

Comprehensive Annual
Financial Report

ANCHORAGE SCHOOL DISTRICT

for the Fiscal Year Ended
June 30, 2007

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, Anchorage, AK 99504-3135, (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	xxiv
Organizational Chart	xxv
Certificate of Achievement	xxvi
Certificate of Excellence	xxvii

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	15
II	Statement of Activities	16
	Fund Financial Statements:	
III	Balance Sheet - Governmental Funds	17
IV	Reconciliation of the Balance Sheet Governmental Funds to the Statement of Net Assets.....	18
V	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19
VI	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities.....	20
VII	Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual - General Fund	21
VIII	Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual - State and Federal Grants Special Revenue Fund.....	23
IX	Statement of Net Assets - Proprietary Fund	27
X	Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund	28
XI	Statement of Cash Flows - Proprietary Fund	29
	Notes to the Basic Financial Statements	31
	Combining and Individual Fund Statements and Schedules:	
<u>Schedule</u>	General Fund:	
A-1	Balance Sheet	57
A-2	Schedule of Revenues, Expenditures, and Changes in Fund Balance - GAAP Basis	58
A-3	Schedule of Expenditures - GAAP Basis	60
A-4	Schedule of Expenditures, Budget (Non-GAAP Basis) and Actual	62
A-5	Schedule of Expenditures by Function, Activity, and Object - GAAP Basis	66
	Special Revenue Funds:	
	State and Federal Grants Fund:	
B-1	Balance Sheet	69
B-2	Schedule of Revenues, Expenditures and Changes in Fund Balance - GAAP Basis	70
B-3	Schedule of Expenditures - GAAP Basis	73
B-4	Schedule of Expenditures, Budget (Non-GAAP Basis) and Actual	76
B-5	Schedule of Expenditures by Function, Activity, and Object - GAAP Basis	87
B-6	Combining Balance Sheet - Nonmajor Governmental Funds.....	91
B-7	Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	92

<u>Schedule</u>		<u>Page</u>
	Food Service Fund:	
B-8	Balance Sheet	93
B-9	Schedule of Revenues, Expenditures, and Changes in Fund Balance - GAAP Basis	94
B-10	Schedule of Revenues, Expenditures, and Changes in Fund Balance, Budget (Non-GAAP Basis) and Actual	95
B-11	Schedule of Expenditures by Function, Activity, and Object - GAAP Basis	97
	Student Activity Fund:	
B-12	Balance Sheet - By Account.....	98
B-13	Schedule of Revenues, Expenditures, and Changes in Fund Balance - By Account.....	99
B-14	Balance Sheet - Decentralized Activities - By Department.....	100
B-15	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Decentralized Activities - By Department.....	101
B-16	Balance Sheet - Centralized Activities - By Department.....	102
B-17	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Centralized Activities - By Department.....	103
	Debt Service Fund:	
C-1	Balance Sheet	105
C-2	Schedule of Revenues, Expenditures, and Changes in Fund Balance, Budget (GAAP Basis) and Actual	106
	Capital Projects Fund:	
D-1	Balance Sheet	107
D-2	Schedule of Revenues, Expenditures, and Changes in Fund Balance - GAAP Basis	108
D-3	Project-Length Schedule of Construction Projects	109
D-4	Schedule of Expenditures - Project Authorization and Actual - GAAP Basis	110
	Capital Assets Used in the Operation of Governmental Activities:	
E-1	Schedule of Capital Assets by Source	115
E-2	Schedule of Capital Assets by Function and Activity	116
E-3	Schedule of Changes in Capital Assets by Function and Activity	117

Table **STATISTICAL SECTION**

AA	Statement of Net Assets - Last Six Years.....	120
BB	Statement of Activities and Change in Net Assets - Last Six Years.....	121
CC	Fund Balance, Governmental Funds - Last Ten Years.....	122
DD	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Last Ten Years.....	124
EE	Government-wide Expenses by Function - Last Six Years.....	126
FF	Government-wide Revenues by Function - Last Six Years.....	127
GG	General Expenditures by Function - Last Ten Years	128
HH	General Revenues by Source - Last Ten Years	129
II	Assessed and Actual Value of Taxable Property - Last Ten Years	130
JJ	Property Tax Rates and Tax Levies - Direct and Overlapping Governments - Service Funds - Last Ten Years	131
KK	Property Tax Payers - Current Year and Nine Years Ago.....	132
LL	Property Tax Levies and Collections - Last Ten Years	133
MM	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita and Per Student - Last Ten Years	134
NN	Computation of Direct and Overlapping Debt, and Legal Debt Margin	135
OO	Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures - Last Ten Years	136
PP	Demographic Statistics - Last Ten Years	137
QQ	Principal Employers - Current and Nine Years Ago	138
RR	Average General Expenditures Per Pupil - Last Ten Years	139
SS	Average Daily Membership as Compared to Assessed Valuation Showing Assessed Valuation Support Per Student - Last Ten Years	140
TT	Authorized Positions by Category - General Operations - Last Ten Years	141
UU	Teacher Education and Salary Information - Current Year.....	142
VV	Average Daily Membership and Pupil to Classroom Teacher Ratio - Last Ten Years	143
WW	Facility Utilization and School Buildings.....	144
XX	Student Nutrition Local Revenues - Last Ten Years.....	145
YY	Miscellaneous Statistics - Last Ten Years.....	146
ZZ	Schedule of Insurance in Force - Current Year.....	147

Introductory Section



Anchorage School District

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Anchorage, Alaska 99504-3135
(907) 742-4000

October 17, 2007

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

SCHOOL BOARD

Tim Steele
President

Macon Roberts
Vice President

Crystal Kennedy
Clerk

Chris Tuck
Treasurer

Jeff Friedman

Mary Marks

John Steiner

SUPERINTENDENT

Carol Comeau

The Comprehensive Annual Financial Report of the Anchorage School District (District) for the year ended June 30, 2007, 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.

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

ASD Mission: To educate all students for success in life.

Academic Achievement

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.

Supportive and effective learning environment

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.

Public accountability

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.

Diversity in the Workforce

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 to the following:

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 10 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 in language arts, 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 in language arts, 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 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 3-9.
- 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 3-9.
- d. In a sequential cohort comparison, the percentage of students scoring proficient in mathematics on the Alaska Standards Based Assessment in 8th grade will be greater than the percentage of those same students scoring proficient in 7th 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 ethnicity group and the Caucasian group, narrowing the achievement gap.
- f. In a year-to-year comparison, the achievement gap in language arts and math will decrease significantly between the AYP-designated groups of economically disadvantaged and non-economically disadvantaged, limited English proficient and non-limited English proficient, and disabled and non-disabled students.
- g. The performance of the sequential cohort of students in 5th, 7th, and 9th grades will show an increase in the average scale score 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 3-10). These assessments will provide information on the status of student group performance for each school at grade levels 3-10.

Results will also be provided on student performance in 10th grade on the Alaska High School Graduation Qualifying Exam (HSGQE) and on the cumulative performance of students in grades 11 and 12 at year-end.

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

Note: The state defined AMO 2006-2007 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 grade 3.

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 3.
- b. In a year-to-year comparison, the percentage of students scoring proficient on the Developmental Reading Assessment will increase by 2.5 percent in each AYP-designated student group in grade 3.

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 8th grade or earlier with a grade of C or higher will increase by 5 percent in a year-to-year comparison.
- b. When compared to the baseline year of 2005-2006, the District will increase the percentage of students still enrolled in the Anchorage School District who successfully completed Algebra I with a B or better in 8th grade or earlier are en-

rolled in Geometry or Algebra II in 9th grade and successfully complete the course with a C or higher.

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. The District 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 6th to 7th grade.

4. The dropout rate will decrease.

Indicator:

The dropout rate of 7th through 12th grade students will decrease by 5 percent in each AYP-designated group in a year-to-year comparison across the District and in each school.

Process Direction:

Students' reported reasons for dropping out will be reported by grade level.

5. The graduation rate will increase.

Indicator:

The graduation rate will increase by 5 percent from year-to-year in each AYP-designated student group across the District and in each school.

Reporting Direction:

The percentage of 9th graders enrolled in the District who are on-track to meet graduation requirements at the end of their 9th grade year, including summer school credits, will increase. The 2006-2007 school year will establish the baseline. On-track means the student has earned a minimum of 5.5 credits and failed no more than one semester of a core subject.

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 4th quartile (76-99 percent) on the TerraNova CAT/6 in grades 5 and 7.
- b. There will be at least a 5 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 5 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.

Reporting Direction:

There will be an increase in the percent of students in each AYP-designated student group who take the College Board AP examination that have successfully completed the AP course with a C or higher.

- 7. Customer service and satisfaction will improve.

Indicator:

When compared to the baseline year of 2005-2006, the District will increase the survey response rate and the Respectful Climate factor score measured in the student, staff and parent climate survey at the District and division levels.

- 8. Parent/guardian involvement will improve.

Indicators:

- a. When compared to the baseline year of 2005-2006, the Parent/Guardian and Community Involvement factor score reported in the staff climate survey will increase at the District and division levels.
- b. An additional question specific to parent/guardian involvement will be added to the 2006-2007 survey, and it will be combined with other questions to report a Parent/Guardian and Community Involvement factor score. The 2006-2007 school year data will establish the baseline.

- 9. The ASD 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.

Indicator:

In a year-to-year comparison, the District will increase the percent of non-White employees in the overall workforce.

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. 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 Advisory Committee (MECAC) 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. Over the past sixteen years the SBP has developed more than 500 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 three major types of activities for our schools:

1. **Assemblies** – An assembly provides activities for larger than classroom-sized groups for either cultural or subject related experiences.
2. **Classroom Speakers** – Community members come into the classroom to offer teachers an excellent tool for expanding the learning opportunities available to their students.
3. **Field Trips** – Student groups visit community facilities to gain exposure to the physical environments of the different sectors of our community. These groups also have an opportunity to observe and explore the attitudes, activities and skills involved in a particular cultural or work activity.

The Community Resources Department annually schedules approximately 4,500 events. This includes over 3,100 field trips, many of which were scheduled through People Mover. The use of People Mover transportation saves the District thousands of dollars by providing transportation at a reduced cost. Examples of some of the businesses, agencies and organizations that the Community Resources Department works with include the Alaska Department of Fish and Game, Alaska Native Heritage Center, Alaska Railroad, Public Lands, Anchorage Fire Department, Anchorage Museum, Anchorage Symphony, Anchorage Zoo, Animal Control, Campbell Creek Science Center, Eagle River Nature Center, the Imaginarium, People Mover, Pioneer Schoolhouse, and Starbase Alaska.

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 2006-2007, 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 \$568,108 for school year 2006-2007 and are projected to be \$580,000 for school year 2007-2008.

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 five auditorium technicians who coordinate the management and maintenance of auditoriums and auditerias at Bartlett, Chugiak, Dimond, East, South and West High Schools. A fifth technician was added this year to assist with the opening of Bartlett High School auditorium which came on-board after district renovation. Throughout the school year, the technicians provide technical training at the high school level 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. This support continues to grow as media technology advances. The technical team also offers support and consultation to middle level schools for operational information relating to the use of their multi-purpose rooms.

During the 2006-2007 school year, the West High Auditorium Restoration Committee (in partnership with the Alaska Community Foundation) raised funds necessary to restore the West High Auditorium to its original 2000 seat capacity and upgrade some of its technical systems. The District committed to providing support for this endeavor by pledging to remove old seats and perform requisite site demolition as an in-kind contribution, plus project supervision. The value of these efforts, door replacement and accessible seating is estimated to be \$200,000. The District will continue to provide general maintenance and upkeep of the Auditorium. The restoration of the auditorium began in May 2007 and is projected to be completed in early 2008. Generally during the summer months, the technical team provides annual maintenance and upkeep of all of our auditoriums and auditeria.

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 1200 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 2006-2007 school year, the 21st CCLC delivered after-school academic and enrichment services in one middle school and twelve elementary schools. Five sites operated under their fifth year of five-year renewable state grant, four sites operated under their fourth year of a five-year renewable state grant, and four sites operated under their third year of a five-year renewable state grant. We will have 11 sites operating during the 2006-2007 school year providing 21st CCLC programs.

A 21st CCLC non-profit association mad up of staff and community members strives to help provide advocacy and financial support. Many businesses and community organizations partner to provide services for students in the 21st CCLC after-school education program. Partnerships providing major support include the YWCA, Boy Scouts of America, Western Alaska Council, and the Municipality of Anchorage Parks and Recreation.

SCHOOL BUSINESS PARTNERSHIPS

Supported by both the District and the Anchorage Chamber of Commerce, Anchorage School Business Partnership, Inc. is a 501(c)(3) non-profit corporation. Over the past sixteen years, the School Business Partnership Program has been responsible for developing more than 500 partnerships between Anchorage schools and businesses and organizations – ranging from small enterprises to large corporations and both for profit and non-profit. The partnerships have an economic value of over \$2.5 million to the District. In addition to these partnerships, the program spearheads the Executive Exchange Event, the STAR awards and the Best Practices publication. The board supports the School Business Partnership classes taught at various middle schools and one high school. These classes follow either an entrepreneurial model or a service learning model. Both models provide work force development skills to students.

CURRICULUM

Board policies and administrative procedures govern the organization, management, and operation of the school system. The Board approved the Six-Year Instructional Plan that establishes and maintains objectives, initiatives and procedures to promote a high quality instructional program and supportive learning environment.

The District accepts the responsibility of providing an education for all children of public school age. All students will be provided equal and fair access to a quality education in a culturally responsive learning environment. The District recognizes that student success requires a collaborative partnership among schools, parents, and the community.

District instructional programs and practices are research-based and data-informed to educate all students for success in life. Specialized support programs provide intervention, enrichment, and other services to increase achievement for all students and reduce the achievement gap. The District recognizes the needs of individual students and defines and provides educational pathways to post-secondary opportunities.

Students are provided with a standards-based education in all core academic areas, including instructional and career technology, world languages, social and emotional learning, physical education, music, and art. Curriculum is based on district, state and national standards of student proficiency. The instructional program sets high expectations for student achievement, appropriate behavior and work habits. Critical thinking and problem-solving skills are fundamental to all facets of the curriculum. The District establishes, in conjunction with the State of Alaska, stringent criteria for receipt of a high school diploma. Graduates of the District will be prepared to do the following:

- Contribute positively to a civic society
- Benefit from a productive work life and sound economic habits
- Appreciate art, music, theatre, literature and the environment
- Practice a healthy lifestyle
- Participate in a multi-lingual and diverse community
- Navigate the challenges of exponentially expanding technology

The district provides and encourages a range of educational philosophies and pedagogical approaches in our instructional program. Alternative programs, charter schools, and an open enrollment policy provide options for choice. We believe this leads to a more active participation by the students in their own learning as well as greater parental involvement and satisfaction.

The purposes of the instructional program, as defined by the Six-Year Instructional Plan are to:

- Increase Achievement of All Students and Reduce the Achievement Gap;
- Provide a Supportive and Effective Learning Environment; and
- Ensure Public Accountability.

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

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

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

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

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

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

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

West High School has a School of the Arts, which focuses on integrating the arts into the core curriculum and humanities. The International Baccalaureate Program began in the fall of 2004 for juniors and seniors. The preeminent college preparatory course of studies in the world, taught in more than 115 countries, includes courses in English, a second language, social studies, math, science and an arts elective.

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

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

Charter schools are non-sectarian, public schools that operate within the public school district under written contracts with the local school board. Charter schools must comply with all local, state and federal laws applicable to public schools and be accessible to all students who choose to apply. Charter schools differ from regular public schools in that they offer alternative teaching methods or curriculum, and more independence than regular public schools. During the 2006-2007 school year, the District op-

erated 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 third session has been scheduled at KCC for students who can attend after-school classes. Classes will be ½ credit introductory courses for the 2006-2007 school year.

The Anchorage School District is partnered with the Anchorage Home Builders Association, Associated General Contractors of Alaska, Cook Inlet Tribal Council, Alaska Works Partnership and the Alaska Department of Labor and Workforce Development to form the Anchorage Construction Academy. The Academy prepares students and adults for careers in construction. The District, through the funding from the Academy, is able to offer after-school and summer courses in construction related areas. A total of 422 students enrolled in construction related courses during the past 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 serves children in Kindergarten through the 12th grade. The program provides pull-out enrichment services for gifted children in grades 2 through 6. Students in grades 7-8 can be eligible for gifted language arts and gifted science classes if they meet the program requirements. Two of the comprehensive middle schools serve 6th graders in language arts and science. The Gifted Program continues to have the Mentorship Program for qualified high school students in grades 11 and 12.

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 282,813 in 2006. This represents an increase in residents of 1.7% over 2005.

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 nineteenth 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 46 percent of the District student population. The official enrollment for school year 2006-2007 reached 49,068 students; 25,131 elementary, 22,644 secondary, and 1,293 special services and contracted program students.

Approximately 28,623 Anchorage students participated in the Alaska Standards Based Assessment (SBA) in school year 2006-2007. 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, 85.2 percent were proficient in reading, 78.5 percent in writing, and 75.8 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. Of the sophomores enrolled in the Anchorage School District on May 16, 2007, 3,635 had passed all three subtests on the first administration. Of the 1,102 students who had not passed all three subtests, 481 have only one remaining subtest to pass, 250 had two remaining subtests to pass and 371 have all three subtests to pass. Of the seniors enrolled in the Anchorage School District on May 16, 2007, 96 percent of those with sufficient credits to graduate had 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 2006-2007 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 the national average being 50. 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 for ACT, the Anchorage scores are above the average for the nation and the state on every subtest and composite score. For the 2006-2007 school year, the average composite ACT score for Anchorage was 22.9 compared to 21.2 nationally and 21.2 for our state. The SAT scores for the Anchorage School District are not yet available.

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, in the fourth year 62 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 two years ago, and thirteen of the twenty-five last year. This year, thirteen of twenty-three Title I schools made AYP. District-wide, student achievement has improved in every NCLB subgroup in both language arts and math in each of the past three years.

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-nine buses operate over 1,500 routes each school day and travel over 3,000,000 miles annually. The Transportation Department also scheduled and dispatched more than 4,800 buses on activity and field trips last year. Approximately a third of school bus service is provided on district owned and operated buses and the remaining two-thirds of the service is 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 17,000 meals daily or more approximately 3 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 375,000 titles located in 111 library centers. There are over 1.38 million items in the collections. The Anchorage School District library in-

dex 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, including telephones and two-way radio systems, are developed and coordinated by Audio-Visual Services. Audio-Visual has a website, <http://media.asdk12.org>, which is available for instructional staff to view what material is available and also order it.

The Communications Department plans and implements an internal and external communications program. The department includes Publications Services and Channel 14. Publications Services provides quality printed materials as needed by all departments and schools. Channel 14 broadcasts instructional programming and national and district programs on educational topics and services. In addition to airings of the ASD School Board meetings and special programming, the station runs a bulletin board between programs that provide 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, 2007 were invested as follows: repurchase agreements 16 percent, Municipal Investment Pool 51 percent and United States Treasury obligations 33 percent.

The total amount of investment income earned in 2006-2007 was \$7,862,943, which was \$1,115,803 higher than the interest received on investments for fiscal year 2005-2006. The increase in earnings is primarily due to strong interest rates throughout 2006-2007.

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 Alaska State Governor created a Joint Legislative Education Task Force to deal with the state-wide school funding mechanism over the 2007 summer. The task force submitted a report to the Governor and Legislature in September 2007 including recommendations for additional state-wide district funding as well as a multi-year funding formula to allow more time for budgeting. Proposed legislation was submitted with the report to be dealt with during the 2007-2008 legislative session.

No action has been taken regarding the task force recommendations at this point. Excluding any of the recommendations of the task force, the projected Anchorage School District preliminary fiscal gap for fiscal year 2008-2009 is an estimated \$24.8 million. If the Joint Legislative Education Task Force proposed legislation becomes law, some of the fiscal gap will be reduced, but further funding above the proposed legislation must be allocated to avoid program reductions.

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. The State has allocated \$1 billion state-wide for future year education funding with budget surplus from the prior year, but this alone will not fund a single year if State funding begins to drop. 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 organized community/staff budget review teams to assess the status of District programs last year. These reviews of the Anchorage School District budget provided recommendations to the Superintendent for efficiencies, reductions, and revenue enhancements that will accompany long-range financial planning included in the planning of the 2008-2009 budget.

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, 2006.

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, 2006.

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,



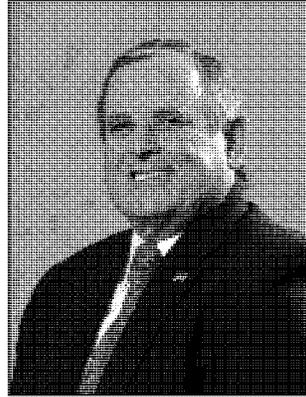
Carol Comeau
Superintendent

Prepared by,

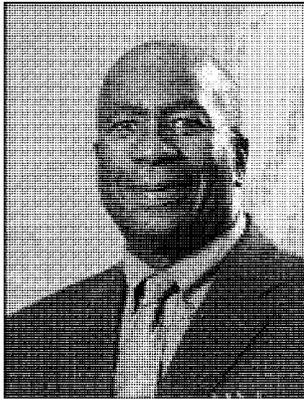


Janet Stokesbary
Chief Financial Officer

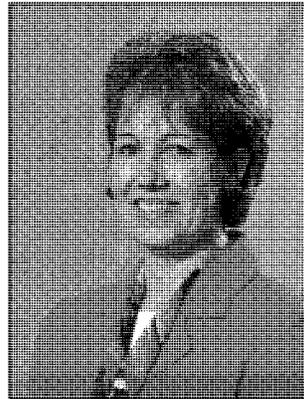
The Anchorage School Board



Tim Steele
President



Macon Roberts
Vice President



Crystal Kennedy
Clerk



Chris Tuck
Treasurer



Jeff Friedman



Mary Marks

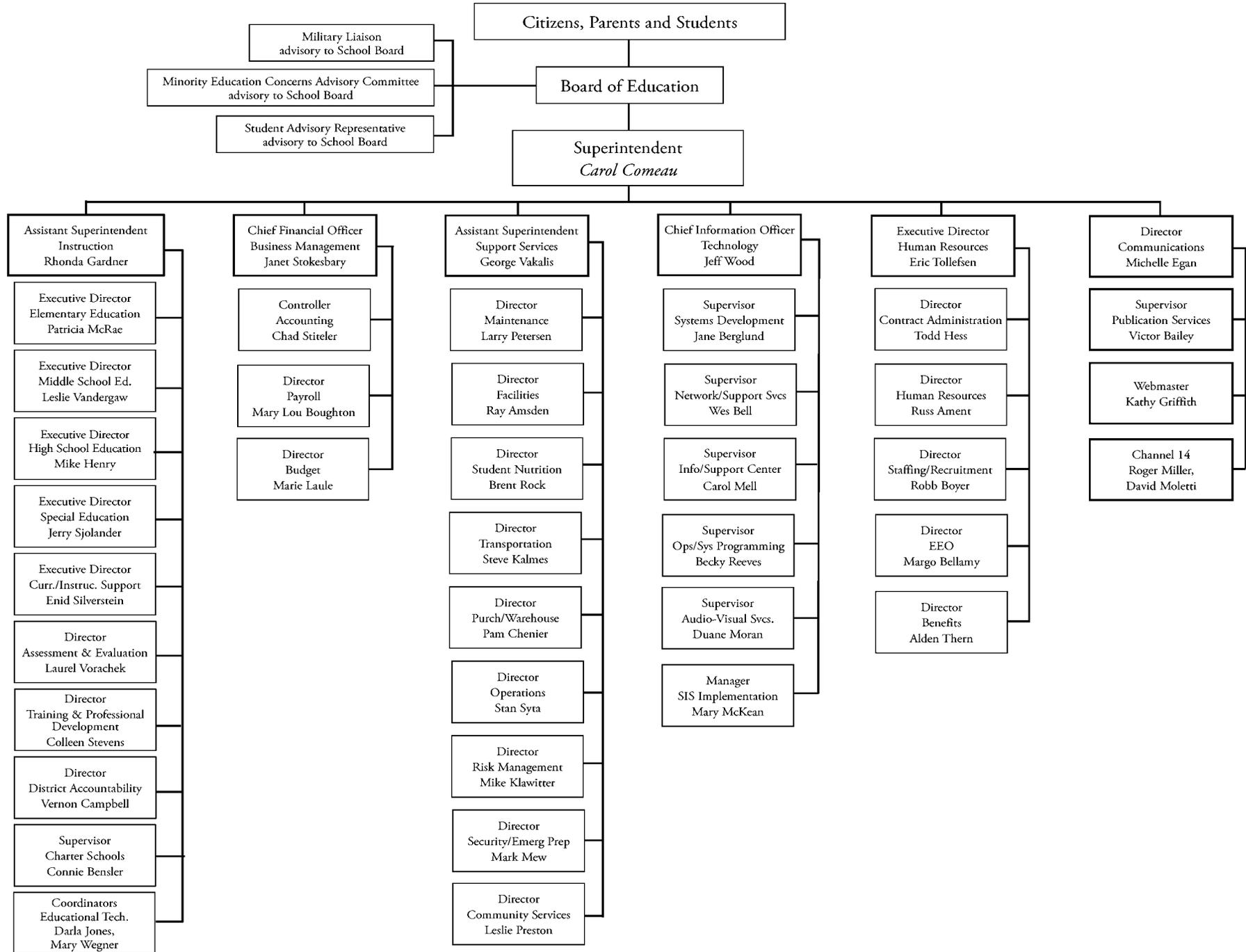


John Steiner

The Anchorage School Board is the legislative branch of the Anchorage School District and is composed of seven members. The 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 ASD Education Center located at 5530 E. Northern Lights Boulevard. In addition, special meetings and work sessions are scheduled throughout the year.

ANCHORAGE SCHOOL DISTRICT ORGANIZATIONAL CHART

AUGUST 2007



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, 2006

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



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

ANCHORAGE SCHOOL DISTRICT

**For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2006**

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

President

Executive Director

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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, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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, 2007, 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 18, 2007 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 3-13 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 18, 2007

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, 2007. 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-xxiii 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 \$516,315,161 (net assets). Of this amount, \$108,322,759 (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 \$18,818,954 due to revenues exceeding expenses. The increase in total net assets is also due to the 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 \$167,814,924 an increase of \$19,005,407 in comparison with the prior year. Of this total, \$32,112,985 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 \$34,468,976 or 7.5 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 are comprised of 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, food services, construction and facility acquisition, 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 15-16 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 non-major 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 17-26 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 27-29 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 31-55 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 52 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and individual fund schedules can be found on pages 57-113 of this report.

The capital assets used in the operation of governmental activities can be found on pages 115-117.

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 \$516,315,161 at the close of the most recent fiscal year. Table 1 [next page] compares the most recent fiscal year to the prior fiscal year.

Table 1 – Net Assets

	<u>Governmental Activities</u>	
	<u>2006-2007</u>	<u>2005-2006</u>
ASSETS		
Current and other assets	\$ 302,855,475	\$ 269,716,770
Capital assets	<u>1,172,515,439</u>	<u>1,160,124,125</u>
Total assets	<u>1,475,370,914</u>	<u>1,429,840,895</u>
LIABILITIES		
Net pension obligation and other post-employment benefits	16,924,784	13,380,489
Long-term liabilities outstanding	725,585,000	718,340,000
Other liabilities	<u>216,545,969</u>	<u>200,624,199</u>
Total liabilities	<u>959,055,753</u>	<u>932,344,688</u>
NET ASSETS		
Invested in capital assets, net of related debt	402,850,439	401,914,125
Restricted	5,141,963	17,502,567
Unrestricted	<u>108,322,759</u>	<u>78,079,515</u>
Total net assets	<u>\$ 516,315,161</u>	<u>\$ 497,496,207</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 \$402,850,439. 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 (.5 percent) represents resources that are subject to external restrictions on how they may be used. The amount of \$5,141,963 is related to debt service. The remaining balance of unrestricted net assets (\$108,322,759) may be used to meet the government's ongoing obligations to citizens and creditors.

The net pension obligation and other post-employment benefits increased \$3,544,295 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. In future fiscal years, the District should not record further net pension obligation and other post-employment benefits increases as the contribution rate has aligned with the actuarial rate for the retirement system as of July 1, 2007.

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 \$18,818,954 during the fiscal year. The increase in net assets is primarily due to revenues exceeding expenditures and increases in construction in progress.

Table 2 highlights the District's revenues and expenses for the fiscal year 2006-2007. 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, food services 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 \$4,919 in 2005-2006 to \$5,380 in 2006-2007.

Table 2 -- Program Revenues and Expenses

<u>Governmental Activities</u>		
Revenues:	<u>2006-2007</u>	<u>2005-2006</u>
Program revenues:		
Charges for services and sales	\$ 7,060,819	\$ 7,491,497
Operating grants and contributions	74,316,517	74,942,367
Capital grants and contributions	37,976,770	38,065,413
General revenue:		
Appropriation from		
Municipality of Anchorage	191,602,288	177,157,001
Public school funding program	277,322,639	248,771,460
Federal impact aid	13,042,523	11,804,273
Investment income	7,862,943	6,747,140
Other	1,861,280	2,531,372
Total revenues	<u>611,045,779</u>	<u>567,510,523</u>
Program expenses:		
General administration	\$ 15,662,670	\$ 20,353,566
Instruction	478,651,589	436,049,020
Pupil transportation	18,002,836	17,181,490
Operation and maintenance of plant	28,460,380	26,765,572
Community service	1,243,907	716,982
Food services	15,518,428	14,471,253
Construction and facility acquisition	674,062	625,117
Interest expense	34,012,953	37,248,152
Total expenses	<u>592,226,825</u>	<u>553,411,152</u>
Increase in net assets	18,818,954	14,099,371
Net asset beginning of year	497,496,207	483,396,836
Net assets ending	<u>\$ 516,315,161</u>	<u>\$497,496,207</u>

* In 2006-2007, included under General administration is \$3,284,671 loss on disposal of capital assets recorded as an expense in the government-wide Statement of Activities, as compared to \$8,448,099 loss on disposal of capital assets in 2005-2006.

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 2006-2007</u>	<u>Net Cost of Services 2006-2007</u>
General administration	\$ 15,662,670	\$ 15,579,461
Instruction	478,651,589	430,017,007
Pupil transportation	18,002,836	920,143
Operation and maintenance of plant	28,460,380	28,097,512
Community service	1,243,907	253,747
Food service	15,518,428	1,294,604
Construction and facility acquisition	674,062	(37,302,708)
Interest expense	<u>34,012,953</u>	<u>34,012,953</u>
Total expenses	<u>\$ 592,226,825</u>	<u>\$ 472,872,719</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. Reserved fund balance may serve as an indication of resources allocated to future expenditures.

The overall governmental funds fund balance increased by \$19,005,407 as of June 30, 2007. The most significant change in total governmental fund balance occurred from an increase in fund balance reserved for encumbrances within the Capital Projects Fund of \$42,447,735. This increase is due to the approval of two propositions passed by municipal voters in April 2007 and the encumbrances for work in progress on previously approved projects. Coincidentally, the governmental funds undesignated fund balance decreased by \$17,370,560 as of June 30, 2007 from the encumbering of remaining fund balance of the Capital Projects Fund for the previously authorized projects and the newly approved projects from April 2007 propositions.

