

Comprehensive Annual
Financial Report

ANCHORAGE SCHOOL DISTRICT

for the Fiscal Year Ended
June 30, 2008

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

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Introductory Section



October 13, 2008

Anchorage School District

5530 E. Northern Lights Blvd.
Anchorage, Alaska 99504-3135
(907) 742-4000

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

SCHOOL BOARD

Jeff Friedman
President

Macon Roberts
Vice President

Crystal Kennedy
Clerk

Chris Tuck
Treasurer

Pat Higgins

Tim Steele

John Steiner

SUPERINTENDENT

Carol Comeau

The Comprehensive Annual Financial Report of the Anchorage School District (District) for the year ended June 30, 2008, 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 first and 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 Web site at www.asdk12.org. The District's cable channel 14 broadcasts regular board meetings and features an educational bulletin board for announcing District activities. Audio files of the regular meetings are available through a podcast subscription or on the District's Web site within forty-eight (48) hours. Meeting minutes are also posted online once they are approved by the board.

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, including the development of 21st century skills;
- 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).
2. A higher percentage of students will master reading skills and strategies to read proficiently at the end of grade 3.
3. The percentage of students in accelerated math sequence will increase.
4. The dropout rate will decrease.
5. The graduation rate will increase.
6. The percent of high school students successfully completing higher-level courses will increase.
7. Customer service and satisfaction will improve.
8. Parent/guardian involvement will improve.

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.

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 English Language Learner, Alaska Native, Title I, Gifted, Special Education, 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's goal is to have at least one partnership in each school. 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.

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, multi-purpose rooms, gymnasiums and auditoriums/auditerias. During fiscal year 2007-2008, the Rentals 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 \$849,453 for fiscal year 2007-2008 and are projected to be \$629,000 for fiscal year 2008-2009.

The District's recreation facilities are consistently scheduled to near capacity. The Rentals Department schedules our large areas (gymnasiums and multi-purpose rooms) using the guidelines of Optimum Facilities Use practices, which insures more effective scheduling of gymnasium and multi-purpose rooms. The Rentals Department, in conjunction with the Municipality of Anchorage Parks and Recreation Department, operate using a joint application process, which facilitates more appropriate and effective use of outdoor sport facilities. All outdoor field areas are heavily used by the community, particularly non-profit youth sports groups. The District now has four artificial turfed athletic fields which support the schools' physical education programs and school athletic needs. These turfed fields are located at Begich Middle School; and Chugiak, Dimond and Eagle River High Schools. These turfed areas are also viable spaces for non-profit youth groups to conduct sports practices, games and tournaments.

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. 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. The technical team also provides annual maintenance and upkeep of all of our auditoriums and auditeria. Requests for support for District performance spaces and multi-purpose areas continue 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 2007-2008 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 supported this endeavor by providing labor 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 was approximately \$200,000. The District continues to provide general maintenance and upkeep of this and all high school auditoriums and auditerias.

21st CENTURY COMMUNITY LEARNING CENTERS

The 21st Century Community Learning Centers (CCLC) provide a safe, drug-free, and academically enriching out-of-school program of expanded learning, recreational, and supportive opportunities for over 1500 high-needs students. Parent literacy programs are offered to help parents support their children's education. The project objectives and outcomes address: increases in student academic achievement; development of positive attitudes, skills, 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 2007-2008 school year, the 21st CCLC delivered after-school academic and enrichment services in eleven elementary schools. Clark Middle School was closed for building construction. Three 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 first year of a five-year renewable state grant. We will have 11 sites operating during the 2008-2009 school year providing 21st CCLC programs.

A 21st CCLC non-profit association made 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, Girl Scouts Susitna 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 seventeen years, the School Business Partnership Program has been responsible for developing more than 500 partnerships between Anchorage schools and businesses or organizations – ranging from small enterprises to large corporations, and both for profit and non-profit. The partnerships have an economic value of over \$2.25 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 two high schools. These classes follow either an entrepreneurial model, a service learning model or a combination of the two. Both models provide work force development and employability skills to students.

CURRICULUM

Board policies and administrative procedures govern the organization, management, and operation of the school system. The Board approves 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 embraces 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 requirements 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 Languages 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. Scenic Park Elementary has a Chinese FLES program, where students K-5 receive 30-60 minutes of Chinese language instruction each week.

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 to 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 & an arts.

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 and alternative curricula. They also have more independence from regular schools in scheduling and budgetary decision making. During the 2008-2009 school year, the District operated eight charter schools as a result of legislation passed in 1995. These include the Alaska Native Cultural Charter School, K-6, that emphasizes Native subsistence life styles within the framework of the regular ASD curricula; Aquarian Charter School, K-6, that offers Spanish instruction and enrichment activities to all students; Eagle Academy Charter School, K-6, that emphasizes traditional teaching styles and core American values using the Spalding method of teaching; Family Partnership Charter School, K-12, that is a home school; Frontier Charter School, K-12, that is a home school; Highland Tech High, 7-12, that offers standard's based instruction and assessment in a technical environment; Rilke Schule German School of Arts and Sciences, K-8, that is a German language immersion school; and Winterberry Charter School, K-8, that has curriculum inspired by Waldorf Education.

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 now helps the program operate at KCC for students who can attend after-school classes. Classes were ½ credit introductory courses for the 2007-2008 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 643 students enrolled in construction related courses during the past school year; 291 of those students earned trade industry certifications; 71 students were employed in construction trade jobs.

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 (IEP). Services are delivered in the least restrictive environment of a continuum of placements, ranging from support in the 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 or transportation.

Indian Education meets educational and cultural needs of Alaska Native and American Indian students. English Language Learners 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. In addition, students may attend summer school to improve on existing grades, as well as attempt new courses for additional credit. 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 served over 4,000 students this year; in 2008 over 6,000 credits were earned in summer school.

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 4-12 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 grades 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 283,823 in 2007. This represents an increase in residents of 0.2 percent over 2006.

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 twentieth 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 48,000 students, which is 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 50 percent of the District student population. The official enrollment for school year 2007-2008 reached 48,457 students; 24,423 elementary, 22,694 secondary, and 1,340 special services and contracted program students.

Approximately 28,363 Anchorage students participated in the Alaska Standards Based Assessment (SBA) in school year 2007-2008. The SBAs estimate the degree to which the students have mastered the Academic Performance Standards for reading, writing, mathematics and science as outlined in the Grade Level Expectations (GLEs). The assessments were administered in grades 3-10 for reading, writing and

mathematics and grades 4, 8 and 10 for science. They are the foundation of the Alaska school accountability system. When the scores were aggregated at the district level, 84.3 percent were proficient in reading, 77.4 percent in writing, 73.3 percent in mathematics and 52.8 percent in science.

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 26, 2008, 2,404 students or 65.8 percent had passed all three subtests on the first administration. Of the 1,248 students who have not passed all three subtests, 527 have only one remaining subtest to pass, 301 had two remaining subtests to pass and 420 have all three subtests to pass. Of the seniors enrolled in the Anchorage School District on May 26, 2008, 96.9 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 the 2007-2008 school year involved the administration of the TerraNova 3rd edition in grades five and seven. This was the first year of administering the newly-normed 3rd edition. The mean normal curve equivalent scores for all students in grades five and seven ranged from 50 to 56 with the national average being 50. Anchorage School District students scored at or 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 2007-2008 school year, the average composite ACT score for Anchorage was 23.3 compared to 21.1 nationally and 21.2 for our state. The average SAT math was 543 for Anchorage compared to 515 nationally and 520 for our state. The average SAT critical reading for Anchorage was 532 compared to 502 nationally and 520 for our state. The average SAT writing score for Anchorage was 506 compared to 494 nationally and 493 for our state.

In terms of meeting Adequate Yearly Progress (AYP) as defined by No Child Left Behind, the Anchorage School District has progressed as follows: in the first year of NCLB, 40 percent of our schools met AYP, in the second year 58 percent, in the third year 66 percent, in the fourth year 62 percent, in the fifth year 62 percent and this year 44 percent of our schools made AYP. It is important to note that the Annual Measurable Objective increased this year by 5.7 percentage points in language arts and 8.48 percentage points in math. Also, 48 percent of those schools that did not make AYP this year missed in only one of the thirty-one target areas. 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 three years ago and to thirteen two years ago. This year, six of twenty-three Title I schools made AYP. District-wide, schools met 93 percent of the performance targets. Language arts and math scores are higher than they were just two years ago. The four-year trend shows language arts increasing from 79.3 percent to 81.4 percent proficient. In math, the four-year trend shows an increase of 71.1 to 73.7 percent proficient.

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-eight (238) 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 one-third of school bus service is provided on district owned and operated buses and the remaining two-thirds of the service is provided by Forsythe Transportation Inc.

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

The Student Nutrition Program serves over 20,118 meals daily or more approximately 3,460,313 meals a year to elementary and middle level and high school students. A school lunch costs \$2.65 for elementary, \$3.05 for middle school and \$3.50 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 382,000 titles located in 112 library centers. There are over 1.39 million items in the collections. The Anchorage School District library index is accessible to the community via the internet. Use of collection development plans and interlibrary loan strategies by school librarians in the school libraries 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 are available for loan to Anchorage teachers and students. Coordination of the Federal Universal Services Administration E-Rate program that provides approximately \$1 million in discounted communication services to ASD is also accomplished by Audio-Visual Services. The organization also repairs all of the District's audio-visual and microcomputer equipment. The District's voice communications, including telephone, cell phones, and two-way radio systems are developed and coordinated by Audio-Visual Services.

The Communications Department plans and implements an internal and external communications program through publications and advertising, media and community relations, and the ASD website. The department also 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 and Debt Service 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, 2008 were invested as follows: repurchase agreements 10 percent, Municipal Investment Pool 50 percent, commercial paper 18 percent, certificates of deposit 5 percent and United States Treasury obligations 17 percent.

The total amount of investment income earned in fiscal year 2007-2008 was \$8,523,022, which was \$660,079 higher than the interest received on investments for fiscal year 2006-2007. The increase in earnings is primarily due to good interest rates throughout the first half of fiscal year 2007-2008, participation in the newly created Municipal Investment Pool, as well as a change in banking services contract that yielded a higher interest rate on funds held in overnight repurchase agreements.

