551,119	--	--
Government Hill Elementary School Boiler Building	1,538,490	1,508,383	7,815
Huffman Elementary School Doors and Partitions	550,000	141,206	333,691
Huffman Elementary School HVAC	1,000,000	378,352	455,635
Lake Otis Elementary School Classroom Windows	575,000	3,850	--
Lake Otis Elementary School HVAC	725,702	702,658	--
Mt. Iliamna School Boiler Building	926,204	917,426	4,212
Mt. Spurr Elementary School Boiler Building	912,190	821,290	4,562
North Star Elementary School HVAC	500,000	402,253	--
North Star Elementary School Lighting/Ceiling	500,000	2,944	--
Orion Elementary School Boiler Building	723,116	720,407	2,761
Polaris K-12 Renovation/Design	18,600,000	17,923,617	219,749
Sand Lake Elementary School Design	750,000	506,260	14,333
Tudor Elementary School Asbestos/Tiles/Lights	840,000	560,486	6,181
Tudor Elementary School Windows	575,000	542,496	2,760
Ursa Major Elementary School Windows/Asbestos	1,035,850	1,005,441	259
Whaley Center HVAC	972,000	475,284	143,040
Other elementary schools	27,928,398	11,469,024	2,956,489
Total elementary schools	<u>73,096,104</u>	<u>50,777,603</u>	<u>4,800,204</u>
Other capital projects:			
Districtwide Asbestos/ADA/Code	520,925	295,503	64,423
Districtwide Energy Conservation	723,586	13,150	--
Districtwide Library	1,800,000	161,376	--
Districtwide Site Acquisition	10,000,000	367,405	11,772

	Project Authorization	Expended to 6/30/2006	Committed
Other capital projects (continued):			
Student Nutrition Emergency Preparedness	\$ 1,119,896	\$ 281,792	\$ 753,067
Other capital projects	14,106,726	2,724,039	2,329,843
Total other capital projects	<u>28,271,133</u>	<u>3,843,265</u>	<u>3,159,105</u>
Total construction in progress	<u>\$ 288,069,055</u>	<u>\$ 185,721,209</u>	<u>\$ 24,866,123</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, 2006 (in thousands):

	Balance July 1, 2005	Additions	Reductions	Balance June 30, 2006
General obligation bonds	<u>\$ 797,855</u>	<u>\$ 14,790</u>	<u>\$ 54,435</u>	<u>\$ 758,210</u>

Bonds payable at June 30, 2006 are comprised of the following individual issues (in thousands):

General Obligation Bonds	Amount	Due within One Year
\$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	\$ 20,070	\$ 2,910
\$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	20,890	2,795
\$65,000,000 1996 series A school construction serial bonds due in annual installments of \$3,865,000 through August 2006; interest at 6.0 percent	3,865	3,865
\$43,850,000 1997 series A school construction serial bonds due in annual installments of \$1,890,000 to \$1,995,000 through December 2007; interest at 5.0 percent to 5.25 percent	3,885	1,890
\$20,735,000 1998 series A school construction refunding bonds due in annual installments of \$145,000 to \$5,120,000 through July 2014; interest at 4.05 percent to 5.0 percent	19,880	145
\$55,900,000 1999 series A school construction serial bonds due in annual installments of \$2,410,000 to \$2,735,000 through December 2009; interest at 4.0 percent to 5.125 percent	10,305	2,410
\$35,000,000 2000 series A school construction serial bonds due in annual installments of \$1,310,000 to \$1,810,000 through December 2012; interest at 4.75 percent to 5.25 percent	10,845	1,310
\$77,900,000 2000 series B school construction serial bonds due in annual installments of \$2,965,000 to \$6,235,000 through December 2020; interest at 4.75 percent to 5.125 percent	28,510	2,965
\$65,000,000 2001 series A school construction serial bonds due in annual installments of \$2,445,000 to \$5,065,000 through June 2021; interest at 4.25 percent to 5.5 percent	31,165	2,445
\$51,805,000 2001 school construction refunding bonds due in annual installments of \$1,115,000 to \$10,345,000 through July 2013; interest at 4.125 percent to 5.5 percent	50,570	1,115
\$131,800,000 2002 series B school construction serial bonds due in annual installments of \$4,610,000 to \$10,390,000 through July 2022; interest at 3.2 percent to 5.5 percent	103,770	4,610
\$70,345,000 2002 school construction refunding bonds due in annual installments of \$3,400,000 to \$10,255,000 through July 2015; interest at 3.75 percent to 5.5 percent	67,540	3,400
\$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	117,665	4,665
\$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	80,675	60

General Obligation Bonds	Amount	Due within One Year
\$86,240,000 2004 series D school construction serial bonds due in annual installments of \$3,000,000 to \$6,540,000 through December 2024; interest at 2.0 percent to 5.0 percent	\$ 83,325	\$ 3,000
\$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	61,350	2,240
\$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	29,110	45
\$14,790,000 2005 series E school construction refunding bonds due in annual installments of \$3,035,000 to \$4,110,000 through December 2018; interest at 5.0	14,790	0
	<u>\$ 758,210</u>	<u>\$ 39,870</u>

The annual requirements to amortize all general obligation debt outstanding as of June 30, 2006, including interest payments in the amount \$327,666,937 are as follows (in thousands):

	Principal	Interest	Total
2007	\$ 39,870	\$ 36,152	\$ 76,022
2008	41,145	34,512	75,657
2009	42,710	32,767	75,477
2010	44,525	30,799	75,324
2011	46,585	28,681	75,266
2012-2016	246,185	107,575	353,760
2017-2021	208,095	49,305	257,400
2022-2025	89,095	7,876	96,971
	<u>\$ 758,210</u>	<u>\$ 327,667</u>	<u>\$ 1,085,877</u>

The amount of long-term liability that is due within one year as of June 30, 2006 is \$39,870,000.

The Debt Service Fund has \$5,799,233 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, 2006 is \$758,210,000.

Bonds Authorized But Unissued

There are \$48,495,000 authorized but unissued general obligation school bonds of the Municipality of Anchorage at June 30, 2006 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
					<u>\$ 48,495</u>

Refunded Bond Issues

In the fiscal year 2005-2006, the Municipality of Anchorage issued \$14,790,000 general obligation refunding school bonds to refund \$15,400,000 general obligation school bonds, resulting a decrease of \$959,894 in total debt service. The economic gain of this refunding is \$703,993.

The balance of refunded bonds outstanding as of June 30, 2006 is as follows (in thousands):

	Fiscal Year of Refunding	Total Issue	Balance June 30, 2006
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
1999 General Obligation School Bonds, Series A	2006	55,900	15,400
			<u>\$ 276,430</u>

Compensated Absences

In the fiscal year of 2005-2006, General Fund, State and Federal Grants Special Revenue Fund, Food Service Special Revenue Fund and Capital Project Fund liquidated the liability for compensated absences. The balance changes of compensated absences are disclosed as the following:

Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
\$ 7,908,521	\$ 8,181,236	\$ 7,908,521	\$ 8,181,236	\$ 8,181,236

Workers' Compensation Payable

The balance changes of workers' compensated absences in the fiscal year 2005-2006 are disclosed as the following:

Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
\$ 12,476,638	\$ 5,804,017	\$ 4,887,899	\$ 13,392,756	\$ 4,660,077

Net Pension Obligation and Other Post-employment Benefits

The balance changes of net pension obligation and other post-employment benefits in the fiscal year 2005-2006 are disclosed as the following:

Beginning Balance	Increases	Decreases	Ending Balance	Due in more than One Year
\$ 4,957,300	\$ 8,913,661	\$ 490,472	\$ 13,380,489	\$ 13,380,489

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Compensatory Bank Balances

The District maintains a compensatory account with a balance at June 30, 2006 of \$2,227,507 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	\$ 10,094	\$ 2,065	\$ 12,535	\$ 2,005	\$ 16,202	\$ --
Increase (decrease)	<u>5,931</u>	<u>(4)</u>	<u>(2,334)</u>	<u>(272)</u>	<u>1,101</u>	<u>--</u>
Total General Fund						
Balance June 30	<u>\$ 16,025</u>	<u>\$ 2,061</u>	<u>\$ 10,201</u>	<u>\$ 1,733</u>	<u>\$ 17,303</u>	<u>\$ --</u>
SPECIAL REVENUE FUNDS						
State and Federal Grants						
Balance July 1	\$ 492	\$ --	\$ --	\$ 1	\$ --	\$ --
Increase (decrease)	<u>(328)</u>	<u>--</u>	<u>--</u>	<u>32</u>	<u>--</u>	<u>--</u>
Balance June 30	<u>164</u>	<u>--</u>	<u>--</u>	<u>33</u>	<u>--</u>	<u>--</u>
Food Service						
Balance July 1	511	556	--	6	--	--
Increase (decrease)	<u>(201)</u>	<u>211</u>	<u>--</u>	<u>(6)</u>	<u>--</u>	<u>--</u>
Balance June 30	<u>310</u>	<u>767</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Student Activity						
Balance July 1	--	--	--	--	--	--
Increase (decrease)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</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>\$ 474</u>	<u>\$ 767</u>	<u>\$ --</u>	<u>\$ 33</u>	<u>\$ --</u>	<u>\$ --</u>
DEBT SERVICE FUND						
Balance July 1	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 12,216
Increase	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(6,417)</u>
Total Debt Service Fund						
Balance June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>--</u>	<u>\$ 5,799</u>
CAPITAL PROJECTS FUND						
Balance July 1	\$ 85,651	\$ --	\$ --	\$ 180	\$ --	\$ --
Increase	<u>(60,785)</u>	<u>--</u>	<u>--</u>	<u>(179)</u>	<u>--</u>	<u>--</u>
Total Capital Projects Fund						
Balance June 30	<u>\$ 24,866</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1</u>	<u>\$ --</u>	<u>\$ --</u>

UNRESERVED

DESIGNATED

Subsequent Year's Expend- itures	Accrued Compensated Absences	Authorized Const- ruction	Undesig- nated	Total
\$ 6,500 (6,500)	\$ 6,827 175	\$ -- --	\$ 21,878 7,473	\$ 78,106 5,570
<u>\$ --</u>	<u>\$ 7,002</u>	<u>\$ --</u>	<u>\$ 29,351</u>	<u>\$ 83,676</u>
\$ -- -- --	\$ 544 74 618	\$ -- -- --	\$ (1,037) 222 (815)	\$ -- -- --
369 (176) 193	305 2 307	-- -- --	854 3 857	2,601 (167) 2,434
-- -- --	-- -- --	-- -- --	3,017 74 3,091	3,017 74 3,091
<u>\$ 193</u>	<u>\$ 925</u>	<u>\$ --</u>	<u>\$ 3,133</u>	<u>\$ 5,525</u>
\$ -- --	\$ -- --	\$ -- --	\$ -- --	\$ 12,216 (6,417)
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,799</u>
\$ -- --	\$ 232 22	\$ 51,707 (40,004)	\$ 16,764 221	\$ 154,534 (100,725)
<u>\$ --</u>	<u>\$ 254</u>	<u>\$ 11,703</u>	<u>\$ 16,985</u>	<u>\$ 53,809</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	\$23,795,418	\$ 9,974,123
State and Federal Grants		
Special Revenue Fund	--	13,854,158
Debt Service Fund	--	9,934,575
Capital Projects Fund	7,118,817	--
Non-major funds:		
Special Revenue Funds:		
Food Service	1,245,326	--
Student Activity Fund	1,137,755	6,685
Internal Service Fund	<u>472,225</u>	<u>--</u>
	<u>\$33,769,541</u>	<u>\$33,769,541</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>
Major funds:		
General Fund	\$ --	\$ 208,750
Capital Projects Fund	--	34,228
Debt Service Fund	<u>242,978</u>	<u>--</u>
	<u>\$ 242,978</u>	<u>\$ 242,978</u>

The District transferred \$34,228 from the Capital Projects Fund to the Debt Service Fund. The amount transferred includes a portion of 2005A bond premium and 2002B general obligation school bond fund. This transfer was allocated to make debt service payments for both bonds. An additional \$208,750 was transferred from the General Fund to the Debt Service Fund to make debt service payments related to school bus purchases.

NOTE 5 - RETIREMENT PLANS

As of June 30, 2006, 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>2006</u>	<u>2005</u>	<u>2004</u>
Total payroll	\$ 292,545,191	\$ 280,244,476	\$ 272,537,772
Total covered payroll	\$ 77,134,791	\$ 73,912,288	\$ 71,815,832
Contributions:			
District (Employer)	\$ 14,653,667	\$ 10,543,510	\$ 6,642,964
Employees	<u>5,612,984</u>	<u>5,354,081</u>	<u>4,847,569</u>
	<u>\$ 20,266,651</u>	<u>\$ 15,897,591</u>	<u>\$ 11,490,533</u>
Normal Cost	\$ 15,527,233	\$ 14,915,450	\$ 11,050,446
Percentage of covered payroll	20.13%	20.18%	12.07%
Amortization of funded (unfunded) accrued liability	\$ 4,739,418	\$ 982,141	\$ 440,087
Percentage of covered payroll	6.14%	1.33%	3.83%
Rates:			
District (Employer)	19.25%	14.25%	9.25%
Employees	6.75%	6.75%	6.75%

Actuarial valuations for 2006, 2005 and 2004 were performed as of June 30, 2003, 2002 and 2001 respectively.

Annual pension costs for the year ended June 30, 2006 and the related information follows:

	<u>Pension</u>	<u>Postemployment Healthcare</u>
Contribution rates:		
Employees	4.80%	1.95%
District (Employer)	11.54%	7.71%
Annual required contribution	\$ 11,927,184	\$ 7,971,354
Actual contributions made	\$ 8,783,408	\$ 5,870,259
Actuarial valuation date	June 30, 2003	June 30, 2003
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	3.50%	3.50%
Productivity and merit	2.00%	2.00%
Health cost trend	N/A	11.50%

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, 2006 was \$196,294,250, which compares to the District's total payroll of \$292,545,191.

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 21 percent of annual covered payroll. The District's contributions to TRS for the years ended June 30, 2006, 2005, and 2004 were \$41,221,088, \$30,031,960 and \$21,840,825 respectively, equal to the required contributions for each year.

The District's employer contributions to TRS of \$41,221,088 amounted to 32 percent of the total TRS employer contributions statewide of \$127,996,484.

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
2004	9.25%	9.25%	12.00%	12.00%
2005	25.02	14.25	35.57	16.00
2006	26.14	19.25	38.85	21.00

The District implemented the GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions in FY 2005-2006, one year earlier than required. Net pension obligations associated with pension and other post-employment benefits are recorded in the government-wide statement of net assets. The historical trend information presenting the District's annual pension cost and net pension obligation for PERS as of the fiscal years ending June 30, 2004, 2005 and 2006 follows:

<u>Year ended</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
<i>Pension</i>			
6/30/04	\$ 4,666,980	100%	\$ 0
6/30/05	11,515,563	57	4,957,300
6/30/06	12,031,040	73	<u>3,247,632</u>
			8,204,932
<i>Other Post-employment Benefits</i>			
6/30/04	\$ 1,975,984	100%	\$ 0
6/30/05	6,996,620	57	3,011,374
6/30/06	8,034,442	73	<u>2,164,183</u>
			5,175,557
	Total Net Pension Obligation		<u>\$ 13,380,489</u>

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 (a/b)</u>	<u>Unfunded AAL (b-a)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>	<u>Annual Pension Cost for FY 03 - FY 05</u>
<i>Pension</i>							
6/30/03	\$ 206,826	\$ 293,796	70%	\$ 86,970	\$ 70,720	123%	9.35%
6/30/04	209,937	312,078	67%	102,141	72,944	140%	9.25%
6/30/05	187,341	306,812	61%	119,471	83,326	143%	14.25%
<i>Other Post-employment Benefits</i>							
6/30/03	\$ 138,235	\$ 196,363	70%	\$ 58,128	\$ 70,720	82%	9.35%
6/30/04	148,031	220,052	67%	72,021	72,944	99%	9.25%
6/30/05	192,454	315,186	61%	122,732	83,326	147%	14.25%

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 \$195,871 in 2006, \$191,918 in 2005 and \$208,599 in 2004 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, 2006 was \$2,189,626, which compares to the District's total of \$292,545,191.

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 112 as of June 30, 2006. 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, 2006 is \$864,800.

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 \$17,302,552. 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, 2006 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 2006, 2005 and 2004 follow:

		Liability Balance July 1	Current Year Claims and Changes in Estimates	Claims Payment	Liability Balance June 30
2006	Health	\$ 3,744,586	\$ 15,230,815	\$ 12,447,830	\$ 6,527,571
	Unemployment	88,934	280,226	317,098	52,062
		<u>\$ 3,833,520</u>	<u>\$ 15,511,041</u>	<u>\$ 12,764,928</u>	<u>\$ 6,579,633</u>
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>

NOTE 8 - COMMITMENTS

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

2007	<u>\$ 1,707,239</u>
------	---------------------

The rent expenditures for the year ended June 30, 2006 were \$3,273,457.