A portion of the fund balance was designated for accrued compensated absences in the amount of \$7,989,937. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for:

1) Encumbrances	\$85,527,102	4) Prepaid items	\$3,281,098
2) Inventory	\$3,697,888	5) Self-insurance	\$18,284,048
3) Federal Impact Aid	\$11,779,903	6) Debt services	\$5,141,963

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 \$41,918,326, while total fund balance reached \$95,383,692. 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 revenues. The Governmental Finance Officers Association recommends an unreserved fund balance in the amount of 5 percent to 15 percent of regular General Fund operating revenues. The District's unreserved fund balance represents 7.3 percent of total General Fund revenues, while total fund balance represents 20.2 percent of that same amount.

The fund balance of the District's General Fund increased by \$11,707,653 during the fiscal year 2006-2007. Key factors are as follows:

- Net revenues equal 99.6% of budgeted revenues. Contributing factors were:
 - Revenue realized from investment income was more than budgeted due to the steady interest rate over the entire fiscal year.
 - Medicaid reimbursement was more than budgeted due to increased district-wide response to state surveys on services provided.
 - Revenue from the Alaska Public Schools Funding Program was less than budgeted as a result of actual number of students being less than budgeted.
 - 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, 97.5 percent of the final budget amount was either expended or encumbered by June 30, 2007.

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 \$39,204,762, a decrease of 2.8 percent over prior year.

The Debt Service Fund has a total fund balance of \$5,141,963 all of which is reserved for payment of debt service. The net decrease in the fund balance of \$657,270 was used towards debt service payments in the current year, which reduced the tax payers' burden.

The Capital Projects Fund closed the fiscal year with \$44,920,363 in expenditures. Proceeds from the August 2006 general obligation bond sale primarily financed the activity for the year, thus increasing the total fund balance on June 30, 2007 to \$62,515,839. Activity stemming from the approved propositions is reflected within the expenditures for the year as well. In addition to expenditures for the newly approved propositions, contracts were bid and let, increasing the reserve for encumbrances to \$67,313,839. This increase in encumbrances has temporarily created a negative undesignated fund balance of \$4,798,000. The subsequent bond sale in August 2007 provides financing for this activity.

General Fund Budgetary Highlights

The General Fund expenditure budget for the year ended June 30, 2007 was \$473,432,647, an increase of \$40,428,971 over the prior year budget of \$433,003,676. The increase is primarily located within the instructional function.

Capital Assets and Debt Administration

Capital assets. The Anchorage School District's investment in capital assets for its governmental activities as of June 30, 2007 amounts to \$1,172,515,439 (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 1.1 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
- Birchwood Elementary School Public Sewer
- Chester Valley Elementary School Design
- Chugiak Elementary School Roof
- Chugiak Elementary School Traffic
- Clark Middle School Replacement
- Dimond High School Gym/Pool
- East High School Phase 3 Renovation/Phase 4 Design
- Gruening Middle School Electrical Update
- Lake Otis Elementary School Classroom Windows
- Nicholas J. Begich Middle School Construction
- Service High School Phase 2A Design and Construction
- Service High School Renovation

The following table shows ending balances of capital assets invested in various categories. The District recognized a total increase of \$12,291,314 less the depreciation expense.

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

	<u>Governmental Activities</u>	
	<u>2006-2007</u>	<u>2005-2006</u>
Land	\$ 31,426,615	\$ 31,426,615
Land improvements	10,896,078	12,302,354
Buildings, equipment and vehicles	922,083,764	930,673,947
Construction in progress	<u>208,108,982</u>	<u>185,721,209</u>
Totals	<u>\$1,172,515,439</u>	<u>\$1,160,124,125</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, 2007 the Anchorage School District had general obligation bonds and capital lease obligations outstanding totaling \$769,665,000. This entire amount of \$769,665,000 comprises debt backed by the full faith and credit of the Municipality of Anchorage. In the current year, the District paid \$39,870,000 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 2006-2007, the Municipality of Anchorage issued \$251,745,000 general obligation refunding school bonds to refund \$248,915,000 general obligations school bonds, resulting in a decrease of \$12,032,799 total debt service. The economic gain of this refunding was \$7,752,529.

Table 5 – Outstanding Debt, as of June 30

	<u>Governmental Activities</u>		<u>Maturity</u>
	<u>2006-2007</u>	<u>2005-2006</u>	
General obligation bonds	<u>\$ 769,665,000</u>	<u>\$ 758,210,000</u>	2026

As of June 30, 2007, the School District’s available authorized but unissued general obligation school bonds amounts \$85,000,000.

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, 2006.

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

	<u>Fitch’s</u>	<u>Standard and Poor’s</u>
General obligation bonds	AA	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 3.2 percent and a population growth of 1.70 percent were used in calculating the total tax revenue for the General Fund for fiscal year 2007-2008. 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 made a number of changes to the state revenue and required retirement system contributions that have positive effects on District funding for fiscal year 2007-2008.
 - One time funding for twice the amount received in fiscal year 2006-2007 for School Improvement grants (net revenue: \$7,890,604) increases anticipated state revenue by \$3,945,302.
 - The District was notified that the Alaska Retirement Management Board aligned the required contribution rates to the actuarial rate for the Teachers’ Retirement System and the Public Employees’ System, effective July 1, 2007. Based on this change, the District’s rates increased from 26 percent to 54.03 percent and 24.25 percent to 33.27 percent respectfully.

The Legislature and Governor approved a one-year funding solution that reduced the 2007-2008 rates to lower than the previous year retirement system rates. Funds were appropriated with the intent of lowering the required employer contribution rates of the Teachers' Retirement System to 12.56 percent and the Public Employees' Retirement System to 22 percent for 2007-2008. The budget savings from this action have helped offset proposed budget reductions that would have increased class size, and has further allowed funds for enhancements that the District has allocated to program improvements adding key FTE positions in instructional support areas.

- Other legislation was introduced in the previous legislative session that would have provided a change in law to include state supplemental funding to cover some portion of the actuarial rates, reducing the District's portion for each future year, but was not passed.
 - Since the start of the school year, preliminary enrollment data have shown slight decreases below the projection, thus reducing state funding increases.
- 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. Military student enrollments have also positively impacted Anchorage-area schools. However, a slight decrease in enrollment followed when in 2004 more than 3,000 deployments from Elmendorf Air Force Base, Fort Richardson, and Kulis Air National Guard Base. Though most of the deployed were young, single, and new recruits, some soldiers had families that moved back home for the duration of the deployment. Recent accounts have indicated that some troops will return by mid-December 2007. It is expected that enrollment will slightly increase as families move back to Elmendorf and Fort Richardson.
 - Interest rates remained stable throughout the fiscal year 2006-2007, but the current outlook for interest rates in the future is somewhat uncertain. With the current weakness in the housing market, interest rates may trend down over 2007-2008. The District has made a number of changes to positively affect the investment income earned.
 - A change in banking services contract has increased the overnight daily repurchase account interest rate. As of September 2007, the change offers an increase of over 90 basis point positive net change.
 - The District entered into the Anchorage Municipal Investment Pool on June 1, 2007. While interest rates may begin trending down to stabilize the current market uncertainty, it is anticipated returns from funds invested within the Municipal Investment Pool will increase over historical investment gains.
 - 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.

All of these factors were considered in preparing the Anchorage School District's budget for the 2007-2008 fiscal year.

Additionally, the Governor created a Joint Legislative Education Task Force that dealt with the state-wide school funding mechanism and submitted a report to the Governor and Legislature in September 2007. The report included recommendations for additional district funding as well as a multi-year funding formula to allow more time for budgeting. Proposed legislation was submitted with the report to be dealt with during the 2007-2008 legislative session.

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 to Chief Financial Officer, Anchorage School District, 5530 East Northern Lights, Blvd, Anchorage, Alaska 99504-3135.

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Basic Financial Statements

June 30, 2007
 With Comparative Totals for
 June 30, 2006

STATEMENT OF NET ASSETS

	Governmental Activities	
	2007	2006
Assets		
Cash and investments, at cost	\$ 138,989,203	\$ 129,175,521
Cash and investments with paying agent	22,013,584	15,376,615
Accounts receivable (net)	1,332,788	1,246,507
Interest receivable	812,557	1,248,711
Due from other governments	125,549,808	113,894,926
Prepaid items	3,281,208	1,768,052
Inventory, at weighted average cost	3,827,354	2,939,963
Deferred charges	7,048,973	4,066,475
Capital assets:		
Non-depreciable:		
Land	31,426,615	31,426,615
Construction in progress	208,108,982	185,721,209
Depreciable:		
Land improvements	42,699,201	42,639,723
Buildings and equipment	1,237,637,213	1,222,389,763
Pupil transportation equipment	8,793,246	8,921,297
Accumulated depreciation	<u>(356,149,818)</u>	<u>(330,974,482)</u>
Capital assets, net of accumulated depreciation	<u>1,172,515,439</u>	<u>1,160,124,125</u>
Total assets	<u>1,475,370,914</u>	<u>1,429,840,895</u>
Liabilities		
Accounts payable	5,252,829	4,132,471
Contracts payable	2,118,962	2,002,044
Medical claims payable, including IBNR	7,130,520	6,527,571
Interest payable	10,302,052	10,602,983
Accrued salaries and related items:		
Wages and salaries payable	1,753,552	1,897,235
Payroll taxes, other accrued and withheld items	2,447,026	1,090,365
Noncurrent liabilities:		
Due within one year:		
Accrued compensated absences	8,493,836	8,181,236
Workers' compensation payable	4,137,563	4,660,077
Bonds payable	44,080,000	39,870,000
Unearned revenue	103,603,110	96,416,402
Due in more than one year:		
Workers' compensation payable	10,555,780	8,732,679
Net pension obligation and other post-employment benefits	16,924,784	13,380,489
Long-term debt	725,585,000	718,340,000
Other accrued liabilities	<u>16,670,739</u>	<u>16,511,136</u>
Total liabilities	<u>959,055,753</u>	<u>932,344,688</u>
Net Assets		
Investment in capital assets, net of related debt	402,850,439	401,914,125
Restricted for:		
Debt service	5,141,963	5,799,233
Authorized construction, net of authorized unissued bonds	--	11,703,334
Unrestricted	<u>108,322,759</u>	<u>78,079,515</u>
Total net assets	<u>\$ 516,315,161</u>	<u>\$ 497,496,207</u>

See accompanying notes to basic financial statements.

For the Year Ended June 30, 2007

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	
Functions/Program					
Districtwide Activities:					
General administration	\$ (15,662,670)	\$ 83,209	\$ --	\$ --	\$ (15,579,461)
Instruction	(478,651,589)	1,431,789	47,202,793	--	(430,017,007)
Pupil transportation	(18,002,836)	--	17,082,693	--	(920,143)
Operation and maintenance of plant	(28,460,380)	--	362,868	--	(28,097,512)
Community services and education	(1,243,907)	568,108	422,052	--	(253,747)
Food services	(15,518,428)	4,977,713	9,246,111	--	(1,294,604)
Construction and facility acquisition	(674,062)	--	--	37,976,770	37,302,708
Interest expense	(34,012,953)	--	--	--	(34,012,953)
Total districtwide activities	<u>\$ (592,226,825)</u>	<u>\$ 7,060,819</u>	<u>\$ 74,316,517</u>	<u>\$ 37,976,770</u>	<u>(472,872,719)</u>
General revenues:					
Unrestricted:					
Appropriation from Municipality of Anchorage					191,602,288
Investment income					7,862,943
Public School Funding Program					277,322,639
Federal Impact Aid					13,042,523
Other					1,861,280
Total general revenues					<u>491,691,673</u>
Change in net assets					18,818,954
Net assets at beginning of year					<u>497,496,207</u>
Net assets at end of the year					<u>\$ 516,315,161</u>

See accompanying notes to basic financial statements.

June 30, 2007
With Comparative Totals for
June 30, 2006

BALANCE SHEET - GOVERNMENTAL FUNDS

	General	State and	Debt	Capital	Other	Totals	
		Federal Grants Special Revenue				Service	Projects
Assets							
Cash and investments, at cost	\$ 72,674,551	\$ --	\$ --	\$ 59,224,031	\$ 2,068,345	\$ 133,966,927	\$ 124,885,413
Cash with paying agent	--	--	21,999,938	13,646	--	22,013,584	15,379,615
Accounts receivable (net of any allowances for uncollectibles)	883,427	370,595	--	56,252	22,628	1,332,902	1,242,596
Interest receivable	--	--	--	812,554	--	812,554	1,237,267
Due from other funds	36,197,026	--	--	4,964,364	1,165,624	42,327,014	33,297,316
Due from other governments	85,684,359	19,230,767	18,951,052	796,434	887,196	125,549,808	113,894,926
Prepaid items	3,250,150	29,827	--	--	1,121	3,281,098	1,768,052
Inventory	2,170,242	--	--	--	1,657,112	3,827,354	2,939,963
Total assets	\$ 200,859,755	\$ 19,631,189	\$ 40,950,990	\$ 65,867,281	\$ 5,802,026	\$ 333,111,241	\$ 294,645,148
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 3,040,537	\$ 483,575	\$ 1,133	\$ 1,166,154	\$ 561,431	\$ 5,252,830	\$ 4,132,472
Contracts payable	--	--	--	2,118,962	--	2,118,962	2,002,044
Medical claims payable	7,130,520	--	--	--	--	7,130,520	6,527,571
Due to other funds	6,793,289	18,777,400	17,226,873	--	192,753	42,990,315	33,769,541
Accrued salaries and related items	3,907,207	225,401	--	47,817	20,154	4,200,579	2,987,601
Unearned revenue	84,604,510	144,813	18,581,021	18,509	254,258	103,603,111	96,416,402
Total liabilities	105,476,063	19,631,189	35,809,027	3,351,442	1,028,596	165,296,317	145,835,631
Fund balances:							
Reserved:							
Encumbrances	17,981,023	229,445	--	67,313,839	2,795	85,527,102	41,364,398
Inventory	2,170,242	--	--	--	1,527,646	3,697,888	2,828,027
Federal Impact Aid	11,779,903	--	--	--	--	11,779,903	10,201,503
Prepaid items	3,250,150	29,827	--	--	1,121	3,281,098	1,767,410
Self-insurance	18,284,048	--	--	--	--	18,284,048	17,302,552
Debt service	--	--	5,141,963	--	--	5,141,963	5,799,233
Unreserved:							
Designated:							
Subsequent year's expenditures:							
Special Revenue Funds	--	--	--	--	--	--	193,160
Accrued compensated absences:							
General Fund	7,449,350	--	--	--	--	7,449,350	7,001,948
Special Revenue Funds	--	540,587	--	--	--	540,587	925,411
Capital Projects Fund	--	--	--	--	--	--	253,877
Authorized construction, net of authorized unissued bonds							
	--	--	--	--	--	--	11,703,334
Undesignated, reported in:							
General Fund	34,468,976	--	--	--	--	34,468,976	29,350,831
Special Revenue Funds	--	(799,859)	--	--	3,241,868	2,442,009	3,132,956
Capital Projects Fund	--	--	--	(4,798,000)	--	(4,798,000)	16,984,877
Total fund balances	95,383,692	--	5,141,963	62,515,839	4,773,430	167,814,924	148,809,517
Total liabilities and fund balances	\$ 200,859,755	\$ 19,631,189	\$ 40,950,990	\$ 65,867,281	\$ 5,802,026	\$ 333,111,241	\$ 294,645,148

See accompanying notes to basic financial statements.

June 30, 2007
With Comparative Totals for
June 30, 2006

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

	<u>2007</u>	<u>2006</u>
Total governmental fund balances	\$ 167,814,923	\$ 148,809,517
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	1,170,761,533	1,158,186,780
Other long-term liabilities not due and payable in the current period, and therefore not reported in the funds:		
Accrued compensated absences	(8,493,836)	(8,181,236)
Workers' compensation payable	(14,693,343)	(13,392,756)
Net pension obligation and other post-employment benefits	(16,924,784)	(13,380,489)
General obligation debt	(769,665,000)	(758,210,000)
Accrued interest on general obligation debt	(10,302,051)	(10,602,983)
Unamortized cost of bond issuance	7,048,973	4,066,475
Unamortized general obligation bond premium	(16,670,739)	(16,511,136)
Internal service fund net assets	7,439,484	6,712,035
Total reconciling items	<u>348,500,238</u>	<u>348,686,690</u>
Net assets of governmental activities	<u>\$ 516,315,161</u>	<u>\$ 497,496,207</u>

See accompanying notes to basic financial statements.

For the Year Ended June 30, 2007
With Comparative Totals for
For the Year Ended June 30, 2006

**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				2007	2006
Revenues:							
Local sources	\$ 161,669,151	\$ 824,288	\$ 36,371,362	\$ 3,770,143	\$ 12,253,760	\$ 214,888,704	\$ 199,358,930
State sources	295,334,791	2,065,873	36,980,380	996,390	--	335,377,434	305,979,143
Federal sources	14,564,126	36,314,601	--	366,630	9,246,111	60,491,468	61,318,188
Total revenues	471,568,068	39,204,762	73,351,742	5,133,163	21,499,871	610,757,606	566,656,261
Expenditures:							
Current:							
General administration	11,769,210	--	--	--	--	11,769,210	10,962,994
Instruction	401,543,470	39,204,762	--	--	7,138,948	447,887,180	418,150,466
Pupil transportation	17,236,133	--	--	--	--	17,236,133	16,303,868
Operation and maintenance of plant	24,697,997	--	--	--	--	24,697,997	22,962,874
Community services	790,222	--	--	--	--	790,222	688,032
Non-departmental	3,480,038	--	--	--	--	3,480,038	2,940,084
Food services	--	--	--	--	15,112,931	15,112,931	13,997,995
Debt service:							
Principal	--	--	39,870,000	--	--	39,870,000	39,035,000
Interest	--	--	35,021,935	--	--	35,021,935	37,525,701
Fiscal agent fees	--	--	11,578	--	--	11,578	13,506
Capital outlays	--	--	--	44,920,363	--	44,920,363	105,820,823
Total expenditures	459,517,070	39,204,762	74,903,513	44,920,363	22,251,879	640,797,587	668,401,343
Excess (deficiency) of revenues over expenditures	12,050,998	--	(1,551,771)	(39,787,200)	(752,008)	(30,039,981)	(101,745,082)
Other financing sources (uses):							
Proceeds from sale of property and equipment	42,904	--	--	--	--	42,904	65,320
Bond issuance cost	--	--	--	(425,618)	--	(425,618)	--
Issuance of general obligation bonds	--	--	--	48,495,000	--	48,495,000	--
Premium on issuance of general obligation bonds	--	--	--	1,152,350	--	1,152,350	--
Proceeds of refunding bonds	--	--	251,745,000	--	--	251,745,000	14,790,000
Premium on issuance of refunding bonds	--	--	13,906,249	--	--	13,906,249	1,561,914
Payment to refunded bond escrow agent	--	--	(265,651,249)	--	--	(265,651,249)	(16,330,730)
Transfers in	--	--	894,501	--	--	894,501	242,978
Transfers out	(367,000)	--	--	(727,501)	--	(1,094,501)	(242,978)
Total other financing sources (uses)	(324,096)	--	894,501	48,494,231	--	49,064,636	86,504
Net change in fund balances	11,726,902	--	(657,270)	8,707,031	(752,008)	19,024,655	(101,658,578)
Fund balances at beginning of year	83,676,039	--	5,799,233	53,808,808	5,525,437	148,809,517	250,474,005
Decrease in reserve for inventory	(19,249)	--	--	--	--	(19,249)	(5,910)
Fund balances at end of year	\$ 95,383,692	\$ --	\$ 5,141,963	\$ 62,515,839	\$ 4,773,429	\$ 167,814,923	\$ 148,809,517

See accompanying notes to basic financial statements.

For the Year Ended June 30, 2007
With Comparative Totals for
For the Year Ended June 30, 2006

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

	<u>2007</u>	<u>2006</u>
Net change in fund balances - total governmental funds (page 17)	\$ 19,024,655	\$ (101,658,578)
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	1,172,515,439	1,160,124,125
Capital assets, net, beginning of year	(1,160,124,125)	(1,075,723,091)
Change in Internal Service Fund capital assets, net	<u>183,439</u>	<u>(145,278)</u>
	12,574,753	84,255,756
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	(48,495,000)	--
Premium on issuance of general obligation bonds	(1,152,350)	--
Principal payments on general obligation bonds and refunded bonds	39,870,000	39,645,000
Bond issuance costs	425,618	--
Amortization of bond issuance costs	(273,120)	(285,910)
Amortization of general obligation bonds premium	992,748	691,119
Accrued interest	300,932	291,055
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	(312,600)	(272,716)
Workers' compensation payable	(1,300,587)	(916,120)
Net pension obligation and other post-employment benefits	(3,544,295)	(8,423,189)
Decrease in inventory reserve	(19,249)	(5,910)
Change in net assets - Internal Service Fund	<u>727,449</u>	<u>778,863</u>
Total reconciling items	<u>(205,701)</u>	<u>115,757,948</u>
Change in net assets of governmental activities (page 15)	<u>\$ 18,818,954</u>	<u>\$ 14,099,370</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, 2007

	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	\$ 155,257,376	\$ --	\$ 155,257,376	\$ 155,257,376	\$ 155,257,376	\$ --
Reimbursement for school facilities rental	568,108	--	568,108	548,000	548,000	20,108
Nonresident tuition	5,316	--	5,316	1,000	1,000	4,316
Investment income	3,812,259	--	3,812,259	1,500,000	1,500,000	2,312,259
E-Rate	362,468	--	362,468	900,000	900,000	(537,532)
Other revenues	1,663,624	--	1,663,624	1,863,800	1,863,800	(200,176)
Total revenues from local sources	161,669,151	--	161,669,151	160,070,176	160,070,176	1,598,975
Revenues from state sources:						
Public school funding program	273,377,337	--	273,377,337	276,180,359	276,180,359	(2,803,022)
Transportation	17,082,693	--	17,082,693	17,101,270	17,101,270	(18,577)
Youth detention program	385,897	--	385,897	388,558	388,558	(2,661)
Providence Heights	135,078	--	135,078	145,000	145,000	(9,922)
School Improvement Grant	3,945,302	--	3,945,302	3,993,800	3,993,800	(48,498)
On-Base tuition	408,484	--	408,484	408,484	408,484	--
Total revenues from state sources	295,334,791	--	295,334,791	298,217,471	298,217,471	(2,882,680)
Revenues from federal sources:						
Reserve Officers Training Corps	626,276	--	626,276	615,000	615,000	11,276
Federal Impact Aid	12,675,893	--	12,675,893	13,500,000	13,500,000	(824,107)
Medicaid Reimbursement	1,261,957	--	1,261,957	1,000,000	1,000,000	261,957
Total revenues from federal sources	14,564,126	--	14,564,126	15,115,000	15,115,000	(550,874)
Total revenues	471,568,068	--	471,568,068	473,402,647	473,402,647	(1,834,579)
Expenditures:						
Current:						
General administration	11,769,210	23,897	11,793,107	12,241,435	12,269,010	475,903
Instruction	401,543,470	3,278,967	404,822,437	401,599,258	413,531,845	8,709,408
Pupil transportation	17,236,133	45,031	17,281,164	16,759,009	17,302,924	21,760
Operation and maintenance of plant	24,697,997	(996,707)	23,701,290	24,187,449	24,602,826	901,536
Community services	790,222	906	791,128	766,774	771,961	(19,167)
Non-departmental	3,480,038	(124,993)	3,355,045	17,878,722	4,954,081	1,599,036
Total expenditures	459,517,070	2,227,101	461,744,171	473,432,647	473,432,647	11,688,476
Excess (deficiency) of revenues over expenditures	12,050,998	(2,227,101)	9,823,897	(30,000)	(30,000)	9,853,897

See accompanying notes to basic financial statements.

(Continued)

For the Year Ended June 30, 2007

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	\$ 42,904	\$ --	\$ 42,904	\$ 30,000	\$ 30,000	\$ 12,904
Transfers out - Internal Service Fund	(200,000)	--	(200,000)	--	--	(200,000)
Transfers out - Debt Service Fund	(167,000)	--	(167,000)	--	--	(167,000)
Total other financing sources and (uses)	(324,096)	--	(324,096)	30,000	30,000	(354,096)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	11,726,902	(2,227,101)	9,499,801	--	--	9,499,801
Fund balance at beginning of year	83,676,039	--	83,676,039	83,676,039	83,676,039	--
Decrease in reserve for inventory	(19,249)	--	(19,249)	--	--	(19,249)
Fund balance at end of year	<u>\$ 95,383,692</u>	<u>\$ (2,227,101)</u>	<u>\$ 93,156,591</u>	<u>\$ 83,676,039</u>	<u>\$ 83,676,039</u>	<u>\$ 9,480,552</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		<u>\$ 471,568,068</u>
Expenditures reported on the basis of GAAP		459,517,070
Add current year encumbrances	\$ 9,182,119	
Deduct expenditures on prior year's encumbrances	<u>(6,955,018)</u>	
		<u>2,227,101</u>
Expenditures and encumbrances reported on the basis of budgeting		<u>461,744,171</u>
Excess of revenues over expenditures on the basis of budgeting		<u>\$ 9,823,897</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, 2007

	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	\$ 31,043	\$ --	\$ 31,043	\$ 33,000	\$ (1,957)
Donations From Local Agencies	656,756	16,790	673,546	702,698	(29,152)
Reading is Fundamental Grant	20,991	(9,256)	11,735	11,739	(4)
Bus Shelter Cleaning Grant	34,219	--	34,219	31,900	2,319
Buddy Bear Peer Program	67,287	35,337	102,624	--	102,624
Partners in Homeless Education	13,992	--	13,992	11,285	2,707
Contingency	--	--	--	2,652,771	(2,652,771)
Total revenues from local grants	<u>824,288</u>	<u>42,871</u>	<u>867,159</u>	<u>3,443,393</u>	<u>(2,576,234)</u>
Revenues from state grants:					
Contract Schools - Memorandum of Agreement - Alaska State School for Deaf	285,969	--	285,969	321,077	(35,108)
Conflict Resolution Program	202	--	202	--	202
Charter Schools Supplemental Grants	15,623	--	15,623	--	15,623
Alaska Science and Technology Program	13,314	(500)	12,814	--	12,814
Alaska Mentorship Project	246,164	--	246,164	246,164	--
School Wellness Grant	16,823	--	16,823	24,813	(7,990)
Salmon in the Classroom Program	1,199	--	1,199	10,000	(8,801)
Designated Legislative Grants					
House Bill 67	3	--	3	--	3
Senate Bill 46	90,207	6,457	96,664	--	96,664
Senate Bill 283	18,441	(187)	18,254	--	18,254
Senate Bill 231	1,377,928	21,585	1,399,513	1,824,700	(425,187)
Total Designated Legislative Grants	<u>1,486,579</u>	<u>27,855</u>	<u>1,514,434</u>	<u>1,824,700</u>	<u>(310,266)</u>
Total revenues from state grants	<u>2,065,873</u>	<u>27,355</u>	<u>2,093,228</u>	<u>2,426,754</u>	<u>(333,526)</u>
Revenues from federal grants:					
Title I - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
District-wide Grant	8,956,528	--	8,956,528	10,439,218	(1,482,690)
Summer School Program	108,882	--	108,882	273,781	(164,899)
McLaughlin Youth Center	130,805	--	130,805	131,035	(230)
Delinquent and At-Risk Youth Program	134,246	--	134,246	134,663	(417)
Highly Qualified Program	21,702	--	21,702	111,325	(89,623)
Professional Development	1,153,672	--	1,153,672	1,260,070	(106,398)
Parent Involvement Program	2,307	--	2,307	5,562	(3,255)
Supplemental Education Services Program	307,009	--	307,009	986,261	(679,252)
School Improvement Program	92,479	--	92,479	106,996	(14,517)
Total Title I - Elementary and Secondary Education Act No Child Left Behind Act Public Law 107-110 Congress Statute 115	<u>10,907,630</u>	<u>--</u>	<u>10,907,630</u>	<u>13,448,911</u>	<u>(2,541,281)</u>

For the Year Ended June 30, 2007

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 (Continued)					
District-wide Grant	\$ 824,336	\$ (3)	\$ 824,333	\$ 838,709	\$ (14,376)
Summer Program	80,695	--	80,695	--	80,695
Book Program	492	--	492	492	--
Parent Involvement	2,364	--	2,364	5,000	(2,636)
Total Title I - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
Migrant Education	907,887	(3)	907,884	844,201	63,683
Title II-A - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
Professional Development Program	4,685,479	--	4,685,479	5,496,079	(810,600)
Title II-D - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
Enhancing Education Through Technology	567,494	--	567,494	723,146	(155,652)
Title III - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
English Language Acquisition	422,818	--	422,818	548,847	(126,029)
Title IV-A - Elementary and Secondary Education Act					
No Child Left Behind					
Public Law 107-110 Congress Statute 115					
Safe and Drug Free Schools	536,443	6,360	542,803	786,756	(243,953)
Title V - Elementary and Secondary Education Act					
No Child Left Behind					
Public Law 107-110 Congress Statute 115					
Innovative Program	115,424	--	115,424	208,997	(93,173)
Title VI-B - Education of All Handicapped Children Act					
Public Law 94-142	9,999,008	--	9,999,008	11,680,671	(1,681,663)
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	1,707,625	(14,787)	1,692,838	1,738,201	(45,363)
Pre-School Handicapped Grant - Public Law 99-457	380,139	--	380,139	437,341	(57,202)
Reading is Fundamental Grant	34,153	--	34,153	34,155	(2)
Human Immunodeficiency Virus					
Prevention Program	20,805	--	20,805	20,810	(5)
Alaska State School for Deaf Program	66,434	--	66,434	95,000	(28,566)
Carl Perkins Vocational Education Basic Grant	1,003,017	--	1,003,017	1,123,218	(120,201)

See accompanying notes to basic financial statements.

(Continued)

For the Year Ended June 30, 2007

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)
High Growth Job Training - Implementation Grant	\$ 76,784	\$ --	\$ 76,784	\$ 35,000	\$ 41,784
Access to Education for Homeless Children Program	47,823	--	47,823	49,352	(1,529)
Drug and Violence Prevention Program	312,443	(2,021)	310,422	--	310,422
National Science Foundation Presidential Award	470	--	470	--	470
Right Start Program	36,158	--	36,158	36,214	(56)
Community Action Prevention and Intervention Program	129,379	--	129,379	148,945	(19,566)
Community Business Partner Program	32,915	--	32,915	150,000	(117,085)
Charter Schools Grants	99,818	--	99,818	168,055	(68,237)
Standard and Assessment Training Program	667	--	667	720	(53)
Reading First Grant	1,021,476	--	1,021,476	1,101,771	(80,295)
Work Investment Act School Youth Program	61,397	--	61,397	68,866	(7,469)
Foreign Language Assistance Program	187,144	2,514	189,658	217,887	(28,229)
Northwest Eisenhower Consortium Program	668	--	668	--	668
Teaching American History Program	263,635	(2,221)	261,414	893,901	(632,487)
Interlibrary Cooperation Program	25,759	(3,179)	22,580	9,800	12,780
School Health Program	23,793	--	23,793	24,000	(207)
Community Centers Learning Program	1,682,088	--	1,682,088	1,709,953	(27,865)
Governor's Drug Prevention Program	34,213	--	34,213	39,335	(5,122)
Alaska Family Directory Website	21,680	--	21,680	28,000	(6,320)
Healthy Marriages Initiative	13,135	--	13,135	13,225	(90)
Fund for the Improvement of Education Grant	123,243	(2,786)	120,457	--	120,457
Advanced Placement for Every Able Learner Grant	603,299	29,700	632,999	537,212	95,787
Alaska Educational Innovations Network Program	66,686	--	66,686	88,005	(21,319)
Hurricane Education Recovery Grant	36,348	--	36,348	--	36,348
Excellence in Economic Education Program	6,389	--	6,389	9,699	(3,310)
Alaska Parent Information & Resource Center	49,697	12,500	62,197	152,664	(90,467)
Emergency Response & Crisis Management Grant	3,138	--	3,138	461,316	(458,178)
Total revenues from federal grants	36,314,601	26,077	36,340,678	43,129,853	(6,789,175)
Total revenues	39,204,762	96,303	39,301,065	49,000,000	(9,698,935)

See accompanying notes to basic financial statements.