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

In the summer of 2007, the Joint Legislative Education Task Force was created to review the state-wide school funding mechanism. A report was submitted 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 for more accurate future year budget projections. Legislation, specifically House Bill 273, was passed in the second session of the 25th Legislature marking a historic change to Alaska school district funding by passing all the recommendations of the task force. These changes include sweeping changes to school funding by including early, and forward funding to ensure adequate time for budgeting processes, as well as significant increases to special education funding, pupil transportation funding and an increase to the base student allocation for the next three years. The net increase to the changes made for the 2008-2009 budget were approximately \$14 million and allowed for early hiring for replacement and new positions in the District. Additionally, separate legislation, Senate Bill 125, was also passed securing the previous year employers' contribution rates for the state retirement systems that the District participates in. The funding comes through a commitment from the State of Alaska to contribute on-behalf payments directly to the retirement systems for the amount required to meet the actuarially determined rate in the amount of approximately \$76 million for the District in fiscal year 2008-2009.

While the Alaska State government is currently enjoying a budget surplus because of historical high oil prices, the turmoil and slow-down of the economy is expected to reduce the price of oil, which may affect the funding source the State has been using for state-wide school district funding increases. 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 in the general operating fund, approximately 46 percent, while other state revenues, also funded primarily by oil revenues make up an additional 21 percent. The multi-year funding approved by the Legislature has been committed to through fiscal year 2010-2011, but continues to be subject to appropriation on a yearly basis by the Legislature.

Even with the changes to state sources funding, and lower retirement system contribution rates, the District is still projecting a budget deficit for the 2009-2010 budget of \$19.3 million. 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) and the implementation of the District's Six-Year Instructional Plan; cost increases related to employee contracts, and utility and fuel rate increases.

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, 2007.

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, 2007.

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

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

ACKNOWLEDGMENTS

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

Respectfully submitted,



Carol Comeau
Superintendent

Prepared by,

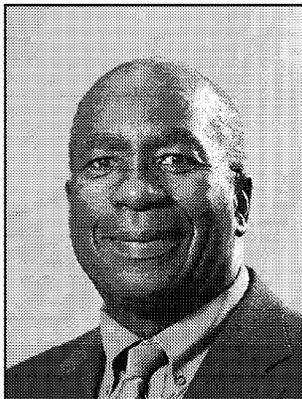


Janet Stokesbary
Chief Financial Officer

The Anchorage School Board



Jeff Friedman
President



Macon Roberts
Vice President



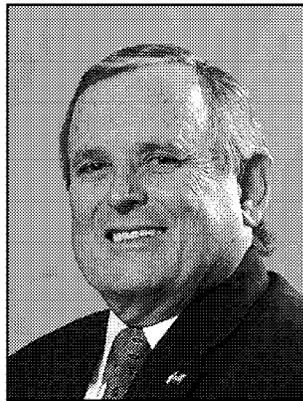
Crystal Kennedy
Clerk



Chris Tuck
Treasurer



Pat Higgins



Tim Steele

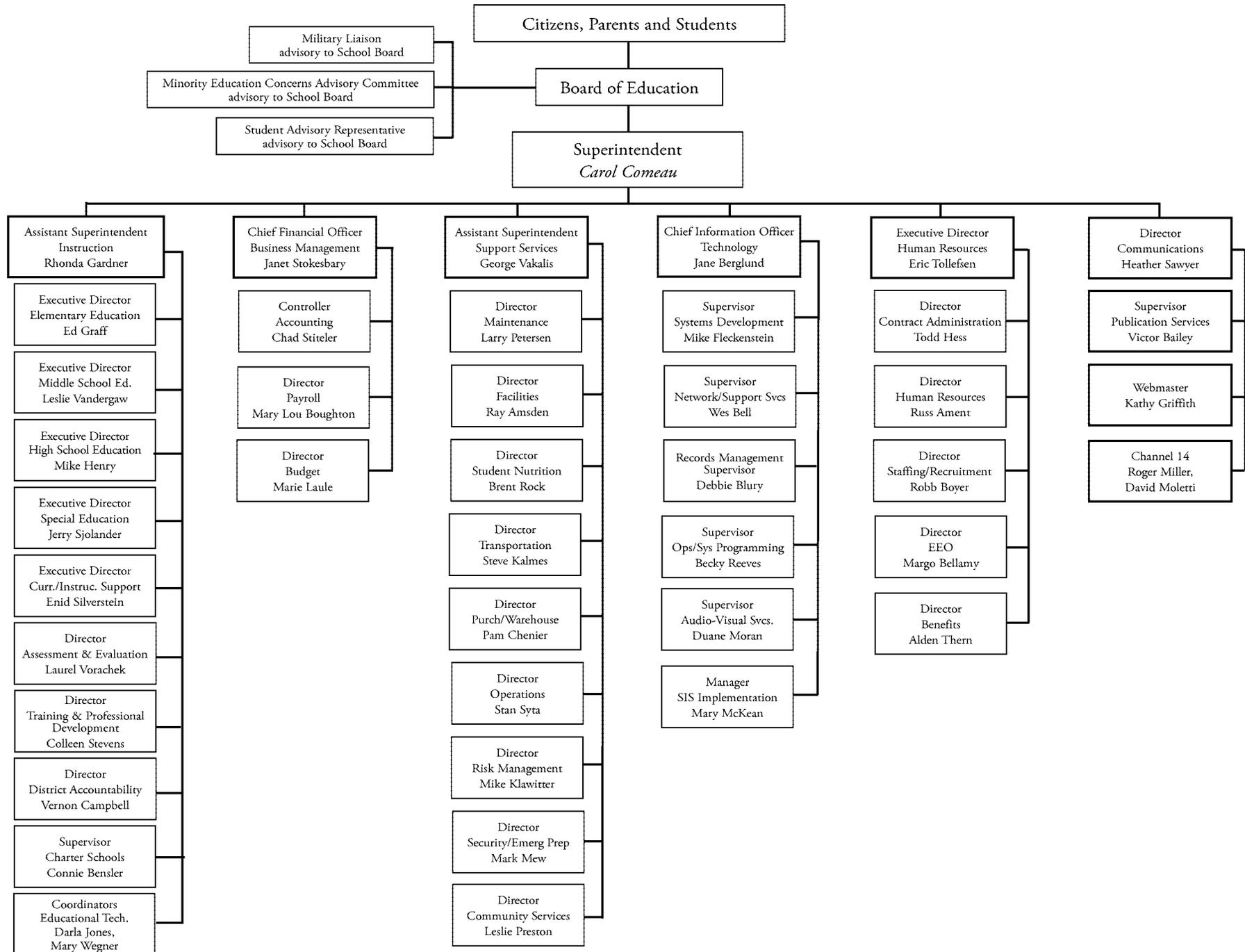


John Steiner

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

OCTOBER 2008



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, 2007

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, 2007

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

Grome E. Brendel

President

John D. Mueser

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, 2008, 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, 2008, 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 13, 2008 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 3-14 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 13, 2008

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, 2008. 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 \$552,276,931 (net assets). Of this amount, \$69,279,340 (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 \$35,961,770 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 \$209,526,626 an increase of \$41,711,702 in comparison with the prior year. Of this total, \$47,574,101 is not committed and available for spending at the District's discretion (undesignated fund balance). Additionally, the District has designated \$51,368,146 of unreserved fund balance for purposes in future years.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$24,442,307 or 4.4 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 and maintenance of plant, community services, 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 30-56 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 53 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 \$552,276,931 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

	Governmental Activities	
	2007-2008	2006-2007
ASSETS		
Current and other assets	\$ 363,436,484	\$ 302,855,475
Capital assets	1,190,304,604	1,172,515,439
Total assets	<u>1,553,741,088</u>	<u>1,475,370,914</u>
LIABILITIES		
Net pension obligation and other post-employment benefits	17,582,137	16,924,784
Long-term liabilities outstanding	742,745,000	725,585,000
Other liabilities	241,137,021	216,545,969
Total liabilities	<u>1,001,464,158</u>	<u>959,055,753</u>
NET ASSETS		
Invested in capital assets, net of related debt	459,600,531	446,204,268
Restricted	23,397,060	5,141,963
Unrestricted	69,279,340	64,968,930
Total net assets	<u>\$ 552,276,931</u>	<u>\$ 516,315,161</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 \$459,600,531. 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 (4.5 percent) represents resources that are subject to external restrictions on how they may be used. The amount of \$2,709,623 is related to debt service. Additionally, \$20,687,437 is restricted for authorized construction. The remaining balance of unrestricted net assets (\$69,279,340) may be used to meet the government's ongoing obligations to citizens and creditors.

The net pension obligation and other post-employment benefits increased \$657,353 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. Effective, July 1, 2008, the District will permanently reduce its liabilities by the full amount of the net pension and other post employment benefits obligation. Senate Bill 125 was passed in the second session

of the 25th Alaska State Legislature to change the Public Employees' Retirement System from a multiple-agent public employee retirement plan to a cost-sharing public employee retirement plan. This change in the plan removes the individual employer obligation to the unfunded liability of the plan. Further, the senate bill also sets in statute a uniform contribution rate of 22 percent of covered payroll which maintains the same contribution rate the District paid in fiscal year 2007-2008.

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 \$35,961,770 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 2007-2008. 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 & interest expense.

The increase in program revenues is specifically due to additional funds received from the State of Alaska to help defray the costs of increases to the state retirement systems. General revenue increases came from an increased tax appropriation from the Municipality of Anchorage and the increase in other state funding. The change in the Alaska Public School Funding Program is due to a reduction in enrollment and the maintenance of the base student allocation from the prior fiscal year.