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, 2006 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. 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	\$	144,322,321
Debt Service Fund	\$	32,834,680
Grant revenues from State of Alaska passed through to the District:		
State and Federal Grants Special Revenue Fund	\$	31,819
Charges for services:		
Operations of swimming pools	\$	419,353
Joint property and liability insurance:		
Purchase of a single property and liability policy, which covers both the Municipality and District	\$	1,007,679

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 August 10, 2006, the Municipality of Anchorage issued \$48,495,000 of General Obligation School Bonds and \$80,590,000 of General Obligation Refunding School Bonds. The Refunding bonds refunded \$78,830,000 of General Obligation School Bonds for a savings of \$ 3,384,324. The Municipality of Anchorage advance refunded some of the 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, 2006
With Comparative Totals for
June 30, 2005

BALANCE SHEET

Assets	2006	2005
Cash and investments, at cost	\$ 75,786,336	\$ 67,175,865
Accounts receivable (net of allowances for estimated uncollectibles of \$52,799 in 2006)	1,071,487	1,608,448
Interest receivable	609,448	309,701
Due from other funds:		
State and Federal Grants Special Revenue Fund	13,854,158	13,190,316
Student Activity Special Revenue Fund	6,685	24,334
Debt Service Fund	9,934,575	10,598,669
Due from other governments:		
Municipality of Anchorage	77,801,918	72,161,161
State of Alaska	1,345,137	921,499
United States Government	194,528	42,443
Prepaid items	1,733,567	2,005,401
Inventory, at weighted average cost	2,061,456	2,064,961
Total assets	<u>\$ 184,399,295</u>	<u>\$ 170,102,798</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 3,778,597	\$ 4,074,517
Medical claims payable	6,527,571	3,744,586
Due to other funds:		
Internal Service Fund	472,225	1,124,121
Food Service Special Revenue Fund	1,245,326	2,452,630
Student Activity Special Revenue Fund	1,137,755	981,865
Capital Projects Fund	7,118,817	2,652,936
Accrued salaries and related items:		
Wages and salaries payable	1,754,060	2,295,336
Payroll taxes, other accrued and withheld items	1,060,217	2,509,545
Unearned revenue - property taxes	77,628,688	72,161,161
Total liabilities	<u>100,723,256</u>	<u>91,996,697</u>
Fund balance:		
Reserved:		
Encumbrances	16,024,824	10,093,854
Inventory	2,061,456	2,064,961
Federal Impact Aid	10,201,503	12,534,815
Prepaid items	1,732,925	2,005,401
Self-insurance	17,302,552	16,201,846
Unreserved:		
Designated for subsequent year's expenditures	--	6,500,000
Designated for accrued compensated absences	7,001,948	6,826,898
Undesignated	29,350,831	21,878,326
Total fund balance	<u>83,676,039</u>	<u>78,106,101</u>
Total liabilities and fund balance	<u>\$ 184,399,295</u>	<u>\$ 170,102,798</u>

For the Year Ended June 30, 2006
 With Comparative Totals for
 For the Year Ended June 30, 2005

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

	<u>2006</u>	<u>2005</u>
Revenues:		
Revenues from local sources:		
Appropriation from Municipality of Anchorage	\$ 144,322,321	\$ 133,412,722
Reimbursement for school facilities rental	684,383	684,176
Nonresident tuition	56,682	24,317
Interest earnings	3,070,787	1,496,977
E-Rate	862,668	666,671
Other revenues	1,586,430	1,801,557
Total revenues from local sources	<u>150,583,271</u>	<u>138,086,420</u>
Revenues from state sources:		
Public school funding program	248,771,460	227,186,292
Transportation	17,317,199	17,048,940
Youth detention program	388,588	777,146
Contract school - Providence Heights	123,335	172,366
On-Base tuition	408,484	408,484
Total revenues from state sources	<u>267,009,066</u>	<u>245,593,228</u>
Revenues from federal sources:		
Reserve Officers Training Corps	618,483	502,459
Federal Impact Aid	11,197,619	13,904,509
Medicaid reimbursement	1,340,998	386,895
Total revenues from federal sources	<u>13,157,100</u>	<u>14,793,863</u>
Total revenues	<u>430,749,437</u>	<u>398,473,511</u>
Expenditures:		
Current:		
General administration	10,962,994	10,270,182
Instruction	371,172,307	337,499,611
Pupil transportation	16,303,868	15,774,086
Operation and maintenance of plant	22,962,874	21,267,797
Community services and education	688,032	1,514,088
Non-departmental	2,940,084	3,763,972
Total expenditures	<u>425,030,159</u>	<u>390,089,736</u>
Excess of revenues over expenditures	5,719,278	8,383,775

(Continued)

For the Year Ended June 30, 2006
 With Comparative Totals for
 For the Year Ended June 30, 2005

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

	<u>2006</u>	<u>2005</u>
Other financing sources and (uses):		
Proceeds from sale of property and equipment	\$ 65,320	\$ 25,405
Transfers out - Debt Service Fund	<u>(208,750)</u>	<u>(100,539)</u>
Total other financing sources and (uses)	<u>(143,430)</u>	<u>(75,134)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	5,575,848	8,308,641
Fund balance at beginning of year	78,106,101	69,868,684
Decrease in reserve for inventory	<u>(5,910)</u>	<u>(71,224)</u>
Fund balance at end of year	<u><u>\$ 83,676,039</u></u>	<u><u>\$ 78,106,101</u></u>

For the Year Ended June 30, 2006
 With Comparative Totals for
 For the Year Ended June 30, 2005

SCHEDULE OF EXPENDITURES GAAP BASIS

	<u>2006</u>	<u>2005</u>
Current:		
General administration:		
Anchorage School Board	\$ 368,025	\$ 335,897
Superintendent	1,314,528	1,245,489
Instruction	402,207	342,738
Support services	3,486,881	3,145,331
Planning, communications and development	744,373	723,565
Business management	2,264,492	2,175,044
Employee relations	<u>2,382,488</u>	<u>2,302,118</u>
Total general administration	<u>10,962,994</u>	<u>10,270,182</u>
Instruction:		
Instructional support:		
Curriculum and staff development	8,407,150	6,789,988
Instructional media	2,807,435	2,524,882
Assessment and evaluation	793,008	655,604
Technology/management information systems	<u>6,579,329</u>	<u>7,166,266</u>
Total instructional support	18,586,922	17,136,740
Elementary education	130,611,924	121,499,617
Charter schools	9,142,882	7,403,018
Middle school education	43,075,516	41,242,963
High school education	86,018,839	75,792,590
Special education services:		
Special services	22,642,450	19,882,389
Special education	<u>52,696,207</u>	<u>46,965,154</u>
Total special education services	75,338,657	66,847,543
Bilingual education	<u>8,397,567</u>	<u>7,577,140</u>
Total instruction	<u>371,172,307</u>	<u>337,499,611</u>
Pupil transportation	<u>16,303,868</u>	<u>15,774,086</u>
Operation and maintenance of plant:		
Custodial services	2,725,288	2,401,324
Facilities	18,971,966	17,851,310
Vehicle maintenance	<u>1,265,620</u>	<u>1,015,163</u>
Total operation and maintenance of plant	<u>22,962,874</u>	<u>21,267,797</u>

(Continued)

For the Year Ended June 30, 2006
 With Comparative Totals for
 For the Year Ended June 30, 2005

SCHEDULE OF EXPENDITURES GAAP BASIS (Continued)

	<u>2006</u>	<u>2005</u>
Community services and education:		
Community services	\$ 688,032	\$ 1,218,343
Community education	--	295,745
Total community services and education	<u>688,032</u>	<u>1,514,088</u>
Non-departmental:		
Contracted services	46,985	177,198
Employee benefits:		
Association benefits	201,017	200,615
Employee assistance	71,853	71,853
Medical insurance - retirees	864,800	661,173
Sick leave bank	<u>221,824</u>	<u>258,824</u>
Total employee benefits	1,359,494	1,192,465
Insurance	1,895,149	1,814,675
Rental land and buildings	1,692,656	1,660,656
Utilities	258,057	217,190
Other non-departmental	<u>(2,312,257)</u>	<u>(1,298,212)</u>
Total non-departmental	<u>2,940,084</u>	<u>3,763,972</u>
Total expenditures	<u>\$ 425,030,159</u>	<u>\$ 390,089,736</u>

For the Year Ended June 30, 2006

**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	\$ 156,744	\$ --	\$ 156,744	\$ 144,833	\$ 156,744	\$ --
Employee benefits	42,765	--	42,765	40,546	42,787	22
Purchased services	152,957	58,980	211,937	235,400	231,185	19,248
Supplies and materials	11,395	507	11,902	12,600	12,600	698
Capital outlay	4,164	(4,164)	--	--	--	--
Total Anchorage School Board	368,025	55,323	423,348	433,379	443,316	19,968
Superintendent:						
Personnel services	352,378	--	352,378	326,894	328,448	(23,930)
Employee benefits	110,723	--	110,723	105,536	111,442	719
Purchased services	834,401	(433)	833,968	613,700	848,819	14,851
Supplies and materials	10,499	(1,526)	8,973	8,675	9,209	236
Capital outlay	6,527	3,648	10,175	--	10,175	--
Total superintendent	1,314,528	1,689	1,316,217	1,054,805	1,308,093	(8,124)
Instruction:						
Personnel services	176,352	--	176,352	179,618	182,724	6,372
Employee benefits	56,969	--	56,969	55,590	57,736	767
Purchased services	164,657	--	164,657	52,000	164,174	(483)
Supplies and materials	4,229	(2,593)	1,636	2,228	1,703	67
Capital outlay	--	3,297	3,297	--	3,400	103
Total instruction	402,207	704	402,911	289,436	409,737	6,826
Support services:						
Personnel services	2,236,259	--	2,236,259	2,314,043	2,298,078	61,819
Employee benefits	1,035,156	--	1,035,156	1,039,357	1,064,761	29,605
Purchased services	53,583	14,858	68,441	75,628	74,802	6,361
Supplies and materials	57,465	(12,913)	44,552	50,490	42,211	(2,341)
Capital outlay	104,418	66,906	171,324	105,000	168,815	(2,509)
Total support services	3,486,881	68,851	3,555,732	3,584,518	3,648,667	92,935
Planning, communications and development:						
Personnel services	388,280	--	388,280	382,822	386,908	(1,372)
Employee benefits	169,413	--	169,413	165,651	171,590	2,177
Purchased services	162,880	(21,489)	141,391	141,170	141,440	49
Supplies and materials	6,520	13,298	19,818	10,020	20,312	494
Capital outlay	17,280	(6,465)	10,815	10,861	10,861	46
Total planning, communications and development	744,373	(14,656)	729,717	710,524	731,111	1,394
Business management:						
Personnel services	1,562,875	--	1,562,875	1,686,027	1,589,821	26,946
Employee benefits	661,447	--	661,447	701,732	673,451	12,004
Purchased services	11,257	217,843	229,100	6,075	231,488	2,388
Supplies and materials	17,582	(345)	17,237	26,996	17,271	34
Capital outlay	11,331	(8,008)	3,323	--	3,323	--
Total business management	2,264,492	209,490	2,473,982	2,420,830	2,515,354	41,372

(Continued)

For the Year Ended June 30, 2006

**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	\$ 1,600,278	\$ --	\$ 1,600,278	\$ 1,579,704	\$ 1,621,411	\$ 21,133
Employee benefits	673,366	--	673,366	669,026	699,188	25,822
Purchased services	79,667	49,963	129,630	139,900	131,235	1,605
Supplies and materials	21,511	1,978	23,489	16,050	24,716	1,227
Capital outlay	7,666	(4,815)	2,851	2,653	2,978	127
Total employee relations	2,382,488	47,126	2,429,614	2,407,333	2,479,528	49,914
Total general administration	10,962,994	368,527	11,331,521	10,900,825	11,535,806	204,285
Instruction:						
Instructional support:						
Curriculum and staff development:						
Personnel services	4,753,658	--	4,753,658	4,835,199	4,954,879	201,221
Employee benefits	1,629,467	--	1,629,467	1,620,732	1,705,502	76,035
Purchased services	202,747	17,937	220,684	260,663	260,709	40,025
Supplies and materials	1,414,975	26,505	1,441,480	1,430,348	1,461,753	20,273
Capital outlay	406,303	(29,728)	376,575	365,534	398,141	21,566
Total curriculum and staff development	8,407,150	14,714	8,421,864	8,512,476	8,780,984	359,120
Instructional media:						
Personnel services	1,282,251	--	1,282,251	1,264,791	1,271,262	(10,989)
Employee benefits	579,215	--	579,215	562,523	580,668	1,453
Purchased services	383,234	10,293	393,527	416,450	405,721	12,194
Supplies and materials	472,419	(18,440)	453,979	453,329	458,380	4,401
Capital outlay	90,316	(13,912)	76,404	55,664	75,326	(1,078)
Total instructional media	2,807,435	(22,059)	2,785,376	2,752,757	2,791,357	5,981
Assessment and evaluation:						
Personnel services	500,894	--	500,894	594,279	530,327	29,433
Employee benefits	200,351	--	200,351	237,019	223,243	22,892
Purchased services	34,852	298	35,150	67,400	39,589	4,439
Supplies and materials	35,418	34,548	69,966	73,249	73,639	3,673
Capital outlay	21,493	(8,255)	13,238	929	13,238	--
Total assessment and evaluation	793,008	26,591	819,599	972,876	880,036	60,437
Technology/management information systems:						
Personnel services	2,973,201	--	2,973,201	2,989,521	2,960,830	(12,371)
Employee benefits	1,239,734	--	1,239,734	1,242,113	1,271,692	31,958
Purchased services	1,875,864	4,615,486	6,491,350	5,079,172	6,586,102	94,752
Supplies and materials	149,176	62,611	211,787	179,999	212,615	828
Capital outlay	341,354	(67,291)	274,063	60,561	266,255	(7,808)
Total technology/management information systems	6,579,329	4,610,806	11,190,135	9,551,366	11,297,494	107,359
Total instructional support	18,586,922	4,630,052	23,216,974	21,789,475	23,749,871	532,897
Elementary education:						
Personnel services	86,045,993	--	86,045,993	84,013,570	86,326,503	280,510
Employee benefits	33,730,404	18	33,730,422	31,744,348	33,670,005	(60,417)
Purchased services	6,829,052	74,251	6,903,303	9,583,057	6,942,561	39,258
Supplies and materials	3,762,581	(454,858)	3,307,723	2,242,964	3,417,147	109,424
Capital outlay	238,137	165,121	403,258	210,300	410,860	7,602
Other	5,757	(645)	5,112	5,520	5,112	--
Total elementary education	130,611,924	(216,113)	130,395,811	127,799,759	130,772,188	376,377

(Continued)

For the Year Ended June 30, 2006

**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	
Charter schools:						
Personnel services	\$ 4,382,746	\$ --	\$ 4,382,746	\$ 4,068,413	\$ 4,261,733	\$ (121,013)
Employee benefits	1,717,986	--	1,717,986	1,658,634	1,673,732	(44,254)
Purchased services	2,247,910	118,950	2,366,860	2,178,948	2,386,305	19,445
Supplies and materials	523,378	95,195	618,573	858,343	616,700	(1,873)
Capital outlay	210,009	29,572	239,581	239,842	248,515	8,934
Other	60,853	(10,161)	50,692	56,988	50,692	--
Total charter schools	9,142,882	233,556	9,376,438	9,061,168	9,237,677	(138,761)
Middle school education:						
Personnel services	28,422,558	--	28,422,558	27,994,413	28,998,655	576,097
Employee benefits	11,249,242	--	11,249,242	10,718,258	11,448,615	199,373
Purchased services	2,270,897	43,933	2,314,830	3,360,998	2,345,246	30,416
Supplies and materials	761,159	(42,530)	718,629	600,213	749,108	30,479
Capital outlay	294,801	1,075	295,876	207,101	297,805	1,929
Other	76,859	(14,110)	62,749	63,000	63,597	848
Total middle school education	43,075,516	(11,632)	43,063,884	42,943,983	43,903,026	839,142
High school education:						
Personnel services	54,532,540	--	54,532,540	52,907,171	54,510,105	(22,435)
Employee benefits	21,521,304	--	21,521,304	20,196,960	21,451,243	(70,061)
Purchased services	6,632,049	41,541	6,673,590	7,582,477	6,824,153	150,563
Supplies and materials	2,231,521	(20,316)	2,211,205	2,024,507	2,298,337	87,132
Capital outlay	740,805	1,367	742,172	821,016	745,850	3,678
Other	360,620	5,568	366,188	329,575	372,880	6,692
Total high school education	86,018,839	28,160	86,046,999	83,861,706	86,202,568	155,569
Special education services:						
Special services:						
Personnel services	15,555,656	--	15,555,656	14,900,982	15,212,792	(342,864)
Employee benefits	6,424,919	--	6,424,919	6,166,157	6,455,381	30,462
Purchased services	435,040	22,983	458,023	277,220	462,352	4,329
Supplies and materials	172,712	(54,161)	118,551	86,597	123,568	5,017
Capital outlay	54,123	(9,344)	44,779	60,978	45,074	295
Total special services	22,642,450	(40,522)	22,601,928	21,491,934	22,299,167	(302,761)
Special education:						
Personnel services	35,970,702	--	35,970,702	35,524,028	36,097,103	126,401
Employee benefits	15,994,626	--	15,994,626	15,318,971	16,222,943	228,317
Purchased services	370,350	11,210	381,560	375,831	415,189	33,629
Supplies and materials	283,834	31,556	315,390	264,329	325,592	10,202
Capital outlay	76,695	102,640	179,335	120,587	199,018	19,683
Total special education	52,696,207	145,406	52,841,613	51,603,746	53,259,845	418,232
Total special education services	75,338,657	104,884	75,443,541	73,095,680	75,559,012	115,471
Bilingual education:						
Personnel services	5,476,138	--	5,476,138	5,950,016	6,036,079	559,941
Employee benefits	2,857,842	--	2,857,842	2,927,037	3,067,708	209,866
Purchased services	12,899	11,998	24,897	46,700	24,764	(133)
Supplies and materials	50,688	875	51,563	51,441	51,645	82
Total bilingual education	8,397,567	12,873	8,410,440	8,975,194	9,180,196	769,756
Total instruction	371,172,307	4,781,780	375,954,087	367,526,965	378,604,538	2,650,451

(Continued)

For the Year Ended June 30, 2006

**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	
Pupil transportation:						
Personnel services	\$ 3,637,382	\$ --	\$ 3,637,382	\$ 3,433,728	\$ 3,433,983	\$ (203,399)
Employee benefits	2,177,973	--	2,177,973	2,121,059	2,138,473	(39,500)
Purchased services	9,632,062	33,098	9,665,160	10,064,508	9,660,586	(4,574)
Supplies and materials	669,183	797	669,980	586,340	665,040	(4,940)
Capital outlay	118,258	227,861	346,119	30,729	334,408	(11,711)
Other	69,010	--	69,010	77,000	77,000	7,990
Total pupil transportation	16,303,868	261,756	16,565,624	16,313,364	16,309,490	(256,134)
Operation and maintenance of plant:						
Custodial services:						
Personnel services	1,321,887	--	1,321,887	1,397,438	1,419,847	97,960
Employee benefits	492,724	--	492,724	676,746	532,413	39,689
Purchased services	158,429	(4,653)	153,776	229,560	153,692	(84)
Supplies and materials	652,242	(99,158)	553,084	506,607	554,159	1,075
Capital outlay	100,006	2,115	102,121	100,654	100,654	(1,467)
Total custodial services	2,725,288	(101,696)	2,623,592	2,911,005	2,760,765	137,173
Facilities:						
Personnel services	8,202,471	--	8,202,471	8,555,513	8,579,629	377,158
Employee benefits	4,097,443	--	4,097,443	4,111,262	4,222,777	125,334
Purchased services	3,770,523	1,184,050	4,954,573	4,389,555	5,113,663	159,090
Supplies and materials	2,104,347	(297,180)	1,807,167	1,717,325	1,804,697	(2,470)
Capital outlay	752,182	214,847	967,029	908,766	934,908	(32,121)
Other	45,000	--	45,000	--	45,000	--
Total facilities	18,971,966	1,101,717	20,073,683	19,682,421	20,700,674	626,991
Vehicle maintenance:						
Personnel services	411,674	--	411,674	419,493	412,253	579
Employee benefits	208,650	--	208,650	207,980	215,477	6,827
Purchased services	77,311	--	77,311	77,964	77,964	653
Supplies and materials	366,544	(179)	366,365	364,843	364,843	(1,522)
Capital outlay	201,441	9,288	210,729	206,750	206,750	(3,979)
Total vehicle maintenance	1,265,620	9,109	1,274,729	1,277,030	1,277,287	2,558
Total operation and maintenance of plant	22,962,874	1,009,130	23,972,004	23,870,456	24,738,726	766,722
Community services and education:						
Community services:						
Personnel services	450,365	--	450,365	398,957	418,582	(31,783)
Employee benefits	207,801	--	207,801	187,545	200,522	(7,279)
Purchased services	4,270	(647)	3,623	3,510	4,510	887
Supplies and materials	10,154	(1,301)	8,853	10,250	9,250	397
Capital outlay	15,442	955	16,397	16,411	16,411	14
Total community services	688,032	(993)	687,039	616,673	649,275	(37,764)
Non-departmental:						
Personnel services	352,623	--	352,623	7,953,452	(1,045,819)	(1,398,442)
Employee benefits	1,016,420	3,801	1,020,221	654,192	654,702	(365,519)
Purchased services	(354,892)	(31,389)	(386,281)	511,932	(321,578)	64,703
Supplies and materials	14,349	1,088	15,437	25,500	15,600	163
Capital outlay	3,741	(2,859)	882	150,882	882	--
Other	1,907,843	--	1,907,843	1,689,050	1,862,054	(45,789)
Total non-departmental	2,940,084	(29,359)	2,910,725	10,985,008	1,165,841	(1,744,884)
Total current	\$ 425,030,159	\$ 6,390,841	\$ 431,421,000	\$ 430,213,291	\$ 433,003,676	\$ 1,582,676