(Continued)

For the Year Ended June 30, 2007

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	\$ 824,288	\$ 42,871	\$ 867,159	\$ 3,443,393	\$ 2,576,234
State grants	2,065,873	27,355	2,093,228	2,426,754	333,526
Federal grants	<u>36,314,601</u>	<u>26,077</u>	<u>36,340,678</u>	<u>43,129,853</u>	<u>6,789,175</u>
Total expenditures	<u>39,204,762</u>	<u>96,303</u>	<u>39,301,065</u>	<u>49,000,000</u>	<u>9,698,935</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	\$ 39,204,762
Add revenues from current year encumbrances	\$ 229,445
Deduct revenues from prior year's encumbrances	<u>(133,142)</u>
	<u>96,303</u>
Revenues reported on the basis of budgeting	<u>39,301,065</u>
Expenditures reported on the basis of GAAP	39,204,762
Add current year encumbrances	229,445
Deduct expenditures on prior year's encumbrances	<u>(133,142)</u>
	<u>96,303</u>
Expenditures and encumbrances reported on the basis of budgeting	<u>39,301,065</u>
Excess of revenue over expenditures on the basis of budgeting	<u>\$ --</u>

See accompanying notes to basic financial statements.

June 30, 2007
With Comparative Totals for
June 30, 2006

INTERNAL SERVICE FUND

STATEMENT OF NET ASSETS

	Governmental Activities	
	2007	2006
Assets		
Current Assets:		
Investments, at cost	\$ 5,022,277	\$ 4,287,110
Interest receivable	--	15,355
Due from General Fund	663,301	472,226
Total current assets	<u>5,685,578</u>	<u>4,774,690</u>
Noncurrent assets:		
Equipment	6,912,960	6,731,673
Accumulated depreciation	<u>(5,159,054)</u>	<u>(4,794,328)</u>
Total capital assets (net of accumulated depreciation)	<u>1,753,906</u>	<u>1,937,345</u>
Total assets	<u>7,439,484</u>	<u>6,712,035</u>
Net Assets		
Invested in capital assets	1,753,906	1,937,345
Unrestricted	<u>5,685,578</u>	<u>4,774,690</u>
Total net assets	<u>\$ 7,439,484</u>	<u>\$ 6,712,035</u>

See accompanying notes to basic financial statements.

For the Year Ended June 30, 2007
 With Comparative Totals
 For the Year Ended June 30, 2006

INTERNAL SERVICE FUND

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS

	Governmental Activities	
	2007	2006
Operating revenues:		
Charges for sales and services	\$ 456,796	\$ 472,516
Operating expenses:		
Depreciation	456,796	472,516
Operating income	--	--
Non-operating revenues:		
Investment income	254,091	161,069
Total income before capital contributions and transfers	254,091	161,069
Capital contributions	273,358	617,794
Transfers in - General Fund	200,000	--
Total capital contributions and transfers	473,358	617,794
Changes in net assets	727,449	778,863
Net assets at beginning of year	6,712,035	5,933,172
Net assets at end of year	\$ 7,439,484	\$ 6,712,035

See accompanying notes to basic financial statements

For the Year Ended June 30, 2007
 With Comparative Totals for
 For the Year Ended June 30, 2006

INTERNAL SERVICE FUND

STATEMENT OF CASH FLOWS

	Governmental Activities	
	2007	2006
Cash flows from operating activities:		
Cash received from charges for sales and services and other operating income	\$ 456,796	\$ 472,516
Cash flows from noncapital financing activities:		
(Advances to) repayment from General Fund	(191,075)	651,896
Cash flows from capital and related financing activities		
Contributed capital	200,000	--
Cash flows from investing activities:		
Proceeds from matured investments	14,315,000	4,246,000
Purchase of investments	(14,804,366)	(5,386,690)
Interest earnings received	23,645	16,278
Net cash used in operating activities	(465,721)	(1,124,412)
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	456,796	472,516
Net cash provided by operating activities	\$ 456,796	\$ 472,516

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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 28, 2006, the Assembly approved the District's combined budget of \$608,226,391 with \$191,602,288 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 May 22, 2006, the School Board approved a revision and increased the upper spending authorization by \$6,516,471 and authorized the Superintendent to prepare the adopted financial plan as revised. The Assembly approved the budget adjustment on June 6, 2006. This revision mainly resulted from the passage of House Bill 13, which increased the base student allocation of the Alaska Public School Funding Program by \$28 (\$1,882,671 in aggregate revenue increase) and provided a one-time School Improvement Grant award of

\$3,993,800. In addition, the District anticipated another \$640,000 from other state, federal and local revenue sources. The approved final budget at June 30, 2007 was \$614,742,862.

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 Student Activities Funds that have investments with independent banking institutions. Investments in the decentralized portion of the Student Activities Funds 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.

In the central treasury, investments to be held to maturity are reported at cost or amortized cost, while all other investments are reported at fair value. Investment income is allocated to General Fund, Capital Projects Fund, Debt Service Fund, Centralized Student Activity Fund and Internal Service Fund at the end of every month according to each funds' respective investment balance.

The District can invest excess funds held in the central treasury through direct investments allowed by the School Board Policy. The 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. Collateral needs to be held in the District's name by the District's agent, the bank's trust department, or the bank's agent. The District is authorized to secure direct investments including:

1. Obligations of, or obligations insured or guaranteed by, the United States of America or an agency or instrumentality of the United States;
2. 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 also authorized to secure investments through the Municipality of Anchorage either by trading in the open market or participating in the Municipal Investment Pool. The Municipal Investment Pool is not registered with the Securities and Exchange Commission. The fair value of the pool is the same as the value of pool shares. As of June 30, 2007, the District holds equity total of \$72,414,354, about 26.3% of the total investment pool. The Anchorage Municipal Code 6.50.030 functions as the regulation oversight of the investment pool. According to AMC 6.50.030, the Municipality is authorized to purchase investments which meet the following rating and issuer requirements:

1. Obligations issued or guaranteed by the U.S. Government, U.S. agencies or U.S. government-sponsored corporations and agencies.
2. Commercial paper, including asset-backed commercial paper, rated at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch.
3. Bank debt obligations, including unsecured certificate of deposit, notes, time deposits and bankers' acceptance (with maturities of not more than 365 days), and deposits with any bank, short-term obligations of which are rated at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch and is either:
 - a. Incorporated under the laws of the United States of America, or any state thereof, an subject to supervision and examination by federal or state banking authorities; or
 - b. Issued through a foreign bank with a branch or agency licensed under the laws of the United States of America, or any state thereof, or under the laws of a country with a Moody's sovereign rating for bank deposits of "Aaa", or an S&P sovereign rating of "AAA", or a Fitch national rating of "AAA", and subject to supervision and examination by federal or state banking authorities.

4. Repurchase agreements secured by obligations of the U.S. government, U.S. agencies or U.S. government-sponsored corporations and agencies.
5. Dollar denominated corporate debt instruments rated "BBB-" or better by S&P's Rating Service (investment grade) or the equivalent by another nationally recognized rating agency.
6. Dollar denominated corporate debt instruments rated below "BBB-" by S&P's Rating Service or the equivalent by another nationally recognized rating agency, including emerging market.
7. Asset-backed securities (ABS), other than commercial paper, collateralized by credit cards, automobile loans, leases and other receivables which must have a credit rating of "AA-" or above by S&P's Rating Service or the equivalent by another nationally recognized rating agency.
8. Mortgage-backed securities (MBS), including generic mortgage-backed pass-through securities issued by GNMA, FHLMC, FNMA, non-agency mortgage-backed securities, collateralized mortgage obligations (CMOs), or commercial mortgage-backed securities (CMBS), which must have a credit rating of "AA-" or above by S&P's Rating Service or the equivalent by another nationally recognized rating agency.
9. Fixed income derivative instruments used in an un-levered manner to implement portfolio strategies.
10. Money market mutual funds rated "Am" or better by S&P Rating Service, or the equivalent by another nationally recognized rating agency.
11. Alaska Municipal League Investment Pool (AMLIP).
12. Mutual fund investments consisting of a diversified mutual fund, registered under the Securities Act of 1933 and Investment Company Act of 1940.
13. Interfund loans from a Municipal Cash Pool to a Municipal Fund.

As of June 30, 2007, The District maintains a \$1,270,838 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 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	\$ 1,767,286	\$ 1,828,455
Time deposits:		
Student Activities Special Revenue Fund	<u>300,234</u>	<u>300,234</u>
Total	<u>2,067,520</u>	<u>2,128,689</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>(6,904,670)</u>	<u>1,290,926</u>
Total demand deposits and time deposits	<u>\$ (4,837,150)</u>	<u>\$ 3,419,615</u>

The District's investments are not subject to custodial credit risk. A summary of the District's investments as of June 30, 2007 is as follows:

	<u>Carrying Amount</u>
District investments:	
Repurchase agreements	\$ 21,936,882
Investments through Municipality:	
U.S. government securities	46,627,264
Municipal Investment Pool	72,414,354
Cash with paying agent:	
U.S. government securities	<u>22,013,581</u>
	<u>\$ 162,992,081</u>

The following is a schedule of investments by fund including the equity position in the Municipal Investment Pool of the governmental fund type and proprietary fund type at June 30, 2007. All discounted notes issued by the U.S. Government agencies have implied ratings of "A-1+" by S&P, "P-1" by Moody's or "F1+" by Fitch.

	<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	06/30/07	4.7200%	07/01/07	\$ 20,569,167
Repurchase Agreement	06/30/07	4.7200	07/01/07	324,920
Repurchase Agreement	06/30/07	4.7200	07/01/07	<u>1,042,795</u>
				21,936,882
Municipal Investment Pool				<u>57,642,339</u>
Total General Fund				<u>\$ 79,579,221</u>
<u>Capital Projects Fund:</u>				
United States Agency				
Freddie Mac Discount Note	04/05/07	5.1951%	07/02/07	\$ 1,318,259
FNMA Discount Note	04/13/07	5.1908	07/11/07	917,230
Freddie Mac Discount Note	04/05/07	5.1951	07/02/07	2,801,424
Freddie Mac Discount Note	04/05/07	5.1951	07/02/07	398,934
FHLB Discount Note	04/13/07	5.1908	07/11/07	1,623,170
FHLB Discount Note	04/13/07	5.1901	07/11/07	8,714,173
Freddie Mac Discount Note	04/05/07	5.1951	07/02/07	359,436
FHLB Discount Note	04/13/07	5.1908	07/11/07	1,272,668
FHLB Discount Note	04/13/07	5.1908	07/11/07	3,882,181
Freddie Mac Discount Note	01/31/07	5.2335	07/30/07	12,834,165
FNMA Discount Note	10/30/06	5.1654	07/31/07	6,439,822
Freddie Mac Discount Note	05/01/07	5.1816	10/29/07	5,145,939
FNMA Discount Note	10/30/06	5.1654	07/31/07	110,650
Freddie Mac Discount Note	05/01/07	5.1816	10/29/07	<u>799,180</u>
				46,617,231
Municipal Investment Pool				<u>9,749,738</u>
Total Capital Projects Fund				<u>\$ 56,366,969</u>
<u>Internal Service Fund:</u>				
Municipal Investment Pool				\$ 5,022,277
<u>Special Revenue Fund:</u>				
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 \$22,013,581, 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 \$84,598,909 and \$18,581,021, respectively.

The amounts due from the State of Alaska in the General Fund mainly include \$487,087 for Medicaid and \$134,620 for Providence Heights Grant.

The amounts due from the State of Alaska in the Special Revenue Funds include \$18,503,763 for 2007 reimbursements under cost reimbursable grants and \$887,196 for the final 2007 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 \$370,031 for 2007 reimbursements under the Aid for School Construction Program.

The amounts due from the United States Government in the General Fund include \$121,603 for the ROTC programs. There is also \$334,481 for 2007 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 2007 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 2007, taxes were levied on May 1. Real property taxes are 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 2007
Contribution from Real and Personal Property Taxes

Amount required by the District to fund the second half of the fiscal year 2006-2007 budget:			
January 1, 2007 through June 30, 2007	\$191,602,288 x 50%	=	\$ 95,801,144
Amount required by the District to fund the first half of the fiscal year 2007-2008 budget:			
July 1, 2007 through December 31, 2007	\$206,359,861 x 50%	=	<u>103,179,930</u>
Total amount required by the District for calendar year 2007			<u>\$ 198,981,074</u>

Based on an assessed valuation of \$29,305,847,273, the mill rate assessment for schools during calendar year 2007 is 6.79 mills.

The District has accrued the taxes of \$103,179,930 for funding of the first half of the 2007-2008 budget as of June 30, 2007 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 \$1,667,824 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 \$502,418 and \$1,405,867, respectively, and are equally offset by a fund balance reserve. \$251,245 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Reservation of Fund Balance

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

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

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

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

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

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

Designation of Fund Balance

Designated for 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.

All interfund receivables and payables are recorded as advances to and from other funds. The balances are for short-term operations and subsidies and are expected to be settled within the next fiscal year. A summary of individual interfund receivables and payables at June 30, 2007 is as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major funds:		
General Fund	\$36,197,025	\$ 6,793,288
State and Federal Grants		
Special Revenue Fund	--	18,777,400
Debt Service Fund	--	17,226,873
Capital Projects Fund	4,964,364	--
Non-major funds	<u>1,828,924</u>	<u>192,752</u>
	<u>\$42,990,313</u>	<u>\$42,990,313</u>

A summary of interfund transfers is as follows:

	<u>Transfers In</u>	<u>Transfers out</u>
Major funds:		
General Fund	\$ --	\$ 367,000
Debt Service Fund	894,501	--
Capital Projects Fund	--	727,501
Non-major funds	<u>200,000</u>	<u>--</u>
	<u>\$ 1,094,501</u>	<u>\$ 1,094,501</u>

The District transferred \$727,501 from the Capital Projects Fund to the Debt Service Fund. The amount transferred includes a portion of 2006A bond premium. This transfer was allocated to make debt service payments for 2006A bonds. The amount of \$167,000 was transferred from the General Fund to the Debt Service Fund to make debt service payments related to school bus purchases. In addition, the District transferred \$200,000 from General Fund to Internal Service Fund to supplement the needs for equipment replacement.

G. Reclassification

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, 2007, from which the summarized information was derived.

NOTE 2 - CHANGES IN CAPITAL ASSETS

The capital assets activity for the fiscal year ended June 30, 2007 are as follows:

	Balance July 1, 2006	Additions/ Transfers	Deductions/ Transfers	Balance June 30, 2007
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 31,426,615	\$ --	\$ --	\$ 31,426,615
Construction in progress	185,721,209	44,877,531	22,489,758	208,108,982
Total capital assets not being depreciated	<u>217,147,824</u>	<u>44,877,531</u>	<u>22,489,758</u>	<u>239,535,597</u>
Capital assets being depreciated:				
Land improvements	42,639,723	59,478	--	42,699,201
Buildings and equipment	1,222,389,763	23,108,820	7,861,370	1,237,637,213
Pupil transportation equipment	8,921,297	37,340	165,391	8,793,246
Total capital assets being depreciated	<u>1,273,950,783</u>	<u>23,205,638</u>	<u>8,026,761</u>	<u>1,289,129,660</u>
Less accumulated depreciation for:				
Land improvements	(30,337,368)	(1,465,755)	--	(31,803,123)
Buildings and equipment	(293,618,052)	(27,624,089)	(4,293,123)	(316,949,018)
Pupil transportation equipment	(7,019,423)	(543,646)	(165,392)	(7,397,677)
Total accumulated depreciation	<u>(330,974,843)</u>	<u>(29,633,490)</u>	<u>(4,458,515)</u>	<u>(356,149,818)</u>
Total capital assets, being depreciated, net	<u>942,975,940</u>	<u>(6,427,852)</u>	<u>3,568,246</u>	<u>932,979,842</u>
Governmental activities capital assets, net	<u>\$ 1,160,123,764</u>	<u>\$ 38,449,679</u>	<u>\$ 26,058,004</u>	<u>\$ 1,172,515,439</u>

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

Governmental activities:	Amount
General administration	\$ 337,900
Instruction	27,743,127
Pupil transportation	571,522
Operation and maintenance of plant	644,463
Community services	1,113
Non-departmental	882
Food services	334,483
Total depreciation expense, governmental activities	<u>\$ 29,633,490</u>

Construction in progress, less projects completed in 2007 is composed of the following:

	Project Authorization	Expended to 6/30/2007	Committed
Secondary schools:			
Bartlett High School Electrical Upgrade	\$ 961,995	\$ 876,853	\$ 46,268
Bartlett High School Phase 2 Design and Renovation	26,940,000	26,262,300	158,657
Benny Benson Secondary School Sprinkler	520,000	41,086	144,038
Chugiak High School Design	900,000	737,028	42,577
Chugiak High School Electrical Upgrade	1,629,702	777,414	572,069
Chugiak High School Public Sewer	1,100,000	982,958	105,500
Clark Middle School Design	1,591,315	--	--
Clark Middle School HVAC	1,487,900	395,889	12,136
Clark Middle School Replacement	65,000,000	4,599,841	52,381,790
Dimond High School Gym/Pool	3,000,000	700,987	1,382,150
Dimond High Field	592,295	--	17,026
Dimond Emergency Preparedness Design	1,650,000	9,989	--
East High School Phase 2 Design	975,300	795,993	164,600
East High School Phase 2 Emergency Preparedness	979,000	939,079	2,019
East High School Phase 2 Sprinkler Design and Construction	4,200,000	4,093,544	99
East High School Phase 3 Renovation/Phase 4 Design	18,200,000	17,992,465	69,055
East High School Renovation	5,045,700	4,632,291	101,968
Eagle River High School Construction	2,305,941	--	1,622,103
Gruening Middle School Electrical Upgrade	894,143	346,376	459,677
Hanshaw Middle School Electrical Upgrade	543,087	464,281	13,224
Nicholas J. Begich Middle School Construction	42,500,000	38,093,428	1,645,025
Nicholas J. Begich Middle School Site Work	9,500,000	5,853,702	563,620

	Project Authorization	Expended to 6/30/2007	Committed
Secondary schools (continued):			
Romig Middle School Electrical Upgrade	\$ 668,616	\$ 553,223	\$ 48,555
Service High School Design	1,800,000	1,061,898	323,424
Service High School Electrical	1,079,342	956,791	85,259
Service High School Phase 2A Deferred and Phase 2B Design	2,300,000	2,008,113	43,490
Service High School Phase 2A Design and Construction	17,000,000	15,473,664	11,502
Service High School Renovation	18,210,526	17,810,274	51,142
West High School HVAC	1,400,000	--	--
West High School Utilidor Abatement	500,000	--	--
Other secondary schools	20,168,933	6,623,109	2,436,415
Total secondary schools	<u>253,643,795</u>	<u>153,082,576</u>	<u>62,503,388</u>
Elementary schools:			
Abbott Loop Elementary School Traffic	800,000	185,279	414,335
Airport Heights Elementary School Entry/Sidewalks	530,000	424,865	384
Birchwood Elementary School Public Sewer	1,100,000	983,033	105,500
Campbell Elementary School Roof	600,000	--	23,790
Chester Valley Elementary School Design	750,000	297,248	280,369
Chugach Optional Elementary School Renovation	7,000,000	6,957,683	30,028
Chugiak Elementary School Roof	850,000	213,331	387,912
Chugiak Elementary School Traffic	1,200,000	41,731	103,677
Girdwood Elementary School Roof	551,119	--	--
Inlet View Elementary Heating System Upgrade	750,000	--	--
Lake Otis Elementary School Classroom Windows	1,219,321	549,852	418,978
Mt. Spurr Elementary School Boiler Building	1,050,506	840,058	--
North Star Elementary School Lighting/Ceiling	500,000	7,254	3,665
Orion Elementary School Heating	800,000	--	--
Polaris K-12 Renovation/Design	18,600,000	18,227,528	106,961
Russian Jack Elementary School Boiler	550,000	27,810	272,829
Rogers Park Elementary School Traffic	1,100,000	--	75,065
Sand Lake Elementary School Design	750,000	506,260	14,333
Scenic Park Elementary School Boiler	585,000	--	--
Trailside Elementary School Boiler	575,000	27,937	278,497
Turnagain Elementary School Windows/Door Hardware	582,027	98,278	298,515
William Tyson Elementary School Boiler	550,000	27,810	277,129
Whaley Center HVAC	972,000	727,726	54,777
Other elementary schools	27,995,902	13,749,102	1,241,638
Total elementary schools	<u>69,960,875</u>	<u>43,892,785</u>	<u>4,388,382</u>
Other capital projects:			
District-wide Asbestos/ADA/Code	614,049	357,061	92,905
District-wide Building Renewal	1,310,110	3,582	--
District-wide Library	1,155,679	169,083	--
District-wide Mechanical Upgrade	536,066	--	--
District-wide Site Acquisition	10,000,000	4,599,458	3
Pupil Transportation Building Roof	500,000	--	23,770
Student Nutrition Emergency Preparedness	1,139,896	1,091,267	25,345
Warehouse Upgrade	800,000	--	--
Other capital projects	14,181,000	4,913,170	280,046
Total other capital projects	<u>30,236,800</u>	<u>11,133,621</u>	<u>422,069</u>
Total construction in progress	<u>\$ 353,841,470</u>	<u>\$ 208,108,982</u>	<u>\$ 67,313,839</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, 2007 (in thousands):

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007
General obligation bonds	<u>\$ 758,210</u>	<u>\$ 300,240</u>	<u>\$ 288,785</u>	<u>\$ 769,665</u>

Bonds payable at June 30, 2007 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 \$3,490,000 to \$5,030,000 through October 2015; interest at 5.0 percent to 6.0 percent	\$ 16,935	\$ --
\$29,765,000 1995 series A school construction refunding bonds due in annual installments of \$3,300,000 to \$3,515,000 through October 2010; interest 6.0 percent	6,815	--
\$43,850,000 1997 series A school construction serial bonds due in annual installments of \$1,995,000 in December 2007; interest at 5.25 percent	1,995	1,995
\$20,735,000 1998 series A school construction refunding bonds due in annual installments of \$155,000 to \$5,120,000 through July 2014; interest at 4.15 percent to 5.0 percent	19,735	155
\$55,900,000 1999 series A school construction serial bonds due in annual installments of \$2,530,000 to \$2,735,000 through December 2009; interest at 4.0 percent to 5.125 percent	7,895	2,530
\$35,000,000 2000 series A school construction serial bonds due in annual installments of \$1,385,000 to \$1,715,000 through December 2011; interest at 4.75 percent to 5.25 percent	7,725	1,385
\$77,900,000 2000 series B school construction serial bonds due in annual installments of \$3,105,000 to \$3,590,000 through December 2010; interest at 5 percent	13,375	3,105
\$65,000,000 2001 series A school construction serial bonds due in annual installments of \$2,550,000 to \$2,995,000 through June 2011; interest at 5.5 percent	11,075	2,550
\$51,805,000 2001 school construction refunding bonds due in annual installments of \$1,165,000 to \$10,345,000 through July 2013; interest at 4.25 percent to 5.5 percent	49,455	1,165
\$131,800,000 2002 series B school construction serial bonds due in annual installments of \$4,805,000 to \$6,350,000 through July 2022; interest at 3.2 percent to 5.5 percent	38,585	4,805
\$70,345,000 2002 school construction refunding bonds due in annual installments of \$4,700,000 to \$10,255,000 through July 2015; interest at 3.75 percent to 5.5 percent	64,140	10,255
\$126,770,000 2003 series B school construction serial bonds due in annual installments of \$1,145,000 to \$6,080,000 through September 2020; interest at 2.75 percent to 4.8 percent	47,310	4,760
\$80,735,000 2004 series B school construction refunding bonds due in annual installments of \$70,000 to \$27,390,000 through December 2017; interest at 3.0 percent to 5.25 percent	80,615	70
\$86,240,000 2004 series D school construction serial bonds due in annual installments of \$3,070,000 to \$4,385,000 through December 2016; interest at 2.4 percent to 5.0 percent	36,110	3,070
\$63,850,000 2005 series A school construction serial bonds due in annual installments of \$2,300,000 to \$3,050,000 through March 2016; interest at 3.25 percent to 5.0 percent	23,805	2,300
\$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 2.75 percent to 5.0 percent	29,065	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 percent	14,790	--
\$48,495,000 2006 series A school construction serial bonds due in annual installments of \$1,585,000 to \$3,640,000 through October 2026; interest at 3.75 percent to 5.0 percent	48,495	1,585
\$28,885,000 2006 series B school construction refunding bonds due in annual installments of \$40,000 to \$7,075,000 through October 2020; interest at 3.75 percent to 5.0 percent	28,885	3,050
\$51,705,000 2006 series C school construction refunding bonds due in annual installments of \$65,000 to \$9,770,000 through July 2021; interest at 3.75 percent to 5.0 percent	51,705	155
\$171,155,000 2007 series B school construction refunding bonds due in annual installments of \$50,000 to \$29,530,000 through September 2024; interest at 4.0 percent to 5.0 percent	171,155	1,100
	<u>\$ 769,665</u>	<u>\$ 44,080</u>

The annual requirements to amortize all general obligation debt outstanding as of June 30, 2007, including interest payments in the amount of \$305,218,730 are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 44,080	\$ 34,605	\$ 78,685
2009	44,635	34,063	78,698
2010	46,490	32,045	78,535
2011	48,650	29,852	78,502
2012	50,820	27,485	78,305
2013-2017	254,345	100,112	354,457
2018-2022	203,320	41,698	245,018
2023-2027	77,325	5,359	82,684
	<u>\$ 769,665</u>	<u>\$ 305,219</u>	<u>\$ 1,074,884</u>

The amount of long-term liability that is due within one year as of June 30, 2007 is \$44,080,000.

The Debt Service Fund has \$5,141,963 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, 2007 is \$769,665,000.

Bonds Authorized But Unissued

There are \$85,000,000 authorized but unissued general obligation school bonds of the Municipality of Anchorage at June 30, 2007 as follows (in thousands):

<u>Purpose</u>	<u>Election Date</u>	<u>Interest Limitation</u>	<u>Amount Authorized</u>	<u>Amount Issued</u>	<u>Remaining Authorization</u>
Construction/renovation/ replacement/major maintenance	April 03, 2007	none	<u>\$ 85,000</u>	<u>\$ --</u>	<u>\$ 85,000</u>

Refunded Bond Issues

In the fiscal year ended June 30, 2007, the Municipality of Anchorage issued \$251,745,000 general obligation refunding school bonds to refund \$248,915,000 general obligation school bonds, resulting in a decrease of \$12,032,799 in total debt service. The economic gain of this refunding is \$7,752,529. The bonds refunded are as follows (in thousands):

	<u>Total Issue</u>	<u>Refunded Principal</u>
1995 General Obligation School Bonds, Series A	\$ 58,655	\$ 225
1995 General Obligation Refunding School Bonds, Series A	\$ 29,765	11,280
2000 General Obligation School Bonds, Series A	\$ 35,000	1,810
2000 General Obligation School Bonds, Series B	\$ 77,900	12,170
2001 General Obligation School Bonds, Series A	\$ 65,000	17,645
2002 General Obligation School Bonds, Series B	\$ 131,800	60,575
2003 General Obligation School Bonds, Series B	\$ 126,770	65,690
2004 General Obligation School Bonds, Series D	\$ 86,240	44,215
2005 General Obligation School Bonds, Series A	\$ 63,850	35,305
		<u>\$ 248,915</u>

Compensated Absences

General Fund, State and Federal Grants Special Revenue Fund, Food Service Special Revenue Fund and Capital Projects Fund liquidated the liability of compensated absences. The balance changes of compensated absences in the fiscal year ended June 30, 2007 are disclosed as the following:

<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
\$ 8,181,236	\$ 8,493,836	\$ 8,181,236	\$ 8,493,836	\$ 8,493,236

Workers' Compensation Payable

General Fund, State and Federal Grants Special Revenue Fund, Food Service Special Revenue Fund and Capital Projects Fund liquidated the liability of workers' compensation. The balance changes of workers' compensation in the fiscal year ended June 30, 2007 are disclosed as the following:

<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
\$ 13,392,756	\$ 6,086,913	\$ 4,786,326	\$ 14,693,343	\$ 4,137,563

Net Pension Obligation and Other Post-employment Benefits

General Fund, State and Federal Grants Special Revenue Fund, Food Service Special Revenue Fund and Capital Projects Fund liquidated the liability of net pension obligation and other post-employment benefits. The balance changes of net pension obligation and other post-employment benefits in the fiscal year ended June 30, 2007 are disclosed as the following:

<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
\$ 13,380,489	\$ 4,367,864	\$ 823,569	\$ 16,924,784

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Compensatory Bank Balances

The District maintains a compensatory account with a balance at June 30, 2007 of \$1,270,838 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	\$ 16,025	\$ 2,061	\$ 10,201	\$ 1,733	\$ 17,303	\$ --
Increase (decrease)	<u>1,956</u>	<u>109</u>	<u>1,579</u>	<u>1,517</u>	<u>981</u>	<u>--</u>
Total General Fund						
Balance June 30	<u>\$ 17,981</u>	<u>\$ 2,170</u>	<u>\$ 11,780</u>	<u>\$ 3,250</u>	<u>\$ 18,284</u>	<u>\$ --</u>
SPECIAL REVENUE FUNDS						
State and Federal Grants						
Balance July 1	\$ 164	\$ --	\$ --	\$ 33	\$ --	\$ --
Increase (decrease)	<u>65</u>	<u>--</u>	<u>--</u>	<u>(3)</u>	<u>--</u>	<u>--</u>
Balance June 30	<u>229</u>	<u>--</u>	<u>--</u>	<u>30</u>	<u>--</u>	<u>--</u>
Food Service						
Balance July 1	310	767	--	--	--	--
Increase (decrease)	<u>(307)</u>	<u>639</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Balance June 30	<u>3</u>	<u>1,406</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Student Activity						
Balance July 1	--	--	--	--	--	--
Increase (decrease)	<u>--</u>	<u>--</u>	<u>--</u>	<u>1</u>	<u>--</u>	<u>--</u>
Balance June 30	<u>--</u>	<u>--</u>	<u>--</u>	<u>1</u>	<u>--</u>	<u>--</u>
Total Special Revenue Funds						
Balance June 30	<u>\$ 232</u>	<u>\$ 1,406</u>	<u>\$ --</u>	<u>\$ 31</u>	<u>\$ --</u>	<u>\$ --</u>
DEBT SERVICE FUND						
Balance July 1	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 5,799
Increase	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(657)</u>
Total Debt Service Fund						
Balance June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>--</u>	<u>\$ 5,142</u>
CAPITAL PROJECTS FUND						
Balance July 1	\$ 24,866	\$ --	\$ --	\$ 1	\$ --	\$ --
Increase	<u>42,448</u>	<u>--</u>	<u>--</u>	<u>(1)</u>	<u>--</u>	<u>--</u>
Total Capital Projects Fund						
Balance June 30	<u>\$ 67,314</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

UNRESERVED

DESIGNATED

Subsequent Year's Expend- itures	Accrued Compensated Absences	Authorized Const- ruction	Undesig- nated	Total
\$ --	\$ 7,002	\$ --	\$ 29,351	\$ 83,676
--	447	--	5,119	11,708
<u>\$ --</u>	<u>\$ 7,449</u>	<u>\$ --</u>	<u>\$ 34,470</u>	<u>\$ 95,384</u>
\$ --	\$ 618	\$ --	\$ (815)	\$ --
--	(77)	--	15	--
--	541	--	(800)	--
193	307	--	857	2,434
(193)	(171)	--	(857)	(889)
--	136	--	--	1,545
--	--	--	3,091	3,091
--	--	--	136	137
--	--	--	3,227	3,228
<u>\$ --</u>	<u>\$ 677</u>	<u>\$ --</u>	<u>\$ 2,427</u>	<u>\$ 4,773</u>
\$ --	\$ --	\$ --	\$ --	\$ 5,799
--	--	--	--	(657)
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,142</u>
\$ --	\$ 254	\$ 11,703	\$ 16,985	\$ 53,809
--	(254)	(16,501)	(16,985)	8,707
<u>\$ --</u>	<u>\$ --</u>	<u>\$ (4,798)</u>	<u>\$ --</u>	<u>\$ 62,516</u>

NOTE 5 - RETIREMENT PLANS

As of June 30, 2007, 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.