Table 2 – Program Revenues and Expenses

	Governmental Activities	
	2007-2008	2006-2007
Revenues:		
Program revenues:		
Charges for services and sales	\$ 7,700,114	\$ 7,060,819
Operating grants and contributions	171,431,127	74,316,517
Capital grants and contributions	41,082,316	37,976,770
General revenues:		
Appropriation from		
Municipality of Anchorage	206,359,861	191,602,288
Investment income	8,523,023	7,862,943
Public school funding program	264,718,683	273,377,337
School improvement grant	7,890,604	3,945,302
Energy relief	6,656,602	--
Federal Impact Aid	14,150,178	13,042,523
Other	2,794,520	1,861,280
Total revenues	<u>731,307,028</u>	<u>611,045,779</u>

Program expenses:		
General administration	\$ 18,572,821	\$ 15,662,670
Instruction	572,761,690	478,651,589
Pupil transportation	20,087,773	18,002,836
Operation and maintenance of plant	29,996,382	28,460,380
Community service	856,785	1,243,907
Food services	16,054,390	15,518,428
Construction and facility acquisition	241,710	674,062
Interest expense	36,773,707	34,012,953
Total expenses	<u>695,345,258</u>	<u>592,226,825</u>
Increase in net assets	35,961,770	18,818,954
Net asset beginning of year	<u>516,315,161</u>	<u>497,496,207</u>
Net assets ending	<u>\$ 552,276,931</u>	<u>\$ 516,315,161</u>

Total revenues and expenditures were increased identically by \$95,516,769 in the fiscal year 2007-2008. These state source revenues and increased benefit expenditures were due to approval and passage of Senate Bill 53 to help defray the costs of increased contribution rates to the state retirement systems.

The increased unfunded liability of both, the Public Employers' and Teachers' Retirement Systems (PERS and TRS respectively), contributed to the state retirement systems managing entity, the Alaska Retirement Management Board (ARMB) to increase the required contribution rates for both plans to the actuarially required rates. For TRS, this was an increase from the 26 percent contribution rate of covered payroll in fiscal 2006-2007 to a new required contribution rate of 54.03 percent state-wide. For the Anchorage School District PERS contribution rate, an increase from the 24.25 percent in fiscal year 2006-2007 to 33.27 percent in fiscal year 2007-2008 was required with the ARMB decision. The state Legislature and Governor passed the senate bill to effectively reduce the TRS and PERS rates to 12.56 percent and 22 percent respectively by direct contributions to the retirement systems, made as payments on-behalf of participating employers, and thus included within the financial records of the employers.

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	Total Cost of Services 2007-2008	Net Cost of Services 2007-2008
General administration	\$ 18,572,821	\$ 17,805,238
Instruction	572,761,690	431,130,932
Pupil transportation	20,087,773	2,838,435
Operation and maintenance of plant	29,996,382	26,898,670
Community service	856,785	(93,856)
Food service	16,054,390	832,228
Construction and facility acquisition	241,710	(41,053,653)
Interest expense	36,773,707	36,773,707
Total expenses	<u>\$ 695,345,258</u>	<u>\$ 475,131,701</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 \$41,711,702 as of June 30, 2008. Encumbrances within the Capital Projects Fund were reduced by \$26,653,956 because of expenditures for ongoing projects, thus the majority of the reduction in total reserved fund balance. The School Board authorized two designations for the fiscal year ending June 30, 2008 for the General Fund; \$17,503,677 per an agreement with the Municipality of Anchorage to ensure the maintenance of the Municipality bond rating, and \$3,959,000 for expenditures in the fiscal year 2008–2009 budget.

General Operating Fund

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 \$53,841,936, while total fund balance reached \$119,679,335. 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 9.3 percent of total General Fund revenues, while the total General Fund fund balance represents 20.7 percent of the same amount.

The fund balance of the District's General Fund increased by \$24,295,643 during the fiscal year 2007-2008. Key factors are as follows:

- Net revenues equal 100.6 percent of budgeted revenues. Contributing factors were:
 - Revenue realized from investment income was more than budgeted due to the participation in the newly created Municipal Investment Pool.
 - Federal Impact Aid was more 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.
 - E-Rate revenue was more than double what was budgeted due to a favorable outcome of a decision on a prior year funding request.
 - Medicaid reimbursement was more than budgeted due to strong district participation in state surveys on services provided.
 - Revenue from the Alaska Public School Funding Program was less than budgeted as a result of actual number of students being fewer than budgeted.
- On a budgetary basis, 96.8 percent of the final budget amount was either expended or encumbered by June 30, 2008.

The General Fund expenditure budget for the year ended June 30, 2008 was \$576,128,830, an increase of \$102,696,183 over the prior year budget of \$473,432,647. The revenues and expenditures were increased identically by \$88,473,209 for the fiscal year 2007-2008. These state source revenues and increased benefit expenditures are the result of the approval and passage of Senate Bill 53 to help reduce the costs of increased contribution rates to the state retirement systems.

Special Revenue Fund

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 \$45,290,826, an increase of 15.5 percent over prior year. The increase in revenues and expenditures can be mainly contributed to the state retirement systems relief funding based on salaries within the fund.

Debt Service Fund

The Debt Service Fund has a total fund balance of \$2,709,624 all of which is reserved for payment of debt service. The net decrease in the fund balance of \$2,432,339 was used towards debt service payments in the current year, which reduced the tax payers' burden.

Capital Projects Fund

The Capital Projects Fund closed the fiscal year with \$52,526,056 in expenditures, increasing the capital work in progress \$34,468,805. Proceeds from the August 2007 general obligation bond sale primarily financed the activity for the year, thus increasing the total fund balance on June 30, 2008 to \$81,506,353. Activity stemming from the approved propositions is reflected within the expenditures for the year as well. Additionally, voters approved \$43,710,000 under two propositions in April 2008 for which bonds have not yet been sold.

Capital Assets and Debt Administration

Capital assets. The Anchorage School District's investment in capital assets for its governmental activities as of June 30, 2008 amounts to \$1,190,304,604 (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 1.5 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
- Central Middle School Track
- Clark Middle School Replacement
- Gruening Middle School Track
- Hanshew Middle School Track
- Chester Valley Elementary School Design and Addition
- Scenic Park Elementary School Boiler
- Sand Lake Elementary School Design and Addition
- Student Nutrition Emergency Preparedness
- Warehouse Upgrade

The following table shows ending balances of capital assets invested in various categories. The District recognized a total increase of \$17,789,165 less the depreciation expense.

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

	<u>Governmental Activities</u>	
	<u>2007-2008</u>	<u>2006-2007</u>
Land	\$ 31,426,615	\$ 31,426,615
Land improvements	13,532,441	10,896,078
Buildings, equipment and vehicles	902,767,761	922,083,764
Construction in progress	<u>242,577,787</u>	<u>208,108,982</u>
Totals	<u>\$1,190,304,604</u>	<u>\$1,172,515,439</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, 2008 the Anchorage School District had general obligation bonds and capital lease obligations outstanding totaling \$789,375,000. This entire amount of \$789,375,000 comprises debt backed by the full faith and credit of the Municipality of Anchorage. In the current year, the District paid \$44,080,000 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.

Table 5 – Outstanding Debt, as of June 30

	<u>Governmental Activities</u>		<u>Maturity</u>
	<u>2007-2008</u>	<u>2006-2007</u>	
General obligation bonds	<u>\$ 789,375,000</u>	<u>\$ 769,665,000</u>	2027

As of June 30, 2008, the School District’s available authorized but unissued general obligation school bonds amounts \$63,710,000.

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, 2007.

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

- Revisions passed by the Alaska Legislature and the Governor made a number of changes to the state revenues including contributions to the retirement systems on-behalf of school districts that have positive effects on District funding for fiscal year 2008-2009 and future years:
 - In the summer of 2007, a Joint Legislative Education Task Force was created to review the state-wide school funding mechanism. A report was submitted 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 for more accurate future year budget projections. Legislation, specifically House Bill 273, was passed in the second session of the 25th Legislature marking a historic change to Alaska school district funding by passing all the recommendations of the task force. The significant elements of that passage to affect fiscal year 2008-2009 include the following changes to the Public School Funding Formula:
 - A \$100 increase to the base student allocation to \$5,480. An additional \$100 increase is included in statute for fiscal years 2009-2010 and 2010-2011.
 - An increase to intensive special education student funding, almost doubling the multiplier within the formula from 5 to 9. Additionally, the multiplier is to increase to 11 in fiscal year 2009-2010 and 13 for fiscal year 2010-2011.
 - While not included in the Public School Funding Formula, the Governor and Legislature also approved a re-calibration to increase funding for pupil transportation to offset the increasing costs based on the task force recommendation, and included an annual Consumer Price Index adjustment.
 - The task force also included a recommendation to provide forward funding, and early funding. Both recommendations have so far been implemented and the immediate benefit of early funding allowed the District to finalize the 2008-2009 budget process significantly faster, which then further allowed for early hiring for replacement and new positions within the District.

- Senate Bill 125 was passed in the second session of the 25th Legislature to set in statute a uniform contribution rate of 22 percent of covered payroll for the Public Employees' Retirement System and a contribution rate of 12.56 percent of covered payroll for the Teachers' Retirement System. These are the same contribution rate the District paid in fiscal year 2007-2008, based on a one-time funding bill passed in the previous legislative session. Additionally, the bill extends that the State of Alaska will pay the difference between the set contribution rates and the rate that include coverage of the unfunded liabilities of the plans.
- 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 2.2 percent and a five-year average population growth of 1.2 percent were used in calculating the total tax revenue for the General Fund for fiscal year 2008-2009. 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 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. A current 1.5% increase in elementary level enrollments (356 students) has been anecdotally attributed to rural-urban transitioning as families seek less expensive home situations (gas, heating, food, medical attention). Military student enrollments also increased as the numbers of airmen and soldiers on Elmendorf Air Force Base and Fort Richardson Army Post continue to increase. Fort Richardson is expected to receive an additional 1,500 soldiers between 2009 and 2013.
- Interest rates dropped sharply throughout fiscal year 2007-2008 and the financial market performance declined for much of the year. With the current weakness in the housing market, volatility with banks and investment firms, and higher unemployment rates, interest rates are likely to remain low over fiscal year 2008-2009.
- 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 above the projected rate increases.
- Since the start of the school year, preliminary enrollment data have shown increases above the projected enrollment, thus increasing state funding projections.