For the Year Ended June 30, 2006

**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	\$ 156,743	\$ 42,766	\$ 152,957	\$ 11,395	\$ 4,164	\$ --	\$ 368,025
Superintendent	352,378	110,723	834,401	10,499	6,527	--	1,314,528
Instruction	176,352	56,969	164,657	4,229	--	--	402,207
Support Services	2,236,259	1,035,156	53,583	57,465	104,418	--	3,486,881
Planning, communications and development	388,280	169,413	162,880	6,520	17,280	--	744,373
Business management	1,562,875	661,447	11,257	17,582	11,331	--	2,264,492
Employee relations	1,600,278	673,366	79,667	21,511	7,666	--	2,382,488
Total general administration	6,473,165	2,749,840	1,459,402	129,201	151,386	--	10,962,994
Instruction:							
Instructional support:							
Curriculum and staff development	4,753,658	1,629,467	202,747	1,414,975	406,303	--	8,407,150
Instructional media	1,282,251	579,215	383,234	472,419	90,316	--	2,807,435
Assessment and evaluation	500,894	200,351	34,852	35,418	21,493	--	793,008
Technology/manage- ment information systems	2,973,201	1,239,734	1,875,864	149,176	341,354	--	6,579,329
Total instructional support	9,510,004	3,648,767	2,496,697	2,071,988	859,466	--	18,586,922
Elementary education	86,045,993	33,730,404	6,829,052	3,762,581	238,137	5,757	130,611,924
Charter Schools	4,382,746	1,717,986	2,247,910	523,378	210,009	60,853	9,142,882
Middle School education	28,422,558	11,249,242	2,270,897	761,159	294,801	76,859	43,075,516
High School education	54,532,540	21,521,304	6,632,049	2,231,521	740,805	360,620	86,018,839
Special education services:							
Special services	15,555,656	6,424,919	435,040	172,712	54,123	--	22,642,450
Special education	35,970,702	15,994,626	370,350	283,834	76,695	--	52,696,207
Total special education services	51,526,358	22,419,545	805,390	456,546	130,818	--	75,338,657
Bilingual education	5,476,138	2,857,842	12,899	50,688	--	--	8,397,567
Total instruction	239,896,337	97,145,090	21,294,894	9,857,861	2,474,036	504,089	371,172,307
Pupil transportation	3,637,382	2,177,973	9,632,062	669,183	118,258	69,010	16,303,868
Operation and maintenance of plant:							
Custodial services	1,321,887	492,724	158,429	652,242	100,006	--	2,725,288
Facilities	8,202,471	4,097,443	3,770,523	2,104,347	752,182	45,000	18,971,966
Vehicle maintenance	411,674	208,650	77,311	366,544	201,441	--	1,265,620
Total operation and maintenance of plant	9,936,032	4,798,817	4,006,263	3,123,133	1,053,629	45,000	22,962,874

(Continued)

For the Year Ended June 30, 2006

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

	Personnel Services	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Other	Total
Community services and education:							
Community services	\$ 450,365	\$ 207,801	\$ 4,270	\$ 10,154	\$ 15,442	\$ --	\$ 688,032
Non-departmental:							
Contracted services			46,985				46,985
Employee benefits:							
Association benefits	143,055	57,962	--	--	--	--	201,017
Employee assistance	--	71,853	--	--	--	--	71,853
Medical insurance - retirees	--	864,800	--	--	--	--	864,800
Sick leave bank	204,181	17,643	--	--	--	--	221,824
Total employee benefits	347,236	1,012,258	--	--	--	--	1,359,494
Insurance	--	--	--	--	--	1,895,149	1,895,149
Rental land and buildings	--	--	1,692,656	--	--	--	1,692,656
Utilities	--	--	258,057	--	--	--	258,057
Other non-departmental	5,387	4,162	(2,352,590)	14,349	3,741	12,694	(2,312,257)
Total non-departmental	352,623	1,016,420	(354,892)	14,349	3,741	1,907,843	2,940,084
Total	\$ 260,745,904	\$ 108,095,941	\$ 36,041,999	\$ 13,803,881	\$ 3,816,492	\$ 2,525,942	\$ 425,030,159

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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 Activity Fund

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

June 30, 2006
With Comparative Totals for
June 30, 2005

BALANCE SHEET

	<u>2006</u>	<u>2005</u>
Assets		
Cash	\$ --	\$ --
Accounts receivable	145,721	172,149
Due from other governments:		
Municipality of Anchorage	134,485	63,555
State of Alaska	13,434,289	12,462,870
United States Government	875,474	1,715,235
Prepaid items	<u>33,636</u>	<u>570</u>
Total assets	<u>\$ 14,623,605</u>	<u>\$ 14,414,379</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 266,456	\$ 609,041
Due to General Fund	13,854,158	13,190,316
Accrued salaries and related items:		
Wages and salaries payable	99,100	146,401
Payroll taxes, other accrued and withheld items	17,868	33,296
Unearned revenue:		
Unearned revenue - local grants	237,193	208,421
Unearned revenue - state grants	42,958	55,556
Unearned revenue - federal grants	<u>105,872</u>	<u>171,348</u>
Total liabilities	<u>14,623,605</u>	<u>14,414,379</u>
Fund balance:		
Reserved:		
Encumbrances	163,592	492,430
Prepaid items	33,636	570
Unreserved:		
Designated for accrued compensated absences	618,248	544,471
Undesignated	<u>(815,476)</u>	<u>(1,037,471)</u>
Total fund balance	<u>--</u>	<u>--</u>
Total liabilities and fund balance	<u>\$ 14,623,605</u>	<u>\$ 14,414,379</u>

For the Year Ended June 30, 2006
With Comparative Totals for
For the Year Ended June 30, 2005

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

	2006	2005
Revenues:		
Revenues from local grants:		
Alaska Railroad Summer Youth Program	\$ 32,306	\$ 26,974
Donations From Local Agencies	286,690	340,903
Reading is Fundamental Grant	7,420	6,478
Bus Shelter Cleaning Grant	31,819	38,036
Buddy Bear Peer Program	66,733	132,419
Total revenues from local grants	<u>424,968</u>	<u>544,810</u>
Revenues from state grants:		
Contract Schools - Memorandum of Agreement		
Alaska State School for Deaf	279,909	296,397
Conflict Resolution Program	10,427	26,312
Mental Health Trust Grant	3,999	2,000
Alaska Science and Technology Program	9,105	4,237
Fetal Alcohol Syndrome Grant	456	47,030
K-12 School Based Learn and Serve Grant	--	8,769
Alaska Mentorship Project	257,369	233,796
Designated Legislative Grant Program - House Bill 67	66,907	--
Designated Legislative Grant Program - Senate Bill 46	254,433	--
Designated Legislative Grant Program - Senate Bill 283	22,060	196,475
Total revenues from state grants	<u>904,665</u>	<u>815,016</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	9,451,934	10,203,008
Summer School Program	478,169	609,701
McLaughlin Youth Center	167,445	157,895
Delinquent and At-Risk Youth Program	127,023	103,808
Highly Qualified Program	41,899	46,694
Professional Development	962,896	--
School Improvement Program	217,103	152,462
Total Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115	11,446,469	11,273,568
Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Migrant Education Program	770,335	634,690
Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Migrant Education - Summer Program	85,067	86,525

(Continued)

For the Year Ended June 30, 2006
With Comparative Totals for
For the Year Ended June 30, 2005

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

	2006	2005
Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Migrant Education - Parent Involvement Program	\$ 2,945	\$ 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	4,471,255	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	407,857	551,372
Title III - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
English Language Acquisition	291,490	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	574,396	538,827
Title V - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Innovative Program	288,132	479,540
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	1,610,074	1,503,784
Title VI-B - Education of All Handicapped Children		
Public Law 94-142	11,301,845	11,504,961
Pre-School Handicapped Grant		
Public Law 99-457	378,871	402,756
High Intensity Summer Reading Program	--	10,327
Reading is Fundamental	--	17,447
Human Immunodeficiency Virus Prevention Program	21,643	18,400
Alaska State School for Deaf Program	112,383	68,699
Capacity Building Improvement Program	855	70,594
Carl Perkins Vocational Education Basic Grant	1,014,234	1,042,811
Technical Preparation	15,675	--
High Growth Job Training - Planning	6,905	--
Access to Education for Homeless Children	66,563	45,149
Drug and Violence Prevention Program	12,518	32,066
Smaller Learning Communities Program	208,150	1,203,448
National Science Foundation Presidential Award	3,883	4,784
Right Start Program	91,192	131,467
Bilingual Education - Comprehensive School Grant	--	17,144
Community Action Prevention and Intervention	141,351	--

(Continued)

For the Year Ended June 30, 2006
With Comparative Totals for
For the Year Ended June 30, 2005

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

	2006	2005
Community Business Partner Program	\$ 64,047	\$ 77,770
Charter Schools Grants	943,762	236,398
Standard and Assessment Training Program	1,749	5,957
Reading First Grant	1,121,027	1,089,890
Alaska Native Heritage Center Grant	2,194	15,593
Peer Safety Training Grant	--	5,416
Work Investment Act School Youth Program	84,083	74,041
Partnership for Teacher Enhancement Program	13,176	57,099
Bilingual Teachers for Anchorage Program	15,283	17,028
Bilingual Education - Development and Implementation Program - Lake Hood Elementary	--	22,221
Foreign Language Assistance Program	142,824	221,779
Gear Up Alaska	--	55,048
Northwest Eisenhower Consortium Program	11,969	13,413
Advanced Placement Incentive Program	--	10,121
Reading Excellence Act Program	--	110,656
Teaching American History Program	192,854	256,191
Alaska Studies Professional Development	1,889	--
Partnership for Teacher Enhancement Program	18,119	--
Physical Education For Progress Program	59	77,874
School Health Program	--	16,189
Community Centers Learning Program	1,782,282	1,442,712
Governor's Drug Prevention Program	52,010	30,876
Web-Based IEP Program	--	115,058
Set for Life	--	8,360
Alaska Family DIR Website	19,667	--
Healthy Marriages Initiative	87,528	14,249
Alaska Studies Program	--	13,024
Minority Language Literacy Project	1,423	9,308
Fund for the Improvement of Education	279,291	759,298
Advanced Placement for Every Able Learner	640,133	--
Refugee Assistance Program	15,838	--
Alaska Educational Innovations Network	61,542	--
FEMA School Safety	98,277	--
Total revenues from federal grants	<u>38,975,114</u>	<u>38,715,898</u>
Total revenues	<u>40,304,747</u>	<u>40,075,724</u>
Expenditures:		
Current:		
Instruction:		
Local grants	424,968	544,810
State grants	904,665	815,016
Federal grants	38,975,114	38,715,898
Total expenditures	<u>40,304,747</u>	<u>40,075,724</u>
Excess of revenues over expenditures	--	--
Fund balance at beginning of year	<u>--</u>	<u>--</u>
Fund balance at end of year	<u>\$ --</u>	<u>\$ --</u>

For the Year Ended June 30, 2006
With Comparative Totals for
For the Year Ended June 30, 2005

SCHEDULE OF EXPENDITURES - GAAP BASIS

	2006	2005
Current:		
Instruction:		
Local grants:		
Alaska Railroad Summer Youth Program	\$ 32,306	\$ 26,974
Donations From Local Agencies	286,690	340,903
Reading is Fundamental Grant	7,420	6,478
Bus Shelter Cleaning Grant	31,819	38,036
Buddy Bear Peer Program	66,733	132,419
Total local grants	<u>424,968</u>	<u>544,810</u>
State grants:		
Contract Schools - Memorandum of Agreement		
Alaska State School for Deaf	279,909	296,397
Conflict Resolution Program	10,427	26,312
Mental Health Trust Grant	3,999	2,000
Alaska Science and Technology Program	9,105	4,237
Fetal Alcohol Syndrome Grant	456	47,030
K-12 School Based Learn and Serve Grant	--	8,769
Alaska Mentorship Project	257,369	233,796
Designated Legislative Grant Program - House Bill 67	66,907	--
Designated Legislative Grant Program - Senate Bill 46	254,433	--
Designated Legislative Grant Program - Senate Bill 283	22,060	196,475
Total state grants	<u>904,665</u>	<u>815,016</u>
Federal grants:		
Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Districtwide Grant	9,451,934	10,203,008
Summer School Program	478,169	609,701
McLaughlin Youth Center	167,445	157,895
Delinquent and At-Risk Youth Program	127,023	103,808
Highly Qualified Program	41,899	46,694
Professional Development	962,896	--
School Improvement Program	217,103	152,462
Total Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115	11,446,469	11,273,568
Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Migrant Education Program	770,335	634,690
Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Migrant Education - Summer Program	85,067	86,525

(Continued)

ANCHORAGE SCHOOL DISTRICT

For the Year Ended June 30, 2006
 With Comparative Totals for
 For the Year Ended June 30, 2005

STATE AND FEDERAL GRANTS
SPECIAL REVENUE FUND

B-3, Cont.

SCHEDULE OF EXPENDITURES - GAAP BASIS (Continued)

	2006	2005
Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Migrant Education - Parent Involvement Program	\$ 2,945	\$ 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	4,471,255	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	407,857	551,372
Title III - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
English Language Acquisition	291,490	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	574,396	538,827
Title V - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Innovative Program	288,132	479,540
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	1,610,074	1,503,784
Title VI-B - Education of All Handicapped Act		
Public Law 94-142	11,301,845	11,504,961
Pre-School Handicapped Grant		
Public Law 99-457	378,871	402,756
High Intensity Summer Reading Program	--	10,327
Reading is Fundamental Grant	--	17,447
Human Immunodeficiency Virus Prevention Program	21,643	18,400
Alaska State School for Deaf Program	112,383	68,699
Capacity Building Improvement Program	855	70,594
Carl Perkins Vocational Education Basic Grant	1,014,234	1,042,811
Technical Preparation	15,675	--
High Growth Job Training - Planning	6,905	--
Access to Education for Homeless Children	66,563	45,149
Drug and Violence Prevention Program	12,518	32,066
Smaller Learning Communities Program	208,150	1,203,448
National Science Foundation Presidential Award	3,883	4,784
Right Start Program	91,192	131,467
Bilingual Education - Comprehensive School Grant	--	17,144
Community Action Prevention and Intervention	141,351	--

(Continued)

For the Year Ended June 30, 2006
With Comparative Totals for
For the Year Ended June 30, 2005

SCHEDULE OF EXPENDITURES - GAAP BASIS (Continued)

	2006	2005
Community Business Partner Program	\$ 64,047	\$ 77,770
Charter Schools Grants	943,762	236,398
Standard and Assessment Training Program	1,749	5,957
Reading First Grant	1,121,027	1,089,890
Alaska Native Heritage Center Grant	2,194	15,593
Peer Safety Training Grant	--	5,416
Work Investment Act School Youth Program	84,083	74,041
Partnership for Teacher Enhancement Program	13,176	57,099
Bilingual Teachers for Anchorage Program	15,283	17,028
Bilingual Education - Development and Implementation Program - Lake Hood Elementary	--	22,221
Foreign Language Assistance Program	142,824	221,779
Gear Up Alaska	--	55,048
Northwest Eisenhower Consortium Program	11,969	13,413
Advanced Placement Incentive Program	--	10,121
Reading Excellence Act Program	--	110,656
Teaching American History Program	192,854	256,191
Alaska Studies Professional Development	1,889	--
Partnership for Teacher Enhancement Program	18,119	--
Physical Education For Progress Program	59	77,874
School Health Program	--	16,189
Community Centers Learning Program	1,782,282	1,442,712
Governor's Drug Prevention Program	52,010	30,876
Web-Based IEP Program	--	115,058
Set for Life	--	8,360
Alaska Family DIR Website	19,667	--
Healthy Marriages Initiative	87,528	14,249
Alaska Studies Program	--	13,024
Minority Language Literacy Project	1,423	9,308
Fund for the Improvement of Education	279,291	759,298
Advanced Placement for Every Able Learner	640,133	--
Refugee Assistance Program	15,838	--
Alaska Educational Innovations Network	61,542	--
FEMA School Safety	98,277	--
Total federal grants	<u>38,975,114</u>	<u>38,717,903</u>
Total expenditures	<u>\$ 40,304,747</u>	<u>\$ 40,077,729</u>

For the Year Ended June 30, 2006

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	\$ 23,822	\$ --	\$ 23,822	\$ 23,822	\$ --
Employee benefits	5,470	--	5,470	5,470	--
Supplies and materials	3,014	--	3,014	3,208	194
Total Alaska Railroad Summer Youth Program	32,306	--	32,306	32,500	194
Donations From Local Agencies					
Personnel services	179,302	--	179,302	181,550	2,248
Employee benefits	62,603	--	62,603	67,543	4,940
Purchased services	26,474	--	26,474	41,452	14,978
Supplies and materials	17,992	(1,230)	16,762	25,041	8,279
Capital outlay	319	--	319	5,000	4,681
Total Donations From Local Agencies	286,690	(1,230)	285,460	320,586	35,126
Reading is Fundamental Grant					
Supplies and materials	7,420	9,256	16,676	7,037	(9,639)
Bus Shelter Cleaning Grant					
Personnel services	27,836	--	27,836	26,150	(1,686)
Employee benefits	2,416	--	2,416	2,293	(123)
Supplies and materials	1,567	(139)	1,428	3,457	2,029
Total Bus Shelter Cleaning Grant	31,819	(139)	31,680	31,900	220
Buddy Bear Peer Program					
Personnel services	41,355	--	41,355	--	(41,355)
Employee benefits	3,582	--	3,582	--	(3,582)
Supplies and materials	13,197	14,412	27,609	82,486	54,877
Capital outlay	8,599	--	8,599	--	(8,599)
Total Buddy Bear Peer Program	66,733	14,412	81,145	82,486	1,341
Contingency	--	--	--	3,451,417	3,451,417
Total local grants	424,968	22,299	447,267	3,925,926	3,478,659
State grants:					
Contract School - Memorandum of Agreement					
Alaska State School for Deaf					
Personnel services	171,134	--	171,134	182,136	11,002
Employee benefits	69,114	--	69,114	76,622	7,508
Purchased services	29,110	(1,208)	27,902	34,665	6,763
Supplies and materials	6,321	(1,600)	4,721	6,477	1,756
Capital outlay	4,230	--	4,230	19,100	14,870
Total Contract School - Memorandum of Agreement Alaska State School for Deaf	279,909	(2,808)	277,101	319,000	41,899
Conflict Resolution Program					
Personnel services	7,093	--	7,093	--	(7,093)
Employee benefits	1,694	--	1,694	--	(1,694)
Supplies and materials	1,640	(296)	1,344	--	(1,344)
Total Conflict Resolution Program	10,427	(296)	10,131	--	(10,131)