PERS and TRS issue publicly available financial reports every year that include 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 was created by State statute and political subdivision; participation is optional. PERS is a tiered retirement system. Employees hired before July 1, 2006 participate in Tiers I-III, a defined benefit agent multiple-employer public employee retirement plan that acts as a common investment and administrative agent for political subdivisions within the State of Alaska. Employees hired on or after July 1, 2006 participate in Tier IV, a defined contribution plan.

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 for PERS Tiers I-III 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.

Pension benefits for PERS Tiers I-III are adjusted each year based upon increases in the Consumer Price Index (CPI) for the prior year. Post retirement pension adjustments are applied automatically to all retirees who were hired before July 1, 1986, who are at least of age 60, who are on disability, 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.

For PERS Tier IV, employees can invest in a variety of mutual funds selected by the Alaska Retirement Management Board or rollover the plan balance to other qualified plans. Distribution of vested plan balance is allowed after an employee has been terminated for at least 60 days.

Postemployment Health Care Benefits

For PERS Tiers I-III, 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, but before July 1, 2006, 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.

Employees hired after July 1, 2006, who have at least ten years of credited services, are eligible for medical benefits after retirement. If they are not eligible for Medicare, they must pay full premium. After eligible for Medicare, the retiree will be responsible for premium at a reduced percentage depending on the years of services. Retirees may use health reimbursement arrangement (HRA) account to pay premium. After the HRA is exhausted, retirees need to pay the premium by themselves.

Funding Policy and Annual Pension Cost – PERS Tiers I-III Defined Benefit Plan

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 determined by the Alaska Retirement Management Board. Employer rates are adjusted annually on July 1 and are based on actuarial valuations made two years prior to that date. The actuarially determined contribution rates 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.

Actuarial valuations for 2007, 2006 and 2005 were performed as of June 30, 2004, 2003, and 2002 respectively. Contributions and rates made in accordance with actuarially determined contribution requirements consist of the following:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Total payroll	\$ 305,513,245	\$ 292,545,191	\$ 280,244,476
Total covered payroll	\$ 75,542,153	\$ 77,134,791	\$ 73,912,288
Contributions:			
District (employer)	\$ 18,153,984	\$ 14,653,667	\$ 10,543,510
Employees	<u>5,497,888</u>	<u>5,612,984</u>	<u>5,354,081</u>
	<u>\$ 23,651,872</u>	<u>\$ 20,266,651</u>	<u>\$ 15,897,591</u>
Normal Cost	\$ 15,168,864	\$ 15,527,233	\$ 14,915,450
Percentage of covered payroll	20.08%	20.13%	20.18%
Amortization of funded (unfunded) accrued liability	\$ 8,483,008	\$ 4,739,418	\$ 982,141
Percentage of covered payroll	11.23%	6.14%	1.33%
Rates:			
District (employer)	24.25%	19.25%	14.25%
Employees	6.75%	6.75%	6.75%

Detailed information regarding rates and actuarial methods for the year ended June 30, 2007 is as follows:

	<u>Pension</u>	<u>Other Post-employment Benefits</u>
Contribution rates:		
Employees	4.80%	1.95%
District (employer)	14.22%	10.03%
Actuarial valuation date	June 30, 2004	June 30, 2004
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%

The components of annual pension cost and net pension obligation for the year ended June 30, 2007 are as follows:

	Pension	Other Post-employment Benefits	Total
Annual required contribution (ARC)	\$ 12,561,632	\$ 8,856,326	\$ 21,417,958
Interest on net pension obligation (NPO)	676,915	426,975	1,103,890
Adjustment to annual required contribution	(504,918)	(318,651)	(823,569)
Annual pension cost (APC)	12,733,629	8,964,650	21,698,279
Contributions made	10,647,312	7,506,672	18,153,984
Increase in NPO	2,086,317	1,457,978	3,544,295
NPO, beginning of year	8,204,932	5,175,557	13,380,489
NPO, end of year	\$ 10,291,249	\$ 6,633,535	\$ 16,924,784

Funding Policy and Annual Pension Cost – PERS Tier IV Defined Contribution Plan

Employees hired on or after July 1, 2006 participate in PERS Tier IV, a defined contribution retirement plan that includes a component of defined benefit post-employment health care. This plan requires both employer and employee contributions. Employees may make additional contributions into the plan, subject to limitations. Contribution rates are as follows:

	Rates
Employee Contribution	8.00%
District (employer) contribution	
Retirement	5.00%
Health reimbursement arrangement	3.00%
Retiree medical plan	1.75%
Death & disability benefits	0.30%
Total employer contribution	10.05%

AS 39.30.370 requires that the employer contribute “an amount equal to three percent of the employer’s average annual employee compensation” towards the health reimbursement arrangement. The actual remittance is based on flat rates set in accordance with employees’ pay cycle. For the fiscal year ended June 30, 2007, the flat rates are \$114.64 for monthly paid full-time employees, \$52.91 for biweekly paid full-time employees and \$0.88 per hour for part-time employees. The District contributed \$215,728 to PERS Tier IV pension, \$223,091 to health reimbursement arrangement, \$75,505 to retiree medical plan and \$12,943 to death & disability benefits. The District employee contribution towards PERS Tier IV totaled \$345,160.

Alaska Teachers' Retirement System (TRS)

Plan Description and Provisions

The Alaska Teachers' Retirement System is 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. Similar to PERS, TRS is also a tiered retirement system. Employees hired before July 1, 2006 participate in Tiers I-II, a multi-employer cost-sharing defined benefit public retirement plan. Employees hired on or after July 1, 2006 participate in Tiers III, a defined contribution retirement plan. The payroll for employees covered by TRS for the year ended June 30, 2007 was \$204,640,262, which compares to the District's total payroll of \$305,513,245.

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

For TRS Tiers I-II, employees with eight years or more of credited service are vested in the retirement system. Pension benefits are accrued annually at 2 percent for all years of service prior to July 1, 1990 or the first 20 years of service, and 2.5 percent for all the years after. Annual pension benefit is based the accrued service credits and the average of three highest contract salaries. Employees hired before July 1, 1990 may retire normally at age 55 with early retirement at age 50. Employees hired between July 1, 1990 and July 1, 2006 may retire

normally at age 60 with early retirement at age 55. Employees with 20 or more years of credited service may retire at any age and receive a normal benefit.

Pension benefits for TRS Tiers I-II are adjusted each year based upon increases in the Consumer Price Index (CPI) for the prior year. Post retirement pension adjustments are applied automatically to retirees who are at least of age 60, who are on disability, or who have been receiving benefits for at least eight years. Starting at age 65, or at any age for those employed before July 1, 1990, 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.

For TRS Tier III, employees are fully vested after five years of credited service. Employees can invest in a variety of mutual funds selected by the Alaska Retirement Management Board or rollover the plan balance to other qualified plans. Distribution of vested plan balance is allowed after an employee has been terminated for at least 60 days.

Postemployment Health Care Benefits

For TRS Tiers I-II, when pension benefits begin, major medical benefits are provided without cost to all employees first hired before July 1, 1990, who are disabled or age 60 or older regardless of their initial hiring dates, or who have at least 25 years of credited service. Other retirees must pay the full premium to have the medical coverage.

TRS Tier III employees, who have at least ten years of credited services, are eligible for medical benefits after retirement. If they are not eligible for Medicare, they must pay full premium. After eligible for Medicare, the retiree will be responsible for premium at a reduced percentage depending on the years of services. Retirees may use health reimbursement arrangement (HRA) account to pay premium. After the HRA is exhausted, retirees need to pay the premium by themselves.

Funding Policy – TRS Tiers I-II Defined Benefit Plan

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 26 percent of annual covered payroll. The District’s contributions to TRS for the years ended June 30, 2007, 2006 and 2005 were \$50,897,962, \$41,221,088 and \$30,031,960 respectively, equal to the required contributions for each year.

The District’s employer contributions to TRS Tiers I-II of \$50,897,962 amounted to 33 percent of the total TRS employer contributions statewide of \$153,618,510.

Funding Policy – TRS Tiers III Defined Contribution Plan

Employees hired on or after July 1, 2006 participate in TRS Tier III, a defined contribution retirement plan that includes a component of defined benefit post-employment health care. This plan requires both employer and employee contributions. Employees may make additional contributions into the plan, subject to limitations. Contribution rates are as follows:

	<u>Rates</u>
Employee Contribution	8.00%
District (employer) contribution	
Retirement	7.00%
Health reimbursement arrangement	3.00%
Retiree medical plan	<u>1.75%</u>
Total employer contribution	11.75%

AS 39.30.370 requires that the employers contribute “an amount equal to three percent of the employer’s average annual employee compensation” towards the health reimbursement arrangement. The actual remittance for the fiscal year 2006-2007 is \$114.64 per month for full-time employees. Contributions for part-time employees are pro rata equivalent of the full-time contributions based on their contract percentage.

For the fiscal year ending June 30, 2007, the District contributed \$596,773 to TRS Tier III pension, \$226,791 to health reimbursement arrangement, and \$149,195 to retiree medical plan. The District employee contribution towards PERS Tier IV totaled \$682,025.

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
2005	25.02%	14.25%	35.57%	16.00%
2006	26.14	19.25	38.85	21.00
2007	28.61	24.25	41.78	26.00

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 Tiers I-III as of the fiscal years ending June 30, 2005, 2006 and 2007 follows:

Year ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<i>Pension</i>			
6/30/05	\$ 11,515,563	57%	\$ 4,957,300
6/30/06	12,031,040	73	8,204,932
6/30/07	12,733,629	84	10,291,249
<i>Other Post-employment Benefits</i>			
6/30/05	\$ 6,996,620	57%	\$ 3,011,374
6/30/06	8,034,442	73	5,175,557
6/30/07	8,964,650	84	6,633,535

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 Tiers I-III when due is presented as follows (in thousands):

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded AAL (b-a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)	Annual Pension Cost for FY 04 - FY 06
<i>Pension</i>							
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%
6/30/06	277,163	342,164	81%	65,001	88,066	74%	19.25%
<i>Other Post-employment Benefits</i>							
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%
6/30/06	118,632	335,065	35%	216,433	88,066	246%	19.25%

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

\$189,058 in 2007, \$195,871 in 2006 and \$191,918 in 2005 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, 2007 was \$2,272,925, which compares to the District's total of \$305,513,245. Employees are not required to make contributions towards the trust fund.

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 103 as of June 30, 2007. 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, 2007 is \$853,447.

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 \$18,284,048. 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, 2007 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 2007, 2006 and 2005 are as follow:

		Liability Balance July 1	Current Year Claims and Changes in Estimates	Claims Payment	Liability Balance June 30
2007	Health	\$ 6,527,571	\$ 19,025,764	\$ 18,422,815	\$ 7,130,520
	Unemployment	52,062	282,558	274,985	59,635
		<u>\$ 6,579,633</u>	<u>\$ 19,308,322</u>	<u>\$ 18,697,800</u>	<u>\$ 7,190,155</u>
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>

NOTE 8 - COMMITMENTS

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

2008	<u>\$ 1,817,922</u>
------	---------------------

The rent expenditures for the year ending June 30, 2007 were \$3,332,065.

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, 2007 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	\$	155,257,376
Debt Service Fund	\$	36,344,912
Grant revenues from State of Alaska passed through to the District:		
State and Federal Grants Special Revenue Fund	\$	34,219
Charges for services:		
Operations of swimming pools	\$	536,246
Joint property and liability insurance:		
Purchase of a single property and liability policy, which covers both the Municipality and District	\$	1,120,773

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 30, 2007, the Municipality of Anchorage issued \$63,790,000 of General Obligation School Bonds to fund education capital improvement projects approved by voters in April 2007.

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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, 2007
With Comparative Totals for
June 30, 2006

BALANCE SHEET

Assets	<u>2007</u>	<u>2006</u>
Cash and investments, at cost	\$ 72,674,551	\$ 75,786,336
Accounts receivable (net of any allowances for uncollectibles)	883,427	1,071,487
Interest receivable	--	609,448
Due from other funds:		
State and Federal Grants Special Revenue Fund	18,777,400	13,854,158
Student Activity Special Revenue Fund	--	6,685
Food Service Special Revenue Fund	192,753	--
Debt Service Fund	17,226,873	9,934,575
Due from other governments:		
Municipality of Anchorage	84,938,574	77,801,918
State of Alaska	624,182	1,345,137
United States Government	121,603	194,528
Prepaid items	3,250,150	1,733,567
Inventory, at weighted average cost	<u>2,170,242</u>	<u>2,061,456</u>
Total assets	<u>\$ 200,859,755</u>	<u>\$ 184,399,295</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 3,040,537	\$ 3,778,597
Medical claims payable	7,130,520	6,527,571
Due to other funds:		
Internal Service Fund	663,301	472,225
Food Service Special Revenue Fund	--	1,245,326
Student Activity Special Revenue Fund	1,165,624	1,137,755
Capital Projects Fund	4,964,364	7,118,817
Accrued salaries and related items:		
Wages and salaries payable	1,447,016	1,754,060
Payroll taxes, other accrued and withheld items	2,460,191	1,060,217
Unearned revenue	<u>84,604,510</u>	<u>77,628,688</u>
Total liabilities	<u>105,476,063</u>	<u>100,723,256</u>
Fund balance:		
Reserved:		
Encumbrances	17,981,023	16,024,824
Inventory	2,170,242	2,061,456
Federal Impact Aid	11,779,903	10,201,503
Prepaid items	3,250,150	1,732,925
Self-insurance	18,284,048	17,302,552
Unreserved:		
Designated for accrued compensated absences	7,449,350	7,001,948
Undesignated	<u>34,468,976</u>	<u>29,350,831</u>
Total fund balance	<u>95,383,692</u>	<u>83,676,039</u>
Total liabilities and fund balance	<u>\$ 200,859,755</u>	<u>\$ 184,399,295</u>

For the Year Ended June 30, 2007
 With Comparative Totals for
 For the Year Ended June 30, 2006

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

	<u>2007</u>	<u>2006</u>
Revenues:		
Revenues from local sources:		
Appropriation from Municipality of Anchorage	\$ 155,257,376	\$ 144,322,321
Reimbursement for school facilities rental	568,108	684,383
Nonresident tuition	5,316	56,682
Investment income	3,812,259	3,070,787
E-Rate	362,468	862,668
Other revenues	1,663,624	1,586,430
Total revenues from local sources	<u>161,669,151</u>	<u>150,583,271</u>
Revenues from state sources:		
Public school funding program	273,377,337	248,771,460
Transportation	17,082,693	17,317,199
Youth detention program	385,897	388,588
Contract school - Providence Heights	135,078	123,335
School improvement grant	3,945,302	--
On-Base tuition	408,484	408,484
Total revenues from state sources	<u>295,334,791</u>	<u>267,009,066</u>
Revenues from federal sources:		
Reserve Officers Training Corps	626,276	618,483
Federal Impact Aid	12,675,893	11,197,619
Medicaid reimbursement	1,261,957	1,340,998
Total revenues from federal sources	<u>14,564,126</u>	<u>13,157,100</u>
Total revenues	<u>471,568,068</u>	<u>430,749,437</u>
Expenditures:		
Current:		
General administration	11,769,210	10,962,994
Instruction	401,543,470	371,172,307
Pupil transportation	17,236,133	16,303,868
Operation and maintenance of plant	24,697,997	22,962,874
Community services	790,222	688,032
Non-departmental	3,480,038	2,940,084
Total expenditures	<u>459,517,070</u>	<u>425,030,159</u>
Excess of revenues over expenditures	12,050,998	5,719,278

(Continued)

For the Year Ended June 30, 2007
 With Comparative Totals for
 For the Year Ended June 30, 2006

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

	<u>2007</u>	<u>2006</u>
Other financing sources and (uses):		
Proceeds from sale of property and equipment	\$ 42,904	\$ 65,320
Transfers out - Internal Service Fund	(200,000)	--
Transfers out - Debt Service Fund	<u>(167,000)</u>	<u>(208,750)</u>
Total other financing sources and (uses)	<u>(324,096)</u>	<u>(143,430)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	11,726,902	5,575,848
Fund balance at beginning of year	83,676,039	78,106,101
Decrease in reserve for inventory	<u>(19,249)</u>	<u>(5,910)</u>
Fund balance at end of year	<u>\$ 95,383,692</u>	<u>\$ 83,676,039</u>

For the Year Ended June 30, 2007
 With Comparative Totals for
 For the Year Ended June 30, 2006

SCHEDULE OF EXPENDITURES GAAP BASIS

	<u>2007</u>	<u>2006</u>
Current:		
General administration:		
Anchorage School Board	\$ 395,822	\$ 368,025
Superintendent	1,424,475	1,314,528
Instruction	397,667	402,207
Support services	3,682,963	3,486,881
Planning, communications and development	787,523	744,373
Business management	2,464,691	2,264,492
Employee relations	<u>2,616,069</u>	<u>2,382,488</u>
Total general administration	<u>11,769,210</u>	<u>10,962,994</u>
Instruction:		
Instructional support:		
Curriculum and staff development	8,097,781	8,407,150
Instructional media	3,008,807	2,807,435
Assessment and evaluation	844,609	793,008
Technology/management information systems	<u>7,739,373</u>	<u>6,579,329</u>
Total instructional support	19,690,570	18,586,922
Elementary education	138,576,448	130,611,924
Charter schools	10,757,054	9,142,882
Middle school education	45,704,005	43,075,516
High school education	93,451,066	86,018,839
Special education services:		
Special services	21,869,440	22,642,450
Special education	<u>62,573,324</u>	<u>52,696,207</u>
Total special education services	84,442,764	75,338,657
Bilingual education	<u>8,921,563</u>	<u>8,397,567</u>
Total instruction	<u>401,543,470</u>	<u>371,172,307</u>
Pupil transportation	<u>17,236,133</u>	<u>16,303,868</u>
Operation and maintenance of plant:		
Custodial services	2,675,341	2,725,288
Facilities	20,790,328	18,971,966
Vehicle maintenance	<u>1,232,328</u>	<u>1,265,620</u>
Total operation and maintenance of plant	<u>24,697,997</u>	<u>22,962,874</u>

(Continued)

For the Year Ended June 30, 2007
 With Comparative Totals for
 For the Year Ended June 30, 2006

SCHEDULE OF EXPENDITURES GAAP BASIS (Continued)

	<u>2007</u>	<u>2006</u>
Community services	\$ 790,222	\$ 688,032
Non-departmental:		
Contracted services	53,089	46,985
Employee benefits:		
Association benefits	147,358	201,017
Employee assistance	64,000	71,853
Medical insurance - retirees	853,447	864,800
Sick leave bank	<u>197,042</u>	<u>221,824</u>
Total employee benefits	1,261,847	1,359,494
Insurance	1,413,543	1,895,149
Rental land and buildings	1,754,392	1,692,656
Utilities	258,403	258,057
Other non-departmental	<u>(1,261,236)</u>	<u>(2,312,257)</u>
Total non-departmental	<u>3,480,038</u>	<u>2,940,084</u>
Total expenditures	<u>\$ 459,517,070</u>	<u>\$ 425,030,159</u>

For the Year Ended June 30, 2007

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	\$ 172,590	\$ --	\$ 172,590	\$ 170,000	\$ 172,592	\$ 2
Employee benefits	56,608	--	56,608	58,896	59,520	2,912
Purchased services	152,922	61,759	214,681	235,400	225,440	10,759
Supplies and materials	10,230	8,861	19,091	12,600	19,093	2
Capital outlay	3,472	(3,472)	--	--	--	--
Total Anchorage School Board	395,822	67,148	462,970	476,896	476,645	13,675
Superintendent:						
Personnel services	217,442	--	217,442	230,601	230,601	13,159
Employee benefits	95,073	--	95,073	95,118	95,918	845
Purchased services	1,095,835	56,092	1,151,927	977,700	1,026,181	(125,746)
Supplies and materials	4,217	1,712	5,929	6,175	6,698	769
Capital outlay	11,908	(11,482)	426	--	458	32
Total superintendent	1,424,475	46,322	1,470,797	1,309,594	1,359,856	(110,941)
Instruction:						
Personnel services	175,600	--	175,600	175,153	173,943	(1,657)
Employee benefits	66,537	--	66,537	64,937	65,037	(1,500)
Purchased services	146,316	--	146,316	208,250	146,587	271
Supplies and materials	5,917	(1,279)	4,638	2,228	4,643	5
Capital outlay	3,297	(3,297)	--	--	--	--
Total instruction	397,667	(4,576)	393,091	450,568	390,210	(2,881)
Support services:						
Personnel services	2,244,937	--	2,244,937	2,421,530	2,422,930	177,993
Employee benefits	1,159,530	--	1,159,530	1,245,662	1,263,888	104,358
Purchased services	107,262	(4,216)	103,046	100,770	153,840	50,794
Supplies and materials	48,001	(4,901)	43,100	47,005	44,848	1,748
Capital outlay	123,233	(100,136)	23,097	5,000	18,543	(4,554)
Total support services	3,682,963	(109,253)	3,573,710	3,819,967	3,904,049	330,339
Planning, communications and development:						
Personnel services	409,138	--	409,138	397,539	397,539	(11,599)
Employee benefits	200,997	--	200,997	198,330	201,530	533
Purchased services	163,590	42,643	206,233	188,400	209,873	3,640
Supplies and materials	11,276	2,713	13,989	11,050	14,035	46
Capital outlay	2,522	(351)	2,171	2,171	2,171	--
Total planning, communications and development	787,523	45,005	832,528	797,490	825,148	(7,380)
Business management:						
Personnel services	1,654,000	--	1,654,000	1,771,090	1,745,697	91,697
Employee benefits	773,381	--	773,381	856,203	852,099	78,718
Purchased services	10,435	(180)	10,255	9,470	10,862	607
Supplies and materials	22,486	929	23,415	26,996	23,552	137
Capital outlay	4,389	4,414	8,803	--	8,803	--
Total business management	2,464,691	5,163	2,469,854	2,663,759	2,641,013	171,159

(Continued)

For the Year Ended June 30, 2007

**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	\$ 1,658,439	\$ --	\$ 1,658,439	\$ 1,748,974	\$ 1,697,519	\$ 39,080
Employee benefits	760,381	--	760,381	805,984	793,476	33,095
Purchased services	130,523	(12,027)	118,496	149,500	125,154	6,658
Supplies and materials	28,453	(9,790)	18,663	16,050	21,761	3,098
Capital outlay	38,273	(4,095)	34,178	2,653	34,179	1
Total employee relations	2,616,069	(25,912)	2,590,157	2,723,161	2,672,089	81,932
Total general administration	11,769,210	23,897	11,793,107	12,241,435	12,269,010	475,903
Instruction:						
Instructional support:						
Curriculum and staff development:						
Personnel services	4,887,425	--	4,887,425	5,091,029	5,191,618	304,193
Employee benefits	1,968,774	--	1,968,774	2,064,320	2,140,464	171,690
Purchased services	179,466	2,801	182,267	243,821	192,935	10,668
Supplies and materials	729,310	(171,868)	557,442	426,037	563,080	5,638
Capital outlay	332,806	(1,768)	331,038	316,654	344,512	13,474
Total curriculum and staff development	8,097,781	(170,835)	7,926,946	8,141,861	8,432,609	505,663
Instructional media:						
Personnel services	1,419,492	--	1,419,492	1,362,941	1,446,551	27,059
Employee benefits	707,264	--	707,264	697,484	741,299	34,035
Purchased services	355,365	45,996	401,361	442,100	430,773	29,412
Supplies and materials	460,409	17,749	478,158	510,954	475,020	(3,138)
Capital outlay	66,277	(20,347)	45,930	13,208	42,104	(3,826)
Total instructional media	3,008,807	43,398	3,052,205	3,026,687	3,135,747	83,542
Assessment and evaluation:						
Personnel services	536,907	--	536,907	619,978	580,779	43,872
Employee benefits	233,005	--	233,005	276,153	257,088	24,083
Purchased services	29,976	1,100	31,076	49,950	38,676	7,600
Supplies and materials	31,552	(1,574)	29,978	41,640	41,483	11,505
Capital outlay	13,169	1,524	14,693	15,229	15,229	536
Total assessment and evaluation	844,609	1,050	845,659	1,002,950	933,255	87,596
Technology/management information systems:						
Personnel services	3,199,989	--	3,199,989	3,293,300	3,217,556	17,567
Employee benefits	1,482,875	--	1,482,875	1,579,048	1,553,573	70,698
Purchased services	2,433,252	2,007,370	4,440,622	4,352,329	4,433,825	(6,797)
Supplies and materials	270,874	165,586	436,460	186,610	469,526	33,066
Capital outlay	352,383	759,829	1,112,212	203,441	1,130,670	18,458
Total technology/management information systems	7,739,373	2,932,785	10,672,158	9,614,728	10,805,150	132,992
Total instructional support	19,690,570	2,806,398	22,496,968	21,786,226	23,306,761	809,793
Elementary education:						
Personnel services	88,187,359	--	88,187,359	86,948,947	89,633,871	1,446,512
Employee benefits	39,103,158	--	39,103,158	38,492,206	40,087,362	984,204
Purchased services	7,681,130	382,393	8,063,523	9,859,394	8,491,229	427,706
Supplies and materials	3,147,201	(364,086)	2,783,115	2,273,726	2,868,592	85,477
Capital outlay	449,585	(270,886)	178,699	173,721	190,489	11,790
Other	8,015	(513)	7,502	5,520	7,520	18
Total elementary education	138,576,448	(253,092)	138,323,356	137,753,514	141,279,063	2,955,707

(Continued)

For the Year Ended June 30, 2007

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	\$ 4,959,617	\$ --	\$ 4,959,617	\$ 4,705,588	\$ 4,961,390	\$ 1,773
Employee benefits	2,149,091	--	2,149,091	2,056,863	2,158,613	9,522
Purchased services	2,557,918	268,506	2,826,424	2,664,512	2,842,499	16,075
Supplies and materials	562,020	291,332	853,352	1,377,160	857,119	3,767
Capital outlay	301,026	44,454	345,480	227,000	346,346	866
Other	227,382	--	227,382	68,693	227,396	14
Total charter schools	10,757,054	604,292	11,361,346	11,099,816	11,393,363	32,017
Middle school education:						
Personnel services	28,943,216	--	28,943,216	28,563,144	29,506,418	563,202
Employee benefits	13,015,795	--	13,015,795	12,763,442	13,302,547	286,752
Purchased services	2,532,335	322,988	2,855,323	3,466,111	3,048,849	193,526
Supplies and materials	735,130	(53,145)	681,985	611,866	701,324	19,339
Capital outlay	408,482	(87,894)	320,588	195,657	325,620	5,032
Other	69,047	(6,449)	62,598	63,000	63,463	865
Total middle school education	45,704,005	175,500	45,879,505	45,663,220	46,948,221	1,068,716
High school education:						
Personnel services	57,311,746	--	57,311,746	56,045,099	57,578,855	267,109
Employee benefits	25,563,239	--	25,563,239	24,878,135	25,803,270	240,031
Purchased services	7,317,737	29,799	7,347,536	8,390,169	7,812,491	464,955
Supplies and materials	2,244,920	(9,988)	2,234,932	1,926,700	2,278,644	43,712
Capital outlay	460,507	34,985	495,492	803,283	525,339	29,847
Other	552,917	(5,152)	547,765	248,975	553,836	6,071
Total high school education	93,451,066	49,644	93,500,710	92,292,361	94,552,435	1,051,725
Special education services:						
Special services:						
Personnel services	14,619,700	--	14,619,700	14,271,747	14,784,996	165,296
Employee benefits	6,635,777	--	6,635,777	6,768,806	7,205,126	569,349
Purchased services	463,371	(706)	462,665	320,820	460,098	(2,567)
Supplies and materials	120,693	2,771	123,464	126,776	124,738	1,274
Capital outlay	29,899	2,647	32,546	32,424	33,409	863
Total special services	21,869,440	4,712	21,874,152	21,520,573	22,608,367	734,215
Special education:						
Personnel services	40,993,688	--	40,993,688	40,418,370	41,120,633	126,945
Employee benefits	20,487,581	--	20,487,581	20,505,166	21,341,643	854,062
Purchased services	586,524	(4,388)	582,136	392,695	610,922	28,786
Supplies and materials	353,945	(30,156)	323,789	348,365	329,377	5,588
Capital outlay	151,586	(76,272)	75,314	101,873	88,297	12,983
Total special education	62,573,324	(110,816)	62,462,508	61,766,469	63,490,872	1,028,364
Total special education services	84,442,764	(106,104)	84,336,660	83,287,042	86,099,239	1,762,579
Bilingual education:						
Personnel services	5,655,573	--	5,655,573	6,126,302	6,249,171	593,598
Employee benefits	3,217,696	--	3,217,696	3,493,900	3,624,067	406,371
Purchased services	14,762	3,271	18,033	42,180	30,180	12,147
Supplies and materials	31,112	(942)	30,170	54,697	46,145	15,975
Capital outlay	2,420	--	2,420	--	3,200	780
Total bilingual education	8,921,563	2,329	8,923,892	9,717,079	9,952,763	1,028,871
Total instruction	401,543,470	3,278,967	404,822,437	401,599,258	413,531,845	8,709,408

(Continued)