All of these factors were considered in preparing the Anchorage School District's budget for the 2008-2009 fiscal year.

Requests for Information

These financial statements and discussions are designed to provide our students, citizens, taxpayers, investors and creditors disclosure of the District's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please write to Chief Financial Officer, Anchorage School District, 5530 East Northern Lights, Blvd, Anchorage, Alaska 99504-3135.

Basic Financial Statements

June 30, 2008
With Comparative Totals for
June 30, 2007

STATEMENT OF NET ASSETS

	Governmental Activities	
	2008	2007
Assets		
Cash and investments, at cost	\$ 192,266,774	\$ 138,989,203
Cash and investments with paying agent	24,433,858	22,013,584
Accounts receivable (net)	1,961,058	1,332,788
Interest receivable	348,282	812,557
Due from other governments	126,296,191	125,549,807
Prepaid items	8,329,851	3,281,208
Inventory, at weighted average cost	2,911,107	3,827,354
Deferred charges	6,889,363	7,048,973
Capital assets:		
Non-depreciable:		
Land	31,426,615	31,426,615
Construction in progress	242,577,787	208,108,982
Depreciable:		
Land improvements	46,742,909	42,699,201
Buildings and equipment	1,233,816,848	1,237,637,213
Pupil transportation equipment	9,142,408	8,793,246
Accumulated depreciation	<u>(373,401,963)</u>	<u>(356,149,818)</u>
Capital assets, net of accumulated depreciation	<u>1,190,304,604</u>	<u>1,172,515,439</u>
Total assets	<u>1,553,741,088</u>	<u>1,475,370,913</u>
Liabilities		
Accounts payable	8,329,164	5,252,829
Contracts payable	6,448,979	2,118,962
Medical claims payable, including IBNR	5,468,253	7,130,520
Interest payable	11,955,144	10,302,052
Accrued salaries and related items:		
Wages and salaries payable	1,952,016	1,753,552
Payroll taxes, other accrued and withheld items	8,106,080	2,447,026
Noncurrent liabilities:		
Due within one year:		
Accrued compensated absences	8,919,787	8,493,836
Workers' compensation payable	4,685,640	4,137,563
Bonds payable	46,630,000	44,080,000
Unearned revenue	109,642,133	103,603,110
Due in more than one year:		
Workers' compensation payable	12,048,790	10,555,780
Net pension obligation and other post-employment benefits	17,582,137	16,924,784
Long-term debt	742,745,000	725,585,000
Other accrued liabilities	<u>16,951,035</u>	<u>16,670,739</u>
Total liabilities	<u>1,001,464,158</u>	<u>959,055,753</u>
Net Assets		
Investment in capital assets, net of related debt	459,600,531	446,204,268
Restricted for:		
Debt service	2,709,623	5,141,963
Authorized construction, net of authorized unissued bonds	20,687,437	--
Unrestricted	<u>69,279,340</u>	<u>64,968,930</u>
Total net assets	<u>\$ 552,276,931</u>	<u>\$ 516,315,161</u>

See accompanying notes to basic financial statements.

For the Year Ended June 30, 2008

STATEMENT OF ACTIVITIES

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Functions/Program</u>					
District-wide Activities:					
General administration	\$ (18,572,821)	\$ 16,770	\$ 750,813	\$ --	\$ (17,805,238)
Instruction	(572,761,690)	1,752,350	139,878,408	--	(431,130,932)
Pupil transportation	(20,087,773)	--	17,249,338	--	(2,838,435)
Operation and maintenance of plant	(29,996,382)	--	3,097,712	--	(26,898,670)
Community services	(856,785)	849,453	101,188	--	93,856
Food services	(16,054,390)	5,081,541	10,140,621	--	(832,228)
Construction and facility acquisition	(241,710)	--	213,047	41,082,316	41,053,653
Interest expense	(36,773,707)	--	--	--	(36,773,707)
Total district-wide activities	<u>\$ (695,345,258)</u>	<u>\$ 7,700,114</u>	<u>\$ 171,431,127</u>	<u>\$ 41,082,316</u>	<u>(475,131,701)</u>
General revenues:					
Unrestricted:					
Appropriation from Municipality of Anchorage					206,359,861
Investment income					8,523,023
Public School Funding Program					264,718,683
School improvement grant					7,890,604
Energy relief					6,656,602
Federal Impact Aid					14,150,178
Other					<u>2,794,520</u>
Total general revenues					<u>511,093,471</u>
Change in net assets					35,961,770
Net assets at beginning of year					<u>516,315,161</u>
Net assets at end of the year					<u>\$ 552,276,931</u>

See accompanying notes to basic financial statements.

June 30, 2008
With Comparative Totals for
June 30, 2007

BALANCE SHEET - GOVERNMENTAL FUNDS

	General	State and Federal Grants Special Revenue	Debt Service	Capital Projects	Other Governmental Funds	Totals	
						2008	2007
Assets							
Cash and investments, at cost	\$ 100,429,715	\$ --	\$ --	\$ 83,725,314	\$ 2,132,338	\$ 186,287,367	\$ 133,966,927
Cash with paying agent	--	--	24,387,096	46,763	--	24,433,859	22,013,584
Accounts receivable (net of any allowances for uncollectibles)	1,466,672	434,344	--	25,982	34,060	1,961,058	1,332,902
Interest receivable	--	--	83	348,199	--	348,282	812,554
Due from other funds	35,785,953	--	--	2,894,639	2,033,142	40,713,734	42,327,014
Due from other governments	89,987,386	14,444,578	20,109,819	843,791	910,618	126,296,192	125,549,808
Prepaid items	8,187,537	16,159	--	102,356	23,799	8,329,851	3,281,098
Inventory	2,004,661	--	--	--	906,446	2,911,107	3,827,354
Total assets	\$ 237,861,924	\$ 14,895,081	\$ 44,496,998	\$ 87,987,044	\$ 6,040,403	\$ 391,281,450	\$ 333,111,241
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 7,603,029	\$ 620,065	\$ 1,133	\$ 3,238	\$ 101,699	\$ 8,329,164	\$ 5,252,830
Contracts payable	--	--	--	6,448,979	--	6,448,979	2,118,962
Medical claims payable	5,468,253	--	--	--	--	5,468,253	7,130,520
Due to other funds	6,022,246	13,698,505	22,078,508	--	8,940	41,808,199	42,990,315
Accrued salaries and related items	9,787,176	236,072	--	21,987	12,862	10,058,097	4,200,579
Unearned revenue	89,301,885	340,439	19,707,733	6,487	285,588	109,642,132	103,603,111
Total liabilities	118,182,589	14,895,081	41,787,374	6,480,691	409,089	181,754,824	165,296,317
Fund balances:							
Reserved:							
Encumbrances	22,102,814	447,437	--	40,659,883	12,575	63,222,709	85,527,102
Inventory	2,004,661	--	--	--	775,147	2,779,808	3,697,888
Federal Impact Aid	12,645,547	--	--	--	--	12,645,547	11,779,903
Prepaid items	8,187,537	16,159	--	102,356	23,799	8,329,851	3,281,098
Self-insurance	20,896,840	--	--	--	--	20,896,840	18,284,048
Debt service	--	--	2,709,624	--	--	2,709,624	5,141,963
Unreserved:							
Designated:							
Bond rating:							
General Fund	17,503,677	--	--	--	--	17,503,677	16,415,939
Subsequent year's expenditures:							
General Fund	3,959,000	--	--	--	--	3,959,000	--
Special Revenue Funds	--	--	--	--	400,000	400,000	--
Accrued compensated absences:							
General Fund	7,936,952	--	--	--	336,858	8,273,810	7,449,350
Special Revenue Funds	--	473,436	--	--	--	473,436	540,587
Capital Projects Fund	--	--	--	172,542	--	172,542	--
Authorized construction, net of authorized unissued bonds	--	--	--	20,585,681	--	20,585,681	--
Undesignated, reported in:							
General Fund	24,442,307	--	--	--	--	24,442,307	18,053,037
Special Revenue Funds	--	(937,032)	--	--	4,082,935	3,145,903	2,442,009
Capital Projects Fund	--	--	--	19,985,891	--	19,985,891	(4,798,000)
Total fund balances	119,679,335	--	2,709,624	81,506,353	5,631,314	209,526,626	167,814,924
Total liabilities and fund balances	\$ 237,861,924	\$ 14,895,081	\$ 44,496,998	\$ 87,987,044	\$ 6,040,403	\$ 391,281,450	\$ 333,111,241

See accompanying notes to basic financial statements.

June 30, 2008
 With Comparative Totals for
 June 30, 2007

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

	2008	2007
Total governmental fund balances	\$ 209,526,626	\$ 167,814,924
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	1,188,314,120	1,170,761,534
Other long-term liabilities not due and payable in the current period, and therefore not reported in the funds:		
Accrued compensated absences	(8,919,787)	(8,493,836)
Workers' compensation payable	(16,734,430)	(14,693,345)
Net pension obligation and other post-employment benefits	(17,582,137)	(16,924,784)
General obligation debt	(789,375,000)	(769,665,000)
Accrued interest on general obligation debt	(11,955,144)	(10,302,051)
Unamortized cost of bond issuance	6,889,363	7,048,973
Unamortized general obligation bond premium	(16,951,035)	(16,670,739)
Internal service fund net assets	9,064,355	7,439,484
Total reconciling items	342,750,305	348,500,236
Net assets of governmental activities	<u>\$ 552,276,931</u>	<u>\$ 516,315,160</u>

See accompanying notes to basic financial statements.