(Continued)

For the Year Ended June 30, 2006

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)
Mental Health Trust Grant					
Supplies and materials	\$ 3,999	\$ --	\$ 3,999	\$ --	\$ (3,999)
Alaska Science and Technology Program					
Supplies and materials	2,097	--	2,097	--	(2,097)
Capital outlay	7,008	(4,498)	2,510	--	(2,510)
Total Alaska Science and Technology	9,105	(4,498)	4,607	--	(4,607)
Fetal Alcohol Syndrome Grant					
Purchased services	272	(272)	--	--	--
Supplies and materials	184	(184)	--	--	--
Total Fetal Alcohol Syndrome Grant	456	(456)	--	--	--
Alaska Mentorship Project					
Personnel services	188,490	--	188,490	188,230	(260)
Employee benefits	68,879	--	68,879	68,947	68
Total Alaska Mentorship Project Program	257,369	--	257,369	257,177	(192)
Designated Legislative Grant Program - House Bill 67					
Personnel services	3,954	--	3,954	3,954	--
Employee benefits	926	--	926	927	1
Purchased services	60,073	--	60,073	60,075	2
Supplies and materials	1,954	--	1,954	1,955	1
Total Designated Legislative Grant Program House Bill 67	66,907	--	66,907	66,911	4
Designated Legislative Grant Program - Senate Bill 46					
Personnel services	1,750	--	1,750	3,080	1,330
Employee benefits	411	--	411	749	338
Purchased services	5,700	--	5,700	5,700	--
Supplies and materials	74,330	8,705	83,035	191,448	108,413
Capital outlay	172,242	4,318	176,560	234,023	57,463
Total Designated Legislative Grant Program Senate Bill 46	254,433	13,023	267,456	435,000	167,544
Designated Legislative Grant Program - Senate Bill 283					
Personnel services	7,468	--	7,468	--	(7,468)
Employee benefits	1,820	--	1,820	--	(1,820)
Purchased services	--	--	--	--	--
Supplies and materials	12,750	(3,335)	9,415	--	(9,415)
Capital outlay	22	--	22	--	(22)
Total Designated Legislative Grant Program Senate Bill 283	22,060	(3,335)	18,725	--	(18,725)
Total state grants	904,665	1,630	906,295	1,078,088	171,793
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	5,382,325	--	5,382,325	5,853,134	470,809
Employee benefits	2,130,349	--	2,130,349	2,390,826	260,477
Purchased services	804,900	(1,275)	803,625	1,178,997	375,372
Supplies and materials	710,983	(58,421)	652,562	863,691	211,129
Capital outlay	423,377	(4,876)	418,501	514,612	96,111
Total Districtwide Grant	9,451,934	(64,572)	9,387,362	10,801,260	1,413,898

(Continued)

For the Year Ended June 30, 2006

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 107-110 Congress Statute 115					
(continued)					
Summer School Program					
Personnel services	\$ 285,181	\$ --	\$ 285,181	\$ 406,698	\$ 121,517
Employee benefits	66,170	--	66,170	73,445	7,275
Purchased services	111,847	--	111,847	147,719	35,872
Supplies and materials	14,971	--	14,971	45,515	30,544
Total Summer School Program	478,169	--	478,169	673,377	195,208
McLaughlin Youth Center					
Personnel services	83,345	--	83,345	82,126	(1,219)
Employee benefits	40,517	--	40,517	42,358	1,841
Purchased services	11,033	--	11,033	11,075	42
Supplies and materials	9,418	151	9,569	9,407	(162)
Capital outlay	23,132	--	23,132	23,375	243
Total McLaughlin Youth Center	167,445	151	167,596	168,341	745
Delinquent and At-Risk Youth Program					
Personnel services	76,768	--	76,768	77,183	415
Employee benefits	32,807	--	32,807	31,550	(1,257)
Purchased services	8,557	--	8,557	9,804	1,247
Supplies and materials	8,891	--	8,891	8,498	(393)
Total Delinquent and At-Risk Youth Program	127,023	--	127,023	127,035	12
Highly Qualified Program					
Personnel services	11,090	--	11,090	11,090	--
Employee benefits	2,512	--	2,512	2,514	2
Purchased services	24,328	--	24,328	25,530	1,202
Supplies and materials	3,969	--	3,969	4,640	671
Total Highly Qualified Program	41,899	--	41,899	43,774	1,875
Professional Development					
Personnel services	547,370	--	547,370	629,799	82,429
Employee benefits	188,556	--	188,556	215,727	27,171
Purchased services	205,930	--	205,930	241,370	35,440
Supplies and materials	19,567	--	19,567	30,199	10,632
Capital outlay	1,473	--	1,473	7,000	5,527
Total Professional Development	962,896	--	962,896	1,124,095	161,199
School Improvement Program					
Personnel services	43,138	--	43,138	46,724	3,586
Employee benefits	7,503	--	7,503	7,873	370
Purchased services	130,857	(175)	130,682	131,304	622
Supplies and materials	23,900	(3,995)	19,905	28,243	8,338
Capital outlay	11,705	--	11,705	12,702	997
Total School Improvement Program	217,103	(4,170)	212,933	226,846	13,913
Total Title I - Elementary and Secondary Act No Child Left Behind Act Public Law 107-110 Congress Statute 115	11,446,469	(68,591)	11,377,878	13,164,728	1,786,850

(Continued)

For the Year Ended June 30, 2006

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 107-110 Congress Statute 115					
Migrant Education Program					
Personnel services	\$ 447,300	\$ --	\$ 447,300	\$ 453,902	\$ 6,602
Employee benefits	172,393	--	172,393	172,877	484
Purchased services	71,010	(844)	70,166	80,529	10,363
Supplies and materials	50,966	(5,875)	45,091	59,598	14,507
Capital outlay	28,666	(13,386)	15,280	19,901	4,621
Total Title I - Elementary and Secondary Education Act, No Child Left Behind Act Public Law 107-110 Congress Statute 115 Migrant Education Program	770,335	(20,105)	750,230	786,807	36,577
Title I - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
Migrant Education - Summer Program					
Personnel services	48,174	--	48,174	38,835	(9,339)
Employee benefits	8,978	--	8,978	10,036	1,058
Purchased services	17,266	(870)	16,396	40,364	23,968
Supplies and materials	3,647	(747)	2,900	--	(2,900)
Capital outlay	7,002	--	7,002	--	(7,002)
Total Title I - Elementary and Secondary No Child Left Behind Act Public Law 107-110 Congress Statute 115 Migrant Education - Summer Program	85,067	(1,617)	83,450	89,235	5,785
Title I - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
Migrant Education - Parent Involvement Program					
Purchased services	2,945	--	2,945	5,000	2,055
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	2,874,367	--	2,874,367	3,354,370	480,003
Employee benefits	1,152,321	--	1,152,321	1,458,904	306,583
Purchased services	336,573	(26)	336,547	518,655	182,108
Supplies and Materials	31,551	(688)	30,863	33,471	2,608
Capital outlay	76,443	(368)	76,075	76,709	634
Total Title II-A - Elementary and Secondary Education Act No Child Left Behind Act Public Law 107-110 Congress Statute 115 Professional Development Program	4,471,255	(1,082)	4,470,173	5,442,109	971,936

(Continued)

For the Year Ended June 30, 2006

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	\$ 131,608	\$ --	\$ 131,608	\$ 197,340	\$ 65,732
Employee benefits	37,202	--	37,202	51,037	13,835
Purchased services	67,306	(117)	67,189	78,908	11,719
Supplies and materials	39,573	(2,677)	36,896	61,475	24,579
Capital outlay	132,168	--	132,168	236,555	104,387
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	407,857	(2,794)	405,063	625,315	220,252
Title III - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
English Language Acquisition					
Personnel services	134,973	--	134,973	217,605	82,632
Employee benefits	68,486	--	68,486	165,568	97,082
Purchased services	7,080	14	7,094	15,142	8,048
Supplies and materials	72,279	(13,031)	59,248	64,939	5,691
Capital outlay	8,672	(5,633)	3,039	3,000	(39)
Total Title III - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
English Language Acquisition	291,490	(18,650)	272,840	466,254	193,414
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	382,097	--	382,097	448,567	66,470
Employee benefits	115,807	--	115,807	139,102	23,295
Purchased services	48,749	(178)	48,571	59,035	10,464
Supplies and materials	21,055	(193)	20,862	49,061	28,199
Capital outlay	6,688	--	6,688	8,500	1,812
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	574,396	(371)	574,025	704,265	130,240

(Continued)

For the Year Ended June 30, 2006

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	\$ 191,885	\$ --	\$ 191,885	\$ 261,197	\$ 69,312
Employee benefits	41,676	--	41,676	60,847	19,171
Purchased services	51,381	(8)	51,373	105,451	54,078
Supplies and materials	3,190	(197)	2,993	3,600	607
Total Title V - Elementary and Secondary Education Act No Child Left Behind Act Public Law 107-110 Congress Statute 115 Innovative Program	288,132	(205)	287,927	431,095	143,168
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	949,335	--	949,335	925,745	(23,590)
Employee benefits	526,760	--	526,760	526,411	(349)
Purchased services	92,107	1,362	93,469	95,464	1,995
Supplies and materials	28,117	15,024	43,141	39,375	(3,766)
Capital outlay	13,755	10,879	24,634	16,080	(8,554)
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	1,610,074	27,265	1,637,339	1,603,075	(34,264)
Title VI-B - Education of All Handicapped Children					
Public Law 94-142					
Personnel services	6,757,142	--	6,757,142	6,712,804	(44,338)
Employee benefits	3,326,046	--	3,326,046	3,502,141	176,095
Purchased services	1,050,366	(1,771)	1,048,595	1,110,095	61,500
Supplies and materials	75,492	(12,160)	63,332	80,216	16,884
Capital outlay	92,799	(21,507)	71,292	91,000	19,708
Total Title VI-B Education of All Handicapped Children Public Law 94-142	11,301,845	(35,438)	11,266,407	11,496,256	229,849
Pre-School Handicapped Grant					
Public Law 99-457					
Personnel services	249,129	--	249,129	270,497	21,368
Employee benefits	82,138	--	82,138	84,219	2,081
Purchased services	20,167	--	20,167	22,761	2,594
Supplies and materials	22,020	--	22,020	48,863	26,843
Capital outlay	5,417	--	5,417	10,000	4,583
Total Pre-School Handicapped Grant Public Law 99-457	378,871	--	378,871	436,340	57,469

(Continued)

For the Year Ended June 30, 2006

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)
Reading is Fundamental Grant					
Supplies and materials	\$ --	\$ --	\$ --	\$ 17,448	\$ 17,448
Human Immunodeficiency Virus Prevention Program					
Personnel services	9,184	--	9,184	9,284	100
Employee benefits	1,628	--	1,628	1,641	13
Purchased services	7,264	(2,370)	4,894	7,796	2,902
Supplies and materials	3,567	(600)	2,967	4,709	1,742
Total Human Immunodeficiency Virus Prevention Program	21,643	(2,970)	18,673	23,430	4,757
Alaska State School for Deaf Program					
Purchased services	73,716	(29)	73,687	80,662	6,975
Supplies and materials	29,099	(650)	28,449	49,046	20,597
Capital outlay	9,568	--	9,568	10,000	432
Total Alaska State School for Deaf Program	112,383	(679)	111,704	139,708	28,004
Capacity Building Improvement Program					
Purchased services	36	(36)	--	--	--
Supplies and materials	819	(819)	--	--	--
Total Capacity Building Improvement Program	855	(855)	--	--	--
Carl Perkins Vocational Education Basic Grant					
Personnel services	155,839	--	155,839	177,810	21,971
Employee benefits	20,719	--	20,719	20,435	(284)
Purchased services	182,941	(1,869)	181,072	213,286	32,214
Supplies and materials	196,067	(8,674)	187,393	178,210	(9,183)
Capital outlay	458,668	(14,172)	444,496	473,214	28,718
Total Carl Perkins Vocational Education Basic Grant	1,014,234	(24,715)	989,519	1,062,955	73,436
Alaska Technical Preparation Consortium					
Personnel services	14,426	--	14,426	14,426	--
Employee benefits	1,249	--	1,249	1,249	--
Total Technical Preparation	15,675	--	15,675	15,675	--
High Growth Job Training - Planning					
Personnel services	6,000	--	6,000	6,000	--
Employee benefits	905	--	905	911	6
Purchased services	--	--	--	3,089	3,089
Total High Growth Job Training - Planning	6,905	--	6,905	10,000	3,095
High Growth Job Training - Implementation					
Personnel services	--	--	--	46,632	46,632
Employee benefits	--	--	--	13,368	13,368
Purchased services	--	--	--	5,486	5,486
Supplies and materials	--	--	--	15,264	15,264
Total High Growth Job Training - Implementation	--	--	--	80,750	80,750

For the Year Ended June 30, 2006

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)
Access to Education for Homeless Children					
Personnel services	\$ 36,539	\$ --	\$ 36,539	\$ 36,539	\$ --
Employee benefits	11,862	--	11,862	11,899	37
Purchased services	4,611	--	4,611	4,612	1
Supplies and materials	13,551	--	13,551	13,554	3
Total Access to Education for Homeless Children	66,563	--	66,563	66,604	41
Drug and Violence Prevention Program					
Personnel services	4,700	--	4,700	233,340	228,640
Employee benefits	1,235	--	1,235	96,236	95,001
Purchased services	6,012	--	6,012	37,764	31,752
Supplies and materials	571	2,021	2,592	21,411	18,819
Capital outlay	--	--	--	2,000	2,000
Total Drug and Violence Prevention Program	12,518	2,021	14,539	390,751	376,212
Smaller Learning Communities Program					
Personnel services	37,932	--	37,932	--	(37,932)
Employee benefits	8,624	--	8,624	--	(8,624)
Purchased services	106,409	(1,150)	105,259	--	(105,259)
Supplies and materials	55,185	(13,468)	41,717	--	(41,717)
Capital outlay	--	--	--	--	--
Total Smaller Learning Communities Program	208,150	(14,618)	193,532	--	(193,532)
National Science Foundation					
Presidential Award					
Personnel services	240	--	240	--	(240)
Employee benefits	21	--	21	--	(21)
Purchased services	3,403	--	3,403	--	(3,403)
Supplies and materials	219	--	219	--	(219)
Capital outlay	--	--	--	--	--
Total National Science Foundation	3,883	--	3,883	--	(3,883)
Right Start Program					
Personnel services	44,949	--	44,949	46,797	1,848
Employee benefits	13,987	--	13,987	14,884	897
Purchased services	17,171	--	17,171	18,980	1,809
Supplies and materials	15,085	(7,683)	7,402	10,290	2,888
Total Right Start Program	91,192	(7,683)	83,509	90,951	7,442
Community Action Prevention and Intervention					
Personnel services	80,291	--	80,291	84,051	3,760
Employee benefits	26,285	--	26,285	29,266	2,981
Purchased Services	13,807	--	13,807	14,655	848
Supplies and materials	18,627	--	18,627	18,473	(154)
Capital outlay	2,341	--	2,341	2,500	159
Total Community Action Prevention and Intervention Program	141,351	--	141,351	148,945	7,594

(Continued)

For the Year Ended June 30, 2006

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)
Community Business Partner Program					
Personnel services	\$ 53,941	\$ --	\$ 53,941	\$ 128,353	\$ 74,412
Employee benefits	4,669	--	4,669	11,297	6,628
Purchased services	5,437	--	5,437	10,350	4,913
Total Community Business Partner Program	64,047	--	64,047	150,000	85,953
Charter Schools Grants					
Purchased services	312,322	(11,720)	300,602	316,763	16,161
Supplies and materials	301,157	(42,623)	258,534	312,848	54,314
Capital outlay	330,283	(123,983)	206,300	216,169	9,869
Total Charter Schools Grants	943,762	(178,326)	765,436	845,780	80,344
Standard and Assessment Training Program					
Personnel services	1,400	--	1,400	1,480	80
Employee benefits	269	--	269	277	8
Purchased Services	80	--	80	84	4
Total Standard and Assessment Training Program	1,749	--	1,749	1,841	92
Reading First Grant					
Personnel services	553,597	--	553,597	591,923	38,326
Employee benefits	161,168	--	161,168	172,077	10,909
Purchased Services	126,843	(563)	126,280	161,469	35,189
Supplies and materials	256,959	(12,847)	244,112	263,372	19,260
Capital outlay	22,460	--	22,460	23,203	743
Total Reading First Grant	1,121,027	(13,410)	1,107,617	1,212,044	104,427
Alaska Native Heritage Center Grant					
Personnel services	11,346	--	11,346	--	(11,346)
Employee benefits	2,548	--	2,548	--	(2,548)
Purchased Services	(18,906)	(2,194)	(21,100)	--	21,100
Supplies and materials	691	--	691	--	(691)
Capital outlay	6,515	--	6,515	--	(6,515)
Total Alaska Native Heritage Center Grant	2,194	(2,194)	--	--	--
Work Investment Act School Youth Program					
Personnel services	64,209	--	64,209	76,302	12,093
Employee benefits	8,901	--	8,901	11,139	2,238
Purchased services	3,836	--	3,836	4,546	710
Supplies and materials	7,137	--	7,137	7,659	522
Total Work Investment Act School Youth Program	84,083	--	84,083	99,646	15,563
Partnership for Teachers Enhancement Program					
Personnel services	3,753	--	3,753	--	(3,753)
Employee Benefits	691	--	691	--	(691)
Purchased services	2,158	(200)	1,958	--	(1,958)
Supplies and materials	6,574	(1,995)	4,579	--	(4,579)
Total Partnership for Teacher Enhancement Program	13,176	(2,195)	10,981	--	(10,981)
Bilingual Teachers for Anchorage Program					
Personnel services	1,125	--	1,125	--	(1,125)
Employee benefits	249	--	249	--	(249)
Purchased services	13,909	--	13,909	8,000	(5,909)
Total Bilingual Teachers for Anchorage Program	15,283	--	15,283	8,000	(7,283)

For the Year Ended June 30, 2006

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)
Foreign Language Assistance Program					
Personnel services	\$ 72,330	\$ --	\$ 72,330	\$ 81,910	\$ 9,580
Employee benefits	27,049	--	27,049	35,513	8,464
Purchased services	27,211	(9,841)	17,370	46,559	29,189
Supplies and materials	13,626	4,907	18,533	10,000	(8,533)
Capital Outlay	2,608	--	2,608	1,000	(1,608)
Total Foreign Language Assistance Program	142,824	(4,934)	137,890	174,982	37,092
Northwest Eisenhower Consortium Program					
Personnel services	6,310	--	6,310	3,858	(2,452)
Employee benefits	1,425	--	1,425	710	(715)
Purchased services	3,128	--	3,128	332	(2,796)
Supplies and materials	1,106	--	1,106	--	(1,106)
Total Northwest Eisenhower Consortium Program	11,969	--	11,969	4,900	(7,069)
Teaching American History Program					
Personnel services	60,991	--	60,991	--	(60,991)
Employee benefits	23,777	--	23,777	--	(23,777)
Purchased services	96,338	23,348	119,686	--	(119,686)
Supplies and materials	11,748	(806)	10,942	--	(10,942)
Total Teaching American History Program	192,854	22,542	215,396	--	(215,396)
Alaska Studies for Professional Development					
Capital outlay	1,889	--	1,889	--	(1,889)
Interlibrary Cooperation Program					
Personnel services	--	--	--	4,860	4,860
Employee benefits	--	--	--	1,140	1,140
Supplies and materials	18,119	4,105	22,224	31,225	9,001
Total for Partnership for Teacher Enhancement Program	18,119	4,105	22,224	37,225	15,001
Physical Education for Progress Program					
Purchased services	2	(2)	--	--	--
Capital outlay	57	(57)	--	--	--
Total Physical Education for Progress Program	59	(59)	--	--	--
Community Centers Learning Program					
Personnel services	1,189,951	--	1,189,951	1,199,818	9,867
Employee benefits	425,987	--	425,987	421,073	(4,914)
Purchased services	137,955	--	137,955	143,046	5,091
Supplies and materials	20,655	--	20,655	22,640	1,985
Capital outlay	7,734	--	7,734	7,734	--
Total Community Centers Learning Program	1,782,282	--	1,782,282	1,794,311	12,029
Governor's Drug Prevention					
Purchased services	31,619	(256)	31,363	31,622	259
Supplies and materials	18,005	(10,393)	7,612	7,713	101
Capital outlay	2,386	(2,386)	--	--	--
Total Governor's Drug Prevention	52,010	(13,035)	38,975	39,335	360