For the Year Ended June 30, 2007

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	\$ 3,794,798	\$ --	\$ 3,794,798	\$ 3,513,454	\$ 3,636,786	\$ (158,012)
Employee benefits	2,491,501	--	2,491,501	2,312,671	2,478,594	(12,907)
Purchased services	9,871,019	11,402	9,882,421	10,067,958	10,046,418	163,997
Supplies and materials	713,216	(230)	712,986	749,526	739,226	26,240
Capital outlay	294,918	33,859	328,777	38,400	324,900	(3,877)
Other	70,681	--	70,681	77,000	77,000	6,319
Total pupil transportation	17,236,133	45,031	17,281,164	16,759,009	17,302,924	21,760
Operation and maintenance of plant:						
Custodial services:						
Personnel services	1,206,763	--	1,206,763	1,418,286	1,362,704	155,941
Employee benefits	508,596	--	508,596	791,712	760,454	251,858
Purchased services	117,957	3,744	121,701	233,360	119,943	(1,758)
Supplies and materials	751,619	(78,566)	673,053	504,481	674,793	1,740
Capital outlay	90,406	(35,632)	54,774	26,945	52,445	(2,329)
Total custodial services	2,675,341	(110,454)	2,564,887	2,974,784	2,970,339	405,452
Facilities:						
Personnel services	8,617,645	--	8,617,645	9,005,308	8,976,285	358,640
Employee benefits	4,775,114	--	4,775,114	4,928,436	4,969,698	194,584
Purchased services	4,629,449	(672,907)	3,956,542	3,976,743	3,958,142	1,600
Supplies and materials	2,121,995	(123,679)	1,998,316	1,857,700	1,894,494	(103,822)
Capital outlay	646,125	(82,611)	563,514	279,926	666,116	102,602
Total facilities	20,790,328	(879,197)	19,911,131	20,048,113	20,464,735	553,604
Vehicle maintenance:						
Personnel services	468,318	--	468,318	428,767	428,767	(39,551)
Employee benefits	258,424	--	258,424	241,911	245,111	(13,313)
Purchased services	72,793	108	72,901	77,712	77,712	4,811
Supplies and materials	364,513	2,124	366,637	367,643	367,643	1,006
Capital outlay	68,280	(9,288)	58,992	48,519	48,519	(10,473)
Total vehicle maintenance	1,232,328	(7,056)	1,225,272	1,164,552	1,167,752	(57,520)
Total operation and maintenance of plant	24,697,997	(996,707)	23,701,290	24,187,449	24,602,826	901,536
Community services:						
Personnel services	498,359	--	498,359	482,584	483,316	(15,043)
Employee benefits	264,047	--	264,047	255,019	258,974	(5,073)
Purchased services	3,422	--	3,422	3,510	4,310	888
Supplies and materials	8,940	(1,744)	7,196	9,250	7,387	191
Capital outlay	15,454	2,650	18,104	16,411	17,974	(130)
Total community services	790,222	906	791,128	766,774	771,961	(19,167)
Non-departmental:						
Personnel services	271,172	--	271,172	15,659,505	2,913,339	2,642,167
Employee benefits	993,411	18,160	1,011,571	314,269	314,698	(696,873)
Purchased services	366,938	(165,100)	201,838	177,266	(97,371)	(299,209)
Supplies and materials	3,479	(2,761)	718	25,500	23,526	22,808
Capital outlay	11,900	24,708	36,608	150,882	283,237	246,629
Other	1,833,138	--	1,833,138	1,551,300	1,516,652	(316,486)
Total non-departmental	3,480,038	(124,993)	3,355,045	17,878,722	4,954,081	1,599,036
Total current	\$ 459,517,070	\$ 2,227,101	\$ 461,744,171	\$ 473,432,647	\$ 473,432,647	\$ 11,688,476

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

For the Year Ended June 30, 2007

	Personnel Services	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Other	Total
Current:							
General administration:							
Anchorage School Board	\$ 172,590	\$ 56,608	\$ 152,922	\$ 10,230	\$ 3,472	\$ --	\$ 395,822
Superintendent	217,442	95,073	1,095,835	4,217	11,908	--	1,424,475
Instruction	175,600	66,537	146,316	5,917	3,297	--	397,667
Support services	2,244,937	1,159,530	107,262	48,001	123,233	--	3,682,963
Planning, communications and development	409,138	200,997	163,590	11,276	2,522	--	787,523
Business management	1,654,000	773,381	10,435	22,486	4,389	--	2,464,691
Employee relations	1,658,439	760,381	130,523	28,453	38,273	--	2,616,069
Total general administration	6,532,146	3,112,507	1,806,883	130,580	187,094	--	11,769,210
Instruction:							
Instructional support:							
Curriculum and staff development	4,887,425	1,968,774	179,466	729,310	332,806	--	8,097,781
Instructional media	1,419,492	707,264	355,365	460,409	66,277	--	3,008,807
Assessment and evaluation	536,907	233,005	29,976	31,552	13,169	--	844,609
Technology/management information systems	3,199,989	1,482,875	2,433,252	270,874	352,383	--	7,739,373
Total instructional support	10,043,813	4,391,918	2,998,059	1,492,145	764,635	--	19,690,570
Elementary education	88,187,359	39,103,158	7,681,130	3,147,201	449,585	8,015	138,576,448
Charter schools	4,959,617	2,149,091	2,557,918	562,020	301,026	227,382	10,757,054
Middle school education	28,943,216	13,015,795	2,532,335	735,130	408,482	69,047	45,704,005
High school education	57,311,746	25,563,239	7,317,737	2,244,920	460,507	552,917	93,451,066
Special education services:							
Special services	14,619,700	6,635,777	463,371	120,693	29,899	--	21,869,440
Special education	40,993,688	20,487,581	586,524	353,945	151,586	--	62,573,324
Total special education services	55,613,388	27,123,358	1,049,895	474,638	181,485	--	84,442,764
Bilingual education	5,655,573	3,217,696	14,762	31,112	2,420	--	8,921,563
Total instruction	250,714,712	114,564,255	24,151,836	8,687,166	2,568,140	857,361	401,543,470
Pupil transportation	3,794,798	2,491,501	9,871,019	713,216	294,918	70,681	17,236,133
Operation and maintenance of plant:							
Custodial services	1,206,763	508,596	117,957	751,619	90,406	--	2,675,341
Facilities	8,617,645	4,775,114	4,629,449	2,121,995	646,125	--	20,790,328
Vehicle maintenance	468,318	258,424	72,793	364,513	68,280	--	1,232,328
Total operation and maintenance of plant	10,292,726	5,542,134	4,820,199	3,238,127	804,811	--	24,697,997

(Continued)

For the Year Ended June 30, 2007

**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	\$ 498,359	\$ 264,047	\$ 3,422	\$ 8,940	\$ 15,454	\$ --	\$ 790,222
Non-departmental:							
Contracted services	--	--	53,089	--	--	--	53,089
Employee benefits:							
Association benefits	89,883	57,475	--	--	--	--	147,358
Employee assistance	--	64,000	--	--	--	--	64,000
Medical insurance - retirees	--	853,447	--	--	--	--	853,447
Sick leave bank	181,375	15,667	--	--	--	--	197,042
Total employee benefits	271,258	990,589	--	--	--	--	1,261,847
Insurance	--	--	--	--	--	1,413,543	1,413,543
Rental land and buildings	--	--	1,754,392	--	--	--	1,754,392
Utilities	--	--	258,403	--	--	--	258,403
Other non-departmental	(86)	2,822	(1,698,946)	3,479	11,900	419,595	(1,261,236)
Total non-departmental	271,172	993,411	366,938	3,479	11,900	1,833,138	3,480,038
Total	\$ 272,103,913	\$ 126,967,855	\$ 41,020,297	\$ 12,781,508	\$ 3,882,317	\$ 2,761,180	\$ 459,517,070

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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 Activities Fund

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

June 30, 2007
With Comparative Totals for
June 30, 2006

BALANCE SHEET

	<u>2007</u>	<u>2006</u>
Assets		
Accounts receivable	\$ 370,595	\$ 145,721
Due from other governments:		
Municipality of Anchorage	392,523	134,485
State of Alaska	18,503,763	13,434,289
United States Government	334,481	875,474
Prepaid items	<u>29,827</u>	<u>33,636</u>
Total assets	<u>\$ 19,631,189</u>	<u>\$ 14,623,605</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 483,575	\$ 266,456
Due to General Fund	18,777,400	13,854,158
Accrued salaries and related items:		
Wages and salaries payable	208,770	99,100
Payroll taxes, other accrued and withheld items	16,631	17,868
Unearned revenue:		
Unearned revenue - local grants	132,669	237,193
Unearned revenue - state grants	2,819	42,958
Unearned revenue - federal grants	<u>9,325</u>	<u>105,872</u>
Total liabilities	<u>19,631,189</u>	<u>14,623,605</u>
Fund balance:		
Reserved:		
Encumbrances	229,445	163,592
Prepaid items	29,827	33,636
Unreserved:		
Designated for accrued compensated absences	540,587	618,248
Undesignated	<u>(799,859)</u>	<u>(815,476)</u>
Total fund balance	<u>--</u>	<u>--</u>
Total liabilities and fund balance	<u>\$ 19,631,189</u>	<u>\$ 14,623,605</u>

For the Year Ended June 30, 2007
With Comparative Totals for
For the Year Ended June 30, 2006

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

	2007	2006
Revenues:		
Revenues from local grants:		
Alaska Railroad Summer Youth Program	\$ 31,043	\$ 32,306
Donations From Local Agencies	656,756	286,690
Reading is Fundamental Grant	20,991	7,420
Bus Shelter Cleaning Grant	34,219	31,819
Buddy Bear Peer Program	67,287	66,733
Partners in Homeless Education	13,992	--
Total revenues from local grants	824,288	424,968
Revenues from state grants:		
Contract Schools - Memorandum of Agreement		
Alaska State School for Deaf	285,969	279,909
Conflict Resolution Program	202	10,427
Charter Schools Supplemental Grants	15,623	--
Mental Health Trust Grant	--	3,999
Alaska Science and Technology Program	13,314	9,105
Fetal Alcohol Syndrome Grant	--	456
Alaska Mentorship Project	246,164	257,369
School Wellness Grant	16,823	--
Salmon in the Classroom Program	1,199	--
Designated Legislative Grants		
House Bill 67	3	66,907
Senate Bill 46	90,207	254,433
Senate Bill 283	18,441	22,060
Senate Bill 231	1,377,928	--
Total Designated Legislative Grants	1,486,579	343,400
Total revenues from state grants	2,065,873	904,665
Revenues from federal grants:		
Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
District-wide Grant	8,956,528	9,451,934
Summer School Program	108,882	478,169
McLaughlin Youth Center	130,805	167,445
Delinquent and At-Risk Youth Program	134,246	127,023
Highly Qualified Program	21,702	41,899
Professional Development	1,153,672	962,896
Parent Involvement Program	2,307	--
Supplemental Education Services Program	307,009	--
School Improvement Program	92,479	217,103
Total Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115	10,907,630	11,446,469

(Continued)

For the Year Ended June 30, 2007
With Comparative Totals for
For the Year Ended June 30, 2006

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

	2007	2006
Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Migrant Education		
District-wide Grant	\$ 824,336	\$ 770,335
Summer Program	80,695	85,067
Book Program	492	--
Parent Involvement Program	2,364	2,945
Total Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Migrant Education	907,887	858,347
Title II-A - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Professional Development Program	4,685,479	4,471,255
Title II-D - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Enhancing Education Through Technology	567,494	407,857
Title III - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
English Language Acquisition	422,818	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	536,443	574,396
Title V - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Innovative Program	115,424	288,132
Title VI-B - Education of All Handicapped Children Act		
Public Law 94-142	9,999,008	11,301,845
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	1,707,625	1,610,074
Pre-School Handicapped Grant		
Public Law 99-457	380,139	378,871
Reading is Fundamental Grant	34,153	--
Human Immunodeficiency Virus Prevention Program	20,805	21,643
Alaska State School for Deaf Program	66,434	112,383
Capacity Building Improvement Program	--	855
Carl Perkins Vocational Education Basic Grant	1,003,017	1,014,234
Technical Preparation	--	15,675
High Growth Job Training - Planning Grant	--	6,905
High Growth Job Training - Implementation Grant	76,784	--
Access to Education for Homeless Children Program	47,823	66,563
Drug and Violence Prevention Program	312,443	12,518

(Continued)

For the Year Ended June 30, 2007
With Comparative Totals for
For the Year Ended June 30, 2006

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

	2007	2006
Smaller Learning Communities Program	\$ --	\$ 208,150
National Science Foundation Presidential Award	470	3,883
Right Start Program	36,158	91,192
Community Action Prevention and Intervention Program	129,379	141,351
Community Business Partner Program	32,915	64,047
Charter Schools Grants	99,818	943,762
Standard and Assessment Training Program	667	1,749
Reading First Grant	1,021,476	1,121,027
Alaska Native Heritage Center Grant	--	2,194
Work Investment Act School Youth Program	61,397	84,083
Partnership for Teacher Enhancement Program	--	13,176
Bilingual Teachers for Anchorage Program	--	15,283
Foreign Language Assistance Program	187,144	142,824
Northwest Eisenhower Consortium Program	668	11,969
Teaching American History Program	263,635	192,854
Alaska Studies Professional Development	--	1,889
Interlibrary Cooperation Program	25,759	18,119
Physical Education For Progress Program	--	59
School Health Program	23,793	--
Community Centers Learning Program	1,682,088	1,782,282
Governor's Drug Prevention Program	34,213	52,010
Alaska Family Directory Website	21,680	19,667
Healthy Marriages Initiative	13,135	87,528
Minority Language Literacy Project	--	1,423
Fund for the Improvement of Education Grant	123,243	279,291
Advanced Placement for Every Able Learner Grant	603,299	640,133
Refugee Assistance Program	--	15,838
Alaska Educational Innovations Network Program	66,686	61,542
Hurricane Education Recovery Grant	36,348	98,277
Excellence in Economic Education Program	6,389	--
Alaska Parent Information & Resource Center	49,697	--
Emergency Response & Crisis Management Grant	3,138	--
Total revenues from federal grants	<u>36,314,601</u>	<u>38,975,114</u>
Total revenues	<u>39,204,762</u>	<u>40,304,747</u>
Expenditures:		
Current:		
Instruction:		
Local grants	824,288	424,968
State grants	2,065,873	904,665
Federal grants	36,314,601	38,975,114
Total expenditures	<u>39,204,762</u>	<u>40,304,747</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, 2007
With Comparative Totals for
For the Year Ended June 30, 2006

SCHEDULE OF EXPENDITURES - GAAP BASIS

	2007	2006
Current:		
Instruction:		
Local grants:		
Alaska Railroad Summer Youth Program	\$ 31,043	\$ 32,306
Donations From Local Agencies	656,756	286,690
Reading is Fundamental Grant	20,991	7,420
Bus Shelter Cleaning Grant	34,219	31,819
Buddy Bear Peer Program	67,287	66,733
Partners in Homeless Education	13,992	--
Total local grants	<u>824,288</u>	<u>424,968</u>
State grants:		
Contract Schools - Memorandum of Agreement		
Alaska State School for Deaf	285,969	279,909
Conflict Resolution Program	202	10,427
Charter Schools Supplemental Grants	15,623	--
Mental Health Trust Grant	--	3,999
Alaska Science and Technology Program	13,314	9,105
Fetal Alcohol Syndrome Grant	--	456
Alaska Mentorship Project	246,164	257,369
School Wellness Grant	16,823	--
Salmon in the Classroom Program	1,199	--
Designated Legislative Grants		
House Bill 67	3	66,907
Senate Bill 46	90,207	254,433
Senate Bill 283	18,441	22,060
Senate Bill 281	1,377,928	--
Total Designated Legislative Grants	<u>1,486,579</u>	<u>343,400</u>
Total state grants	<u>2,065,873</u>	<u>904,665</u>
Federal grants:		
Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
District-wide Grant	8,956,528	9,451,934
Summer School Program	108,882	478,169
McLaughlin Youth Center	130,805	167,445
Delinquent and At-Risk Youth Program	134,246	127,023
Highly Qualified Program	21,702	41,899
Professional Development	1,153,672	962,896
Parent Involvement Program	2,307	--
Supplemental Education Services Program	307,009	--
School Improvement Program	92,479	217,103
Total Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115	10,907,630	11,446,469

(Continued)

For the Year Ended June 30, 2007
With Comparative Totals for
For the Year Ended June 30, 2006

SCHEDULE OF EXPENDITURES - GAAP BASIS (Continued)

	2007	2006
Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Migrant Education		
District-wide Grant	\$ 824,336	\$ 770,335
Summer Program	80,695	85,067
Book Program	492	--
Parent Involvement Program	2,364	2,945
Total Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Migrant Education	907,887	858,347
Title II-A - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Professional Development Program	4,685,479	4,471,255
Title II-D - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Enhancing Education Through Technology	567,494	407,857
Title III - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
English Language Acquisition	422,818	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	536,443	574,396
Title V - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Innovative Program	115,424	288,132
Title VI-B - Education of All Handicapped Children Act		
Public Law 94-142	9,999,008	11,301,845
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	1,707,625	1,610,074
Pre-School Handicapped Grant		
Public Law 99-457	380,139	378,871
Reading is Fundamental Grant	34,153	--
Human Immunodeficiency Virus Prevention Program	20,805	21,643
Alaska State School for Deaf Program	66,434	112,383
Capacity Building Improvement Program	--	855
Carl Perkins Vocational Education Basic Grant	1,003,017	1,014,234
Technical Preparation	--	15,675
High Growth Job Training - Planning Grant	--	6,905
High Growth Job Training - Implementation Grant	76,784	--
Access to Education for Homeless Children Program	47,823	66,563
Drug and Violence Prevention Program	312,443	12,518

(Continued)

For the Year Ended June 30, 2007
With Comparative Totals for
For the Year Ended June 30, 2006

SCHEDULE OF EXPENDITURES - GAAP BASIS (Continued)

	2007	2006
Smaller Learning Communities Program	\$ --	\$ 208,150
National Science Foundation Presidential Award	470	3,883
Right Start Program	36,158	91,192
Community Action Prevention and Intervention Program	129,379	141,351
Community Business Partner Program	32,915	64,047
Charter Schools Grants	99,818	943,762
Standard and Assessment Training Program	667	1,749
Reading First Grant	1,021,476	1,121,027
Alaska Native Heritage Center Grant	--	2,194
Work Investment Act School Youth Program	61,397	84,083
Partnership for Teacher Enhancement Program	--	13,176
Bilingual Teachers for Anchorage Program	--	15,283
Foreign Language Assistance Program	187,144	142,824
Northwest Eisenhower Consortium Program	668	11,969
Teaching American History Program	263,635	192,854
Alaska Studies Professional Development	--	1,889
Interlibrary Cooperation Program	25,759	18,119
Physical Education For Progress Program	--	59
School Health Program	23,793	--
Community Centers Learning Program	1,682,088	1,782,282
Governor's Drug Prevention Program	34,213	52,010
Alaska Family Directory Website	21,680	19,667
Healthy Marriages Initiative	13,135	87,528
Minority Language Literacy Project	--	1,423
Fund for the Improvement of Education Grant	123,243	279,291
Advanced Placement for Every Able Learner Grant	603,299	640,133
Refugee Assistance Program	--	15,838
Alaska Educational Innovations Network Program	66,686	61,542
Hurricane Education Recovery Grant	36,348	98,277
Excellence in Economic Education Program	6,389	--
Alaska Parent Information & Resource Center	49,697	--
Emergency Response & Crisis Management Grant	3,138	--
	<u>36,314,601</u>	<u>38,975,114</u>
Total federal grants		
	<u>\$ 39,204,762</u>	<u>\$ 40,304,747</u>
Total expenditures		

For the Year Ended June 30, 2007

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

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Original and Final Budget	Variance - Positive (Negative)
Current:					
Instruction:					
Local grants:					
Alaska Railroad Summer Youth Program					
Personnel services	\$ 19,902	\$ --	\$ 19,902	\$ 20,733	\$ 831
Employee benefits	5,582	--	5,582	5,626	44
Purchased services	300	--	300	320	20
Supplies and materials	5,259	--	5,259	6,321	1,062
Total Alaska Railroad Summer Youth Program	31,043	--	31,043	33,000	1,957
Donations From Local Agencies					
Personnel services	125,912	--	125,912	122,168	(3,744)
Employee benefits	47,791	--	47,791	47,374	(417)
Purchased services	93,869	--	93,869	111,736	17,867
Supplies and materials	113,122	6,248	119,370	130,204	10,834
Capital outlay	276,062	10,542	286,604	291,216	4,612
Total Donations From Local Agencies	656,756	16,790	673,546	702,698	29,152
Reading is Fundamental Grant					
Supplies and materials	20,991	(9,256)	11,735	11,739	4
Bus Shelter Cleaning Grant					
Personnel services	30,610	--	30,610	28,751	(1,859)
Employee benefits	2,700	--	2,700	2,531	(169)
Supplies and materials	909	--	909	618	(291)
Total Bus Shelter Cleaning Grant	34,219	--	34,219	31,900	(2,319)
Buddy Bear Peer Program					
Personnel services	624	--	624	--	(624)
Employee benefits	284	--	284	--	(284)
Purchased services	13,095	--	13,095	--	(13,095)
Supplies and materials	46,403	31,919	78,322	--	(78,322)
Capital outlay	6,881	3,418	10,299	--	(10,299)
Total Buddy Bear Peer Program	67,287	35,337	102,624	--	(102,624)
Partners in Homeless Education					
Personnel services	5,421	--	5,421	4,875	(546)
Employee benefits	1,501	--	1,501	1,337	(164)
Purchased services	4,802	--	4,802	2,483	(2,319)
Supplies and materials	2,268	--	2,268	2,590	322
Total Partners in Homeless Education	13,992	--	13,992	11,285	(2,707)
Contingency	--	--	--	2,652,771	2,652,771
Total local grants	824,288	42,871	867,159	3,443,393	2,576,234
State grants:					
Contract School - Memorandum of Agreement					
Alaska State School for Deaf					
Personnel services	170,022	--	170,022	181,713	11,691
Employee benefits	77,914	--	77,914	81,483	3,569
Purchased services	14,962	--	14,962	31,197	16,235
Supplies and materials	11,662	--	11,662	11,684	22
Capital outlay	11,409	--	11,409	15,000	3,591
Total Contract School - Memorandum of Agreement Alaska State School for Deaf	285,969	--	285,969	321,077	35,108

(Continued)

For the Year Ended June 30, 2007

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)
Conflict Resolution Program					
Supplies and materials	\$ 202	\$ --	\$ 202	\$ --	\$ (202)
Charter Schools Supplemental Grants					
Supplies and materials	15,623	--	15,623	--	(15,623)
Alaska Science and Technology Program					
Purchased services	150	--	150	--	(150)
Supplies and materials	9,685	--	9,685	--	(9,685)
Capital outlay	3,479	(500)	2,979	--	(2,979)
Total Alaska Science and Technology Program	13,314	(500)	12,814	--	(12,814)
Alaska Mentorship Project					
Personnel services	170,622	--	170,622	170,622	--
Employee benefits	75,542	--	75,542	75,542	--
Total Alaska Mentorship Project Program	246,164	--	246,164	246,164	--
School Wellness Grant					
Personnel services	8,025	--	8,025	14,100	6,075
Employee benefits	1,927	--	1,927	3,208	1,281
Purchased services	1,612	--	1,612	2,238	626
Supplies and materials	3,959	--	3,959	3,967	8
Capital outlays	1,300	--	1,300	1,300	--
Total School Wellness Grant	16,823	--	16,823	24,813	7,990
Salmon in the Classroom Program					
Personnel services	998	--	998	7,800	6,802
Employee benefits	201	--	201	1,815	1,614
Supplies and materials	--	--	--	385	385
Total Salmon in the Classroom Program	1,199	--	1,199	10,000	8,801
Designated Legislative Grants					
House Bill 67					
Supplies and materials	3	--	3	--	(3)
Senate Bill 46					
Supplies and materials	49,850	(3,262)	46,588	--	(46,588)
Capital outlay	40,357	9,719	50,076	--	(50,076)
Total Senate Bill 46	90,207	6,457	96,664	--	(96,664)
Senate Bill 283					
Supplies and materials	15,489	(187)	15,302	--	(15,302)
Capital outlay	2,952	--	2,952	--	(2,952)
Total Senate Bill 283	18,441	(187)	18,254	--	(18,254)
Senate Bill 231					
Personnel services	114,959	--	114,959	129,625	14,666
Employee benefits	28,808	--	28,808	30,955	2,147
Purchased services	595,853	--	595,853	686,499	90,646
Supplies and materials	260,939	4,287	265,226	463,971	198,745
Capital outlay	377,369	17,298	394,667	513,650	118,983
Total Senate Bill 231	1,377,928	21,585	1,399,513	1,824,700	425,187
Total Designated Legislative Grants	1,486,579	27,855	1,514,434	1,824,700	310,266
Total state grants	2,065,873	27,355	2,093,228	2,426,754	333,526

(Continued)

For the Year Ended June 30, 2007

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

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Original and Final Budget	Variance - Positive (Negative)
Federal grants:					
Title I -Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
District-wide Grant					
Personnel services	\$ 4,891,173	\$ --	\$ 4,891,173	\$ 5,593,873	\$ 702,700
Employee benefits	2,294,636	--	2,294,636	2,576,661	282,025
Purchased services	853,254	--	853,254	1,155,567	302,313
Supplies and materials	658,512	--	658,512	754,200	95,688
Capital outlay	258,953	--	258,953	358,917	99,964
Total District-wide Grant	8,956,528	--	8,956,528	10,439,218	1,482,690
Summer School Program					
Personnel services	46,200	--	46,200	142,000	95,800
Employee benefits	11,683	--	11,683	24,960	13,277
Purchased services	50,397	--	50,397	74,624	24,227
Supplies and materials	602	--	602	29,197	28,595
Capital outlay	--	--	--	3,000	3,000
Total Summer School Program	108,882	--	108,882	273,781	164,899
McLaughlin Youth Center					
Personnel services	81,104	--	81,104	82,282	1,178
Employee benefits	42,855	--	42,855	41,534	(1,321)
Purchased services	5,842	--	5,842	6,331	489
Supplies and materials	767	--	767	650	(117)
Capital outlay	237	--	237	238	1
Total McLaughlin Youth Center	130,805	--	130,805	131,035	230
Delinquent and At-Risk Youth Program					
Personnel services	78,577	--	78,577	81,748	3,171
Employee benefits	43,476	--	43,476	40,649	(2,827)
Purchased services	8,907	--	8,907	8,980	73
Supplies and materials	3,286	--	3,286	3,286	--
Total Delinquent and At-Risk Youth Program	134,246	--	134,246	134,663	417
Highly Qualified Program					
Personnel services	8,771	--	8,771	58,988	50,217
Employee benefits	2,802	--	2,802	17,686	14,884
Purchased services	7,650	--	7,650	25,000	17,350
Supplies and materials	2,479	--	2,479	9,651	7,172
Total Highly Qualified Program	21,702	--	21,702	111,325	89,623
Professional Development					
Personnel services	721,351	--	721,351	772,832	51,481
Employee benefits	304,701	--	304,701	353,082	48,381
Purchased services	114,383	--	114,383	115,151	768
Supplies and materials	12,701	--	12,701	18,005	5,304
Capital outlay	536	--	536	1,000	464
Total Professional Development	1,153,672	--	1,153,672	1,260,070	106,398
Parent Involvement Program					
Purchased services	2,307	--	2,307	5,562	3,255

(Continued)

For the Year Ended June 30, 2007

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)					
Supplemental Education Services Program					
Personnel services	\$ 35,672	\$ --	\$ 35,672	\$ 324,603	\$ 288,931
Employee benefits	9,775	--	9,775	88,470	78,695
Purchased services	258,977	--	258,977	553,188	294,211
Supplies and materials	2,585	--	2,585	20,000	17,415
Total Supplemental Education Services Program	307,009	--	307,009	986,261	679,252
School Improvement Program					
Personnel services	32,272	--	32,272	40,862	8,590
Employee benefits	7,212	--	7,212	9,668	2,456
Purchased services	4,744	--	4,744	8,764	4,020
Supplies and materials	38,920	--	38,920	38,371	(549)
Capital outlay	9,331	--	9,331	9,331	--
Total School Improvement Program	92,479	--	92,479	106,996	14,517
Total Title I - Elementary and Secondary Act No Child Left Behind Act Public Law 107-110 Congress Statute 115	10,907,630	--	10,907,630	13,448,911	2,541,281
Title I - Elementary and Secondary Education Act No Child Left Behind Act Public Law 107-110 Congress Statute 115 Migrant Education					
District-wide Grant					
Personnel services	443,525	--	443,525	447,390	3,865
Employee benefits	200,188	--	200,188	203,257	3,069
Purchased services	95,641	(3)	95,638	100,926	5,288
Supplies and materials	63,602	--	63,602	64,519	917
Capital outlay	21,380	--	21,380	22,617	1,237
Total District-wide Grant	824,336	(3)	824,333	838,709	14,376
Summer Program					
Personnel services	33,123	--	33,123	--	(33,123)
Employee benefits	8,688	--	8,688	--	(8,688)
Purchased services	32,264	--	32,264	--	(32,264)
Supplies and materials	6,620	--	6,620	--	(6,620)
Total Summer Program	80,695	--	80,695	--	(80,695)
Book Program					
Supplies and materials	492	--	492	492	--
Parent Involvement Program					
Purchased services	2,364	--	2,364	5,000	2,636
Total Title I - Elementary and Secondary Education Act, No Child Left Behind Act Public Law 107-110 Congress Statute 115 Migrant Education	907,887	(3)	907,884	844,201	(63,683)

(Continued)

For the Year Ended June 30, 2007

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-A - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
Professional Development Program					
Personnel services	\$ 2,912,114	\$ --	\$ 2,912,114	\$ 3,236,114	\$ 324,000
Employee benefits	1,270,274	--	1,270,274	1,449,527	179,253
Purchased services	304,220	--	304,220	610,846	306,626
Supplies and materials	54,522	--	54,522	54,981	459
Capital outlay	144,349	--	144,349	144,611	262
Total Title II-A - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
Professional Development Program	4,685,479	--	4,685,479	5,496,079	810,600
Title II-D - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
Enhancing Education Through Technology					
Personnel services	239,122	--	239,122	313,906	74,784
Employee benefits	87,275	--	87,275	108,450	21,175
Purchased services	107,254	--	107,254	130,431	23,177
Supplies and materials	19,277	--	19,277	20,439	1,162
Capital outlay	114,566	--	114,566	149,920	35,354
Total Title II-D - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
Enhancing Education Through Technology	567,494	--	567,494	723,146	155,652
Title III - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
English Language Acquisition					
Personnel services	243,764	--	243,764	308,963	65,199
Employee benefits	109,923	--	109,923	145,571	35,648
Purchased services	13,127	--	13,127	22,762	9,635
Supplies and materials	52,785	--	52,785	66,551	13,766
Capital outlay	3,219	--	3,219	5,000	1,781
Total Title III - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
English Language Acquisition	422,818	--	422,818	548,847	126,029

(Continued)