For the Year Ended June 30, 2008
With Comparative Totals
For the Year Ended June 30, 2007

**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				2008	2007
Revenues:							
Local sources	\$ 178,134,279	\$ 990,344	\$ 37,164,182	\$ 5,128,188	\$ 12,252,858	\$ 233,669,851	\$ 214,888,704
State sources	385,563,364	7,746,891	40,206,933	843,598	521,769	434,882,555	335,377,434
Federal sources	15,682,027	36,553,591	--	545,035	9,629,017	62,409,670	60,491,468
Total revenues	579,379,670	45,290,826	77,371,115	6,516,821	22,403,644	730,962,076	610,757,606
Expenditures:							
Current:							
General administration	19,239,207	--	--	--	--	19,239,207	11,769,210
Instruction	484,255,121	45,290,826	--	--	6,977,267	536,523,214	447,887,180
Pupil transportation	18,982,195	--	--	--	--	18,982,195	17,236,133
Operation and maintenance of plant	26,772,621	--	--	--	--	26,772,621	24,697,997
Community services	840,031	--	--	--	--	840,031	790,222
Non-departmental	3,144,562	--	--	--	--	3,144,562	3,480,038
Food services	--	--	--	--	15,693,492	15,693,492	15,112,931
Debt service:							
Principal	--	--	44,080,000	--	--	44,080,000	39,870,000
Interest	--	--	35,884,852	--	--	35,884,852	35,021,935
Fiscal agent fees	--	--	11,605	--	--	11,605	11,578
Capital outlays	--	--	--	52,526,056	--	52,526,056	44,920,363
Total expenditures	553,233,737	45,290,826	79,976,457	52,526,056	22,670,759	753,697,835	640,797,587
Excess (deficiency) of revenues over expenditures	26,145,933	--	(2,605,342)	(46,009,235)	(267,115)	(22,735,759)	(30,039,981)
Other financing sources (uses):							
Proceeds from sale of property and equipment	51,531	--	--	--	--	51,531	42,904
Bond issuance cost	--	--	--	--	--	--	(425,618)
Issuance of general obligation bonds	--	--	--	63,790,000	--	63,790,000	48,495,000
Premium on issuance of general obligation bonds	--	--	--	1,215,752	--	1,215,752	1,152,350
Proceeds of refunding bonds	--	--	--	--	--	--	251,745,000
Premium on issuance of refunding bonds	--	--	--	--	--	--	13,906,249
Payment to refunded bond escrow agent	--	--	--	--	--	--	(265,651,249)
Transfers in	--	--	173,003	--	1,125,000	1,298,003	894,501
Transfers out	(1,892,000)	--	--	(6,003)	--	(1,898,003)	(1,094,501)
Total other financing sources (uses)	(1,840,469)	--	173,003	64,999,749	1,125,000	64,457,283	49,064,636
Net change in fund balances	24,305,464	--	(2,432,339)	18,990,514	857,885	41,721,524	19,024,655
Fund balances at beginning of year	95,383,692	--	5,141,963	62,515,839	4,773,429	167,814,923	148,809,517
Decrease in reserve for inventory	(9,821)	--	--	--	--	(9,821)	(19,249)
Fund balances at end of year	\$ 119,679,335	\$ --	\$ 2,709,624	\$ 81,506,353	\$ 5,631,314	\$ 209,526,626	\$ 167,814,923

See accompanying notes to basic financial statements.

For the Year Ended June 30, 2008
With Comparative Totals
For the Year Ended June 30, 2007

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

	<u>2008</u>	<u>2007</u>
Net change in fund balances - total governmental funds (page 17)	\$ 41,721,523	\$ 19,024,655
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 outlays	52,748,954	45,593,411
Current depreciation expense	(29,660,219)	(29,633,490)
Loss on disposal of assets	(5,485,017)	(3,342,264)
Proceeds from the sale of assets	(51,131)	(42,904)
Net adjustment to increase change in fund balance, total government funds to arrive at changes in net assets of governmental activities	<u>17,552,587</u>	<u>12,574,753</u>
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	(63,790,000)	(48,495,000)
Premium on issuance of general obligation bonds	(1,215,751)	(1,152,350)
Principal payments on general obligation bonds and refunded bonds	44,080,000	39,870,000
Bond issuance costs	-	425,618
Amortization of bond issuance costs	(279,094)	(273,120)
Amortization of general obligation bonds premium	1,054,937	992,748
Accrued interest	(1,653,092)	300,932
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	(425,951)	(312,600)
Workers' compensation payable	(2,041,086)	(1,300,587)
Net pension obligation and other post-employment benefits	(657,353)	(3,544,295)
Decrease in inventory reserve	(9,821)	(19,249)
Change in net assets - Internal Service Fund	<u>1,624,871</u>	<u>727,449</u>
Total reconciling items	<u>(5,759,753)</u>	<u>(205,701)</u>
Change in net assets of governmental activities (page 15)	<u>\$ 35,961,770</u>	<u>\$ 18,818,954</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, 2008

	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	\$ 169,197,819	\$ --	\$ 169,197,819	\$ 169,197,819	\$ 169,197,819	\$ --
Reimbursement for school facilities rental	849,453	--	849,453	652,000	652,000	197,453
Nonresident tuition	42,847	--	42,847	1,000	1,000	41,847
Investment income	4,115,914	--	4,115,914	2,235,000	2,235,000	1,880,914
E-Rate	2,044,567	--	2,044,567	900,000	900,000	1,144,567
Other revenues	1,883,679	--	1,883,679	2,304,125	2,304,125	(420,446)
Total revenues from local sources	<u>178,134,279</u>	<u>--</u>	<u>178,134,279</u>	<u>175,289,944</u>	<u>175,289,944</u>	<u>2,844,335</u>
Revenues from state sources:						
Public school funding program	264,718,682	--	264,718,682	259,366,898	266,023,500	(1,304,818)
Transportation	16,877,496	--	16,877,496	16,897,000	16,897,000	(19,504)
Youth detention program	393,287	--	393,287	388,558	388,558	4,729
Providence Heights	145,000	--	145,000	145,000	145,000	--
Energy relief	6,656,602	--	6,656,602	6,656,602	6,656,602	--
Retirement systems employer relief	88,473,209	--	88,473,209	65,389,421	88,699,138	(225,929)
School improvement grant	7,890,604	--	7,890,604	7,890,604	7,890,604	--
On-Base tuition	408,484	--	408,484	408,484	408,484	--
Total revenues from state sources	<u>385,563,364</u>	<u>--</u>	<u>385,563,364</u>	<u>357,142,567</u>	<u>387,108,886</u>	<u>(1,545,522)</u>
Revenues from federal sources:						
Reserve Officers Training Corps	695,831	--	695,831	700,000	700,000	(4,169)
Federal Impact Aid	13,668,868	--	13,668,868	12,000,000	12,000,000	1,668,868
Medicaid reimbursement	1,317,328	--	1,317,328	1,000,000	1,000,000	317,328
Total revenues from federal sources	<u>15,682,027</u>	<u>--</u>	<u>15,682,027</u>	<u>13,700,000</u>	<u>13,700,000</u>	<u>1,982,027</u>
Total revenues	<u>579,379,670</u>	<u>--</u>	<u>579,379,670</u>	<u>546,132,511</u>	<u>576,098,830</u>	<u>3,280,840</u>
Expenditures:						
Current:						
General administration	19,239,207	876,511	20,115,718	15,296,307	20,808,295	692,577
Instruction	484,255,121	3,088,471	487,343,592	482,278,514	499,939,304	12,595,712
Pupil transportation	18,982,195	(174,040)	18,808,155	18,478,974	18,791,610	(16,545)
Operation and maintenance of plant	26,772,621	268,382	27,041,003	27,534,495	28,245,022	1,204,019
Community services	840,031	21,057	861,088	847,693	869,283	8,195
Non-departmental	3,144,562	228,688	3,373,250	1,726,528	7,475,316	4,102,066
Total expenditures	<u>553,233,737</u>	<u>4,309,069</u>	<u>557,542,806</u>	<u>546,162,511</u>	<u>576,128,830</u>	<u>18,586,024</u>
Excess (deficiency) of revenues over expenditures	26,145,933	(4,309,069)	21,836,864	(30,000)	(30,000)	21,866,864

See accompanying notes to basic financial statements.

(Continued)

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

For the Year Ended June 30, 2008

	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	\$ 51,531	\$ --	\$ 51,531	\$ 30,000	\$ 30,000	\$ 21,531
Transfers out - Food Service Fund	(1,125,000)	--	(1,125,000)	--	--	(1,125,000)
Transfers out - Internal Service Fund	(600,000)	--	(600,000)	--	--	(600,000)
Transfers out - Debt Service Fund	(167,000)	--	(167,000)	--	--	(167,000)
Total other financing sources and (uses)	<u>(1,840,469)</u>	<u>--</u>	<u>(1,840,469)</u>	<u>30,000</u>	<u>30,000</u>	<u>(1,870,469)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	24,305,464	(4,309,069)	19,996,395	--	--	19,996,395
Fund balance at beginning of year	95,383,692	--	95,383,692	95,383,692	95,383,692	--
Decrease in reserve for inventory	(9,821)	--	(9,821)	--	--	(9,821)
Fund balance at end of year	<u>\$ 119,679,335</u>	<u>\$ (4,309,069)</u>	<u>\$ 115,370,266</u>	<u>\$ 95,383,692</u>	<u>\$ 95,383,692</u>	<u>\$ 19,986,574</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>\$ 579,379,670</u>
Expenditures reported on the basis of GAAP		553,233,737
Add current year encumbrances	\$ 12,796,141	
Deduct expenditures on prior year's encumbrances	<u>(8,487,072)</u>	
		<u>4,309,069</u>
Expenditures and encumbrances reported on the basis of budgeting		<u>557,542,806</u>
Excess of revenues over expenditures on the basis of budgeting		<u>\$ 21,836,864</u>