(Continued)

For the Year Ended June 30, 2006

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 Family Directory Website					
Personnel services	\$ 9,532	\$ --	\$ 9,532	\$ 10,784	\$ 1,252
Employee benefits	2,645	--	2,645	2,689	44
Purchased services	3,685	--	3,685	4,825	1,140
Supplies and materials	3,805	--	3,805	3,852	47
Total Alaska Family DIR Website	19,667	--	19,667	22,150	2,483
Healthy Marriages Initiative					
Personnel services	7,020	--	7,020	7,020	--
Employee benefits	1,647	--	1,647	1,647	--
Purchased services	67,609	(33,364)	34,245	34,889	644
Supplies and materials	11,252	(1,951)	9,301	9,333	32
Total Healthy Marriages Initiative	87,528	(35,315)	52,213	52,889	676
Minority Language Literacy Project					
Supplies and Materials	1,423	(1,503)	(80)	--	80
Fund for the Improvement of Education					
Personnel services	76,976	--	76,976	25,274	(51,702)
Employee benefits	26,004	--	26,004	5,929	(20,075)
Purchased services	141,846	1,125	142,971	131,477	(11,494)
Supplies and materials	33,227	4,935	38,162	35,720	(2,442)
Capital outlay	1,238	--	1,238	--	(1,238)
Total Fund for the Improvement of Education	279,291	6,060	285,351	198,400	(86,951)
Advanced Placement for Every Able Learner					
Personnel services	72,521	--	72,521	189,791	117,270
Employee benefits	24,843	--	24,843	62,431	37,588
Purchased services	518,847	32,677	551,524	553,391	1,867
Supplies and materials	17,002	1,402	18,404	37,044	18,640
Capital outlay	6,920	--	6,920	4,800	(2,120)
Total Advanced Placement for Every Able Learner	640,133	34,079	674,212	847,457	173,245
Refugee Assistance Program					
Personnel services	7,297	--	7,297	6,987	(310)
Employee benefits	2,136	--	2,136	2,608	472
Supplies and materials	6,405	--	6,405	6,405	--
Total Refugee Assistance Program	15,838	--	15,838	16,000	162
Alaska Educational Innovations Network					
Personnel services	34,551	--	34,551	33,917	(634)
Employee benefits	6,805	--	6,805	6,903	98
Purchased services	17,995	--	17,995	16,060	(1,935)
Supplies and materials	2,191	12	2,203	2,175	(28)
Total Alaska Educational Innovation Network	61,542	12	61,554	59,055	(2,499)
FEMA School Safety					
Personnel services	59,816	--	59,816	59,816	--
Employee benefits	14,036	--	14,036	14,036	--
Purchased services	700	--	700	700	--
Supplies and materials	23,725	--	23,725	59,723	35,998
Total FEMA School Safety	98,277	--	98,277	134,275	35,998
Total federal grants	38,975,114	(355,260)	38,619,854	42,995,986	4,376,132
	<u>\$ 40,304,747</u>	<u>\$ (331,331)</u>	<u>\$ 39,973,416</u>	<u>\$ 48,000,000</u>	<u>\$ 8,026,584</u>

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

For the Year Ended June 30, 2006

	Personnel Services	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Total
Current:						
Instruction:						
Local grants:						
Alaska Railroad Summer Youth Program	\$ 23,822	\$ 5,470	\$ 3,014	\$ --	\$ --	\$ 32,306
Donations From						
Local Agencies	179,302	62,603	26,474	17,992	319	286,690
Reading is Fundamental Grant	--	--	--	7,420	--	7,420
Bus Shelter Cleaning Grant	27,836	2,416	1,567	--	--	31,819
Buddy Bear Peer Program	41,355	3,582	13,197	8,599	--	66,733
Total local grants	272,315	74,071	44,252	34,011	319	424,968
State grants:						
Contract Schools - Memorandum of Agreement						
Alaska State School for Deaf	171,134	69,114	29,110	6,321	4,230	279,909
Conflict Resolution Program	7,093	1,694	1,640	--	--	10,427
Mental Health Trust Grant	--	--	--	3,999	--	3,999
Alaska Science and Technology Program	--	--	--	2,097	7,008	9,105
Fetal Alcohol Syndrome Grant	--	--	272	184	--	456
K-12 School Based Learn and Serve Grant						--
Alaska Mentorship Project	188,490	68,879	--	--	--	257,369
Designated Legislative Grant						
Program House Bill 67	3,954	926	60,073	1,954	--	66,907
Program Senate Bill 46	1,750	411	5,700	74,330	172,242	254,433
Program Senate Bill 283	7,468	1,820	--	12,750	22	22,060
Total state grants	379,889	142,844	96,795	101,635	183,502	904,665
Federal grants:						
Title I - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
Districtwide Grant	5,382,325	2,130,349	804,900	710,983	423,377	9,451,934
Summer School Program	285,181	66,170	111,847	14,971	--	478,169
McLaughlin Youth Center	83,345	40,517	11,033	9,418	23,132	167,445
Delinquent and At-Risk Youth Program	76,768	32,807	8,557	8,891	--	127,023
Youth Program	11,090	2,512	24,328	3,969	--	41,899
Highly Qualified Program	547,370	188,556	205,930	19,567	1,473	962,896
School Improvement Program	43,138	7,502	130,857	23,901	11,705	217,103
Total Title I - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115	6,429,217	2,468,413	1,297,452	791,700	459,687	11,446,469

(Continued)

For the Year Ended June 30, 2006

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	\$ 447,300	\$ 172,393	\$ 71,010	\$ 50,966	\$ 28,666	\$ 770,335
Title I - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
Migrant Education						
Summer Program	48,174	8,978	17,266	3,647	7,002	85,067
Title I - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
Migrant Education						
Parent Involvement Program	--	--	2,945	--	--	2,945
Title II-A - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
Professional Development Program	2,874,367	1,152,321	336,573	31,551	76,443	4,471,255
Title II-D - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
Education of Technology Program	131,608	37,202	67,306	39,573	132,168	407,857
Title III - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
English Language Acquisition	134,973	68,486	7,080	72,279	8,672	291,490
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	382,097	115,807	48,749	21,055	6,688	574,396
Title V - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
Innovative Program	191,885	41,676	51,381	3,190	--	288,132

(Continued)

For the Year Ended June 30, 2006

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	\$ 949,335	\$ 526,760	\$ 92,107	\$ 28,117	\$ 13,755	\$ 1,610,074
Title VI-B - Education of All Handicapped Children						
Public Law 94-142	6,757,142	3,326,046	1,050,366	75,492	92,799	11,301,845
Pre-School Handicapped Grant						
Public Law 99-457	249,129	82,138	20,167	22,020	5,417	378,871
Human Immunodeficiency Virus Prevention Program	9,184	1,628	7,264	3,567	--	21,643
Alaska State School for Deaf Program	--	--	73,716	29,099	9,568	112,383
Capacity Building Improvement Program	--	--	36	819	--	855
Carl Perkins Vocational Education						
Basic Grant	155,839	20,719	182,941	196,067	458,668	1,014,234
Technical Preparation	14,426	1,249	--	--	--	15,675
High Growth Job Training Planning	6,000	905	--	--	--	6,905
Access to Education for Homeless Children	36,539	11,862	4,611	13,551	--	66,563
Drug and Violence Prevention Program	4,700	1,235	6,012	571	--	12,518
Smaller Learning Communities Program	37,933	8,624	106,408	55,185	--	208,150
National Science Foundation Presidential Award	240	21	3,403	219	--	3,883
Right Start Program	44,949	13,987	17,171	15,085	--	91,192
Community Action Prevention and Intervention	80,291	26,285	13,807	18,627	2,341	141,351
Community Business Partner Program	53,941	4,669	5,437	--	--	64,047
Charter Schools Grants	312,322	301,157	330,283	--	--	943,762
Standard and Assessment Training Program	1,400	269	80	--	--	1,749
Reading First Grant	553,597	161,168	126,843	256,959	22,460	1,121,027
Alaska Native Heritage Center Grant	11,346	2,548	(18,906)	691	6,515	2,194
Work Investment Act School Youth Program	64,209	8,901	3,836	7,137	--	84,083
Partnership for Teacher Enhancement Program	3,753	691	2,158	6,574	--	13,176
Bilingual Teachers for Anchorage Program	1,125	249	13,909	--	--	15,283
Foreign Language Assistance Program	72,330	27,049	27,211	13,626	2,608	142,824
Northwest Eisenhower Consortium Program	6,310	1,425	3,128	1,106	--	11,969
Teaching American History Program	60,991	23,777	96,338	11,748	--	192,854
Alaska Studies Professional Development	--	--	--	--	1,889	1,889

(Continued)

For the Year Ended June 30, 2006

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

	Personnel Services	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Total
Partnership for Teacher Enhancement	\$ --	\$ --	\$ --	\$ 18,119	\$ --	\$ 18,119
Physical Education for Progress Program	--	--	2	57	--	59
Community Centers Learning Program	1,189,951	425,987	137,955	20,655	7,734	1,782,282
Governor's Drug Prevention	--	--	31,619	18,005	2,386	52,010
Alaska Family DIR Website	9,532	2,645	3,685	3,805	--	19,667
Healthy Marriages Initiative	7,020	1,647	67,609	11,252	--	87,528
Minority Literacy Project	--	--	--	1,423	--	1,423
Fund for the Improvement of Education	76,976	26,004	141,846	33,227	1,238	279,291
Advanced Placement for Every Able Learner	72,521	24,843	518,847	17,002	6,920	640,133
Refugee Assistance Program	7,297	2,136	--	6,405	--	15,838
Alaska Educational Innovations Network	34,551	6,805	17,995	2,191	--	61,542
FEMA School Safety	59,816	14,036	700	23,725	--	98,277
Total federal grants	21,584,316	9,122,741	4,988,346	1,926,087	1,353,624	38,975,114
	<u>\$ 22,236,520</u>	<u>\$ 9,339,656</u>	<u>\$ 5,129,393</u>	<u>\$ 2,061,733</u>	<u>\$ 1,537,445</u>	<u>\$ 40,304,747</u>

COMBINING BALANCE SHEET

	Food Service	Student Activity	Totals	
			2006	2005
Assets				
Cash and investments, at cost	\$ 425	\$ 1,964,038	\$ 1,964,463	\$ 2,122,099
Accounts receivable	12,333	13,055	25,388	8,119
Due from General Fund	1,245,326	1,137,755	2,383,081	3,434,495
Due from State of Alaska	540,718	--	540,718	22,026
Prepaid items	233	--	233	5,577
U.S.D.A. food commodities, at U.S.D.A. allocated value	111,936	--	111,936	147,988
Inventory, at weighted average cost	766,571	--	766,571	556,127
Total assets	<u>\$ 2,677,542</u>	<u>\$ 3,114,848</u>	<u>\$ 5,792,390</u>	<u>\$ 6,296,431</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 8,823	\$ 16,888	\$ 25,711	\$ 343,552
Due to General Fund	--	6,685	6,685	24,334
Accrued salaries and related items:				
Wages and salaries payable	17,492	--	17,492	61,481
Payroll taxes, other accrued and withheld items	9,143	--	9,143	19,270
Unearned revenue	207,922	--	207,922	229,497
Total liabilities	<u>243,380</u>	<u>23,573</u>	<u>266,953</u>	<u>678,134</u>
Fund balance:				
Reserved:				
Encumbrances	309,878	--	309,878	511,198
Inventory	766,571	--	766,571	556,127
Prepaid items	233	--	233	5,577
Unreserved:				
Designated for subsequent year's expenditures	193,160	--	193,160	369,413
Accrued compensated absences	307,163	--	307,163	305,448
Undesignated	857,157	3,091,275	3,948,432	3,870,534
Total fund balance	<u>2,434,162</u>	<u>3,091,275</u>	<u>5,525,437</u>	<u>5,618,297</u>
Total liabilities and fund balance	<u>\$ 2,677,542</u>	<u>\$ 3,114,848</u>	<u>\$ 5,792,390</u>	<u>\$ 6,296,431</u>

For the Year Ended June 30, 2006
With Comparative Totals
For the Year Ended June 30, 2005

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

	Food Service	Student Activity	Totals	
			2006	2005
Revenues:				
Revenues from local sources	\$ 5,251,203	\$ 6,748,024	\$ 11,999,227	\$ 12,080,077
Revenues from federal sources	8,579,320	--	8,579,320	7,670,607
Total revenues	<u>13,830,523</u>	<u>6,748,024</u>	<u>20,578,547</u>	<u>19,750,684</u>
Expenditures:				
Current:				
Instruction	--	6,673,412	6,673,412	6,641,515
Food services	<u>13,997,995</u>	--	<u>13,997,995</u>	<u>13,217,128</u>
Total expenditures	<u>13,997,995</u>	<u>6,673,412</u>	<u>20,671,407</u>	<u>19,858,643</u>
Excess (deficiency) of revenues over expenditures	(167,472)	74,612	(92,860)	(107,959)
Fund balance at beginning of year	<u>2,601,634</u>	<u>3,016,663</u>	<u>5,618,297</u>	<u>5,726,256</u>
Fund balance at end of year	<u>\$ 2,434,162</u>	<u>\$ 3,091,275</u>	<u>\$ 5,525,437</u>	<u>\$ 5,618,297</u>

June 30, 2006
With Comparative Totals for
June 30, 2005

BALANCE SHEET

	<u>2006</u>	<u>2005</u>
Assets		
Cash and investments, at cost	\$ 425	\$ 200
Accounts receivable	12,333	8,119
Due from General Fund	1,245,326	2,452,630
Due from State of Alaska	540,718	22,026
Prepaid items	233	5,577
U.S.D.A. food commodities, at U.S.D.A. allocated value	111,936	147,988
Inventory, at weighted average cost	<u>766,571</u>	<u>556,127</u>
Total assets	<u>\$ 2,677,542</u>	<u>\$ 3,192,667</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 8,823	\$ 282,288
Accrued salaries and related items:		
Wages and salaries payable	17,492	60,280
Payroll taxes, other accrued and withheld items	9,143	18,988
Unearned revenue:		
Prepaid meal charges	95,986	81,509
U.S.D.A. food commodities	<u>111,936</u>	<u>147,988</u>
Total liabilities	<u>243,380</u>	<u>591,033</u>
Fund balance:		
Reserved:		
Encumbrances	309,878	511,198
Inventory	766,571	556,127
Prepaid items	233	5,577
Unreserved:		
Designated for subsequent year's expenditures	193,160	369,413
Designated for accrued compensated absences	307,163	305,448
Undesignated	<u>857,157</u>	<u>853,871</u>
Total fund balance	<u>2,434,162</u>	<u>2,601,634</u>
Total liabilities and fund balance	<u>\$ 2,677,542</u>	<u>\$ 3,192,667</u>

For the Year Ended June 30, 2006
 With Comparative Totals for
 For the Year Ended June 30, 2005

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

	<u>2006</u>	<u>2005</u>
Revenues:		
Revenues from local sources:		
Lunch sales - student	\$ 2,771,585	\$ 2,871,086
Lunch sales - adult	43,126	107,428
Breakfast program	117,898	95,310
Milk program	53,527	65,414
A la carte program	2,179,350	2,093,852
Special meals	81,703	56,310
After school snack program	3,177	5,113
Other revenues	837	3,181
Total revenues from local sources	<u>5,251,203</u>	<u>5,297,694</u>
Revenues from federal sources:		
Type A lunch program - reimbursement	6,765,275	6,030,686
Breakfast program - reimbursement	1,188,408	967,244
After school snack program - reimbursement	129,979	101,446
United States Department of Agriculture commodities	495,658	571,231
Total revenues from federal sources	<u>8,579,320</u>	<u>7,670,607</u>
Total revenues	<u>13,830,523</u>	<u>12,968,301</u>
Expenditures:		
Current:		
Food services:		
General administration	1,255,598	1,182,738
Kitchens and food center	11,517,437	10,840,135
Delivery	1,224,960	1,194,255
Total expenditures	<u>13,997,995</u>	<u>13,217,128</u>
Deficiency of revenues over expenditures	(167,472)	(248,827)
Fund balance at beginning of year	<u>2,601,634</u>	<u>2,850,461</u>
Fund balance at end of year	<u>\$ 2,434,162</u>	<u>\$ 2,601,634</u>

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

For the Year Ended June 30, 2006

	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	\$ 2,771,585	\$ --	\$ 2,771,585	\$ 3,520,728	\$ 3,520,728	\$ (749,143)
Lunch sales - adult	43,126	--	43,126	52,048	52,048	(8,922)
Breakfast program	117,898	--	117,898	114,197	114,197	3,701
Milk program	53,527	--	53,527	79,758	79,758	(26,231)
A la carte program	2,179,350	--	2,179,350	2,252,141	2,252,141	(72,791)
Special meals	81,703	--	81,703	194,721	194,721	(113,018)
After school snack program	3,177	--	3,177	--	--	3,177
Other revenues	837	--	837	--	--	837
Total revenue from local sources	5,251,203	--	5,251,203	6,213,593	6,213,593	(962,390)
Revenues from federal sources:						
Type A lunch program - reimbursement	6,765,275	--	6,765,275	6,350,842	6,350,842	414,433
Breakfast program - reimbursement	1,188,408	--	1,188,408	968,902	968,902	219,506
After school snack program - reimbursement	129,979	--	129,979	154,477	154,477	(24,498)
United States Department of Agriculture commodities	495,658	--	495,658	458,544	458,544	37,114
Total revenue from federal sources	8,579,320	--	8,579,320	7,932,765	7,932,765	646,555
Total revenues	13,830,523	--	13,830,523	14,146,358	14,146,358	(315,835)
Expenditures:						
Current:						
Food services:						
General administration:						
Personnel services	395,880	--	395,880	436,491	409,566	13,686
Employee benefits	177,541	--	177,541	178,010	183,260	5,719
Purchased services	647,868	644	648,512	728,568	730,341	81,829
Supplies and materials	25,215	(7,131)	18,084	20,000	18,800	716
Capital outlay	9,094	4,127	13,221	33,225	32,652	19,431
Total general administration	1,255,598	(2,360)	1,253,238	1,396,294	1,374,619	121,381
Kitchens and food center:						
Personnel services	3,403,530	--	3,403,530	3,569,539	3,540,537	137,007
Employee benefits	2,133,143	--	2,133,143	2,141,384	2,193,442	60,299
Purchased services	295,383	(432)	294,951	404,744	398,927	103,976
Supplies and materials	5,368,640	(45,229)	5,323,411	5,413,923	5,412,873	89,462
Capital outlay	316,741	(100,008)	216,733	324,834	301,615	84,882
Total kitchens and food center	11,517,437	(145,669)	11,371,768	11,854,424	11,847,394	475,626