For the Year Ended June 30, 2007

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 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	\$ 348,208	\$ --	\$ 348,208	\$ 428,684	\$ 80,476
Employee benefits	127,275	--	127,275	161,086	33,811
Purchased services	38,131	6,360	44,491	140,014	95,523
Supplies and materials	16,828	--	16,828	50,277	33,449
Capital outlay	6,001	--	6,001	6,695	694
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	536,443	6,360	542,803	786,756	243,953
Title V - Elementary and Secondary Education Act No Child Left Behind Act Public Law 107-110 Congress Statute 115 Innovative Program					
Personnel services	82,244	--	82,244	150,025	67,781
Employee benefits	19,716	--	19,716	34,229	14,513
Purchased services	7,923	--	7,923	18,343	10,420
Supplies and materials	5,541	--	5,541	6,000	459
Total Title V - Elementary and Secondary Education Act No Child Left Behind Act Public Law 107-110 Congress Statute 115 Innovative Program	115,424	--	115,424	208,597	93,173
Title VI-B - Education of All Handicapped Children Act Public Law 94-142					
Personnel services	5,843,654	--	5,843,654	6,538,957	695,303
Employee benefits	2,953,342	--	2,953,342	3,681,003	727,661
Purchased services	1,012,301	--	1,012,301	1,110,950	98,649
Supplies and materials	172,607	--	172,607	257,814	85,207
Capital outlay	17,104	--	17,104	91,947	74,843
Total Title VI-B Education of All Handicapped Children Act Public Law 94-142	9,999,008	--	9,999,008	11,680,671	1,681,663

(Continued)

For the Year Ended June 30, 2007

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 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	\$ 979,947	\$ --	\$ 979,947	\$ 1,018,814	\$ 38,867
Employee benefits	569,480	--	569,480	576,041	6,561
Purchased services	103,818	11,196	115,014	124,000	8,986
Supplies and materials	40,021	(15,104)	24,917	16,096	(8,821)
Capital outlay	14,359	(10,879)	3,480	3,250	(230)
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	1,707,625	(14,787)	1,692,838	1,738,201	45,363
Pre-School Handicapped Grant					
Public Law 99-457					
Personnel services	192,310	--	192,310	227,713	35,403
Employee benefits	85,888	--	85,888	78,539	(7,349)
Purchased services	17,955	--	17,955	20,173	2,218
Supplies and materials	70,932	--	70,932	95,916	24,984
Capital outlay	13,054	--	13,054	15,000	1,946
Total Pre-School Handicapped Grant					
Public Law 99-457	380,139	--	380,139	437,341	57,202
Reading is Fundamental Grant					
Supplies and materials	34,153	--	34,153	34,155	2
Human Immunodeficiency Virus Prevention Program					
Personnel services	9,254	--	9,254	9,254	--
Employee benefits	1,717	--	1,717	1,717	--
Purchased services	5,608	--	5,608	5,609	1
Supplies and materials	4,226	--	4,226	4,230	4
Total Human Immunodeficiency Virus Prevention Program	20,805	--	20,805	20,810	5
Alaska State School for Deaf Program					
Personnel services	4,720	--	4,720	7,040	2,320
Employee benefits	1,310	--	1,310	2,221	911
Purchased services	47,111	--	47,111	70,277	23,166
Supplies and materials	1,149	--	1,149	1,250	101
Capital outlay	12,144	--	12,144	14,212	2,068
Total Alaska State School for Deaf Program	66,434	--	66,434	95,000	28,566
Carl Perkins Vocational Education Basic Grant					
Personnel services	131,594	--	131,594	180,300	48,706
Employee benefits	19,430	--	19,430	20,000	570
Purchased services	229,107	--	229,107	242,537	13,430
Supplies and materials	275,272	--	275,272	280,000	4,728
Capital outlay	347,614	--	347,614	400,381	52,767
Total Carl Perkins Vocational Education Basic Grant	1,003,017	--	1,003,017	1,123,218	120,201

(Continued)

For the Year Ended June 30, 2007

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

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Original and Final Budget	Variance - Positive (Negative)
High Growth Job Training - Implementation Grant					
Personnel services	\$ 45,304	\$ --	\$ 45,304	\$ 27,620	\$ (17,684)
Employee benefits	12,718	--	12,718	6,086	(6,632)
Purchased services	3,640	--	3,640	1,294	(2,346)
Supplies and materials	15,122	--	15,122	--	(15,122)
Total High Growth Job Training - Implementation Grant	76,784	--	76,784	35,000	(41,784)
Access to Education for Homeless Children Program					
Personnel services	27,063	--	27,063	28,169	1,106
Employee benefits	7,693	--	7,693	8,044	351
Purchased services	5,327	--	5,327	5,384	57
Supplies and materials	7,740	--	7,740	7,755	15
Total Access to Education for Homeless Children Program	47,823	--	47,823	49,352	1,529
Drug and Violence Prevention Program					
Personnel services	192,721	--	192,721	--	(192,721)
Employee benefits	80,359	--	80,359	--	(80,359)
Purchased services	16,836	--	16,836	--	(16,836)
Supplies and materials	20,676	(2,021)	18,655	--	(18,655)
Capital outlay	1,851	--	1,851	--	(1,851)
Total Drug and Violence Prevention Program	312,443	(2,021)	310,422	--	(310,422)
National Science Foundation Presidential Award					
Purchased services	470	--	470	--	(470)
Right Start Program					
Personnel services	22,376	--	22,376	22,390	14
Employee benefits	4,291	--	4,291	4,330	39
Purchased services	4,500	--	4,500	4,500	--
Supplies and materials	4,991	--	4,991	4,994	3
Total Right Start Program	36,158	--	36,158	36,214	56
Community Action Prevention and Intervention Program					
Personnel services	74,561	--	74,561	84,165	9,604
Employee benefits	29,207	--	29,207	36,277	7,070
Purchased services	12,472	--	12,472	14,275	1,803
Supplies and materials	13,097	--	13,097	14,098	1,001
Capital outlay	42	--	42	130	88
Total Community Action Prevention and Intervention Program	129,379	--	129,379	148,945	19,566
Community Business Partner Program					
Personnel services	29,168	--	29,168	131,655	102,487
Employee benefits	2,530	--	2,530	11,298	8,768
Purchased services	1,217	--	1,217	7,047	5,830
Total Community Business Partner Program	32,915	--	32,915	150,000	117,085
Charter Schools Grants					
Personnel services	--	--	--	10,000	10,000
Employee benefits	--	--	--	3,467	3,467
Purchased services	29,137	--	29,137	57,964	28,827
Supplies and materials	46,939	--	46,939	68,084	21,145
Capital outlay	23,742	--	23,742	28,540	4,798
Total Charter Schools Grants	99,818	--	99,818	168,055	68,237

(Continued)

For the Year Ended June 30, 2007

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)
Standard and Assessment Training Program					
Personnel services	\$ 500	\$ --	\$ 500	\$ 500	\$ --
Employee benefits	143	--	143	143	--
Purchased services	24	--	24	77	53
Total Standard and Assessment Training Program	667	--	667	720	53
Reading First Grant					
Personnel services	541,781	--	541,781	585,277	43,496
Employee benefits	176,214	--	176,214	190,289	14,075
Purchased services	111,921	--	111,921	118,288	6,367
Supplies and materials	191,560	--	191,560	201,917	10,357
Capital outlay	--	--	--	6,000	6,000
Total Reading First Grant	1,021,476	--	1,021,476	1,101,771	80,295
Work Investment Act School Youth Program					
Personnel services	48,000	--	48,000	54,405	6,405
Employee benefits	8,468	--	8,468	9,144	676
Purchased services	2,270	--	2,270	2,589	319
Supplies and materials	2,659	--	2,659	2,728	69
Total Work Investment Act School Youth Program	61,397	--	61,397	68,866	7,469
Foreign Language Assistance Program					
Personnel services	75,714	--	75,714	91,673	15,959
Employee benefits	28,803	--	28,803	25,305	(3,498)
Purchased services	39,729	--	39,729	71,756	32,027
Supplies and materials	23,296	2,514	25,810	21,393	(4,417)
Capital outlay	19,602	--	19,602	7,760	(11,842)
Total Foreign Language Assistance Program	187,144	2,514	189,658	217,887	28,229
Northwest Eisenhower Consortium Program					
Supplies and materials	668	--	668	--	(668)
Teaching American History Program					
Personnel services	84,913	--	84,913	354,148	269,235
Employee benefits	36,510	--	36,510	136,707	100,197
Purchased services	110,767	(2,388)	108,379	330,259	221,880
Supplies and materials	27,747	167	27,914	68,787	40,873
Capital outlay	3,698	--	3,698	4,000	302
Total Teaching American History Program	263,635	(2,221)	261,414	893,901	632,487
Interlibrary Cooperation Program					
Personnel services	3,979	--	3,979	1,245	(2,734)
Employee benefits	1,220	--	1,220	355	(865)
Purchased services	3,869	--	3,869	5,300	1,431
Supplies and materials	16,691	(3,179)	13,512	2,900	(10,612)
Total Interlibrary Cooperation Program	25,759	(3,179)	22,580	9,800	(12,780)
School Health Program					
Personnel services	16,292	--	16,292	16,453	161
Employee benefits	4,657	--	4,657	4,694	37
Purchased services	879	--	879	888	9
Supplies and materials	1,965	--	1,965	1,965	--
Total for School Health Program	23,793	--	23,793	24,000	207

(Continued)

For the Year Ended June 30, 2007

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 Centers Learning Program					
Personnel services	\$ 1,123,443	\$ --	\$ 1,123,443	\$ 1,145,974	\$ 22,531
Employee benefits	453,206	--	453,206	447,245	(5,961)
Purchased services	94,949	--	94,949	100,734	5,785
Supplies and materials	10,490	--	10,490	16,000	5,510
Total Community Centers Learning Program	1,682,088	--	1,682,088	1,709,953	27,865
Governor's Drug Prevention Program					
Purchased services	26,720	--	26,720	31,622	4,902
Supplies and materials	7,493	--	7,493	7,713	220
Total Governor's Drug Prevention Program	34,213	--	34,213	39,335	5,122
Alaska Family Directory Website					
Personnel services	10,536	--	10,536	12,411	1,875
Employee benefits	4,133	--	4,133	5,428	1,295
Purchased services	1,301	--	1,301	2,240	939
Supplies and materials	5,710	--	5,710	7,921	2,211
Total Alaska Family Directory Website	21,680	--	21,680	28,000	6,320
Healthy Marriages Initiative					
Personnel services	2,955	--	2,955	2,955	--
Employee benefits	793	--	793	875	82
Purchased services	3,636	--	3,636	3,639	3
Supplies and materials	5,751	--	5,751	5,756	5
Total Healthy Marriages Initiative	13,135	--	13,135	13,225	90
Fund for the Improvement of Education Grant					
Personnel services	66,671	--	66,671	--	(66,671)
Employee benefits	28,078	--	28,078	--	(28,078)
Purchased services	14,100	2,514	16,614	--	(16,614)
Supplies and materials	10,940	(5,300)	5,640	--	(5,640)
Capital outlay	3,454	--	3,454	--	(3,454)
Total Fund for the Improvement of Education Grant	123,243	(2,786)	120,457	--	(120,457)
Advanced Placement for Every Able Learner Grant					
Personnel services	89,731	--	89,731	94,277	4,546
Employee benefits	34,908	--	34,908	57,771	22,863
Purchased services	449,350	19,583	468,933	317,364	(151,569)
Supplies and materials	27,911	10,117	38,028	67,800	29,772
Capital outlay	1,399	--	1,399	--	(1,399)
Total Advanced Placement for Every Able Learner Grant	603,299	29,700	632,999	537,212	(95,787)
Alaska Educational Innovations Network Program					
Personnel services	49,667	--	49,667	60,426	10,759
Employee benefits	11,199	--	11,199	15,274	4,075
Purchased services	2,347	--	2,347	9,508	7,161
Supplies and materials	3,473	--	3,473	2,797	(676)
Total Alaska Educational Innovation Network Program	66,686	--	66,686	88,005	21,319
Hurricane Education Recovery Grant					
Supplies and materials	36,348	--	36,348	--	(36,348)

(Continued)

For the Year Ended June 30, 2007

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)
Excellence in Economic Education Program					
Personnel services	\$ 4,074	\$ --	\$ 4,074	\$ 4,608	\$ 534
Employee benefits	885	--	885	979	94
Supplies and materials	1,164	--	1,164	3,812	2,648
Capital outlay	266	--	266	300	34
Total Excellence in Economic Education Program	6,389	--	6,389	9,699	3,310
Alaska Parent Information & Resource Center					
Personnel services	14,201	--	14,201	51,118	36,917
Employee benefits	7,965	--	7,965	44,227	36,262
Purchased services	25,317	12,500	37,817	45,367	7,550
Supplies and materials	438	--	438	9,252	8,814
Capital outlay	1,776	--	1,776	2,700	924
Total Alaska Parent Information & Resource Center	49,697	12,500	62,197	152,664	90,467
Emergency Response & Crisis Management Grant					
Personnel services	--	--	--	193,100	193,100
Employee benefits	--	--	--	81,642	81,642
Purchased services	--	--	--	166,206	166,206
Supplies and materials	3,138	--	3,138	20,368	17,230
Total for Emergency Response & Crisis Management Grant	3,138	--	3,138	461,316	458,178
Total federal grants	36,314,601	26,077	36,340,678	43,129,853	6,789,175
	<u>\$ 39,204,762</u>	<u>\$ 96,303</u>	<u>\$ 39,301,065</u>	<u>\$ 49,000,000</u>	<u>\$ 9,698,935</u>

For the Year Ended June 30, 2007

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

	Personnel Services	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Total
Current:						
Instruction:						
Local grants:						
Alaska Railroad Summer Youth Program	\$ 19,902	\$ 5,582	\$ 300	\$ 5,259	\$ --	\$ 31,043
Donations From Local Agencies	125,912	47,791	93,869	113,122	276,062	656,756
Reading is Fundamental Grant	--	--	--	20,991	--	20,991
Bus Shelter Cleaning Grant	30,610	2,700	--	909	--	34,219
Buddy Bear Peer Program	624	284	13,095	46,403	6,881	67,287
Partners in Homeless Education	5,421	1,501	4,802	2,268	--	13,992
Total local grants	182,469	57,858	112,066	188,952	282,943	824,288
State grants:						
Contract Schools - Memorandum of Agreement						
Alaska State School for Deaf	170,022	77,914	14,962	11,662	11,409	285,969
Conflict Resolution Program	--	--	--	202	--	202
Charter Schools Supplemental Grant	--	--	--	15,623	--	15,623
Alaska Science and Technology Program	--	--	150	9,685	3,479	13,314
Alaska Mentorship Project	170,622	75,542	--	--	--	246,164
School Wellness Grant	8,025	1,927	1,612	3,959	1,300	16,823
Salmon in the Classroom Program	998	201	--	--	--	1,199
Designated Legislative Grants						
Program House Bill 67	--	--	--	3	--	3
Program Senate Bill 46	--	--	--	49,850	40,357	90,207
Program Senate Bill 283	--	--	--	15,489	2,952	18,441
Program Senate Bill 281	114,959	28,808	595,853	260,939	377,369	1,377,928
Total Designated Legislative Grants	114,959	28,808	595,853	326,281	420,678	1,486,579
Total state grants	464,626	184,392	612,577	367,412	436,866	2,065,873
Federal grants:						
Title I - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
District-wide Grant	4,891,173	2,294,636	853,254	658,512	258,953	8,956,528
Summer School Program	46,200	11,683	50,397	602	--	108,882
McLaughlin Youth Center	81,104	42,855	5,842	767	237	130,805
Delinquent and At-Risk Youth Program	78,577	43,476	8,907	3,286	--	134,246
Highly Qualified Program	8,771	2,802	7,650	2,479	--	21,702
Professional Development	721,351	304,701	114,383	12,701	536	1,153,672
Parent Involvement Program	--	--	2,307	--	--	2,307
Supplemental Education Services Program	35,672	9,775	258,977	2,585	--	307,009
School Improvement Program	32,272	7,212	4,744	38,920	9,331	92,479
Total Title I - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115	5,895,120	2,717,140	1,306,461	719,852	269,057	10,907,630

(Continued)

For the Year Ended June 30, 2007

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						
District-wide Grant	\$ 443,525	\$ 200,188	\$ 95,641	\$ 63,602	\$ 21,380	\$ 824,336
Summer Program	33,123	8,688	32,264	6,620	--	80,695
Book Program	--	--	--	492	--	492
Parent Involvement Program	--	--	2,364	--	--	2,364
Total Title I - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
Migrant Education	476,648	208,876	130,269	70,714	21,380	907,887
Title II-A - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
Professional Development Program	2,912,114	1,270,274	304,220	54,522	144,349	4,685,479
Title II-D - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
Enhancing Education Through Technology	239,122	87,275	107,254	19,277	114,566	567,494
Title III - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
English Language Acquisition	243,764	109,923	13,127	52,785	3,219	422,818
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	348,208	127,275	38,131	16,828	6,001	536,443
Title V - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
Innovative Program	82,244	19,716	7,923	5,541	--	115,424

(Continued)

For the Year Ended June 30, 2007

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

	Personnel Services	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Total
Title VI-B - Education of All Handicapped Children Act Public Law 94-142	\$ 5,843,654	\$ 2,953,342	\$ 1,012,301	\$ 172,607	\$ 17,104	\$ 9,999,008
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	979,947	569,480	103,818	40,021	14,359	1,707,625
Pre-School Handicapped Grant Public Law 99-457	192,310	85,888	17,955	70,932	13,054	380,139
Reading is Fundamental Grant	--	--	--	34,153	--	34,153
Human Immunodeficiency Virus Prevention Program	9,254	1,717	5,608	4,226	--	20,805
Alaska State School for Deaf Program	4,720	1,310	47,111	1,149	12,144	66,434
Carl Perkins Vocational Education Basic Grant	131,594	19,430	229,107	275,272	347,614	1,003,017
High Growth Job Training Implementation Grant	45,304	12,718	3,640	15,122	--	76,784
Access to Education for Homeless Children Program	27,063	7,693	5,327	7,740	--	47,823
Drug and Violence Prevention Program	192,721	80,359	16,836	20,676	1,851	312,443
National Science Foundation Presidential Award	--	--	470	--	--	470
Right Start Program	22,376	4,291	4,500	4,991	--	36,158
Community Action Prevention and Intervention Program	74,561	29,207	12,472	13,097	42	129,379
Community Business Partner Program	29,168	2,530	1,217	--	--	32,915
Charter Schools Grants	--	--	29,137	46,939	23,742	99,818
Standard and Assessment Training Program	500	143	24	--	--	667
Reading First Grant	541,781	176,214	111,921	191,560	--	1,021,476
Work Investment Act School Youth Program	48,000	8,468	2,270	2,659	--	61,397
Foreign Language Assistance Program	75,714	28,803	39,729	23,296	19,602	187,144
Northwest Eisenhower Consortium Program	--	--	--	668	--	668
Teaching American History Program	84,913	36,510	110,767	27,747	3,698	263,635

(Continued)

For the Year Ended June 30, 2007 | SCHEDULE OF EXPENDITURES BY FUNCTION,
ACTIVITY, AND OBJECT - GAAP BASIS (Continued)

	Personnel Services	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Total
Interlibrary Cooperation Program	\$ 3,979	\$ 1,220	\$ 3,869	\$ 16,691	\$ --	\$ 25,759
School Health Program	16,292	4,657	879	1,965	--	23,793
Community Centers Learning Program	1,123,443	453,206	94,949	10,490	--	1,682,088
Governor's Drug Prevention Program	--	--	26,720	7,493	--	34,213
Alaska Family Directory Website	10,536	4,133	1,301	5,710	--	21,680
Healthy Marriages Initiative	2,955	793	3,636	5,751	--	13,135
Fund for the Improvement of Education Grant	66,671	28,078	14,100	10,940	3,454	123,243
Advanced Placement for Every Able Learner Grant	89,731	34,908	449,350	27,911	1,399	603,299
Alaska Educational Innovations Network Program	49,667	11,199	2,347	3,473	--	66,686
Hurricane Education Recovery Grant	--	--	--	36,348	--	36,348
Excellence in Economic Education Program	4,074	885	1,164	266	--	6,389
Alaska Parent Information & Resource Center	14,201	7,965	25,317	438	1,776	49,697
Emergency Response & Crisis Management Grant	--	--	--	3,138	--	3,138
Total federal grants	19,882,349	9,105,626	4,285,227	2,022,988	1,018,411	36,314,601
	<u>\$ 20,529,444</u>	<u>\$ 9,347,876</u>	<u>\$ 5,009,870</u>	<u>\$ 2,579,352</u>	<u>\$ 1,738,220</u>	<u>\$ 39,204,762</u>

COMBINING BALANCE SHEET

	Food Service	Student Activity	Totals	
			2007	2006
Assets				
Cash and investments, at cost	\$ 825	\$ 2,067,520	\$ 2,068,345	\$ 1,964,463
Accounts receivable	15,016	7,612	22,628	25,388
Due from General Fund	--	1,165,624	1,165,624	2,383,081
Due from State of Alaska	887,196	--	887,196	540,718
Prepaid items	--	1,121	1,121	233
U.S.D.A. food commodities, at U.S.D.A. allocated value	129,466	--	129,466	111,936
Inventory, at weighted average cost	1,527,646	--	1,527,646	766,571
Total assets	<u>\$ 2,560,149</u>	<u>\$ 3,241,877</u>	<u>\$ 5,802,026</u>	<u>\$ 5,792,390</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 547,661	\$ 13,770	\$ 561,431	\$ 25,711
Due to General Fund	192,753	--	192,753	6,685
Accrued salaries and related items:				
Wages and salaries payable	12,277	--	12,277	17,492
Payroll taxes, other accrued and withheld items	7,877	--	7,877	9,143
Unearned revenue	254,258	--	254,258	207,922
Total liabilities	<u>1,014,826</u>	<u>13,770</u>	<u>1,028,596</u>	<u>266,953</u>
Fund balance:				
Reserved:				
Encumbrances	2,795	--	2,795	309,878
Inventory	1,527,646	--	1,527,646	766,571
Prepaid items	--	1,121	1,121	233
Unreserved:				
Designated for subsequent year's expenditures	--	--	--	193,160
Accrued compensated absences	--	--	--	307,163
Undesignated	14,882	3,226,986	3,241,868	3,948,432
Total fund balance	<u>1,545,323</u>	<u>3,228,107</u>	<u>4,773,430</u>	<u>5,525,437</u>
Total liabilities and fund balance	<u>\$ 2,560,149</u>	<u>\$ 3,241,877</u>	<u>\$ 5,802,026</u>	<u>\$ 5,792,390</u>

For the Year Ended June 30, 2007
 With Comparative Totals
 For the Year Ended June 30, 2006

**SPECIAL REVENUE FUNDS
 NONMAJOR GOVERNMENTAL FUNDS**

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

	Food Service	Student Activity	Totals	
			2007	2006
Revenues:				
Revenues from local sources	\$ 4,977,981	\$ 7,275,779	\$ 12,253,760	\$ 11,999,227
Revenues from federal sources	9,246,111	--	9,246,111	8,579,320
Total revenues	14,224,092	7,275,779	21,499,871	20,578,547
Expenditures:				
Current:				
Instruction	--	7,138,948	7,138,948	6,673,412
Food services	15,112,931	--	15,112,931	13,997,995
Total expenditures	15,112,931	7,138,948	22,251,879	20,671,407
Excess (deficiency) of revenues over expenditures	(888,839)	136,831	(752,008)	(92,860)
Fund balance at beginning of year	2,434,162	3,091,275	5,525,437	5,618,297
Fund balance at end of year	\$ 1,545,323	\$ 3,228,106	\$ 4,773,429	\$ 5,525,437

June 30, 2007
With Comparative Totals for
June 30, 2006

BALANCE SHEET

	<u>2007</u>	<u>2006</u>
Assets		
Cash and investments, at cost	\$ 825	\$ 425
Accounts receivable	15,016	12,333
Due from General Fund	--	1,245,326
Due from State of Alaska	887,196	540,718
Prepaid items	--	233
U.S.D.A. food commodities, at U.S.D.A. allocated value	129,466	111,936
Inventory, at weighted average cost	<u>1,527,646</u>	<u>766,571</u>
Total assets	<u>\$ 2,560,149</u>	<u>\$ 2,677,542</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 547,661	\$ 8,823
Due to General Fund	192,753	--
Accrued salaries and related items:		
Wages and salaries payable	12,277	17,492
Payroll taxes, other accrued and withheld items	7,877	9,143
Unearned revenue:		
Prepaid meal charges	124,792	95,986
U.S.D.A. food commodities	<u>129,466</u>	<u>111,936</u>
Total liabilities	<u>1,014,826</u>	<u>243,380</u>
Fund balance:		
Reserved:		
Encumbrances	2,795	309,878
Inventory	1,527,646	766,571
Prepaid items	--	233
Unreserved:		
Designated for subsequent year's expenditures	--	193,160
Designated for accrued compensated absences	--	307,163
Undesignated	<u>14,882</u>	<u>857,157</u>
Total fund balance	<u>1,545,323</u>	<u>2,434,162</u>
Total liabilities and fund balance	<u>\$ 2,560,149</u>	<u>\$ 2,677,542</u>

For the Year Ended June 30, 2007
 With Comparative Totals
 For the Year Ended June 30, 2006

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

	<u>2007</u>	<u>2006</u>
Revenues:		
Revenues from local sources:		
Lunch sales - student	\$ 2,704,353	\$ 2,771,585
Lunch sales - adult	66,034	43,126
Breakfast program	111,429	117,898
Milk program	61,749	53,527
A la carte program	1,939,316	2,179,350
Special meals	94,831	81,703
After school snack program	--	3,177
Other revenues	269	837
Total revenues from local sources	<u>4,977,981</u>	<u>5,251,203</u>
Revenues from federal sources:		
Type A lunch program - reimbursement	7,366,849	6,765,275
Breakfast program - reimbursement	1,321,288	1,188,408
After school snack program - reimbursement	136,102	129,979
United States Department of Agriculture commodities	421,872	495,658
Total revenues from federal sources	<u>9,246,111</u>	<u>8,579,320</u>
Total revenues	<u>14,224,092</u>	<u>13,830,523</u>
Expenditures:		
Current:		
Food services:		
General administration	1,217,520	1,255,598
Kitchens and food center	12,566,154	11,517,437
Delivery	1,329,257	1,224,960
Total expenditures	<u>15,112,931</u>	<u>13,997,995</u>
Deficiency of revenues over expenditures	(888,839)	(167,472)
Fund balance at beginning of year	<u>2,434,162</u>	<u>2,601,634</u>
Fund balance at end of year	<u>\$ 1,545,323</u>	<u>\$ 2,434,162</u>

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

For the Year Ended June 30, 2007

	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	\$ 2,704,353	\$ --	\$ 2,704,353	\$ 3,626,353	\$ 3,626,353	\$ (922,000)
Lunch sales - adult	66,034	--	66,034	53,609	53,609	12,425
Breakfast program	111,429	--	111,429	117,622	117,622	(6,193)
Milk program	61,749	--	61,749	82,150	82,150	(20,401)
A la carte program	1,939,316	--	1,939,316	2,319,705	2,319,705	(380,389)
Special meals	94,831	--	94,831	200,712	200,712	(105,881)
After school snack program	--	--	--	193,160	193,160	(193,160)
Other revenues	269	--	269	--	--	269
Total revenue from local sources	4,977,981	--	4,977,981	6,593,311	6,593,311	(1,615,330)
Revenues from federal sources:						
Type A lunch program - reimbursement	7,366,849	--	7,366,849	6,742,808	6,742,808	624,041
Breakfast program - reimbursement	1,321,288	--	1,321,288	1,030,249	1,030,249	291,039
After school snack program - reimbursement	136,102	--	136,102	161,332	161,332	(25,230)
United States Department of Agriculture commodities	421,872	--	421,872	472,300	472,300	(50,428)
Total revenue from federal sources	9,246,111	--	9,246,111	8,406,689	8,406,689	839,422
Total revenues	14,224,092	--	14,224,092	15,000,000	15,000,000	(775,908)
Expenditures:						
Current:						
Food services						
General administration						
Personnel services	409,702	--	409,702	464,761	465,428	55,726
Employee benefits	208,921	--	208,921	214,319	213,652	4,731
Purchased services	573,006	--	573,006	579,866	584,931	11,925
Supplies and materials	15,872	134	16,006	20,000	45,380	29,374
Capital outlay	10,019	(4,252)	5,767	16,880	16,380	10,613
Total general administration	1,217,520	(4,118)	1,213,402	1,295,826	1,325,771	112,369
Kitchens and food center						
Personnel services	3,758,062	--	3,758,062	3,755,274	3,766,625	8,563
Employee benefits	2,418,264	--	2,418,264	2,496,065	2,474,714	56,450
Purchased services	341,923	(23,498)	318,425	407,168	377,823	59,398
Supplies and materials	5,809,452	(26,354)	5,783,098	5,530,787	5,541,362	(241,736)
Capital outlay	238,453	(152,488)	85,965	117,800	116,625	30,660
Total kitchens and food center	12,566,154	(202,340)	12,363,814	12,307,094	12,277,149	(86,665)

(Continued)

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

For the Year Ended June 30, 2007

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Budgeted Amounts		Variance with Final Budget Positive (Negative)
				Original	Final	
Delivery:						
Personnel services	\$ 785,374	\$ --	\$ 785,374	\$ 792,894	\$ 792,894	\$ 7,520
Employee benefits	443,201	--	443,201	461,295	461,295	18,094
Purchased services	6,588	--	6,588	26,591	25,591	19,003
Supplies and materials	86,371	(2,300)	84,071	105,000	106,000	21,929
Capital outlay	7,723	(5,620)	2,103	11,300	11,300	9,197
Total delivery	1,329,257	(7,920)	1,321,337	1,397,080	1,397,080	75,743
Total expenditures	15,112,931	(214,378)	14,898,553	15,000,000	15,000,000	101,447
Excess (deficiency) of revenues over expenditures	(888,839)	214,378	(674,461)	--	--	674,461
Fund balance at beginning of year	2,434,162	134,881	2,569,043	2,232,221	2,232,221	(336,822)
Fund balance at end of year	\$ 1,545,323	\$ 349,259	\$ 1,894,582	\$ 2,232,221	\$ 2,232,221	\$ 337,639

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		\$ 14,224,092
Expenditures reported on the basis of GAAP		15,112,931
Add: current year encumbrances	\$ 785	
Deduct: expenditures on prior year's encumbrances	(215,163)	
		(214,378)
Expenditures and encumbrances reported on the basis of budgeting		14,898,553
Deficiency of revenues over expenditures on the basis of budgeting		\$ (674,461)

For the Year Ended June 30, 2007

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	\$ 409,702	\$ 208,921	\$ 573,006	\$ 15,872	\$ 10,019	\$ 1,217,520
Kitchens and food center	3,758,062	2,418,264	341,923	5,809,452	238,453	12,566,154
Delivery	785,374	443,201	6,588	86,371	7,723	1,329,257
	<u>\$ 4,953,138</u>	<u>\$ 3,070,386</u>	<u>\$ 921,517</u>	<u>\$ 5,911,695</u>	<u>\$ 256,195</u>	<u>\$ 15,112,931</u>