For the Year Ended June 30, 2008

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

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Original and Final Budget	Variance - Positive (Negative)
Revenues:					
Revenues from local grants:					
Alaska Railroad Summer Youth Program	\$ 32,705	\$ --	\$ 32,705	\$ 33,000	\$ (295)
Donations From Local Agencies	749,094	172,115	921,209	1,063,669	(142,460)
Reading is Fundamental Grant	9,617	--	9,617	9,649	(32)
Bus Shelter Cleaning Grant	30,387	--	30,387	31,900	(1,513)
Buddy Bear Peer Program	54,055	(49,992)	4,063	--	4,063
Partners in Homeless Education	8,486	--	8,486	3,370	5,116
Data Domain Donation	106,000	--	106,000	106,000	--
Contingency	--	--	--	2,143,238	(2,143,238)
Total revenues from local grants	990,344	122,123	1,112,467	3,390,826	(2,278,359)
Revenues from state grants:					
Contract Schools - Memorandum of Agreement - Alaska State School for Deaf					
	265,308	--	265,308	319,000	(53,692)
Charter Schools Supplemental Grants	--	--	--	1,314	(1,314)
Alaska Science and Technology Program	1,652	27	1,679	--	1,679
Creating Successful Futures	9,708	--	9,708	81,000	(71,292)
Salmon in the Classroom Program	2,122	--	2,122	--	2,122
Designated Legislative Grants					
House Bill 53	886,644	3,260	889,904	1,053,900	(163,996)
Senate Bill 46	49,056	(18,335)	30,721	--	30,721
Senate Bill 283	7,103	--	7,103	--	7,103
Senate Bill 231	216,554	(15,299)	201,255	--	201,255
Senate Bill 221	--	--	--	553,100	(553,100)
Total Designated Legislative Grants	1,438,147	(30,347)	1,407,800	2,008,314	(600,514)
Retirement systems employer relief	6,308,744	--	6,308,744	5,598,686	710,058
Total revenues from state grants	7,746,891	(30,347)	7,716,544	7,607,000	109,544
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	9,741,111	1,928	9,743,039	11,521,978	(1,778,939)
Summer School Program	62,450	--	62,450	63,259	(809)
McLaughlin Youth Center	121,836	--	121,836	122,697	(861)
Delinquent and At-Risk Youth Program	115,842	--	115,842	139,890	(24,048)
Highly Qualified Program	20,260	--	20,260	49,713	(29,453)
Professional Development	1,020,470	--	1,020,470	1,268,563	(248,093)
Parent Involvement Program	4,682	--	4,682	5,562	(880)
Supplemental Education Services Program	399,987	--	399,987	901,438	(501,451)
School Improvement Program	101,669	--	101,669	133,958	(32,289)
Total Title I - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115	11,588,307	1,928	11,590,235	14,207,058	(2,616,823)

See accompanying notes to basic financial statements.
(Continued)

For the Year Ended June 30, 2008

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	\$ 894,405	\$ 566	\$ 894,971	\$ 925,222	\$ (30,251)
Summer Program	221,099	--	221,099	221,099	--
Book Program	516	--	516	518	(2)
Parent Involvement	2,291	--	2,291	5,000	(2,709)
Total Title I - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
Migrant Education	1,118,311	566	1,118,877	1,151,839	(32,962)
Title II-A - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
Professional Development Program	4,816,791	--	4,816,791	5,355,357	(538,566)
Title II-D - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
Enhancing Education Through Technology	469,197	--	469,197	555,873	(86,676)
Title III - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
English Language Acquisition	306,363	--	306,363	382,422	(76,059)
Title IV-A - Elementary and Secondary Education Act					
No Child Left Behind					
Public Law 107-110 Congress Statute 115					
Safe and Drug Free Schools	394,611	74	394,685	579,207	(184,522)
Title V - Elementary and Secondary Education Act					
No Child Left Behind					
Public Law 107-110 Congress Statute 115					
Innovative Program	51,525	--	51,525	158,413	(106,888)
Title VI-B - Education of All Handicapped Children Act					
Public Law 94-142	9,509,044	47,236	9,556,280	13,406,803	(3,850,523)
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	1,719,359	(4,154)	1,715,205	1,823,704	(108,499)
Pre-School Handicapped Grant - Public Law 99-457	395,852	158	396,010	417,697	(21,687)
Reading is Fundamental Grant	28,805	--	28,805	28,809	(4)
Alaska State School for Deaf Program	51,430	--	51,430	87,500	(36,070)
Carl Perkins Vocational Education Basic Grant	1,085,126	553	1,085,679	1,158,347	(72,668)

See accompanying notes to basic financial statements.

(Continued)

For the Year Ended June 30, 2008

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	\$ 34,814	\$ --	\$ 34,814	\$ --	\$ 34,814
Access to Education for Homeless Children Program	48,589	461	49,050	51,340	(2,290)
Drug and Violence Prevention Program	50,389	1,500	51,889	--	51,889
Right Start Program	18,001	--	18,001	20,000	(1,999)
Community Action Prevention and Intervention Program	143,106	--	143,106	148,945	(5,839)
Community Business Partner Program	2,848	--	2,848	150,000	(147,152)
Charter Schools Grants	710,776	--	710,776	905,537	(194,761)
Standard and Assessment Training Program	596	--	596	668	(72)
Reading First Grant	630,693	--	630,693	1,121,187	(490,494)
Work Investment Act School Youth Program	62,288	--	62,288	68,866	(6,578)
Foreign Language Assistance Program	250,234	2,821	253,055	207,286	45,769
Northwest Eisenhower Consortium Program	734	--	734	--	734
Teaching American History Program	275,642	6,209	281,851	--	281,851
Community Centers Learning Program	1,541,404	--	1,541,404	1,647,007	(105,603)
Alaska Family Directory Website	28,801	--	28,801	32,000	(3,199)
Fund for the Improvement of Education Grant	16,137	(3,639)	12,498	--	12,498
Advanced Placement for Every Able Learner Grant	319,232	60,464	379,696	--	379,696
Alaska Educational Innovations Network Program	55,932	25,000	80,932	121,933	(41,001)
Excellence in Economic Education Program	2,992	--	2,992	--	2,992
Alaska Parent Information & Resource Center	211,861	(12,197)	199,664	152,664	47,000
Emergency Response & Crisis Management Grant	125,465	41,200	166,665	--	166,665
Alaska Mentorship Project	94,626	--	94,626	100,249	(5,623)
Safe and Drug Free Schools	294,277	--	294,277	377,899	(83,622)
National Writing Project	12,360	--	12,360	12,500	(140)
Arise Program	15,960	--	15,960	15,960	--
Project Soar	42,923	--	42,923	109,000	(66,077)
Heath Career Pathways	--	5,929	5,929	46,000	(40,071)
Alaska/Russian Climate	28,190	--	28,190	28,190	--
Total revenues from federal grants	<u>36,553,591</u>	<u>174,109</u>	<u>36,727,700</u>	<u>44,630,260</u>	<u>(7,902,560)</u>
Total revenues	<u>45,290,826</u>	<u>265,885</u>	<u>45,556,711</u>	<u>55,628,086</u>	<u>(10,071,375)</u>

See accompanying notes to basic financial statements.

(Continued)

For the Year Ended June 30, 2008

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	\$ 990,344	\$ 122,123	\$ 1,112,467	\$ 3,390,826	\$ 2,278,359
State grants	7,746,891	(30,347)	7,716,544	7,607,000	(109,544)
Federal grants	36,553,591	174,109	36,727,700	44,630,260	7,902,560
Total expenditures	45,290,826	265,885	45,556,711	55,628,086	10,071,375
Excess of revenues over expenditures	--	--	--	--	--
Fund balance at beginning of year	--	--	--	--	--
Fund balance at end of year	\$ --	\$ --	\$ --	\$ --	\$ --

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		\$ 45,290,826
Add revenues from current year encumbrances	\$ 447,437	
Deduct revenues from prior year's encumbrances	(181,552)	
		265,885
Revenues reported on the basis of budgeting		45,556,711
Expenditures reported on the basis of GAAP		45,290,826
Add current year encumbrances	447,437	
Deduct expenditures on prior year's encumbrances	(181,552)	
		265,885
Expenditures and encumbrances reported on the basis of budgeting		45,556,711
Excess of revenue over expenditures on the basis of budgeting		\$ --

See accompanying notes to basic financial statements.

June 30, 2008
With Comparative Totals for
June 30, 2007

INTERNAL SERVICE FUND

STATEMENT OF NET ASSETS

	Governmental Activities	
	2008	2007
Assets		
Current Assets:		
Investments, at cost	\$ 5,979,406	\$ 5,022,277
Due from General Fund	1,094,465	663,301
Total current assets	<u>7,073,871</u>	<u>5,685,578</u>
Noncurrent assets:		
Equipment	7,513,288	6,912,960
Accumulated depreciation	<u>(5,522,804)</u>	<u>(5,159,054)</u>
Total capital assets (net of accumulated depreciation)	<u>1,990,484</u>	<u>1,753,906</u>
Total assets	<u>9,064,355</u>	<u>7,439,484</u>
Net Assets		
Invested in capital assets	1,990,484	1,753,906
Unrestricted	<u>7,073,871</u>	<u>5,685,578</u>
Total net assets	<u>\$ 9,064,355</u>	<u>\$ 7,439,484</u>

See accompanying notes to basic financial statements.

For the Year Ended June 30, 2008
 With Comparative Totals
 For the Year Ended June 30, 2007

INTERNAL SERVICE FUND

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS

	Governmental Activities	
	2008	2007
Operating revenues:		
Charges for sales and services	\$ 510,192	\$ 456,796
Operating expenses:		
Depreciation	510,192	456,796
Operating income	--	--
Non-operating revenues:		
Investment income	293,420	254,091
Total income before capital contributions and transfers	293,420	254,091
Capital contributions	731,451	273,358
Transfers in - General Fund	600,000	200,000
Total capital contributions and transfers	1,331,451	473,358
Changes in net assets	1,624,871	727,449
Net assets at beginning of year	7,439,484	6,712,035
Net assets at end of year	\$ 9,064,355	\$ 7,439,484

See accompanying notes to basic financial statements

For the Year Ended June 30, 2008
 With Comparative Totals
 For the Year Ended June 30, 2007

INTERNAL SERVICE FUND

STATEMENT OF CASH FLOWS

	Governmental Activities	
	2008	2007
Cash flows from operating activities:		
Cash received from charges for sales and services	\$ 510,192	\$ 456,796
Cash used for depreciation	(510,192)	(456,796)
Net cash flows provided by operating activities	<u> --</u>	<u> --</u>
Cash flows from noncapital financing activities:		
(Advances to) repayment from General Fund	<u>(431,165)</u>	<u>(191,075)</u>
Cash flows from capital and related financing activities		
Contributed capital	<u>600,000</u>	<u>200,000</u>
Cash flows from investing activities:		
Proceeds from matured investments	201,745	14,771,796
Purchase of investments	(664,000)	(14,804,366)
Interest earnings received	293,420	23,645
Net cash used in investing activities	<u>(168,835)</u>	<u>(8,925)</u>
Net increase in cash	--	--
Cash at beginning of year	--	--
Cash at end of year	<u>\$ --</u>	<u>\$ --</u>
Noncash investing, capital, and financing activities:		
Increase in fair value of investments	\$ 32,162	\$ --
Noncash transactions		
Assets contributed from the General Fund	\$ 731,451	\$ 273,358

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 based on quantitative criteria:

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.