(Continued)

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 2006

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	\$ 738,600	\$ --	\$ 738,600	\$ 759,280	\$ 776,692	\$ 38,092
Employee benefits	383,232	--	383,232	383,782	395,649	12,417
Purchased services	3,046	4,653	7,699	26,591	16,017	8,318
Supplies and materials	93,944	3,701	97,645	85,000	95,000	(2,645)
Capital outlay	6,138	4,794	10,932	10,400	10,400	(532)
Total delivery	1,224,960	13,148	1,238,108	1,265,053	1,293,758	55,650
Total expenditures	13,997,995	(134,881)	13,863,114	14,515,771	14,515,771	652,657
Excess (deficiency) of revenues over expenditures	(167,472)	134,881	(32,591)	(369,413)	(369,413)	(336,822)
Fund balance at beginning of year	2,601,634	--	2,601,634	2,601,634	2,601,634	--
Fund balance at end of year	\$ 2,434,162	\$ 134,881	\$ 2,569,043	\$ 2,232,221	\$ 2,232,221	\$ (336,822)

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		\$ 13,830,523
Expenditures reported on the basis of GAAP		13,997,995
Add: current year encumbrances	\$ 265,424	
Deduct: expenditures on prior year's encumbrances	(400,305)	
		(134,881)
Expenditures and encumbrances reported on the basis of budgeting		13,863,114
Deficiency of revenues over expenditures on the basis of budgeting		\$ (32,591)

For the Year Ended June 30, 2006

**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	\$ 395,880	\$ 177,541	\$ 647,868	\$ 25,215	\$ 9,094	\$ 1,255,598
Kitchens and food center	3,403,530	2,133,143	295,383	5,368,640	316,741	11,517,437
Delivery	<u>738,600</u>	<u>383,232</u>	<u>3,046</u>	<u>93,944</u>	<u>6,138</u>	<u>1,224,960</u>
	<u>\$ 4,538,010</u>	<u>\$ 2,693,916</u>	<u>\$ 946,297</u>	<u>\$ 5,487,799</u>	<u>\$ 331,973</u>	<u>\$ 13,997,995</u>

June 30, 2006
With Comparative Totals for
June 30, 2005

BALANCE SHEET - BY ACCOUNT

	Decentralized Student Activities	Centralized Student Activities	Totals	
			2006	2005
Assets				
Cash and investments, at cost	\$ 1,964,038	\$ --	\$ 1,964,038	\$ 2,121,899
Account receivable	--	13,055	13,055	--
Due from General Fund	<u>11,085</u>	<u>1,126,670</u>	<u>1,137,755</u>	<u>981,865</u>
Total assets	<u>\$ 1,975,123</u>	<u>\$ 1,139,725</u>	<u>\$ 3,114,848</u>	<u>\$ 3,103,764</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ --	\$ 16,888	\$ 16,888	\$ 61,264
Due to General Fund	6,685	--	6,685	24,334
Accrued salaries and related items:				
Wages and salaries payable	--	--	--	1,201
Payroll taxes, other accrued and withheld items	<u>--</u>	<u>--</u>	<u>--</u>	<u>302</u>
Total liabilities	<u>6,685</u>	<u>16,888</u>	<u>23,573</u>	<u>87,101</u>
Fund balance:				
Unreserved - undesignated:	<u>1,968,438</u>	<u>1,122,837</u>	<u>3,091,275</u>	<u>3,016,663</u>
Total fund balance	<u>1,968,438</u>	<u>1,122,837</u>	<u>3,091,275</u>	<u>3,016,663</u>
Total liabilities and fund balance	<u>\$ 1,975,123</u>	<u>\$ 1,139,725</u>	<u>\$ 3,114,848</u>	<u>\$ 3,103,764</u>

For the Year Ended June 30, 2006
With Comparative Totals for
For the Year Ended June 30, 2005

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

	Decentralized Student Activities	Centralized Student Activities	Totals	
			2006	2005
Revenues:				
Revenues from local sources:				
Other revenues	\$ 5,790,075	\$ 957,949	\$ 6,748,024	\$ 6,782,383
Expenditures:				
Current:				
Instruction:				
Pupil activity	5,875,212	798,200	6,673,412	6,641,515
Excess (deficiency) of revenues over expenditures	(85,137)	159,749	74,612	140,868
Fund balance at beginning of year	2,053,575	963,088	3,016,663	2,875,795
Fund balance at end of year	\$ 1,968,438	\$ 1,122,837	\$ 3,091,275	\$ 3,016,663

June 30, 2006
With Comparative Totals for
June 30, 2005

DECENTRALIZED STUDENT ACTIVITIES

BALANCE SHEET - BY DEPARTMENT

	High Schools	Middle Schools	Alternative Schools and Others	Totals	
				2006	2005
Assets					
Cash and investments, at cost	\$ 1,216,585	\$ 510,747	\$ 236,706	\$ 1,964,038	\$ 2,077,909
Due from General Fund	--	11,085	--	11,085	--
Total assets	<u>1,216,585</u>	<u>521,832</u>	<u>236,706</u>	<u>1,975,123</u>	<u>2,077,909</u>
Liabilities and Fund Balance					
Liabilities:					
Due to General Fund	\$ 4,976	\$ --	\$ 1,709	\$ 6,685	\$ 24,334
Fund balance:					
Unreserved - undesignated	<u>1,211,609</u>	<u>521,832</u>	<u>234,997</u>	<u>1,968,438</u>	<u>2,053,575</u>
Total liabilities and fund balance	<u>\$ 1,216,585</u>	<u>\$ 521,832</u>	<u>\$ 236,706</u>	<u>\$ 1,975,123</u>	<u>\$ 2,077,909</u>

For the Year Ended June 30, 2006
With Comparative Totals for
For the Year Ended June 30, 2005

DECENTRALIZED STUDENT ACTIVITIES

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

	High Schools	Middle Schools	Alternative Schools and Others	Totals	
				2006	2005
Revenues:					
Revenues from local sources:					
Other revenues	\$ 4,271,142	\$ 898,120	\$ 620,813	\$ 5,790,075	\$ 5,947,019
Expenditures:					
Current:					
Instruction:					
Pupil activity	4,339,887	903,800	631,525	5,875,212	5,812,070
Excess (deficiency) of revenues over expenditures	(68,745)	(5,680)	(10,712)	(85,137)	134,949
Fund balance at beginning of year	1,280,354	527,512	245,709	2,053,575	1,918,626
Fund balance at end of year	\$ 1,211,609	\$ 521,832	\$ 234,997	\$ 1,968,438	\$ 2,053,575

June 30, 2006
With Comparative Totals for
June 30, 2005

CENTRALIZED STUDENT ACTIVITIES
BALANCE SHEET - BY DEPARTMENT

	PTA Support	Elementary Schools Student Activities	Secondary Schools Instructional Replacement Fees	Supplemental Sources	Totals	
					2006	2005
Assets						
Accounts receivable	\$ --	\$ --	\$ --	\$ 13,055	\$ 13,055	\$ 43,990
Due from General Fund	129,353	186,784	368,365	442,168	1,126,670	981,865
Total assets	<u>\$ 129,353</u>	<u>\$ 186,784</u>	<u>\$ 368,365</u>	<u>\$ 455,223</u>	<u>\$ 1,139,725</u>	<u>\$ 1,025,855</u>
Liabilities and Fund Balance						
Liabilities:						
Accounts payable	\$ 4,600	\$ 758	\$ 5,020	\$ 6,510	\$ 16,888	\$ 61,264
Accrued salaries and related items:						
Wages and salaries payable	--	--	--	--	--	1,201
Payroll taxes, other accrued and withheld items	--	--	--	--	--	302
Total liabilities	<u>4,600</u>	<u>758</u>	<u>5,020</u>	<u>6,510</u>	<u>16,888</u>	<u>62,767</u>
Fund balance:						
Unreserved - undesignated	124,753	186,026	363,345	448,713	1,122,837	963,088
Total fund balance	<u>124,753</u>	<u>186,026</u>	<u>363,345</u>	<u>448,713</u>	<u>1,122,837</u>	<u>963,088</u>
Total liabilities and fund balance	<u>\$ 129,353</u>	<u>\$ 186,784</u>	<u>\$ 368,365</u>	<u>\$ 455,223</u>	<u>\$ 1,139,725</u>	<u>\$ 1,025,855</u>

For the Year Ended June 30, 2006
With Comparative Totals for
For the Year Ended June 30, 2005

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	
					2006	2005
Revenues:						
Revenues from local sources:						
Other revenues	\$ 148,031	\$ 254,086	\$ 195,512	\$ 360,320	\$ 957,949	\$ 835,364
Expenditures:						
Current:						
Instruction:						
Pupil activity	130,741	240,776	157,578	269,105	798,200	829,445
Excess of revenues over expenditures	17,290	13,310	37,934	91,215	159,749	5,919
Fund balance at beginning of year	107,463	172,716	325,411	357,498	963,088	957,169
Fund balance at end of year	\$ 124,753	\$ 186,026	\$ 363,345	\$ 448,713	\$ 1,122,837	\$ 963,088

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Debt Service Fund

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

June 30, 2006
With Comparative Totals for
June 30, 2005

BALANCE SHEET

	<u>2006</u>	<u>2005</u>
Assets		
Cash and investments with paying agent	\$ 15,364,953	\$ 18,850,182
Interest receivable	35	45,846
Due from other governments:		
Municipality of Anchorage	18,172,456	16,417,340
State of Alaska	<u>369,953</u>	<u>3,918,592</u>
Total assets	<u>\$ 33,907,397</u>	<u>\$ 39,231,960</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 1,133	\$ --
Due to General Fund	9,934,575	10,598,669
Unearned revenue - property taxes	<u>18,172,456</u>	<u>16,417,340</u>
Total liabilities	<u>28,108,164</u>	<u>27,016,009</u>
Fund balance:		
Reserved for debt service	<u>5,799,233</u>	<u>12,215,951</u>
Total liabilities and fund balance	<u>\$ 33,907,397</u>	<u>\$ 39,231,960</u>

For the Year Ended June 30, 2006
With Comparative Actual Amounts
For the Year Ended June 30, 2005

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

	2006				
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	2005
	Original	Final			
Revenues:					
Revenues from local sources:					
Appropriation from Municipality of Anchorage	\$ 32,834,680	\$ 32,834,680	\$ 32,834,680	\$ --	\$ 30,090,600
Interest earnings	--	--	63,400	63,400	89,494
Total revenues from local sources	32,834,680	32,834,680	32,898,080	63,400	30,180,094
Revenues from state sources:					
Aid for school construction	38,394,259	38,394,259	36,995,247	(1,399,012)	34,164,926
Total revenues	71,228,939	71,228,939	69,893,327	(1,335,612)	64,345,020
Expenditures:					
Debt service:					
Principal	39,035,000	39,035,000	39,035,000	--	34,760,000
Interest	37,636,739	37,636,739	37,525,701	111,038	34,214,001
Fiscal agent fees	15,000	15,000	13,506	1,494	9,579
Total expenditures	76,686,739	76,686,739	76,574,207	112,532	68,983,580
Deficiency of revenues over expenditures	(5,457,800)	(5,457,800)	(6,680,880)	(1,223,080)	(4,638,560)
Other financing sources (uses):					
Proceeds of refunding bonds	--	--	14,790,000	14,790,000	109,930,938
Premium on issuance of refunding bonds	--	--	1,561,914	1,561,914	11,178,973
Payment to refunded bond escrow agent	--	--	(16,330,730)	(16,330,730)	(121,068,973)
Transfers in - General Fund	208,750	208,750	208,750	--	100,539
Transfers in - Capital Projects Fund	--	--	34,228	34,228	5,980,922
Total other financing sources (uses)	208,750	208,750	264,162	55,412	6,122,399
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(5,249,050)	(5,249,050)	(6,416,718)	(1,167,668)	1,483,839
Fund balance at beginning of year	12,215,951	12,215,951	12,215,951	--	10,732,112
Fund balance at end of year	\$ 6,966,901	\$ 6,966,901	\$ 5,799,233	\$ (1,167,668)	\$ 12,215,951

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, 2006
With Comparative Totals for
June 30, 2005

BALANCE SHEET

	<u>2006</u>	<u>2005</u>
Assets		
Cash and investments, at cost	\$ 47,134,614	\$ 159,244,360
Cash with paying agent	14,662	500,207
Interest receivable	627,784	1,265,262
Due from General Fund	7,118,817	2,652,936
Due from other governments:		
Municipality of Anchorage	22,445	119,825
State of Alaska	1,003,523	7,439
Prepaid items	616	180,643
Total assets	<u>\$ 55,922,461</u>	<u>\$ 163,970,672</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 60,575	\$ 778,686
Contracts payable	2,002,044	8,518,502
Accrued salaries and related items:		
Wages and salaries payable	26,584	122,592
Payroll taxes, other accrued and withheld items	3,137	17,236
Unearned revenue	21,313	--
Total liabilities	<u>2,113,653</u>	<u>9,437,016</u>
Fund balance:		
Reserved:		
Encumbrances	24,866,104	85,650,840
Prepaid items	616	180,643
Unreserved:		
Designated:		
Accrued compensated absences	253,877	231,704
Authorized construction, net of authorized unissued bonds	11,703,334	51,706,706
Undesignated	16,984,877	16,763,763
Total fund balance	<u>53,808,808</u>	<u>154,533,656</u>
Total liabilities and fund balance	<u>\$ 55,922,461</u>	<u>\$ 163,970,672</u>

For the Year Ended June 30, 2006
 With Comparative Totals
 For the Year Ended June 30, 2005

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

	<u>2006</u>	<u>2005</u>
Revenues:		
Revenues from local sources:		
Interest earnings	\$ 3,451,884	\$ 3,049,163
Other revenues	1,500	38,000
Total revenues from local sources	<u>3,453,384</u>	<u>3,087,163</u>
Revenues from state sources:		
State/Municipal grants	66,642	298,783
State grants	1,003,523	3,514,913
Total revenues from state sources	<u>1,070,165</u>	<u>3,813,696</u>
Revenues from federal sources:		
Federal impact aid	606,654	398,615
Total revenues from federal sources	<u>606,654</u>	<u>398,615</u>
Total revenues	<u>5,130,203</u>	<u>7,299,474</u>
Expenditures:		
Capital outlays:		
Secondary schools	80,492,788	80,654,768
Elementary schools	23,446,237	37,488,425
Other capital outlays	1,881,798	2,495,098
Total expenditures	<u>105,820,823</u>	<u>120,638,291</u>
Deficiency of revenues over expenditures	(100,690,620)	(113,338,817)
Other financing sources and (uses):		
Proceeds of general obligation bonds	--	150,090,000
Premium on issuance of general obligation bonds	--	7,507,226
Transfers out - Debt Service Fund	(34,228)	(5,980,922)
Total other financing sources and (uses)	<u>(34,228)</u>	<u>151,616,304</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(100,724,848)	38,277,487
Fund balance at beginning of year	<u>154,533,656</u>	<u>116,256,169</u>
Fund balance at end of year	<u>\$ 53,808,808</u>	<u>\$ 154,533,656</u>

Beginning of Projects to June 30, 2006

**PROJECT-LENGTH SCHEDULE
OF CONSTRUCTION PROJECTS**

Total project authorization	<u>\$300,234,422</u>
Revenues and other financing sources:	
Local sources	\$ 24,358,335
State sources	499,886
Federal sources	2,298,843
Proceeds of general obligation bonds	229,584,800
Transfers in	333,330
	<u>\$257,075,194</u>
Expenditures:	
Capital outlays:	
Secondary schools	\$142,533,056
Elementary schools	56,768,880
Other capital outlays	3,964,449
	<u>\$203,266,385</u>

For the Period Ended June 30, 2006

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

	2006						
	Prior Years	Land and Improvements	Buildings and Equipment	Total	Total	Project Authoriza- tion	Variance- favorable (unfavorable)
Capital outlays:							
Secondary schools:							
Bartlett Senior High	\$ 14,972,281	\$ --	\$ 12,225,286	\$ 12,225,286	\$ 27,197,567	\$ 29,867,294	\$ 2,669,727
Chugiak Senior High	679,177	872,561	1,109,511	1,982,072	2,661,249	5,459,011	2,797,762
Dimond Senior High	67,944	--	1,383,768	1,383,768	1,451,712	5,283,059	3,831,347
Eagle River Senior High	--	--	4,943,605	4,943,605	4,943,605	8,531,372	3,587,767
East Senior High	21,420,989	--	6,400,506	6,400,506	27,821,495	29,907,307	2,085,812
South Anchorage Senior High	5,275	--	987,611	987,611	992,886	3,275,278	2,282,392
Service Senior High	17,097,365	--	18,339,206	18,339,206	35,436,571	41,501,997	6,065,426
West Senior High	485,118	--	1,876,933	1,876,933	2,362,051	4,679,958	2,317,907
Central Middle School	4,282	--	93,001	93,001	97,283	293,831	196,548
Clark Middle School	126,515	--	615,228	615,228	741,743	4,876,582	4,134,839
Golden View Middle School	29,748	(3,092)	367,195	364,103	393,851	891,797	497,946
Ernest Gruening Middle School	87,845	--	318,250	318,250	406,095	783,191	377,096
U. S. Hanshew Middle School	70,177	--	738,725	738,725	808,902	1,473,122	664,220
Jane Mears Middle School	449,405	--	414,196	414,196	863,601	1,631,078	767,477
Mirror Lake Middle School	936	--	2,338	2,338	3,274	118,206	114,932
Muldoon Area Middle School	4,337,245	(550)	28,219,355	28,218,805	32,556,050	52,382,803	19,826,753
Romig Middle School	922,458	--	361,868	361,868	1,284,326	2,150,745	866,419
Wendler Middle School	396,482	--	393,387	393,387	789,869	1,669,395	879,526
Benny Benson Secondary	299,023	--	250,589	250,589	549,612	1,583,909	1,034,297
Martin Luther King, Jr. Career Center	2,541	--	377,145	377,145	379,686	625,079	245,393
Steller Alternative	585,462	--	206,166	206,166	791,628	1,149,519	357,891
Total secondary schools	62,040,268	868,919	79,623,869	80,492,788	142,533,056	198,134,533	55,601,477
Elementary schools:							
Abbott Loop	137,076	--	137,474	137,474	274,550	1,448,647	1,174,097
Airport Heights	157,469	--	664,137	664,137	821,606	1,692,246	870,640
Alpenglow	27,370	--	69	69	27,439	121,456	94,017
Aurora	721,481	--	70,453	70,453	791,934	1,040,720	248,786
Baxter	791	--	15,027	15,027	15,818	227,326	211,508
Bayshore	674,485	--	852,591	852,591	1,527,076	1,654,136	127,060
Bear Valley	238,991	--	20,312	20,312	259,303	521,933	262,630