June 30, 2007
With Comparative Totals for
June 30, 2006

BALANCE SHEET - BY ACCOUNT

	Decentralized Student Activities	Centralized Student Activities	Totals	
			2007	2006
Assets				
Cash and investments, at cost	\$ 2,067,520	\$ --	\$ 2,067,520	\$ 1,964,038
Account receivable	--	7,612	7,612	13,055
Due from General Fund	23,291	1,142,333	1,165,624	1,137,755
Prepaid Items	--	1,121	1,121	--
Total assets	<u>\$ 2,090,811</u>	<u>\$ 1,151,066</u>	<u>\$ 3,241,877</u>	<u>\$ 3,114,848</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ --	\$ 13,770	\$ 13,770	\$ 16,888
Due to General Fund	--	--	--	6,685
Total liabilities	<u>--</u>	<u>13,770</u>	<u>13,770</u>	<u>23,573</u>
Fund balance:				
Reserved for prepaid items:	--	1,121	1,121	--
Unreserved - undesignated:	<u>2,090,811</u>	<u>1,136,175</u>	<u>3,226,986</u>	<u>3,091,275</u>
Total fund balance	<u>2,090,811</u>	<u>1,137,296</u>	<u>3,228,107</u>	<u>3,091,275</u>
Total liabilities and fund balance	<u>\$ 2,090,811</u>	<u>\$ 1,151,066</u>	<u>\$ 3,241,877</u>	<u>\$ 3,114,848</u>

For the Year Ended June 30, 2007
With Comparative Totals for
For the Year Ended June 30, 2006

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

	Decentralized Student Activities	Centralized Student Activities	Totals	
			2007	2006
Revenues:				
Revenues from local sources:				
Other revenues	\$ 6,259,670	\$ 1,016,109	\$ 7,275,779	\$ 6,748,024
Expenditures:				
Current:				
Instruction:				
Pupil activity	6,137,298	1,001,650	7,138,948	6,673,412
Excess of revenues over expenditures	122,372	14,459	136,831	74,612
Fund balance at beginning of year	1,968,438	1,122,837	3,091,275	3,016,663
Fund balance at end of year	\$ 2,090,810	\$ 1,137,296	\$ 3,228,106	\$ 3,091,275

June 30, 2007
With Comparative Totals for
June 30, 2006

DECENTRALIZED STUDENT ACTIVITIES

BALANCE SHEET - BY DEPARTMENT

	High Schools	Middle Schools	Alternative Schools and Others	Totals	
				2007	2006
Assets					
Cash and investments, at cost	\$ 1,330,719	\$ 495,231	\$ 241,570	\$ 2,067,520	\$ 1,964,038
Due from General Fund	6,271	16,959	61	23,291	11,085
Total assets	<u>\$ 1,336,990</u>	<u>\$ 512,190</u>	<u>\$ 241,631</u>	<u>\$ 2,090,811</u>	<u>\$ 1,975,123</u>
Liabilities and Fund Balance					
Liabilities:					
Due to General Fund	\$ --	\$ --	\$ --	\$ --	\$ 6,685
Fund balance:					
Unreserved - undesignated	1,336,990	512,190	241,631	2,090,811	1,968,438
Total liabilities and fund balance	<u>\$ 1,336,990</u>	<u>\$ 512,190</u>	<u>\$ 241,631</u>	<u>\$ 2,090,811</u>	<u>\$ 1,975,123</u>

For the Year Ended June 30, 2007
With Comparative Totals for
For the Year Ended June 30, 2006

DECENTRALIZED STUDENT ACTIVITIES

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

	High Schools	Middle Schools	Alternative Schools and Others	Totals	
				2007	2006
Revenues:					
Revenues from local sources:					
Other revenues	<u>\$ 4,788,610</u>	<u>\$ 882,470</u>	<u>\$ 588,590</u>	<u>\$ 6,259,670</u>	<u>\$ 5,790,075</u>
Expenditures:					
Current:					
Instruction:					
Pupil activity	<u>4,663,230</u>	<u>892,112</u>	<u>581,956</u>	<u>6,137,298</u>	<u>5,875,212</u>
Excess (deficiency) of revenues over expenditures	125,380	(9,642)	6,634	122,372	(85,137)
Fund balance at beginning of year	<u>1,211,609</u>	<u>521,832</u>	<u>234,997</u>	<u>1,968,438</u>	<u>2,053,575</u>
Fund balance at end of year	<u>\$ 1,336,989</u>	<u>\$ 512,190</u>	<u>\$ 241,631</u>	<u>\$ 2,090,810</u>	<u>\$ 1,968,438</u>

June 30, 2007
With Comparative Totals for
June 30, 2006

CENTRALIZED STUDENT ACTIVITIES
BALANCE SHEET - BY DEPARTMENT

	PTA Support	Elementary Schools Student Activities	Secondary Schools Instructional Replacement Fees	Supplemental Sources	Totals	
					2007	2006
Assets						
Accounts receivable	\$ --	\$ --	\$ --	\$ 7,612	\$ 7,612	\$ 13,055
Due from General Fund	159,023	170,001	402,955	410,354	1,142,333	1,126,670
Prepaid Charges	--	--	1,121	--	1,121	--
Total assets	<u>\$ 159,023</u>	<u>\$ 170,001</u>	<u>\$ 404,076</u>	<u>\$ 417,966</u>	<u>\$ 1,151,066</u>	<u>\$ 1,139,725</u>
Liabilities and Fund Balance						
Liabilities:						
Accounts payable	\$ 1,309	\$ 814	\$ 6,762	\$ 4,885	\$ 13,770	\$ 16,888
Fund balance:						
Reserved for prepaid items	--	--	1,121	--	1,121	--
Unreserved - undesignated	<u>157,714</u>	<u>169,187</u>	<u>396,193</u>	<u>413,081</u>	<u>1,136,175</u>	<u>1,122,837</u>
Total fund balance	<u>157,714</u>	<u>169,187</u>	<u>397,314</u>	<u>413,081</u>	<u>1,137,296</u>	<u>1,122,837</u>
Total liabilities and fund balance	<u>\$ 159,023</u>	<u>\$ 170,001</u>	<u>\$ 404,076</u>	<u>\$ 417,966</u>	<u>\$ 1,151,066</u>	<u>\$ 1,139,725</u>

For the Year Ended June 30, 2007
With Comparative Totals for
For the Year Ended June 30, 2006

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	
					2007	2006
Revenues:						
Revenues from local sources:						
Other revenues	\$ 218,248	\$ 220,379	\$ 249,192	\$ 328,290	\$ 1,016,109	\$ 957,949
Expenditures:						
Current:						
Instruction:						
Pupil activity	185,287	237,218	215,223	363,922	1,001,650	798,200
Excess (deficiency) of revenues over expenditures	32,961	(16,839)	33,969	(35,632)	14,459	159,749
Fund balance at beginning of year	124,753	186,026	363,345	448,713	1,122,837	963,088
Fund balance at end of year	\$ 157,714	\$ 169,187	\$ 397,314	\$ 413,081	\$ 1,137,296	\$ 1,122,837

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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, 2007
 With Comparative Totals for
 June 30, 2006

BALANCE SHEET

	<u>2007</u>	<u>2006</u>
Assets		
Cash and investments with paying agent	\$ 21,999,938	\$ 15,364,953
Interest receivable	--	35
Due from other governments:		
Municipality of Anchorage	18,581,021	18,172,456
State of Alaska	370,031	369,953
Total assets	<u>\$ 40,950,990</u>	<u>\$ 33,907,397</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 1,133	\$ 1,133
Due to General Fund	17,226,873	9,934,575
Unearned revenue - property taxes	18,581,021	18,172,456
Total liabilities	<u>35,809,027</u>	<u>28,108,164</u>
Fund balance:		
Reserved for debt service	5,141,963	5,799,233
Total liabilities and fund balance	<u>\$ 40,950,990</u>	<u>\$ 33,907,397</u>

For the Year Ended June 30, 2007
 With Comparative Actual Amounts
 For the Year Ended June 30, 2006

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

	2007				
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	2006
	Original	Final			
Revenues:					
Revenues from local sources:					
Appropriation from Municipality of Anchorage	\$ 36,344,912	\$ 36,344,912	\$ 36,344,912	\$ --	\$ 32,834,680
Interest earnings	--	--	26,450	26,450	63,400
Total revenues from local sources	36,344,912	36,344,912	36,371,362	26,450	32,898,080
Revenues from state sources:					
Aid for school construction	38,798,303	38,798,303	36,980,380	(1,817,923)	36,995,247
Total revenues	75,143,215	75,143,215	73,351,742	(1,791,473)	69,893,327
Expenditures:					
Debt service:					
Principal	39,870,000	39,870,000	39,870,000	--	39,035,000
Interest	37,425,215	37,425,215	35,021,935	2,403,280	37,525,701
Fiscal agent fees	15,000	15,000	11,578	3,422	13,506
Total expenditures	77,310,215	77,310,215	74,903,513	2,406,702	76,574,207
Deficiency of revenues over expenditures	(2,167,000)	(2,167,000)	(1,551,771)	615,229	(6,680,880)
Other financing sources (uses):					
Proceeds of refunding bonds	--	--	251,745,000	251,745,000	14,790,000
Premium on issuance of refunding bonds	--	--	13,906,249	13,906,249	1,561,914
Payment to refunded bond escrow agent	--	--	(265,651,249)	(265,651,249)	(16,330,730)
Transfers in - General Fund	167,000	167,000	167,000	--	208,750
Transfers in - Capital Projects Fund	--	--	727,501	727,501	34,228
Total other financing sources (uses)	167,000	167,000	894,501	727,501	264,162
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(2,000,000)	(2,000,000)	(657,270)	1,342,730	(6,416,718)
Fund balance at beginning of year	5,799,233	5,799,233	5,799,233	--	12,215,951
Fund balance at end of year	\$ 3,799,233	\$ 3,799,233	\$ 5,141,963	\$ 1,342,730	\$ 5,799,233

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, 2007
With Comparative Totals for
June 30, 2006

BALANCE SHEET

	<u>2007</u>	<u>2006</u>
Assets		
Cash and investments, at cost	\$ 59,224,031	\$ 47,134,614
Cash with paying agent	13,646	14,662
Accounts Receivable	56,252	--
Interest receivable	812,554	627,784
Due from General Fund	4,964,364	7,118,817
Due from other governments:		
Municipality of Anchorage	162,089	22,445
State of Alaska	634,345	1,003,523
Prepaid items	--	616
Total assets	<u>\$ 65,867,281</u>	<u>\$ 55,922,461</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 1,166,154	\$ 60,575
Contracts payable	2,118,962	2,002,044
Accrued salaries and related items:		
Wages and salaries payable	44,680	26,584
Payroll taxes, other accrued and withheld items	3,137	3,137
Unearned revenue	18,509	21,313
Total liabilities	<u>3,351,442</u>	<u>2,113,653</u>
Fund balance:		
Reserved:		
Encumbrances	67,313,839	24,866,104
Prepaid items	--	616
Unreserved:		
Designated:		
Accrued compensated absences	--	253,877
Authorized construction, net of authorized unissued bonds	--	11,703,334
Undesignated	<u>(4,798,000)</u>	<u>16,984,877</u>
Total fund balance	<u>62,515,839</u>	<u>53,808,808</u>
Total liabilities and fund balance	<u>\$ 65,867,281</u>	<u>\$ 55,922,461</u>

For the Year Ended June 30, 2007
 With Comparative Totals
 For the Year Ended June 30, 2006

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

	<u>2007</u>	<u>2006</u>
Revenues:		
Revenues from local sources:		
Investment income	\$ 3,770,143	\$ 3,451,884
Other revenues	--	1,500
Total revenues from local sources	<u>3,770,143</u>	<u>3,453,384</u>
Revenues from state sources:		
State/Municipal grants	695,000	66,642
State grants	301,390	1,003,523
Total revenues from state sources	<u>996,390</u>	<u>1,070,165</u>
Revenues from federal sources:		
Federal impact aid	366,630	606,654
Total revenues from federal sources	<u>366,630</u>	<u>606,654</u>
Total revenues	<u>5,133,163</u>	<u>5,130,203</u>
Expenditures:		
Capital outlays:		
Secondary schools	29,547,773	80,492,788
Elementary schools	7,677,465	23,446,237
Other capital outlays	7,695,125	1,881,798
Total expenditures	<u>44,920,363</u>	<u>105,820,823</u>
Deficiency of revenues over expenditures	(39,787,200)	(100,690,620)
Other financing sources and (uses):		
Bond issuance cost	(425,618)	--
Proceeds of general obligation bonds	48,495,000	--
Premium on issuance of general obligation bonds	1,152,350	--
Transfers out - Debt Service Fund	(727,501)	(34,228)
Total other financing sources and (uses)	<u>48,494,231</u>	<u>(34,228)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	8,707,031	(100,724,848)
Fund balance at beginning of year	<u>53,808,808</u>	<u>154,533,656</u>
Fund balance at end of year	<u>\$ 62,515,839</u>	<u>\$ 53,808,808</u>

Beginning of Projects to June 30, 2007

**PROJECT-LENGTH SCHEDULE
OF CONSTRUCTION PROJECTS**

Total project authorization	<u>\$371,073,123</u>
Revenues and other financing sources:	
Local sources	\$ 3,770,143
State sources	996,390
Federal sources	366,630
Proceeds of general obligation bonds	49,221,732
Transfers Out	<u>(727,501)</u>
	<u>\$ 53,627,394</u>
Expenditures:	
Capital outlays:	
Secondary schools	\$160,648,113
Elementary schools	58,455,066
Other capital outlays	<u>11,604,775</u>
	<u>\$230,707,954</u>

For the Period Ended June 30, 2007

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

	2007						
	Prior Years	Land and Improvements	Buildings and Equipment	Total	Total	Project Authoriza- tion	Variance- favorable (unfavorable)
Capital outlays:							
Secondary schools:							
Bartlett Senior High	\$ 27,076,291	\$ --	\$ 1,535,723	\$ 1,535,723	\$ 28,612,014	\$ 29,525,350	\$ 913,336
Chugiak Senior High	1,721,081	11,088	1,258,262	1,269,350	2,990,431	5,076,770	2,086,339
Dimond Senior High	41,264	--	1,052,931	1,052,931	1,094,195	6,853,507	5,759,312
Eagle River Senior High	--	--	1,060,330	1,060,330	1,060,330	3,587,770	2,527,440
East Senior High	27,562,666	--	933,924	933,924	28,496,590	30,005,970	1,509,380
South Anchorage Senior High	--	--	374,441	374,441	374,441	1,471,735	1,097,294
Service Senior High	35,198,082	--	2,121,367	2,121,367	37,319,449	40,852,020	3,532,571
West Senior High	1,822,107	--	1,186,751	1,186,751	3,008,858	6,760,945	3,752,087
Central Middle School	67,694	--	5,075	5,075	72,769	417,779	345,010
Clark Middle School	737,809	--	5,454,690	5,454,690	6,192,499	70,088,203	63,895,704
Golden View Middle School	364,270	--	260,974	260,974	625,244	1,520,197	894,953
Ernest Gruening Middle School	372,038	--	341,453	341,453	713,491	1,673,194	959,703
U. S. Hanshew Middle School	776,229	--	438,054	438,054	1,214,283	2,758,601	1,544,318
Jane Mears Middle School	788,761	1,388	162,312	163,700	952,461	1,421,145	468,684
Mirror Lake Middle School	3,274	--	--	--	3,274	25,096	21,822
Muldoon Area Middle School	32,185,834	--	11,761,295	11,761,295	43,947,129	52,012,588	8,065,459
Romig Middle School	1,284,180	--	446,381	446,381	1,730,561	2,651,667	921,106
Wendler Middle School	679,987	--	799,704	799,704	1,479,691	1,572,825	93,134
Benny Benson Secondary	367,062	--	163,112	163,112	530,174	1,804,739	1,274,565
Martin Luther King, Jr. Career Center	--	--	36,184	36,184	36,184	795,393	759,209
Steller Alternative	51,711	--	142,334	142,334	194,045	248,840	54,795
Total secondary schools	131,100,340	12,476	29,535,297	29,547,773	160,648,113	261,124,334	100,476,221
Elementary schools:							
Abbott Loop	173,307	--	437,935	437,935	611,242	2,169,950	1,558,708
Airport Heights	731,142	--	746,682	746,682	1,477,824	1,657,297	179,473
Alpenglow	27,222	--	1,107	1,107	28,329	47,676	19,347
Aurora	791,933	--	12,202	12,202	804,135	973,488	169,353
Baxter	16,823	--	15,622	15,622	32,444	275,017	242,573
Bayshore	1,247,252	--	20,431	20,431	1,267,682	1,454,402	186,720
Bear Valley	259,303	--	99,033	99,033	358,337	635,979	277,642

(Continued)

For the Period Ended June 30, 2007

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

	2007						
	Prior Years	Land and Improvements	Buildings and Equipment	Total	Total	Project Authoriza- tion	Variance- favorable (unfavorable)
Birchwood	\$ 1,240,841	\$ --	\$ 55,769	\$ 55,769	\$ 1,296,610	\$ 1,544,111	\$ 247,501
Willard Bowman	26,091	--	47,472	47,472	73,563	513,012	439,449
Campbell	810,399	1,329	58,573	59,902	870,301	1,678,130	807,829
Charter School Center	4,544	--	--	--	4,544	1,848	(2,696)
Chester Valley	1,172,287	--	111,072	111,072	1,283,359	1,771,199	487,840
Chinook	544,642	--	286,537	286,537	831,179	956,859	125,680
Chugach	8,345,200	--	106,223	106,223	8,451,423	8,555,951	104,528
Chugiak	391,982	1,388	663,383	664,771	1,056,753	2,923,827	1,867,074
College Gate	592,151	--	2,427	2,427	594,578	602,640	8,062
Creekside Park	1,429	--	19,599	19,599	21,028	199,129	178,101
Denali Replacement	--	--	38,557	38,557	38,557	60,528	21,971
Eagle River	477,419	--	2,767	2,767	480,186	873,219	393,033
Fairview	35,912	--	78,808	78,808	114,720	180,775	66,055
Fire Lake	212,831	--	3,525	3,525	216,356	216,744	388
Girdwood	278,197	--	35,439	35,439	313,636	1,037,170	723,534
Government Hill	1,532,611	--	7,342	7,342	1,539,953	1,779,793	239,840
Homestead	273,698	--	25,544	25,544	299,242	230,286	(68,956)
Huffman	1,064,771	--	1,146,294	1,146,294	2,211,065	2,666,755	455,690
Inlet View	20,884	--	47	47	20,931	796,070	775,139
Kasunn	23,862	--	--	--	23,862	447,243	423,381
Kennedy	14,703	1,509	--	1,509	16,212	37,919	21,707
Kincaid	29,394	--	3,347	3,347	32,741	35,821	3,080
Klatt	131,665	--	82,344	82,344	214,009	664,169	450,160
Lake Hood	27,433	--	4,127	4,127	31,560	70,121	38,561
Lake Otis	976,203	--	594,185	594,185	1,570,388	2,746,775	1,176,387
Mt. View	955,134	--	134,932	134,932	1,090,066	1,375,518	285,452
Mt. Iliamna	1,197,494	--	83,322	83,322	1,280,816	1,438,832	158,016
Mt. Spurr	834,386	--	77,649	77,649	912,035	1,367,824	455,789
Muldoon	33,815	--	11,508	11,508	45,323	137,634	92,311
North Star	497,898	--	240,237	240,237	738,135	2,351,579	1,613,444
Northern Lights	211,854	--	--	--	211,854	311,752	99,898
Northwood	269,688	--	414,442	414,442	684,130	976,333	292,203
Nunaka Valley	500	--	24	24	524	72,841	72,317
Ocean View	163,482	--	33,864	33,864	197,346	408,742	211,396

(Continued)

For the Period Ended June 30, 2007

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

	2007						
	Prior Years	Land and Improvements	Buildings and Equipment	Total	Total	Project Authoriza- tion	Variance- favorable (unfavorable)
O'Malley	\$ 231,442	\$ --	\$ 200,146	\$ 200,146	\$ 431,588	\$ 1,530,571	\$ 1,098,983
Orion	1,229,601	1,508	11,339	12,847	1,242,448	2,225,269	982,821
Polaris K-12	17,930,066	58,836	304,190	363,026	18,293,092	19,194,125	901,033
Ptarmigan	352,248	--	18,195	18,195	370,443	609,919	239,476
Rabbit Creek	27,610	--	188,239	188,239	215,849	257,044	41,195
Ravenwood	271,790	--	646	646	272,436	273,103	667
Rogers Park	137,296	--	151,709	151,709	289,005	1,474,122	1,185,117
Russian Jack	37,092	--	29,834	29,834	66,926	680,644	613,718
Sand Lake	533,942	--	--	--	533,942	974,092	440,150
Scenic Park	32,609	--	--	--	32,609	645,208	612,599
Spring Hill	371,430	--	55	55	371,485	416,328	44,843
Susitna	74,929	--	22,301	22,301	97,230	430,228	332,998
Trailside	37,092	--	30,783	30,783	67,875	735,871	667,996
Taku	--	--	99,813	99,813	99,813	304,433	204,620
Tudor	1,501,657	--	18,012	18,012	1,519,669	2,155,531	635,862
Turnagain	43,531	607	109,307	109,914	153,445	843,114	689,669
Ursa Major	1,050,809	--	52,637	52,637	1,103,446	1,227,828	124,382
Ursa Minor	123,421	--	--	--	123,421	229,445	106,024
William Tyson	46,680	--	148,770	148,770	195,450	764,515	569,065
Whaley Center	528,558	--	242,442	242,442	771,000	1,427,124	656,124
Williwaw	--	--	1,262	1,262	1,262	41,181	39,919
Willow Crest	169,360	--	206,156	206,156	375,516	1,113,435	737,919
Wonder Park	31,652	--	210	210	31,862	263,502	231,640
Gladys Wood	374,403	--	73,871	73,871	448,274	461,570	13,296
Total elementary schools	50,777,600	65,177	7,612,288	7,677,465	58,455,065	84,523,160	26,068,095
Other capital outlays:							
District-wide Asbestos/ Life Safety	352,931	--	385,760	385,760	738,691	1,496,646	757,955
District-wide AWDA	89,243	--	1,751	1,751	90,994	272,539	181,545
District-wide Code Compliance	197,690	--	717	717	198,407	3,351,480	3,153,073
District-wide Emergency Preparation	475,736	--	212,108	212,108	687,844	1,122,749	434,905

(Continued)

For the Period Ended June 30, 2007

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

	2007						Variance- favorable (unfavorable)
	Prior Years	Land and Improvements	Buildings and Equipment	Total	Total	Project Authoriza- tion	
District-wide Security Systems	\$ 165,380	\$ --	\$ 69,368	\$ 69,368	\$ 234,748	\$ 724,664	\$ 489,916
District-wide Sprinkler Upgrade	--	--	1,440	1,440	1,440	482,861	481,421
District-wide Underground Storage Tank Removal	4,335	--	11,037	11,037	15,372	72,133	56,761
District-wide Elect/Swtch Upgrades	148,920	--	1,490	1,490	150,410	513,103	362,693
District-wide Fencing	21,753	37	--	37	21,790	209,963	188,173
District-wide Site Acquisition	395,270	4,270,435	--	4,270,435	4,665,705	10,238,377	5,572,672
Facilities/Maintenance	294,903	3,871	489,381	493,252	788,155	1,218,452	430,297
Pupil Transportation New Buses	807,650	--	76,452	76,452	884,102	1,330,356	446,254
Student Nutrition	281,792	--	1,149,930	1,149,930	1,431,722	1,542,149	110,427
Warehouse	248,429	--	1,021,348	1,021,348	1,269,777	2,424,539	1,154,762
Total other capital outlays	<u>3,484,032</u>	<u>4,274,343</u>	<u>3,420,782</u>	<u>7,695,125</u>	<u>11,179,157</u>	<u>25,000,011</u>	<u>13,820,854</u>
	<u>\$ 185,361,972</u>	<u>\$ 4,351,996</u>	<u>\$ 40,568,367</u>	<u>\$ 44,920,363</u>	<u>\$ 230,282,335</u>	<u>\$ 370,647,505</u>	<u>\$ 140,365,170</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, 2007
With Comparative Totals for
June 30, 2006

SCHEDULE OF CAPITAL ASSETS - BY SOURCE [1]

	<u>2007</u>	<u>2006</u>
Capital Assets:		
Land and improvements	\$ 74,125,816	\$ 74,066,338
Buildings and equipment	1,237,637,213	1,222,389,763
Pupil transportation equipment	8,793,246	8,921,297
Construction in progress	<u>208,108,982</u>	<u>185,721,209</u>
Total Capital Assets	<u>\$ 1,528,665,257</u>	<u>\$ 1,491,098,607</u>
Investments in Capital Assets acquired prior to July 1, 2000	\$ 850,804,830	\$ 856,919,208
Investments in Capital Assets acquired after July 1, 2000		
Capital Projects Fund:		
General obligation bonds	641,130,679	597,591,363
Local, state and federal grants	19,987,622	20,447,030
Contribution from General Fund	151,817	151,817
Other	5,437,700	5,328,907
General Fund	9,351,413	9,112,244
State and Federal Grants Special Revenue Fund	596,618	445,627
Food Service Special Revenue Fund	<u>1,204,578</u>	<u>1,102,411</u>
Total Investments in Capital Assets	<u>\$ 1,528,665,257</u>	<u>\$ 1,491,098,607</u>

[1] This schedule presents the capital asset balances related to governmental activities. Accordingly, the 2006 data has been restated to reflect the addition of the Internal Service Fund activity [see Exhibit IX, X, XI for Internal Service Fund individually].

June 30, 2007

SCHEDULE OF CAPITAL ASSETS
BY FUNCTION AND ACTIVITY

Function and Activity	Capital Assets				Total
	Land and Improvements	Buildings and Equipment	Pupil Transportation	Construction in Progress	
General administration	\$ 925,350	\$ 12,167,358	\$ --	\$ 1,269,777	\$ 14,362,485
Instruction	70,309,205	1,201,294,355	--	203,237,178	1,474,840,738
Pupil transportation	390,740	578,165	8,793,246	1,348,993	11,111,144
Operation and maintenance of plant	2,408,398	12,588,968	--	821,311	15,818,677
Food services	92,122	11,008,368	--	1,431,723	12,532,213
Total governmental funds capital assets	<u>\$ 74,125,815</u>	<u>\$ 1,237,637,214</u>	<u>\$ 8,793,246</u>	<u>\$ 208,108,982</u>	<u>\$ 1,528,665,257</u>

For the Year Ended June 30, 2007

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

Function and Activity	Governmental Funds Capital Assets	Additions	Deductions	Governmental Funds Capital Assets
	July 1, 2006			June 30, 2007
General administration	\$ 13,266,449	\$ 18,299	\$ 37,346	\$ 13,247,402
Instruction	1,256,397,586	22,486,269	7,515,795	1,271,368,060
Pupil transportation	9,890,202	37,340	165,392	9,762,150
Operation and maintenance of plant	14,864,978	253,432	34,870	15,083,540
Food services	10,958,183	136,940	--	11,095,123
Construction in progress	185,721,209	44,877,531	22,489,758	208,108,982
Total governmental funds capital assets	<u>\$ 1,491,098,607</u>	<u>\$ 67,809,811</u>	<u>\$ 30,243,161</u>	<u>\$ 1,528,665,257</u>

[1] This schedule presents the capital asset balances related to governmental activities. Accordingly, the July 1, 2006 data has been restated to reflect the addition of the Internal Service Fund activity [see Exhibit IX, X, XI for Internal Service Fund individually].

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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 Six Years.....	120
BB	Statement of Activities and Change in Net Assets - Last Six Years.....	121
CC	Fund Balance, Governmental Funds - Last Ten Years.....	122
DD	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Last Ten Years.....	124
EE	Government-wide Expenses by Function - Last Six Years.....	126
FF	Government-wide Revenues by Function - Last Six Years.....	127
GG	General Expenditures by Function - Last Ten Years	128
HH	General Revenues by Source - Last Ten Years	129

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 Years	130
JJ	Property Tax Rates and Tax Levies Direct and Overlapping Governments Service Funds - Last Ten Years.....	131
KK	Property Tax Payers - Current and Nine Years Ago.....	132
LL	Property Tax Levies and Collections - Last Ten Years	133

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 Years	134
NN	Computation of Direct and Overlapping Debt, and Legal Debt Margin	135
OO	Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures - Last Ten Years	136

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 Years	137
QQ	Principal Employers - Current and Nine Years Ago.....	138
RR	Average General Expenditures Per Pupil - Last Ten Years	139
SS	Average Daily Membership as Compared to Assessed Valuation Showing Assessed Valuation Support Per Student - Last Ten Years	140
TT	Authorized Positions by Category - General Operations - Last Ten Years	141
UU	Teacher Education and Salary Information - Current Year.....	142
VV	Average Daily Membership and Pupil to Classroom Teacher Ratio - Last Ten Years	143

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.