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 District reports the following fund as a major governmental fund for special interest criteria:

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.

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 27, 2007, the Assembly approved the District's combined budget of \$697,425,525 with \$206,525,828 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 1, 2007, the Assembly approved a \$1,229,725 increase to the Debt Service Fund to reflect the anticipated bond sale of the newly voter-approved educational capital improvements bond propositions on April 3, 2007. The School Board approved the

revision and authorized the Superintendent to prepare the adopted financial plan as revised totaling \$698,655,250. On May 26, 2008, the School Board approved a revision to increase the budget by \$29,071,127 to accommodate increased supplemental retirement system revenues and expenditures based on notice received from the Department of Education and Early Development in April of 2008. Additional revenues were also received from the passage of Senate Bill 221 which provided one-time funding for energy relief. The approved final budget at June 30, 2008 was \$727,726,377.

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 does not have a formal policy relating to interest rate risk but manages the risk by mainly investing in the externally managed Municipal Investment Pool and short-term, highly liquid investments. 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, 2008, the District holds equity total of \$98,244,313, about 23.1% 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, 2008, The District maintains a \$1,203,864 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	\$ 1,820,884	\$ 1,867,077
Time deposits:		
Student Activities Special Revenue Fund	<u>310,253</u>	<u>310,253</u>
Total	<u>2,131,137</u>	<u>2,177,330</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>(6,151,307)</u>	<u>274,203</u>
Total demand deposits and time deposits	<u>\$ (4,020,170)</u>	<u>\$ 2,451,533</u>

The District's investments are not subject to custodial credit risk. A summary of the District's investments as of June 30, 2008 is as follows:

	<u>Carrying Amount</u>
District investments:	
Repurchase agreements	\$ 20,343,248
Investments through Municipality:	
Certificates of deposit	10,478,000
Commercial paper	34,563,553
U.S. government securities	32,687,697
Municipal Investment Pool	98,244,313
Cash with paying agent:	
U.S. government securities	<u>24,433,859</u>
	<u>\$ 220,750,670</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, 2008. 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>				
KeyBank				
Repurchase Agreement	06/30/08	2.0000%	07/01/08	\$ 18,375,600
Repurchase Agreement	06/30/08	2.0000	07/01/08	1,720,510
Repurchase Agreement	06/30/08	2.0000	07/01/08	<u>247,138</u>
				20,343,248
Municipal Investment Pool				<u>86,237,774</u>
Total General Fund				<u>\$ 106,581,022</u>
<u>Capital Projects Fund:</u>				
Commercial Paper				
General Electric Capital Corporation	02/27/08	2.9813%	07/24/08	\$ 1,465,000
Societe Generale North America	06/18/08	2.8686	09/08/08	2,903,031
Societe Generale North America	06/18/08	2.8686	09/08/08	210,624
Societe Generale North America	06/18/08	2.8686	09/08/08	1,804,211
Wells Fargo & Company	06/25/08	2.3345	07/25/08	1,050,955
BNP Paribas	06/25/08	2.6869	09/18/08	227,556
Bank of Scotland	06/27/08	2.8191	09/22/08	5,546,215
Bank of Scotland	06/27/08	2.8191	09/22/08	164,877
Bank of Scotland	06/27/08	2.8191	09/22/08	720,094
Pricoa Global Funding	06/16/08	3.9000	12/15/08	4,000,000
JP Morgan	06/16/08	6.0000	01/15/09	3,202,000
Merrill Lynch	03/04/08	3.0000	07/15/08	2,000,000
Nestle Finance International	04/02/08	2.2153	07/24/08	1,381,394
Prudential PLC	04/04/08	2.6212	07/25/08	123,989
Prudential PLC	04/04/08	2.6212	07/25/08	368,991
International Lease Finance	03/03/08	2.6649	08/29/08	4,934,615
Berkshire Hathaway	04/02/08	2.6695	10/15/08	2,500,000
Republic New York Corporation	03/06/08	3.3300	10/15/08	1,158,000
Republic New York Corporation	03/06/08	3.3300	10/15/08	580,000
Republic New York Corporation	03/06/08	3.3300	10/15/08	<u>122,000</u>
Total Commercial Paper				<u>34,463,553</u>

Certificates of Deposit					
US Bank CD	04/03/08	2.3000%	07/30/08	\$	2,158,600
US Bank CD	04/03/08	2.3000	07/30/08		21,500
US Bank CD	04/25/08	2.5200	08/29/08		2,000,500
US Bank CD	04/25/08	2.5200	08/29/08		97,400
Royal Bank of Canada	06/23/08	2.6800	09/22/08		<u>6,200,000</u>
Total Certificates of Deposit					<u>10,478,000</u>

United States Agency					
Freddie Mac Discount Note	06/26/08	2.2710%	07/23/08	\$	309,482
Freddie Mac Discount Note	06/26/08	2.2710	07/23/08		1,858,886
FHLB Discount Note	06/19/08	2.6036	12/17/08		470,837
FHLB Discount Note	05/28/08	2.1630	07/25/08		1,883,545
Freddie Mac Discount Note	02/28/08	2.5632	08/25/08		57,282
Freddie Mac Discount Note	02/28/08	2.5632	08/25/08		351,592
Freddie Mac Discount Note	02/28/08	2.5632	08/25/08		2,440,407
Federal Home Loan Mortgage Corporation	05/28/08	2.2102	09/12/08		993,580
FNMA Discount Note	05/28/08	2.1654	09/24/08		1,003,815
FNMA Discount Note	05/28/08	2.1654	09/24/08		1,243,102
FNMA Discount Note	05/28/08	2.1654	09/24/08		1,986
FHLB Discount Note	06/27/08	2.1533	07/23/08		831,707
FNMA Discount Note	06/24/08	2.6210	11/25/08		1,075,143
Federal Home Loan Mortgage Corporation	06/24/08	2.7110	01/20/09		3,070,165
FHLB Discount Note	05/19/08	2.1430	07/22/08		107,597
FHLB Discount Note	03/03/08	2.4334	07/30/08		4,950,954
Freddie Mac Discount Note	04/30/08	2.0703	08/29/08		1,960,359
Freddie Mac Discount Note	04/30/08	2.0703	08/29/08		130,095
FNMA Discount Note	03/03/08	2.2287	09/30/08		4,935,528
Freddie Mac Discount Note	04/01/08	2.0334	10/28/08		2,471,246
FNMA Discount Note	05/06/08	2.0750	11/28/08		<u>2,530,409</u>
Total United States Agency					<u>32,677,714</u>

Municipal Investment Pool 6,027,133

Total Capital Projects Fund \$ 83,646,400

Internal Service Fund:

Municipal Investment Pool \$ 5,979,406

Special Revenue Fund:

United States Treasury					
USTR Coupon Note	08/31/07	4.0000%	08/31/09	\$	9,983

Commercial Paper					
Citigroup, Inc.	03/10/08	4.2500%	07/29/09		<u>100,000</u>

Total Special Revenue Fund \$ 109,983

Cash with Paying Agent

The total amount of cash with the paying agent at June 30 is \$24,433,859, 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 \$89,278,121 and \$19,707,733, respectively.

The amount due from the State of Alaska in the General Fund includes \$391,020 for Medicaid reimbursement.

The amounts due from the State of Alaska in the Special Revenue Funds include \$12,913,587 for 2008 reimbursements under cost reimbursable grants and \$910,618 for the final 2008 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 \$402,086 for 2008 reimbursements under the Aid for School Construction Program.

The amounts due from the United States Government in the General Fund include \$107,619 for the ROTC programs. There is also \$1,165,326 for 2008 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 2008 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 2008, 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 2008 Contribution from Real and Personal Property Taxes

Amount required by the District to fund the second half of the fiscal year 2007-2008 budget:

January 1, 2008 through June 30, 2008	\$206,359,861 x 50%	=	\$ 103,179,931
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Amount required by the District to fund the first half of the fiscal year 2008-2009 budget:

July 1, 2008 through December 31, 2008	\$217,971,708 x 50%	=	<u>108,985,854</u>
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Total amount required by the District for calendar year 2008			<u>\$ 212,165,785</u>
--	--	--	-----------------------

Based on an assessed valuation of \$30,581,652,424, the mill rate assessment for schools during calendar year 2008 is 6.94 mills.

The District has accrued the taxes of \$89,278,121 and \$19,707,733 for funding of the first half of the 2008-2009 budget as of June 30, 2008 in the General Fund and Debt Service Fund, respectively. 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 \$1,658,311 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 \$346,350 and \$775,147, respectively, and are equally offset by a fund balance reserve. \$131,299 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. The total fund balance inventory reservation in the General Fund is \$2,004,661.

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. Additional unearned revenue may be recorded for out-of-district tuition received for the next fiscal year within the General Fund.

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 represents the portion of the fund balance, which has been allocated to fund the value of the unused personal leave at June 30.

Designated for subsequent years expenditures represents the portion of the fund balance, which has been allocated for use to balance the budget in future years.

Designated for bond rating represents the portion of the fund balance, which has been allocated to be held in perpetuity by agreement with the Municipality of Anchorage to maintain and increase the bond rating of the Municipality.