(Continued)

For the Period Ended June 30, 2006

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

	2006						
	Prior Years	Land and Improvements	Buildings and Equipment	Total	Total	Project Authoriza- tion	Variance- favorable (unfavorable)
Birchwood	\$ 308,956	\$ 810,472	\$ 139,154	\$ 949,626	\$ 1,258,582	\$ 1,595,470	\$ 336,888
Willard Bowman	1,020	--	85,637	85,637	86,657	373,206	286,549
Campbell	636,697	--	243,485	243,485	880,182	1,264,378	384,196
Charter School Center	53,769	--	86,726	86,726	140,495	179,140	38,645
Chester Valley	579,430	--	594,679	594,679	1,174,109	1,755,104	580,995
Chinook	283,528	--	325,688	325,688	609,216	1,065,462	456,246
Chugach	7,236,689	49,998	1,187,630	1,237,628	8,474,317	8,688,326	214,009
Chugiak	211,620	--	539,309	539,309	750,929	1,424,463	673,534
College Gate	331,603	--	791,652	791,652	1,123,255	1,138,950	15,695
Creekside Park	866	--	563	563	1,429	200,098	198,669
Denali Replacement	--	--	37,345	37,345	37,345	329,504	292,159
Eagle River	335,554	--	451,285	451,285	786,839	1,134,029	347,190
Fairview	150	--	50,737	50,737	50,887	199,898	149,011
Fire Lake	334,290	--	149,843	149,843	484,133	787,289	303,156
Girdwood	94,122	10,123	212,688	222,811	316,933	1,099,357	782,424
Government Hill	563,591	--	1,155,247	1,155,247	1,718,838	2,074,711	355,873
Homestead	57,630	--	290,892	290,892	348,522	339,618	(8,904)
Huffman	404,474	--	736,190	736,190	1,140,664	2,778,650	1,637,986
Inlet View	11,160	--	9,723	9,723	20,883	24,549	3,666
Kasuun	17,716	--	6,146	6,146	23,862	292,293	268,431
Kennedy	13,548	--	1,156	1,156	14,704	37,919	23,215
Kincaid	--	--	29,394	29,394	29,394	37,274	7,880
Klatt	89,788	--	186,551	186,551	276,339	602,207	325,868
Lake Hood	--	--	27,433	27,433	27,433	30,991	3,558
Lake Otis	1,280,298	--	514,074	514,074	1,794,372	2,587,087	792,715
Mt. View	831,660	--	1,466,030	1,466,030	2,297,690	2,579,461	281,771
Mt. Iliamna	48,963	--	1,148,436	1,148,436	1,197,399	1,424,474	227,075
Mt. Spurr	75,053	--	759,333	759,333	834,386	1,234,193	399,807
Muldoon	32,897	--	918	918	33,815	114,639	80,824
North Star	414,698	--	83,200	83,200	497,898	1,908,857	1,410,959
Northern Lights	211,657	--	197	197	211,854	322,969	111,115
Northwood	29,024	--	244,392	244,392	273,416	816,726	543,310
Nunaka Valley	--	--	502	502	502	72,845	72,343
Ocean View	111,591	--	51,891	51,891	163,482	367,597	204,115

(Continued)

For the Period Ended June 30, 2006

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

	2006						
	Prior Years	Land and Improvements	Buildings and Equipment	Total	Total	Project Authoriza- tion	Variance- favorable (unfavorable)
O'Malley	\$ 257,074	\$ 9,408	\$ 8,508	\$ 17,916	\$ 274,990	\$ 629,107	\$ 354,117
Orion	182,973	--	1,046,628	1,046,628	1,229,601	1,419,403	189,802
Polaris K-12	13,612,667	3,677	4,318,439	4,322,116	17,934,783	19,219,441	1,284,658
Ptarmigan	241,813	563	125,710	126,273	368,086	595,898	227,812
Rabbit Creek	21,005	--	6,606	6,606	27,611	284,719	257,108
Ravenwood	31,768	--	240,024	240,024	271,792	298,576	26,784
Rogers Park	77,992	--	162,755	162,755	240,747	607,443	366,696
Russian Jack	26	--	69,739	69,739	69,765	169,067	99,302
Sand Lake	534,979	--	564	564	535,543	1,001,101	465,558
Scenic Park	26	--	65,256	65,256	65,282	96,146	30,864
Spring Hill	239,597	--	131,835	131,835	371,432	506,444	135,012
Susitna	28,124	43,301	3,504	46,805	74,929	290,245	215,316
Trailside	26	--	71,912	71,912	71,938	203,687	131,749
Taku	--	--	--	--	--	256,782	256,782
Tudor	463,140	4,988	1,030,066	1,035,054	1,498,194	2,412,333	914,139
Turnagain	43,052	--	5,654	5,654	48,706	334,841	286,135
Ursa Major	504,043	--	748,227	748,227	1,252,270	1,521,208	268,938
Ursa Minor	96,743	--	26,679	26,679	123,422	252,911	129,489
William Tyson	2,954	--	76,399	76,399	79,353	196,459	117,106
Whaley Center	144,996	--	414,429	414,429	559,425	1,460,790	901,365
Williwaw	--	--	--	--	--	21,181	21,181
Willow Crest	28,765	29,477	198,819	228,296	257,061	744,084	487,023
Wonder Park	--	--	40,069	40,069	40,069	276,628	236,559
Gladys Wood	251,175	1,602	322,617	324,219	575,394	700,688	125,294
Total elementary schools	33,322,643	963,609	22,482,628	23,446,237	56,768,880	79,087,380	22,318,500
Other capital outlays:							
Districtwide Asbestos/ Life Safety	156,523	--	197,482	197,482	354,005	1,580,553	1,226,548
Districtwide AWDA	63,636	--	25,607	25,607	89,243	201,162	111,919
Districtwide Code Compliance	30,668	--	167,022	167,022	197,690	2,754,608	2,556,918
Districtwide Computer Equipment/Technology	--	--	12,602	12,602	12,602	33,565	20,963
Districtwide Fire Code	--	--	--	--	--	5,784	5,784
Districtwide Emergency Preparation	83,591	--	392,144	392,144	475,735	1,097,749	622,014

(Continued)

For the Period Ended June 30, 2006

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

	2006						
	Prior Years	Land and Improvements	Buildings and Equipment	Total	Total	Project Authoriza- tion	Variance- favorable (unfavorable)
Districtwide Heat/Vent Air Condition Upgrade	\$ 40	\$ --	\$ 43,941	\$ 43,941	\$ 43,981	\$ 79,757	\$ 35,776
Districtwide Library Books	--	--	--	--	--	36,677	36,677
Districtwide Security Systems	52,139	--	113,241	113,241	165,380	445,447	280,067
Districtwide Sprinkler Upgrade	220,134	--	7,109	7,109	227,243	241,609	14,366
Districtwide Roof Replacement	--	--	--	--	--	24,573	24,573
Districtwide Underground Storage Tank Removal	3,678	--	657	657	4,335	77,114	72,779
Districtwide Elect/Swtch Upgrades	8,448	--	140,472	140,472	148,920	60,437	(88,483)
Districtwide Traffic Safety	--	--	--	--	--	108,976	108,976
Districtwide Fencing	15,556	6,197	--	6,197	21,753	117,247	95,494
Districtwide Site Acquisition	213,745	181,524	--	181,524	395,269	10,238,377	9,843,108
Facilities/Maintenance	114,076	--	376,175	376,175	490,251	1,383,290	893,039
Pupil Transportation New Buses	796,748	--	10,903	10,903	807,651	1,330,425	522,774
Student Nutrition	206,042	--	75,750	75,750	281,792	1,449,288	1,167,496
Warehouse	117,627	--	130,972	130,972	248,599	1,745,871	1,497,272
Total other capital outlays	2,082,651	187,721	1,694,077	1,881,798	3,964,449	23,012,509	19,048,060
	<u>\$ 97,445,562</u>	<u>\$ 2,020,249</u>	<u>\$ 103,800,574</u>	<u>\$ 105,820,823</u>	<u>\$ 203,266,385</u>	<u>\$ 300,234,422</u>	<u>\$ 96,968,037</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, 2006
With Comparative Totals for
June 30, 2005

SCHEDULE OF CAPITAL ASSETS - BY SOURCE [1]

	<u>2006</u>	<u>2005</u>
Capital Assets:		
Land and improvements	\$ 74,066,338	\$ 73,959,056
Buildings and equipment	1,215,658,090	1,218,387,038
Pupil transportation equipment	8,921,297	9,034,194
Construction in progress	<u>185,721,209</u>	<u>97,591,389</u>
Total Capital Assets	<u>\$ 1,484,366,934</u>	<u>\$ 1,398,971,677</u>
Investments in Capital Assets acquired prior to July 1, 2000	\$ 856,919,208	\$ 878,293,428
Investments in Capital Assets acquired after July 1, 2000		
Capital Projects Fund:		
General obligation bonds	597,591,363	492,589,300
Local, state and federal grants	20,447,030	19,772,211
Contribution from General Fund	151,817	151,817
Other	5,328,907	4,763,188
General Fund	2,380,571	2,281,257
State and Federal Grants Special Revenue Fund	445,627	369,029
Food Service Special Revenue Fund	<u>1,102,411</u>	<u>751,447</u>
Total Investments in Capital Assets	<u>\$ 1,484,366,934</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.

June 30, 2006

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	\$ 11,825,602	\$ --	\$ 282,688	\$ 13,033,640
Instruction	70,249,727	1,184,225,469	--	183,970,972	1,438,446,168
Pupil transportation	390,741	470,874	8,921,297	1,136,406	10,919,318
Operation and maintenance of plant	2,408,398	8,327,641	--	331,143	11,067,182
Food services	92,122	10,808,504	--	--	10,900,626
Total governmental funds capital assets	<u>\$ 74,066,338</u>	<u>\$ 1,215,658,090</u>	<u>\$ 8,921,297</u>	<u>\$ 185,721,209</u>	<u>\$ 1,484,366,934</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 the Year Ended June 30, 2006

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

Function and Activity	Governmental Funds Capital Assets July 1, 2005	Additions	Deductions	Governmental Funds Capital Assets June 30, 2006
General administration	\$ 12,598,934	\$ 170,440	\$ --	\$ 12,769,374
Instruction	1,257,564,291	18,170,300	21,328,391	1,254,406,200
Pupil transportation	9,895,807	159,000	271,896	9,782,911
Operation and maintenance of plant	10,755,957	--	26,900	10,729,057
Food services	10,565,299	392,884	--	10,958,183
Construction in progress	97,591,389	105,854,983	17,725,163	185,721,209
Total governmental funds capital assets	\$ 1,398,971,677	\$ 124,747,607	\$ 39,352,350	\$ 1,484,366,934

[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.

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Statistical Section

FINANCIAL TRENDS

These schedules contain trend information to help understand how our financial performance and well-being have changed over time.

<u>Table</u>		<u>Page</u>
AA	Statement of Net Assets - Last Five Years.....	115
BB	Statement of Activities and Change in Net Assets - Last Five Years.....	116
CC	Fund Balance, Governmental Funds - Last Five Years.....	117
DD	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Last Five Years.....	118
EE	Government-wide Expenses by Function.....	119
FF	Government-wide Revenues by Function.....	120
GG	General Expenditures by Function - Last Ten Fiscal Years	121
HH	General Revenues by Source - Last Ten Fiscal Years	122

REVENUE CAPACITY

These schedules contain information to help assess our most significant local revenue source, the property tax.

II	Assessed and Actual Value of Taxable Property - Last Ten Fiscal Years	123
JJ	Property Tax Rates and Tax Levies - Direct and Overlapping Governments - Service Funds - Last Ten Fiscal Years	124
KK	Property Tax Payers - Current and Nine Years Ago	126
LL	Property Tax Levies and Collections - Last Ten Fiscal Years	127

DEBT CAPACITY

These schedules present information to help assess the affordability of our current levels of outstanding debt and our ability to issue additional debt in the future.

MM	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita and Per Student - Last Ten Fiscal Years	128
NN	Computation of Direct and Overlapping Debt, and Legal Debt Margin	129
OO	Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures - Last Ten Fiscal Years	130

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help understand the environment with which our financial activities take place.

PP	Demographic Statistics - Last Ten Fiscal Years	131
QQ	Principal Employers	132
RR	Commercial and Residential Construction Activity - Last Ten Fiscal Years	133
SS	Average General Expenditures Per Pupil - Last Ten Fiscal Years	134
TT	Average Daily Membership as Compared to Assessed Valuation Showing Assessed Valuation Support Per Student - Last Ten Fiscal Years	135

OPERATING INFORMATION

These schedules contain service and infrastructure data to help understand how the information in our report relates to the services provided and the activities performed.

UU	Authorized Positions by Category - General Operations - Last Three Fiscal Years	136
VV	Average Daily Membership With Percentage Increase (Decrease) Over Prior Year - Last Ten Fiscal Years	137
WW	Facility Utilization	138
XX	School Buildings	139
YY	Miscellaneous Statistics	140
ZZ	Schedule of Insurance in Force	141

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For the Last Five Years STATEMENT OF NET ASSETS (1)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Net Assets					
Investment in capital assets, net of related debt	\$ 232,798,398	\$ 347,683,735	\$ 325,639,068	\$ 277,868,091	\$ 401,914,125
Restricted for:					
Debt service	16,162,142	17,791,262	10,732,112	12,215,951	5,799,233
Authorized construction, net of authorized unissued bonds	97,185,450	--	945,856	51,706,706	11,703,334
Unrestricted	<u>158,626,990</u>	<u>154,977,901</u>	<u>162,920,900</u>	<u>141,606,088</u>	<u>78,079,515</u>
Total net assets	<u>\$ 504,772,980</u>	<u>\$ 520,452,898</u>	<u>\$ 500,237,936</u>	<u>\$ 483,396,836</u>	<u>\$ 497,496,207</u>

Notes:

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

For the Last Five Years

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS (1)

	2002	2003	2004	2005	2006
Program Expenses					
Districtwide activities:					
General administration (See Note 2)	\$ 9,452,484	\$ 11,965,357	\$ 26,454,531	\$ 22,928,887	\$ 20,418,961
Instruction	352,491,798	357,948,970	380,596,221	434,474,069	435,822,328
Pupil transportation	15,136,449	15,316,591	16,219,676	16,390,472	17,181,490
Operation and maintenance of plant	20,379,602	18,379,710	19,298,372	21,441,868	23,980,926
Community services and education	1,804,986	1,949,296	2,193,218	1,602,248	716,982
Non-departmental	3,834,756	2,724,000	3,956,114	3,768,058	2,945,943
Food services	11,482,531	11,834,319	12,406,855	13,778,656	14,471,253
Capital projects	96,670	160,838	--	449,333	625,117
Interest expense	28,615,906	30,491,745	43,244,987	32,823,838	37,248,152
Total districtwide expenses	<u>443,295,182</u>	<u>450,770,826</u>	<u>504,369,974</u>	<u>547,657,429</u>	<u>553,411,152</u>
Program Revenues					
Districtwide activities:					
Charges for services					
General administration (See Note 2)	--	(30,321)	8,445	7,292	8,473
Instruction	705,105	1,075,708	892,418	1,479,913	1,465,127
Pupil transportation	--	80,779	--	2,801	--
Operation and maintenance of plant	118,039	169,282	(462)	--	--
Community services and education	491,516	455,269	412,466	684,176	684,383
Non-departmental	74,402	(322,903)	28,742	83,125	83,147
Food services	5,325,807	5,365,654	5,546,012	5,294,513	5,250,367
Operating grants and contributions					
General administration (See Note 2)	--	--	--	28,500	--
Instruction	33,548,165	39,974,345	45,274,462	48,258,380	48,176,314
Pupil transportation	15,200,905	16,874,909	17,019,454	17,048,940	17,317,199
Operation and maintenance of plant	1,135,445	849,212	199,017	666,671	862,668
Community services and education	271,935	253,478	124,705	23,198	6,866
Food services	6,084,997	6,762,893	7,228,153	7,670,607	8,579,320
Capital grants and contributions					
Capital projects	623,636	27,294,178	38,721,389	38,057,560	38,065,413
Total districtwide revenues	<u>63,579,952</u>	<u>98,802,483</u>	<u>115,454,801</u>	<u>119,305,676</u>	<u>120,499,277</u>
Net (expense)/revenue					
Districtwide activities	<u>(379,715,230)</u>	<u>(351,968,343)</u>	<u>(388,915,173)</u>	<u>(428,351,753)</u>	<u>(432,911,875)</u>
General Revenues and Other Changes in Net Assets					
Unrestricted:					
Appropriation from					
Municipality of Anchorage	135,521,074	142,954,582	144,983,658	163,503,322	177,157,001
Interest earnings	4,451,782	3,531,249	2,320,920	4,693,350	6,747,140
Public School Funding Program	204,684,325	207,129,272	205,100,316	227,186,292	248,771,460
State Tuition Program	670,133	680,658	46,784	--	--
Aid for School Construction	22,384,082	--	--	--	--
Federal Impact Aid	12,949,120	11,417,018	14,054,338	14,303,124	11,804,273
Other	2,369,238	2,070,559	2,194,195	1,824,565	2,531,372
Loss on sale of capital assets	(2,824,572)	(135,077)	--	--	--
Total general revenues	<u>380,205,182</u>	<u>367,648,261</u>	<u>368,700,211</u>	<u>411,510,653</u>	<u>447,011,246</u>
Change in net assets	489,952	15,679,918	(20,214,962)	(16,841,100)	14,099,371
Net assets at beginning of year	504,283,028	504,772,980	520,452,898	500,237,936	483,396,836
Net assets at end of year	<u>\$ 504,772,980</u>	<u>\$ 520,452,898</u>	<u>\$ 500,237,936</u>	<u>\$ 483,396,836</u>	<u>\$ 497,496,207</u>

Notes:

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

For the Last Five Years

FUND BALANCE, GOVERNMENTAL FUNDS (1)