WW	Facility Utilization and School Buildings - Last Ten Years	144
XX	Student Nutrition Local Revenues - Last Ten Years.....	145
YY	Miscellaneous Statistics - Last Ten Years.....	146
ZZ	Schedule of Insurance in Force - Current Year	147

For the Last Six Years

STATEMENT OF NET ASSETS (1)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</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	\$ 402,850,439
Restricted for:						
Debt service	16,162,142	17,791,262	10,732,112	12,215,951	5,799,233	5,141,963
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>	<u>108,322,759</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>	<u>\$ 516,315,161</u>

Notes:

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

For the Last Six Years

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS (1)

	2002	2003	2004	2005	2006	2007
Program Expenses						
District-wide activities:						
General administration (See Note 2)	\$ 9,452,484	\$ 11,965,357	\$ 26,454,531	\$ 22,928,887	\$ 20,418,961	\$ 15,662,670
Instruction	352,491,798	357,948,970	380,596,221	434,474,069	435,822,328	478,651,589
Pupil transportation	15,136,449	15,316,591	16,219,676	16,390,472	17,181,490	18,002,836
Operation and maintenance of plant	20,379,602	18,379,710	19,298,372	21,441,868	23,980,926	28,460,380
Community services	1,804,986	1,949,296	2,193,218	1,602,248	716,982	1,243,907
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	15,518,428
Construction and facility acquisition	96,670	160,838	--	449,333	625,117	674,062
Interest expense	28,615,906	30,491,745	43,244,987	32,823,838	37,248,152	34,012,953
Total district-wide 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>	<u>592,226,825</u>
Program Revenues						
District-wide activities:						
Charges for services						
General administration (See Note 2)	--	(30,321)	8,445	7,292	8,473	83,209
Instruction	705,105	1,075,708	892,418	1,479,913	1,465,127	1,431,789
Pupil transportation	--	80,779	--	2,801	--	--
Operation and maintenance of plant	118,039	169,282	(462)	--	--	--
Community services	491,516	455,269	412,466	684,176	684,383	568,108
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	4,977,713
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	47,202,793
Pupil transportation	15,200,905	16,874,909	17,019,454	17,048,940	17,317,199	17,082,693
Operation and maintenance of plant	1,135,445	849,212	199,017	666,671	862,668	362,868
Community services	271,935	253,478	124,705	23,198	6,866	422,052
Food services	6,084,997	6,762,893	7,228,153	7,670,607	8,579,320	9,246,111
Capital grants and contributions						
Construction and facility acquisition	623,636	27,294,178	38,721,389	38,057,560	38,065,413	37,976,770
Total district-wide 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>	<u>119,354,106</u>
Net expense						
District-wide 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>	<u>(472,872,719)</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	191,602,288
Investment income	4,451,782	3,531,249	2,320,920	4,693,350	6,747,140	7,862,943
Public School Funding Program	204,684,325	207,129,272	205,100,316	227,186,292	248,771,460	277,322,639
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	13,042,523
Other	2,369,238	2,070,559	2,194,195	1,824,565	2,531,372	1,861,280
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>	<u>491,691,673</u>
Change in net assets	489,952	15,679,918	(20,214,962)	(16,841,100)	14,099,371	18,818,954
Net assets at beginning of year	504,283,028	504,772,980	520,452,898	500,237,936	483,396,836	497,496,207
Net assets at end of the 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>	<u>\$ 516,315,161</u>

Notes:

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

For the Last Ten Years

FUND BALANCE, GOVERNMENTAL FUNDS (1)

	1998	1999	2000	2001	2002
General Fund					
Fund balances:					
Reserved:					
Encumbrances	\$ 12,030,075	\$ 20,177,473	\$ 13,526,432	\$ 11,803,803	\$ 9,850,275
Inventory	1,180,546	1,269,237	1,404,293	1,837,111	1,920,197
Federal Impact Aid	7,763,879	9,129,202	8,488,674	9,125,804	10,043,352
Prepaid items	1,260,968	2,077,992	2,014,377	1,012,141	1,520,464
Accrued compensated absences	--	--	--	--	--
Self-insurance	3,000,000	3,000,000	5,000,000	9,000,000	12,100,000
Total reserved	<u>25,235,468</u>	<u>35,653,904</u>	<u>30,433,776</u>	<u>32,778,859</u>	<u>35,434,288</u>
Unreserved:					
Designated:					
Subsequent year's expenditures	175,000	77,515	11,331,886	5,013,571	--
Accrued compensated absences	--	--	--	--	6,573,521
Undesignated	<u>15,113,502</u>	<u>17,616,997</u>	<u>12,428,233</u>	<u>17,171,678</u>	<u>23,573,647</u>
Total unreserved	<u>15,288,502</u>	<u>17,694,512</u>	<u>23,760,119</u>	<u>22,185,249</u>	<u>30,147,168</u>
Total General Fund	<u>\$ 40,523,970</u>	<u>\$ 53,348,416</u>	<u>\$ 54,193,895</u>	<u>\$ 54,964,108</u>	<u>\$ 65,581,456</u>
All Other Governmental Funds					
Fund balances:					
Reserved:					
Encumbrances	\$ 17,908,139	\$ 36,639,017	\$ 17,536,119	\$ 66,479,718	\$ 99,687,951
Inventory	--	--	--	392,100	586,866
Prepaid items	20,467	17,319	37,106	2,500	303,880
Accrued compensated absences	--	--	--	--	--
Self-insurance	--	--	--	--	87,579
Debt service	4,981,318	4,056,701	4,483,106	5,862,973	16,162,142
Total reserved	<u>22,909,924</u>	<u>40,713,037</u>	<u>22,056,331</u>	<u>72,737,291</u>	<u>116,828,418</u>
Unreserved:					
Designated:					
Subsequent year's expenditures	31,502	95,585	95,585	95,000	
Special Revenue Funds	--	--	--	--	200,000
Accrued compensated absences					
Special Revenue Funds	--	--	--	--	608,414
Capital Projects Fund	--	--	--	--	163,890
Authorized construction, net of authorized unissued bonds	19,118,155	24,847,405		72,834,124	97,185,450
Undesignated, reported in:					
Special Revenue Funds	(86,124)	(64,800)	212,962	(274,942)	2,315,074
Capital Projects Fund	<u>7,144,649</u>	<u>8,924,344</u>	<u>(9,513,724)</u>	<u>10,562,908</u>	<u>9,976,440</u>
Total unreserved	<u>26,208,182</u>	<u>33,802,534</u>	<u>(9,205,177)</u>	<u>83,217,090</u>	<u>110,449,268</u>
Total all other government funds	<u>\$ 49,118,106</u>	<u>\$ 74,515,571</u>	<u>\$ 12,851,154</u>	<u>\$ 155,954,381</u>	<u>\$ 227,277,686</u>

For the Last Ten Years

FUND BALANCE, GOVERNMENTAL FUNDS (1)

	2003	2004	2005	2006	2007
General Fund					
Fund balances:					
Reserved:					
Encumbrances	\$ 9,354,186	\$ 10,433,541	\$ 10,093,854	\$ 16,024,824	\$ 17,981,023
Inventory	1,902,320	2,030,830	2,064,961	2,061,456	2,170,242
Federal Impact Aid	10,861,296	11,988,897	12,534,815	10,201,503	11,779,903
Prepaid items	1,241,325	1,509,007	2,005,401	1,732,925	3,250,150
Accrued compensated absences	6,577,773	6,706,442	--	--	--
Self-insurance	10,175,294	9,210,096	16,201,846	17,302,552	18,284,048
Total reserved	<u>40,112,194</u>	<u>41,878,813</u>	<u>42,900,877</u>	<u>47,323,260</u>	<u>53,465,366</u>
Unreserved:					
Designated:					
Subsequent year's expenditures	5,044,000	27,989,871	6,500,000	--	--
Accrued compensated absences	--	--	6,826,898	7,001,948	7,449,350
Undesignated	<u>26,664,508</u>	<u>--</u>	<u>21,878,326</u>	<u>29,350,831</u>	<u>34,468,976</u>
Total unreserved	<u>31,708,508</u>	<u>27,989,871</u>	<u>35,205,224</u>	<u>36,352,779</u>	<u>41,918,326</u>
Total General Fund	<u>\$ 71,820,702</u>	<u>\$ 69,868,684</u>	<u>\$ 78,106,101</u>	<u>\$ 83,676,039</u>	<u>\$ 95,383,692</u>
All Other Governmental Funds					
Fund balances:					
Reserved:					
Encumbrances	\$ 115,318,022	\$ 101,948,317	\$ 86,654,468	\$ 25,339,574	\$ 67,546,079
Inventory	488,958	557,571	556,127	766,571	1,527,646
Prepaid items	14,213,851	17,568	186,790	34,485	30,948
Accrued compensated absences	892,594	995,192	--	--	--
Self-insurance	29,352	19,565	--	--	--
Debt service	<u>3,586,648</u>	<u>10,732,112</u>	<u>12,215,951</u>	<u>5,799,233</u>	<u>5,141,963</u>
Total reserved	<u>134,529,425</u>	<u>114,270,325</u>	<u>99,613,336</u>	<u>31,939,863</u>	<u>74,246,636</u>
Unreserved:					
Designated:					
Subsequent year's expenditures					
Special Revenue Funds	74,265	225,000	369,413	193,160	--
Accrued compensated absences					
Special Revenue Funds	--	--	849,919	925,411	540,587
Capital Projects Fund	--	--	231,704	253,877	--
Authorized construction, net of authorized unissued bonds	--	945,856	51,706,706	11,703,334	--
Undesignated, reported in:					
Special Revenue Funds	2,866,083	2,930,089	2,833,063	3,132,956	2,442,009
Capital Projects Fund	<u>(15,497,006)</u>	<u>14,343,267</u>	<u>16,763,763</u>	<u>16,984,877</u>	<u>(4,798,000)</u>
Total unreserved	<u>(12,556,658)</u>	<u>18,444,212</u>	<u>72,754,568</u>	<u>33,193,615</u>	<u>(1,815,404)</u>
Total all other government funds	<u>\$ 121,972,767</u>	<u>\$ 132,714,537</u>	<u>\$ 172,367,904</u>	<u>\$ 65,133,478</u>	<u>\$ 72,431,232</u>

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

For the Last Ten Years

	1998	1999	2000	2001	2002
Revenues:					
Local sources	\$ 112,382,137	\$ 121,007,546	\$ 132,205,411	\$ 145,928,476	\$ 154,204,468
State sources	225,827,471	237,224,846	235,578,668	235,994,038	246,502,312
Federal sources	29,161,945	32,595,916	36,151,440	40,614,346	44,951,437
Total revenues	367,371,553	390,828,308	403,935,519	422,536,860	445,658,217
Expenditures:					
Current:					
General administration	7,770,331	8,085,691	9,740,589	8,608,469	9,081,409
Instruction	271,715,872	274,984,963	297,369,141	306,067,874	330,840,150
Pupil transportation	11,881,572	14,407,509	14,505,315	15,747,079	14,467,097
Operation and maintenance of plant	15,667,483	19,783,468	23,649,383	20,227,505	20,369,504
Community services	1,824,664	1,902,396	2,110,331	1,720,283	1,686,897
Non-departmental	2,642,828	2,469,840	3,007,214	4,806,465	3,834,755
Food services	8,975,709	8,776,204	9,141,632	10,895,039	11,190,827
Debt service:					
Principal	21,438,334	23,807,572	19,338,825	19,195,799	21,687,909
Interest	17,122,805	17,605,959	18,689,412	21,799,479	24,447,307
Fiscal agent fees	10,194	10,118	8,947	6,147	6,747
Capital outlays	48,788,027	44,827,187	67,362,962	48,678,343	79,429,994
Total expenditures	407,837,819	416,660,907	464,923,751	457,752,482	517,042,596
Deficiency of revenues over expenditures	(40,466,266)	(25,832,599)	(60,988,232)	(35,215,622)	(71,384,379)
Other financing sources (uses):					
Proceeds of capital leases	--	165,267	--	--	--
Proceeds from sale of property and equipment	--	175,048	34,238	61,184	38,964
Bond issuance cost	--	--	--	--	--
Proceeds from insurance	--	6,396,310	--	--	--
Issuance of general obligation bonds	43,946,340	57,229,194	--	181,012,364	131,800,000
Premium on issuance of general obligation bonds	--	--	--	--	7,237,446
Issuance of refunding bonds	--	21,358,683	--	54,698,781	70,345,000
Premium on issuance of refunding bonds	--	--	--	--	4,195,227
Payment to refunded bond escrow agent	--	(21,358,683)	--	(54,698,781)	(74,540,227)
Transfers in	--	3,800,000	--	1,212,299	5,954,059
Transfers out	--	(3,800,000)	--	(1,212,299)	(5,954,059)
Total other financing sources	43,946,340	63,965,819	34,238	181,073,548	139,076,410
Net change in fund balances	\$ 3,480,074	\$ 38,133,220	\$ (60,953,994)	\$ 145,857,926	\$ 67,692,031
Debt service as a percentage of noncapital expenditures	10.7%	11.1%	9.6%	10.0%	10.5%

Notes:

(1) Includes General, Special Revenue, Debt Service, and Capital Projects; excludes Equipment Replacement Fund.

For the Last Ten Years

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

	2003	2004	2005	2006	2007
Revenues:					
Local sources	\$ 160,774,444	\$ 161,768,902	\$ 183,978,564	\$ 199,358,932	\$ 214,888,704
State sources	255,345,978	263,485,503	284,773,761	305,979,143	335,377,434
Federal sources	49,907,518	58,290,973	61,192,088	61,318,187	60,491,468
Total revenues	466,027,940	483,545,378	529,944,413	566,656,262	610,757,606
Expenditures:					
Current:					
General administration	9,648,338	9,516,769	10,270,182	10,962,994	11,769,210
Instruction	338,395,756	358,265,412	384,216,850	418,150,467	447,887,180
Pupil transportation	15,447,724	15,356,917	15,774,086	16,303,868	17,236,133
Operation and maintenance of plant	20,171,027	19,015,616	21,267,797	22,962,874	24,697,997
Community services	1,839,752	2,068,659	1,514,088	688,032	790,222
Non-departmental	2,724,000	3,956,112	3,763,972	2,940,084	3,480,038
Food services	11,763,298	12,033,209	13,217,128	13,997,995	15,112,931
Debt service:					
Principal	24,750,163	28,745,000	34,760,000	39,035,000	39,870,000
Interest	26,311,060	32,290,960	34,214,001	37,525,701	35,021,935
Fiscal agent fees	9,991	9,322	9,579	13,506	11,578
Capital outlays	114,065,315	121,896,066	120,638,291	105,820,823	44,920,363
Total expenditures	565,126,424	603,154,042	639,645,974	668,401,344	640,797,587
Deficiency of revenues over expenditures	(99,098,484)	(119,608,664)	(109,701,561)	(101,745,082)	(30,039,981)
Other financing sources (uses):					
Proceeds of capital leases	--	--	--	--	--
Proceeds from sale of property and equipment	15,882	23,748	25,405	65,320	42,904
Bond issuance cost	--	--	--	--	(425,618)
Proceeds from insurance	--	--	--	--	--
Issuance of general obligation bonds	--	126,770,000	150,090,000	--	48,495,000
Premium on issuance of general obligation bonds	--	1,421,741	7,507,226	--	1,152,350
Issuance of refunding bonds	--	--	109,930,938	14,790,000	251,745,000
Premium on issuance of refunding bonds	--	--	11,178,973	1,561,914	13,906,249
Payment to refunded bond escrow agent	--	--	(121,068,973)	(16,330,730)	(265,651,249)
Transfers in	859,711	777,009	6,081,461	242,978	894,501
Transfers out	(859,711)	(777,009)	(6,081,461)	(242,978)	(1,094,501)
Total other financing sources	15,882	128,215,489	157,663,569	86,504	49,064,636
Net change in fund balances	\$ (99,082,602)	\$ 8,606,825	\$ 47,962,008	\$ (101,658,578)	\$ 19,024,655
Debt service as a percentage of noncapital expenditures	11.3%	12.7%	13.3%	13.6%	12.6%

Notes:

(1) Includes General, Special Revenue, Debt Service, and Capital Projects; excludes Equipment Replacement Fund.

Last Six Years

GOVERNMENT-WIDE
EXPENSES BY FUNCTION (1)

Fiscal Year	General Administration (2)	Instruction	Pupil Transportation	Operation and Maintenance of Plant	Community Services	Non Departmental	Food Services	Construction and facility acquisition	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	20,353,566	436,049,020	17,181,490	26,765,582	716,982	--	14,471,253	625,117	37,248,152	553,411,162
2006-2007	15,662,670	478,651,589	18,002,836	28,460,380	1,243,907	--	15,518,428	674,062	34,012,953	592,226,825

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
2006-2007	3,284,671

Last Six Years | **GOVERNMENT-WIDE
REVENUES BY FUNCTION (1)**

Program Revenues				
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
2001-2002	\$ 6,714,869	\$ 56,241,447	\$ 23,007,718	\$ 85,964,034
2002-2003	6,793,468	64,714,837	27,294,178	98,802,483
2003-2004	6,887,621	69,845,791	38,721,389	115,454,801
2004-2005	7,551,820	73,696,296	38,057,560	119,305,676
2005-2006	7,491,497	74,942,367	38,065,413	120,499,277
2006-2007	7,060,819	74,316,517	37,976,770	119,354,106

General Revenues							
Fiscal Year	Appropriation from Municipality of Anchorage	Investment Income	Public School Funding Program	State Tuition Program	Federal Impact Aid	Other	Total
2001-2002	\$ 135,521,074	\$ 4,451,782	\$ 204,684,325	\$ 670,133	\$ 12,949,120	\$ 2,369,238	\$ 360,645,672
2002-2003	142,954,582	3,531,249	207,129,272	680,658	11,417,018	2,070,559	367,783,338
2003-2004	144,983,658	2,320,920	205,100,316	46,784	14,054,338	2,194,195	368,700,211
2004-2005	163,503,322	4,693,350	227,186,292	--	14,303,124	1,824,565	411,510,653
2005-2006	177,157,001	6,747,140	248,771,460	--	11,804,273	2,531,372	447,011,246
2006-2007	191,602,288	7,862,943	277,322,639	--	13,042,523	1,861,280	491,691,673

Notes:

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

For the Last Ten Years

**GENERAL EXPENDITURES
BY FUNCTION (1)**

Fiscal Year	General Administration	Instruction	Pupil Transportation	Operation and Maintenance of Plant	Community Services	Non Departmental	Food Services	Debt Service	Total (2)
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
2006-2007 (3)	11,769,210	447,887,180	17,236,133	24,697,997	790,222	3,480,038	15,112,931	74,903,513	595,877,224

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.

For the Last Ten 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>
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
2006-2007 (3)	211,118,561	334,381,044	60,124,838	605,624,443

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 Estimated Actual Value of Taxable Property</u>	<u>Ratio of Total Assessed to Total Estimated Actual Value</u>
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
2006	23,665,390,223	2,178,724,534	25,844,114,757	1.0

Notes:

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

For the Last Ten Years

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

	TAX RATES (IN MILLS)									
	<u>2006</u>	<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>
Area Wide:										
Municipality of Anchorage	0.46	0.64	1.10	1.50	1.56	1.24	1.64	2.11	2.07	2.09
Anchorage School District	<u>7.13</u>	<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>
Total Areawide	7.59	8.23	8.36	8.87	9.37	9.44	9.72	9.90	9.84	9.79
Former City Service Area	.02	.01	.02	--	.02	.03	.02	.02	.05	.08
Chugiak Service Area	0.91	1.00	0.89	0.88	0.99	1.00	1.00	1.00	1.00	1.00
Glen Alps Service Area	2.75	2.75	2.75	2.25	2.47	2.76	2.69	2.92	3.00	2.77
Girdwood Service Area	3.97	3.47	3.47	3.39	3.25	3.35	3.40	3.17	3.05	3.04
Former Borough Roads & Drainage Service Area	--	--	--	--	--	--	--	--	.01	.03
Anchorage Fire Service Area	1.76	1.97	1.87	1.64	1.68	1.82	1.61	1.59	1.56	1.50
Roads & Drainage Service Area	2.80	2.75	2.90	3.10	2.97	3.61	3.03	3.28	3.52	3.44
Limited Road Service Areas	1.21	1.31	1.26	0.99	1.29	1.29	1.29	1.29	1.62	1.25
Anchorage Police Service Area	2.57	2.71	2.37	2.25	2.39	2.40	2.63	2.56	2.97	2.97
Parks & Recreation Service Area	.56	.62	.68	.74	.73	.72	.74	.82	.85	.78
Building Safety Service Area	--	--	--	.01	.01	.01	.01	.01	.01	.01
Chugiak/Eagle River Recreational Facilities Service Area	1.13	1.17	1.18	.69	.69	.70	.53	.53	.54	.54

Current Year
and Nine Years Ago

PRINCIPAL PROPERTY TAXPAYERS

Taxpayer	2006			1997		
	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.	\$ 271,857,152	1	1.05 %	\$		%
Fred Meyer Stores Inc.	133,817,630	2	0.52			
GCI Communication Corp.	110,109,048	3	0.43			
WEC 2000A-Alaska LLC	108,395,835	4	0.42			
Calais Company, Inc.	106,943,521	5	0.41	55,100,947	7	0.47
Galen Hospital Inc.	103,422,501	6	0.4	73,934,605	3	0.63
BP Exploration (Alaska) Inc.	91,724,813	7	0.35	57,437,997	6	0.49
Anchorage Fueling & Svc. Co.	86,322,647	8	0.33			
Hickel Investment Co.	71,748,976	9	0.28	92,213,191	1	0.79
Enstar Natural Gas Company	64,423,278	10	0.25			
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>\$ 1,148,765,401</u>		4.44 %	<u>\$ 621,393,319</u>		5.30 %

Notes:

(1) Information furnished by the Municipality of Anchorage.

For the Last Ten 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
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
2006	398,955,490	389,483,559	97.6	--	389,483,559	97.6	9,471,931	2.4

Notes:

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

(2) Excludes Senior Tax Credit Receivable.

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

For the Last Ten Years

Fiscal Year	Population (1)	Average Daily Membership K-12 and Special Ed (2)(5)	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
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
2006-2007	282,813	48,707	25,844,114,757	769,665,000	5,141,963	764,523,037	3.0	2,703	15,696

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
- (5) Personal income figures unattainable. Average daily membership, per capita and per student information is substituted.

June 30, 2007

**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	\$ 469,835,797	100 %	\$ 469,835,797
Direct: Anchorage School District	769,665,000	100	<u>769,665,000</u>
			<u>\$ 1,239,500,797</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.

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

For the Last Ten Years

Fiscal Year	Principal	Interest	Fees	Total Debt Service	Total General Expenditures (1)	Ratio of Debt Service to General Expenditures (Percent)
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
2006-2007 (2)	39,870,000	35,021,935	11,578	74,903,513	595,877,224	12.6

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)(5)</u>	<u>Unemployment Rate (4)</u>
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
2006	282,813	48,707	6

Notes:

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

Current Year
and Nine Years Ago

PRINCIPAL EMPLOYERS (1)

Employer	2006			1997		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Uniformed Military	10,900	1	7.55 %	8,977	1	7.30 %
Federal Government	9,500	2	6.58	not available	2	
State of Alaska	7,400	3	5.13	not available	3	
Anchorage School District	5,626	4	3.90	5,036	5	4.09
Providence Alaska Medical Center	3,685	5	2.55	2,844	8	2.31
Carrs/Safeway	3,086	6	2.14			
Municipality of Anchorage	2,773	7	1.92	3,602	6	2.93
FredMeyer	2,795	8	1.94	1,925	8	1.57
Wal-Mart/Sam's Club	2,694	9	1.87	1,314	11	1.07
University of Alaska Anchorage	2,300	10	1.59	not available	4	
Alaska Airlines	1,515	11	1.05	1,449	10	1.18
ASRC Energy Services	1,506	12	1.04			
NANA Management Services	1,358	13	0.94			
BP	1,341	14	0.93			
GCI Communications	1,298	15	0.90			
Carr-Gottstein				3,192	7	2.6
ARCO				1,526	9	1.24
VECO				1,188	12	0.97
National Bank of Alaska				1,171	13	0.95
Safeway Stores				1,044	15	0.85
	<u>57,777</u>		32.48 %	<u>33,268</u>		27.06 %

Notes:

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

For the Last Ten 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 Per Capita Percentage Increase (Decrease) Over Prior Year</u>
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
2006-2007 (3)	595,877,224	5.92	48,707	12,234	7.25

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.

For the Last Ten 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>
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
2006-2007	48,707	(1.24)	25,844,114,757	15.67	530,604

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.

For the Last Ten Years

**AUTHORIZED POSITIONS BY CATEGORY
GENERAL OPERATIONS (1)**

Employee Category	Fiscal Year				
	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002
Administration	125	129	146	146	145
Principals	120	120	121	122	124
Teachers	2,936	3,113	3,163	3,115	3,236
Technical	132	144	141	143	147
Clerical and teacher aides	886	911	831	881	881
Maintenance/warehouse	175	176	176	177	178
Custodial	307	313	312	327	329
Drivers/attendants	111	112	112	95	115
Noon attendants	249	249	76	76	74
Food service	264	265	161	170	165
Total authorized positions	<u>5,305</u>	<u>5,532</u>	<u>5,239</u>	<u>5,252</u>	<u>5,394</u>

Employee Category	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Administration	151	157	157	159	145
Principals	130	135	138	144	144
Teachers	3,236	3,221	3,223	3,240	3,240
Technical	154	169	180	182	183
Clerical and teacher aides	899	917	917	1,005	1,000
Maintenance/warehouse	184	186	191	198	183
Custodial	329	329	341	354	353
Drivers/attendants	111	111	104	105	105
Noon attendants	74	74	74	74	74
Food service	168	175	190	197	200
Total authorized positions	<u>5,436</u>	<u>5,474</u>	<u>5,515</u>	<u>5,658</u>	<u>5,627</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.

Current Year

TEACHER EDUCATION AND SALARY INFORMATION

<u>Education</u>	<u>Number of Teachers (1)</u>	<u>Low Salary</u>	<u>High Salary</u>
Bachelor's Degree	314	\$ 37,432	\$ 49,426
Bachelor's Degree plus 18 semester credits	330	39,431	53,605
Bachelor's Degree plus 36 semester credits	315	41,431	57,784
Master's Equivalency with 54 semester credits	256	43,429	61,964
Master's Equivalency with 72 semester credits	160	45,428	65,053
Master's Equivalency with 90 semester credits	376	47,426	69,142 (2)
Master's Degree	164	41,931 (3)	59,375 (3)
Master's Degree with 54 semester credits	204	43,929 (3)	63,555 (3)
Master's Degree with 72 semester credits	191	45,928 (3)	67,733 (3)
Master's Degree with 90 semester credits	805	47,926 (3)	71,822 (4)
Doctorate with 90 semester credits (hired after 7/1/97)	17	48,626 (5)	72,522 (2) (5)
Doctorate with 90 semester credits (hired prior to 6/30/97)	9	55,469 (6)	72,822 (2) (6)

Notes:

- (1) Number of teachers as of April 2007. Does not include all authorized positions.
(2) Includes \$1,000 longevity bonus
(3) Includes \$500 master's bonus
(4) Includes \$1,000 longevity bonus and \$500 master's bonus
(5) Includes \$1,200 doctoral bonus
(6) Includes \$1,500 doctoral bonus

For the Last Ten Years

**AVERAGE DAILY MEMBERSHIP
AND PUPIL TO CLASSROOM
TEACHER RATIO**

AVERAGE DAILY MEMBERSHIP

Fiscal Year	Average Daily Membership Grades K-6 (1)	Percentage Increase (Decrease) Over Prior Year Grades K-6	Average Daily Membership Grades 7-12	Percentage Increase (Decrease) Over Prior Year Grades 7-12
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
2006-2007	26,255	0.93	22,452	(3.67)

Notes:

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

PUPIL TO CLASSROOM TEACHER RATIO

Fiscal Year	Kindergarten (FTE)	Grade 1	Grades 2 - 3	Grades 4 - 6	Grades 7 - 12	Special Education
1997-1998	20.5 to 1	24 to 1	24 - 26 to 1	27 to 1	26.25 - 27.08 to 1	Various
1998-1999	20.5 to 1	24 to 1	24 - 26 to 1	27 to 1	26.25 - 27.08 to 1	Various
1999-2000	20.5 to 1	21 to 1	24 to 1	27 to 1	26.25 - 27.08 to 1	Various
2000-2001	20.5 to 1	21 to 1	25 to 1	28 to 1	26.25 - 27.08 to 1	Various
2001-2002	20.5 to 1	21 to 1	25 to 1	28 to 1	26.25 - 27.91 to 1	Various
2002-2003	20.5 to 1	21 to 1	24 to 1	27 to 1	25.50 - 27.10 to 1	Various
2003-2004	20.5 to 1	21 to 1	24 to 1	27 to 1	25.50 - 27.10 to 1	Various
2004-2005	20.5 to 1	21 to 1	24 to 1	27 to 1	25.54 - 27.08 to 1	Various
2005-2006	20.75 to 1	21.25 to 1	24.25 to 1	27.25 to 1	25.79 - 27.33 to 1	Various
2006-2007	20.75 to 1	21.25 to 1	24.25 to 1	27.25 to 1	25.79 - 27.33 to 1	Various

For the Last Ten Years

FACILITY UTILIZATION AND SCHOOL BUILDINGS

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>	
1997-1998	3,010,604	1,389	27,471	26,682	3,143,887	963	21,665	20,634	2,335
1998-1999	3,053,379	1,394	27,478	26,812	3,094,258	970	21,771	21,304	2,610
1999-2000	3,086,075	1,408	27,532	26,894	3,075,644	970	21,771	21,263	2,347
2000-2001	3,164,152	1,438	27,528	27,251	3,059,566	960	21,422	21,605	2,446
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
2006-2007	3,298,895	1,443	26,255	26,255	3,469,921	1,033	20,925	22,452	2,831

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>
1997-1998	6	9	57	5	2	1	3
1998-1999	6	9	60	5	2	1	4
1999-2000	6	9	60	5	2	1	4
2000-2001	6	9	60	5	2	1	3
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
2006-2007	8	9	60	6	2	1	6

For the Last Ten Years

STUDENT NUTRITION LOCAL REVENUES

Fiscal Year	Lunch Sales Student	Lunch Sales Adult	Breakfast Program	Milk Program	A la Carte Program	Special Meals	After School Snack Program	Other Revenues	Total
1997-1998	\$ 2,398,504	\$ 65,297	\$ 41,237	\$ 70,101	\$ 1,750,248	\$ 7,632	\$ --	\$ 5,451	\$ 4,338,470
1998-1999	2,579,872	116,666	69,675	22,859	1,564,316	16,177	--	65,114	4,434,679
1999-2000	2,651,993	124,975	61,801	72,978	1,698,872	40,250	--	37,762	4,688,631
2000-2001	3,050,562	123,653	72,723	77,551	1,849,532	46,966	10,492	27,045	5,258,524
2001-2002	3,215,567	114,931	83,360	46,362	1,768,624	56,698	40,265	5,201	5,331,008
2002-2003	3,217,979	113,582	95,784	69,525	1,736,804	100,508	24,473	23,290	5,381,945
2003-2004	3,124,890	45,401	102,606	72,509	2,035,641	151,768	13,197	2,566	5,548,578
2004-2005	2,871,086	107,428	95,310	65,414	2,093,852	56,310	5,113	3,181	5,297,694
2005-2006	2,771,585	43,126	117,898	53,527	2,179,350	81,703	3,177	837	5,251,203
2006-2007	2,704,353	66,034	111,429	61,749	1,939,316	94,831	--	269	4,977,981

For the Last Ten Years

MISCELLANEOUS STASTICS

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
1997-1998	1,164,093	1,049,914	226,077	26,813
1998-1999	1,108,519	1,029,352	276,096	52,577
1999-2000	1,173,417	1,030,384	322,767	49,211
2000-2001	1,330,174	1,033,978	364,069	47,941
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
2006-2007	1,129,042	1,417,381	385,667	21,761

Pupil transportation statistics:

Fiscal Year	Number of Routes			
	Regular to and from schools		Special Education to and from school	
	District	Contracted	District	Contracted
1997-1998	56	107	28	63
1998-1999	56	107	28	63
1999-2000	56	107	28	64
2000-2001	55	105	28	65
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
2006-2007	49	95	28	63

June 30, 2007

SCHEDULE OF INSURANCE IN FORCE

Carrier/Coverage	Policy Number	Limits	Expiration Date
Everest National Insurance Co. GL/Auto/Ed Legal Emp Benefits	71P700112071	\$5,000,000 Each Occurrence \$10,000,000 Aggregate (Where Applicable) Self Insured Retention claim - \$1,000,000	7/1/2008
Colony Insurance Co. 1st Excess Liability	AR6460092B	\$10,000,000 excess of \$5,000,000	7/1/2008
Arch Specialty Ins. Co. Excess Liability	UXP000803102	\$5,000,000 excess of \$15,000,000	7/1/2008
Safety National Casualty Corp. Excess WC/ & Employers Liability	SP1Q24AK	\$25,000,000 Workers Comp Each Accident \$1,000,000 EL Each Accident/Disease Self Insured Retention Claim - \$750,000	7/1/2008
AIG Life Ins. Co. Travel Accident Ins.	GTP 8040253-N	\$500,000 Per person \$5,000,000 Aggregate	7/1/2008
XL Specialty Ins. Co. N/O Aviation	NAQ3042133	\$1,000,000 Each Occurrence Including Passengers	7/1/2008
Westchester Fire Ins. Co. Employee Dishonesty Bond	G21679586003	\$1,000,000 Bond Limit \$7,500 Deductible	7/1/2008
Hartford Accident & Indemnity School Board Treasurer Bond	52BSBEA1323	\$50,000 Bond Limit	4/20/2009
Zurich Ins. Co. Storage Tank 3rd Party Liability	USC2954411-07	\$1,000,000 Each Incident \$1,000,000 Aggregate Limit \$10,000 Deductible	1/23/2008
FM Global Insurance Co. Property Insurance excluding Quake	UW152	\$1,000,000 Limit \$100,000 Deductible/Occurrence	7/1/2008
Catastrophic Student Accident Insurance	TBD	\$1,000,000; \$50,000 Deductible	8/1/2007

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