	2002	2003	2004	2005	2006
General Fund					
Fund balances:					
Reserved:					
Encumbrances	\$ 9,850,275	\$ 9,354,186	\$ 10,433,541	\$ 10,093,854	\$ 16,024,824
Inventory	1,920,197	1,902,320	2,030,830	2,064,961	2,061,456
Federal Impact Aid	10,043,352	10,861,296	11,988,897	12,534,815	10,201,503
Prepaid items	1,520,464	1,241,325	1,509,007	2,005,401	1,732,925
Accrued compensated absences	--	6,577,773	6,706,442	--	--
Self-insurance	12,100,000	10,175,294	9,210,096	16,201,846	17,302,552
Total reserved	<u>35,434,288</u>	<u>40,112,194</u>	<u>41,878,813</u>	<u>42,900,877</u>	<u>47,323,260</u>
Unreserved:					
Designated:					
Subsequent year's expenditures	--	5,044,000	27,989,871	6,500,000	--
Accrued compensated absences	6,573,521	--	--	6,826,898	7,001,948
Undesignated	<u>23,573,647</u>	<u>26,664,508</u>	<u>--</u>	<u>21,878,326</u>	<u>29,350,831</u>
Total unreserved	<u>30,147,168</u>	<u>31,708,508</u>	<u>27,989,871</u>	<u>35,205,224</u>	<u>36,352,779</u>
Total General Fund	<u>\$ 65,581,456</u>	<u>\$ 71,820,702</u>	<u>\$ 69,868,684</u>	<u>\$ 78,106,101</u>	<u>\$ 83,676,039</u>
All Other Governmental Funds					
Fund balances:					
Reserved:					
Encumbrances	\$ 99,687,951	\$ 115,318,022	\$ 101,948,317	\$ 86,654,468	\$ 25,339,574
Inventory	586,866	488,958	557,571	556,127	766,571
Prepaid items	303,880	14,213,851	17,568	186,790	33,366
Accrued compensated absences	--	892,594	995,192	--	--
Self-insurance	87,579	29,352	19,565	--	--
Debt service	16,162,142	3,586,648	10,732,112	12,215,951	5,799,233
Total reserved	<u>116,828,418</u>	<u>134,529,425</u>	<u>114,270,325</u>	<u>99,613,336</u>	<u>31,938,744</u>
Unreserved:					
Designated:					
Subsequent year's expenditures					
Special Revenue Funds	200,000	74,265	225,000	369,413	(621,196)
Accrued compensated absences					
Special Revenue Funds	608,414	--	--	849,919	925,411
Capital Projects Fund	163,890	--	--	231,704	253,877
Authorized construction, net of authorized unissued bonds	97,185,450	--	945,856	51,706,706	11,703,334
Undesignated, reported in:					
Special Revenue Funds	2,315,074	2,866,083	2,930,089	2,833,063	3,948,431
Capital Projects Fund	<u>9,976,440</u>	<u>(15,497,006)</u>	<u>14,343,267</u>	<u>16,763,763</u>	<u>16,984,877</u>
Total unreserved	<u>110,449,268</u>	<u>(12,556,658)</u>	<u>18,444,212</u>	<u>72,754,568</u>	<u>33,194,734</u>
Total all other government funds	<u>\$ 227,277,686</u>	<u>\$ 121,972,767</u>	<u>\$ 132,714,537</u>	<u>\$ 172,367,904</u>	<u>\$ 65,133,478</u>

Notes:

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

For the Last Five Years

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS (1)**

	2002	2003	2004	2005	2006
Revenues:					
Local sources	\$ 154,204,468	\$ 160,774,444	\$ 161,768,902	\$ 183,978,564	\$ 199,358,932
State sources	246,502,312	255,345,978	263,485,503	284,773,761	305,979,143
Federal sources	44,951,437	49,907,518	58,290,973	61,192,088	61,318,187
Total revenues	445,658,217	466,027,940	483,545,378	529,944,413	566,656,262
Expenditures:					
Current:					
General administration	9,081,409	9,648,338	9,516,769	10,270,182	10,962,994
Instruction	330,840,150	338,395,756	358,265,412	384,216,850	418,150,467
Pupil transportation	14,467,097	15,447,724	15,356,917	15,774,086	16,303,868
Operation and maintenance of plant	20,369,504	20,171,027	19,015,616	21,267,797	22,962,874
Community services and education	1,686,897	1,839,752	2,068,659	1,514,088	688,032
Non-departmental	3,834,755	2,724,000	3,956,112	3,763,972	2,940,084
Food services	11,190,827	11,763,298	12,033,209	13,217,128	13,997,995
Debt service:					
Principal	21,687,909	24,750,163	28,745,000	34,760,000	39,035,000
Interest	24,447,307	26,311,060	32,290,960	34,214,001	37,525,701
Fiscal agent fees	6,747	9,991	9,322	9,579	13,506
Capital outlays	79,429,994	114,065,315	121,896,066	120,638,291	105,820,823
Total expenditures	517,042,596	565,126,424	603,154,042	639,645,974	668,401,344
(Deficiency) of revenues over expenditures	(71,384,379)	(99,098,484)	(119,608,664)	(109,701,561)	(101,745,082)
Other financing sources (uses):					
Proceeds from sale of property and equipment	38,964	15,882	23,748	25,405	65,320
Issuance of general obligation bonds	131,800,000	--	126,770,000	150,090,000	--
Premium on issuance of general obligation bonds	7,237,446	--	1,421,741	7,507,226	--
Issuance of refunding bonds	70,345,000	--	--	109,930,938	14,790,000
Premium on issuance of refunding bonds	4,195,227	--	--	11,178,973	1,561,914
Payment to refunded bond escrow agent	(74,540,227)	--	--	(121,068,973)	(16,330,730)
Transfers in	5,954,059	859,711	777,009	6,081,461	242,978
Transfers out	(5,954,059)	(859,711)	(777,009)	(6,081,461)	(242,978)
Total other financing sources	139,076,410	15,882	128,215,489	157,663,569	86,504
Net change in fund balances	\$ 67,692,031	\$ (99,082,602)	\$ 8,606,825	\$ 47,962,008	\$ (101,658,578)
 Debt service as a percentage of noncapital expenditures	10.5%	11.3%	12.7%	13.3%	13.6%

Notes:

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

Last Five Fiscal Years

GOVERNMENT-WIDE
EXPENSES BY FUNCTION (1)

Fiscal Year	General Administration (2)	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
2005-2006	20,418,961	435,822,328	17,181,490	23,980,926	716,982	2,945,943	14,471,253	625,117	37,248,152	553,411,152

Notes:

- (1) GASB 34 Implementation began Fiscal Year 2001 - 2002.
(2) Includes loss on disposal of capital assets as follows:

Fiscal Year	Loss on Disposal of Capital Assets
2001-2002	\$ --
2002-2003	--
2003-2004	16,648,548
2004-2005	11,778,953
2005-2006	8,448,099

Last Five 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	
2005-2006	7,491,497	74,942,367	38,065,413	177,157,001	6,747,140	248,771,460	--	11,804,273	2,531,372	567,510,523	

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)
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
2005-2006 (3)	10,962,994	418,150,467	16,303,868	22,962,874	688,032	2,940,084	13,997,995	76,574,207	562,580,521

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>
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
2005-2006 (3)	195,905,548	304,908,978	60,711,533	561,526,059

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.

<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>
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
2005	20,181,488,078	2,161,784,354	22,343,272,432	1.0

Notes:

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

	TAX RATES (IN MILLS)									
	<u>2005</u>	<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>
Area Wide:										
Municipality of Anchorage	0.64	1.10	1.50	1.56	1.24	1.64	2.11	2.07	2.09	2.02
Anchorage School District	<u>7.59</u>	<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>
Total Areawide	8.23	8.36	8.87	9.37	9.44	9.72	9.90	9.84	9.79	9.30
Former City Service Area	.01	.02	.00	.02	.03	.02	.02	.05	.08	--
Chugiak Service Area	1.00	0.89	0.88	0.99	1.00	1.00	1.00	1.00	1.00	1.00
Glen Alps Service Area	2.75	2.75	2.25	2.47	2.76	2.69	2.92	3.00	2.77	3.10
Girdwood Service Area	3.47	3.47	3.39	3.25	3.35	3.40	3.17	3.05	3.04	2.42
Former Borough Roads & Drainage Service Area	--	--	--	--	--	--	.00	.01	.03	.02
Anchorage Fire Service Area	1.97	1.87	1.64	1.68	1.82	1.61	1.59	1.56	1.50	1.95
Roads & Drainage Service Area	2.75	2.90	3.10	2.97	3.61	3.03	3.28	3.52	3.44	3.35
Limited Road Service Areas	1.31	1.26	0.99	1.29	1.29	1.29	1.29	1.62	1.25	1.50
Anchorage Police Service Area	2.71	2.37	2.25	2.39	2.40	2.63	2.56	2.97	2.97	3.40
Parks & Recreation Service Area	.62	.68	.74	.73	.72	.74	.82	.85	.78	.76
Building Safety Service Area	.00	.00	.01	.01	.01	.01	.01	.01	.01	.01
Chugiak/Eagle River Recreational Facilities Service Area	1.17	1.18	.69	.69	.70	.53	.53	.54	.54	.54

(Continued)

Last Ten Fiscal Years

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

	TAX LEVIES (IN THOUSANDS)									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Area Wide:										
Municipality of Anchorage	\$ 14,232	\$ 23,398	\$ 29,635	\$ 28,256	\$ 20,525	\$ 25,449	\$ 32,686	\$ 30,030	\$ 28,029	\$ 20,628
Anchorage School District	170,080	154,493	143,969	139,238	131,060	122,116	112,983	105,756	96,423	87,744
Total Areawide	184,312	177,891	173,604	167,494	151,585	147,565	145,669	135,786	124,452	108,372
City Service Area	65	75	--	85	98	63	69	155	235	--
Chugiak Service Area	771	615	532	517	480	465	440	424	349	320
Glen Alps Service Area	208	199	140	131	130	122	126	124	109	116
Girdwood Service Area	1,065	935	887	799	736	707	658	603	584	422
Roads & Drainage Service Area	--	--	--	--	--	--	--	46	124	99
Anchorage Fire Service Area	41,532	37,593	30,141	28,199	27,346	22,858	21,672	19,942	19,465	21,579
Roads & Drainage Service Area	48,618	48,955	47,901	42,236	45,998	36,463	37,848	38,074	34,382	31,599
Limited Road Service Area	6,670	6,054	4,887	4,895	4,469	4,218	4,028	3,774	3,366	3,041
Anchorage Police Service Area	59,777	49,612	43,196	41,996	37,677	39,130	36,460	36,099	36,621	34,625
Parks & Recreation Service Area	11,988	12,558	12,428	11,324	9,994	9,692	10,234	9,997	8,468	7,779
Building Safety Service Area	--	--	220	100	136	108	106	93	104	106
Chugiak/Eagle River Recreational Facilities Service Area	2,890	2,703	1,468	1,309	1,212	867	832	790	708	633
Total Tax Levies	<u>\$ 357,896</u>	<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>

Notes:

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

Current Year
and Nine Years Ago

PRINCIPAL PROPERTY TAX PAYERS

Taxpayer	2005			1996		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
ACS of Anchorage Inc.	\$ 263,578,677	1	1.18 %	\$		%
Fred Meyer Stores Inc.	128,620,355	2	0.58			
Calais Co. Inc.	104,697,640	3	0.47	55,100,947	7	0.47
Galen Hospital Alaska Inc.	100,196,611	4	0.45	73,934,605	3	0.63
WEC 2000A-Alaska LLC	92,968,220	5	0.42			
GCI Communication Corp.	87,063,951	6	0.39			
BP Exploration (Alaska) Inc.	84,099,961	7	0.38	57,437,997	6	0.49
Anchorage Fueling & Svc. Co.	77,199,622	8	0.35			
Hickel Investment Co.	65,519,447	9	0.29	92,213,191	1	0.79
Enstar Natural Gas Company	61,314,478	10	0.27			
Carr-Gottstein				80,963,737	2	0.69
Wal-Mart Stores, Inc.				60,719,367	4	0.52
ARCO				58,298,521	5	0.50
Bristol Corporation				49,737,194	8	0.42
Seibu Alaska, Inc.				47,015,907	9	0.40
Dean W. Weidner				45,971,853	10	0.39
	<u>\$ 1,065,258,962</u>		4.78 %	<u>\$ 621,393,319</u>		5.30 %

Notes:

(1) Information furnished by the Municipality of Anchorage.

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
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
2005	357,895,662	353,993,904	98.9	5,845,559	359,839,463	100.5	8,259,566	2.3

Notes:

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

(2) Excludes Senior Tax Credit Receivable.

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 (4)	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
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
2005-2006	278,241	49,320	22,343,272,432	758,210,000	5,799,233	752,410,767	3.4	2,704	15,256

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.
- (4) Gross bonded debt is composed of General Obligation Bonds

June 30, 2006

**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	\$ 442,170,000	100 %	\$ 442,170,000
Direct:			
Anchorage School District	752,410,767	100	<u>752,410,767</u>
			<u><u>\$ 1,194,580,767</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

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

Fiscal Year	Principal	Interest	Fees	Total Debt Service	Total General Expenditures (1)	Ratio of Debt Service to General Expenditures (Percent)
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
2005-2006 (2)	39,035,000	37,525,701	13,506	76,574,207	562,580,521	13.6

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.

<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>
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
2005	278,241	49,320	5

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.

Current Year
and Nine Years Ago

PRINCIPAL EMPLOYERS (1)

Employer	2005			1996		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Alaska State Government	9,700	1	6.61 %	6,032	2	4.99 %
Federal Government	9,500	2	6.47	10,023	1	8.28
Anchorage School District	6,539	3	4.45	5,285	3	4.37
Providence Hospital	3,685	4	2.51	2,261	5	1.87
Municipality of Anchorage	3,013	5	2.05	3,516	4	2.91
Safeway Inc.	1,555	6	1.06			
Wal-Mart Associates Inc.	1,470	7	1.00	884	10	0.73
Fred Meyer Stores Inc.	1,228	8	0.84			
Alaska Native Tribal Health Consortium	1,201	9	0.82			
Southcentral Foundation	1,098	10	0.75			
Carr Gottstein Foods Co.				2,116	6	1.75
University of Alaska Anchorage				1,870	7	1.55
ARCO Alaska Inc.				1,572	8	1.30
Alaska Airlines				888	9	0.73
	<u>38,989</u>		26.56 %	<u>34,447</u>		28.48 %

Notes:

(1) Information furnished from Alaska Department of Labor, Research and Analysis Section

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
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
2005	2,048	380,075	1,995	281,113	7,832,250	12,349,238

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.

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 Per Capita</u>	<u>General Expenditures per Student Capita Percentage Increase (Decrease) Over Prior Year</u>
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
2005-2006 (3)	562,580,521	8.40	49,320	11,407	8.09

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>
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
2005-2006	49,320	0.28	22,343,272,432	7.80	453,027

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 Five Fiscal Years

**AUTHORIZED POSITIONS BY CATEGORY
GENERAL OPERATIONS**

Employee Category	Fiscal Year				
	<u>2001-2002 (1)</u>	<u>2002-2003 (1)</u>	<u>2003-2004 (1)</u>	<u>2004-2005 (1)</u>	<u>2005-2006 (1)</u>
Administration	145	151	157	157	159
Principals	124	130	135	138	144
Teachers	3,236	3,236	3,221	3,223	3,240
Technical	147	154	169	180	182
Clerical and teacher aides	881	899	917	917	1,005
Maintenance/warehouse	178	184	186	191	198
Custodial	329	329	329	341	354
Drivers/attendants	115	111	111	104	105
Noon attendants	74	74	74	74	74
Food service	<u>136</u>	<u>136</u>	<u>141</u>	<u>156</u>	<u>165</u>
Total authorized positions	<u><u>5,365</u></u>	<u><u>5,404</u></u>	<u><u>5,440</u></u>	<u><u>5,481</u></u>	<u><u>5,626</u></u>

Notes:

- (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.

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>
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
2005-2006	26,011	(0.19)	23,309	0.80

Notes:

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

Last Five Fiscal Years

FACILITY UTILIZATION

<u>Fiscal Year</u>	<u>Elementary</u>				<u>Secondary</u>				<u>Students Graduated</u>
	<u>Gross Square Footage</u>	<u>Number of Classrooms</u>	<u>Program Capacity</u>	<u>Average Daily Membership</u>	<u>Gross Square Footage</u>	<u>Number of Classrooms</u>	<u>Program Capacity</u>	<u>Average Daily Membership</u>	
2001-2002	3,295,970	1,425	29,427	26,941	3,103,704	941	19,740	22,306	2,505
2002-2003	3,303,970	1,423	28,336	26,694	3,021,956	938	18,665	22,851	2,692
2003-2004	3,323,851	1,424	28,525	26,481	3,010,315	938	18,467	22,784	2,608
2004-2005	3,323,851	1,442	27,829	26,060	3,263,383	964	19,653	23,122	2,579
2005-2006	3,298,895	1,442	27,669	26,011	3,469,921	999	20,622	23,309	2,807

Last Five Fiscal Years

SCHOOL BUILDINGS

<u>Fiscal Year</u>	<u>High Schools</u>	<u>Middle Schools</u>	<u>Elementary Schools</u>	<u>Alternative Secondary Schools</u>	<u>Special Education Schools</u>	<u>Vocational Schools</u>	<u>Charter Schools</u>
2001-2002	6	9	60	5	2	1	3
2002-2003	6	9	60	5	2	1	5
2003-2004	6	9	60	5	2	1	5
2004-2005	7	9	60	5	2	1	4
2005-2006	8	9	60	6	2	1	6

Last Five Fiscal Years

MISCELLANEOUS STATISTICS

Date of adoption of Home Rule Charter
Municipality of Anchorage

September 16, 1975

Number of Type A lunches served:

Fiscal Year	Paid	Free	Reduced Price	Adult
2001-2002	1,342,555	1,029,879	367,615	42,684
2002-2003	1,346,635	1,093,754	350,506	41,536
2003-2004	1,260,285	1,134,033	370,873	15,816
2004-2005	1,116,259	1,279,866	331,524	13,310
2005-2006	1,133,118	1,344,486	362,348	23,057

Pupil transportation statistics:

Fiscal Year	Number of Routes			
	Regular to and from schools		Special Education to and from school	
	District	Contracted	District	Contracted
2001-2002	56	107	28	66
2002-2003	52	105	26	66
2003-2004	52	99	26	63
2004-2005	50	99	26	63
2005-2006	50	99	26	63

June 30, 2006

SCHEDULE OF INSURANCE IN FORCE

Carrier/Coverage	Policy Number	Limits	Expiration Date
Everest National Insurance Co. GL/Auto/Ed Legal Emp Benefits	71P000112061	\$5,000,000 Each Occurrence \$10,000,000 Aggregate (Where Applicable) SIR - \$1,000,000	7/1/2007
Colony Insurance Co. 1st Excess Liability	AR6460092A	\$10,000,000 XS \$5,000,000	7/1/2007
Arch Specialty Ins. Co. Excess Liability	UXP000803101	\$5,000,000 XS \$15,000,000	7/1/2007
Safety National Casualty Corp. Excess WC/ & Employers Liability	SP1D65AK	\$25,000,000 WC Ea-Acc -PT 1 \$1,000,000 EL Ea-Acc/Disease SIR: \$750,000	7/1/2007
AIG Life Ins. Co. Travel Accident Ins.	GTP8040253-N	\$500,000 Per Person \$5,000,000 Aggregate	7/1/2007
XL Specialty Ins. Co. N/O Aviation	NAQ3034985	\$1,000,000 Ea Occ include/Pass	7/1/2007
Westchester Fire Ins. Co. Employee Dishonesty Bond	G21679586002	\$1,000,000 Bond Limit \$7,500 Deductible	7/1/2007
Hartford Accident & Indemnity School Board Treasurer Bond	52BSBEA1323	Bond Limit: \$50,000	4/20/2009
Zurich Ins. Co. Storage Tank 3rd Party Liability	USC295441106	\$1,000,000 each Incident \$1,000,000 Aggregate Limit \$10,000 Deductible	1/23/2007
FM Global Insurance Co. Property Insurance excluding Quake	UW061	\$500 Million limit \$100,000 deductible/occurrence	7/1/2007
Catastrophic Student Accident Insurance	TBD	\$1,000,000; \$50,000 deductible	8/1/2007