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, 2008 is as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major funds:		
General Fund	\$ 35,785,953	\$ 6,022,246
State and Federal Grants		
Special Revenue Fund	--	13,698,505
Debt Service Fund	--	22,078,508
Capital Projects Fund	2,894,639	--
Non-major funds	<u>3,127,607</u>	<u>8,940</u>
	<u>\$41,808,199</u>	<u>\$41,808,199</u>

A summary of interfund transfers is as follows:

	<u>Transfers In</u>	<u>Transfers out</u>
Major funds:		
General Fund	\$ --	\$ 1,892,000
Debt Service Fund	173,003	--
Capital Projects Fund	--	6,003
Non-major funds	<u>1,725,000</u>	<u>--</u>
	<u>\$ 1,898,003</u>	<u>\$ 1,898,003</u>

The District transferred \$6,003 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 \$600,000 from General Fund to Internal Service Fund to supplement the needs for equipment replacement, and also transferred \$1,125,000 from Food Service Special Revenue Fund to supplement the increased costs of food and transportation..

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, 2008, from which the summarized information was derived.

NOTE 2 - CHANGES IN CAPITAL ASSETS

The capital assets activity for the fiscal year ended June 30, 2008 are as follows:

	Balance July 1, 2007	Additions/ Transfers	Deductions/ Transfers	Balance June 30, 2008
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 31,426,615	\$ --	\$ --	\$ 31,426,615
Construction in progress	208,108,982	52,313,007	17,844,202	242,577,787
Total capital assets not being depreciated	<u>239,535,597</u>	<u>52,313,007</u>	<u>17,844,202</u>	<u>274,004,402</u>
Capital assets being depreciated:				
Land improvements	42,699,201	4,043,709	--	46,742,910
Buildings and equipment	1,237,637,213	14,120,899	17,941,265	1,233,816,847
Pupil transportation equipment	8,793,246	349,162	--	9,142,408
Total capital assets being depreciated	<u>1,289,129,660</u>	<u>18,513,770</u>	<u>17,941,265</u>	<u>1,289,702,165</u>
Less accumulated depreciation for:				
Land improvements	(31,803,123)	(1,407,345)	--	(33,210,468)
Buildings and equipment	(316,949,018)	(27,721,341)	(12,426,830)	(332,243,529)
Pupil transportation equipment	(7,397,677)	(531,533)	18,756	(7,947,966)
Total accumulated depreciation	<u>(356,149,818)</u>	<u>(29,660,219)</u>	<u>(12,408,074)</u>	<u>(373,401,963)</u>
Total capital assets, being depreciated, net	<u>932,979,842</u>	<u>(11,146,449)</u>	<u>5,533,191</u>	<u>916,300,202</u>
Governmental activities capital assets, net	<u>\$ 1,172,515,439</u>	<u>\$ 41,166,558</u>	<u>\$ 23,377,393</u>	<u>\$ 1,190,304,604</u>

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

Governmental activities:	Amount
General administration	\$ 337,103
Instruction	27,752,255
Pupil transportation	558,243
Operation and maintenance of plant	707,063
Community services	1,791
Non-departmental	882
Food services	302,882
Total depreciation expense, governmental activities	<u>\$ 29,660,219</u>

Construction in progress, less projects completed in 2008 is composed of the following:

	Project Authorization	Expended to 6/30/2008	Committed
Secondary schools:			
Bartlett High School Electrical Upgrade	\$ 928,929	\$ 921,452	\$ 7,476
Bartlett High School Phase 2 Design and Renovation	26,940,000	26,405,209	223,172
Bartlett High School Phase 3A Design	1,000,000	958,657	32,376
Central Middle School Track	750,000	91	--
Chugiak High School Design	900,000	739,751	42,557
Chugiak High School Electrical Upgrade	1,629,702	1,400,582	58,043
Clark Middle School Replacement	65,601,384	30,568,828	27,031,745
Dimond High School Gym/Pool	2,439,462	2,274,897	162,292
Dimond Emergency Preparedness Design	1,650,000	104,025	744,272
East High School Phase 2 Design	975,300	795,993	165,060
East High School Phase 2 Emergency Preparedness	979,000	942,049	--
East High School Phase 2 Sprinkler Design and Construction	4,200,000	4,150,498	--
East High School Phase 3 Renovation/Phase 4 Design	18,200,000	18,048,136	7,814
East High School Renovation	5,045,699	4,745,548	7,228
East High School Security Upgrades	550,000	2,738	100,000
Gruening Middle School Electrical Upgrade	894,142	819,401	32,817
Gruening Middle School Track	750,000	91	--
Hanshew Middle School Track	750,000	91	--
Mears Middle School Traffic Safety Upgrades	500,000	--	285,965
Nicholas J. Begich Middle School Construction	51,800,000	46,978,199	257,349

	Project Authorization	Expended to 6/30/2008	Committed
Secondary schools (continued):			
Service High School Electrical	\$ 1,337,314	\$ 1,221,013	\$ 91,810
Service High School Phase 2A Design and Construction	20,850,003	18,561,944	371,063
Service High School Renovation	18,210,526	17,864,788	25,567
West High School HVAC	1,400,000	220,007	345,160
West High School Utilidor Abatement	500,000	--	8,159
West High School Restrooms	793,121	774,200	1,147
West High School Electrical Upgrades	792,367	791,368	1,000
West High School Theater	931,588	895,521	--
Other secondary schools	22,877,962	7,087,230	3,113,338
Total secondary schools	<u>254,176,499</u>	<u>187,272,307</u>	<u>33,115,410</u>
Elementary schools:			
Abbott Loop Elementary School Traffic	800,000	710,967	--
Airport Heights Elementary School Entry/Sidewalks	530,000	424,865	384
Aurora Boiler Building	789,851	789,517	215
Campbell Elementary School Roof	797,577	428,806	304,886
Chester Valley Elementary School Addition	17,250,000	332,975	287,999
Chugach Optional Elementary School Renovation	7,000,000	6,994,123	490
Chugiak Elementary School Roof	652,423	651,347	45
Chugiak Elementary School Traffic	1,200,000	204,502	733,978
College Gate Elementary School HVAC	550,000	544,273	--
Eagle River Elementary School Water Pipe	650,000	--	--
Government Hill Elementary School Boiler Building	1,517,591	1,513,128	2,840
Inlet View Elementary Heating System Upgrade	608,000	179,269	202,012
Lake Otis Elementary School Classroom Windows	1,219,322	1,201,733	9,568
Mt. Iliamna Elementary School Boiler	920,309	920,116	192
Mt. Spurr Elementary School Boiler Building	1,050,506	840,382	1,895
North Star Elementary School Lighting/Ceiling	500,000	8,690	200
Orion Elementary School Boiler Building	721,744	721,518	225
Orion Elementary School Heating	800,000	339,426	196,483
Polaris K-12 Renovation/Design	18,600,000	18,322,605	69,600
Rogers Park Elementary School Traffic	1,100,000	284,276	460,598
Sand Lake Elementary School Addition	18,250,000	587,113	2,804
Scenic Park Elementary School Boiler	782,946	42,072	597,217
Susitna Elementary School Roof	750,000	--	8,338
Tudor Elementary School Asbestos	575,927	571,978	4,128
Tudor Elementary School Windows	554,245	551,245	2,760
Turnagain Elementary School Windows/Door Hardware	582,027	496,635	6,595
Whaley Center HVAC	789,797	781,999	--
Willow Crest Elementary School Boiler	705,785	38,062	600,827
Other elementary schools	4,438,102	7,595,301	2,772,125
Total elementary schools	<u>84,686,152</u>	<u>46,076,923</u>	<u>6,266,404</u>
Other capital projects:			
District-wide Asbestos/ADA/Code	640,495	532,926	100,625
District-wide Building Renewal	1,384,344	3,582	--
District-wide Library	1,155,679	169,083	--
District-wide Mechanical Upgrade	536,066	--	--
District-wide Site Acquisition	10,000,000	4,599,460	6,101
Maintenance Water Pipe	500,000	--	--
Student Nutrition Emergency Preparedness	1,340,184	1,141,938	153,618
Warehouse Upgrade	800,000	11,631	547,440
Other capital projects	11,041,739	2,769,937	470,285
Total other capital projects	<u>27,398,507</u>	<u>9,228,557</u>	<u>1,278,069</u>
Total construction in progress	<u>\$ 366,261,158</u>	<u>\$ 242,577,787</u>	<u>\$ 40,659,883</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, 2008 (in thousands):

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008
General obligation bonds	\$ 769,665	\$ 63,790	\$ 44,080	\$ 789,375

Bonds payable at June 30, 2008 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	--
\$20,735,000 1998 series A school construction refunding bonds due in annual installments of \$160,000 to \$5,120,000 through July 2014; interest at 4.2 percent to 5.0 percent	19,580	160
\$55,900,000 1999 series A school construction serial bonds due in annual installments of \$2,630,000 to \$2,735,000 through December 2009; interest at 4.0 percent to 5.125 percent	5,365	2,630
\$35,000,000 2000 series A school construction serial bonds due in annual installments of \$1,460,000 to \$1,715,000 through December 2011; interest at 4.75 percent to 5.5 percent	6,340	1,460
\$77,900,000 2000 series B school construction serial bonds due in annual installments of \$3,260,000 to \$3,590,000 through December 2010; interest at 5 percent	10,270	3,260
\$65,000,000 2001 series A school construction serial bonds due in annual installments of \$2,690,000 to \$2,995,000 through June 2011; interest at 5.5 percent	8,525	2,690
\$51,805,000 2001 school construction refunding bonds due in annual installments of \$4,875,000 to \$10,345,000 through July 2013; interest at 4.625 percent to 5.5 percent	48,290	4,875
\$131,800,000 2002 series B school construction serial bonds due in annual installments of \$5,005,000 to \$6,350,000 through July 2022; interest at 4.125 percent to 5.5 percent	33,780	5,005
\$70,345,000 2002 school construction refunding bonds due in annual installments of \$4,700,000 to \$9,120,000 through July 2015; interest at 3.75 percent to 5.5 percent	53,885	8,985
\$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 3.0 percent to 4.8 percent	42,550	4,890
\$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	80,545	70
\$86,240,000 2004 series D school construction serial bonds due in annual installments of \$3,145,000 to \$4,385,000 through December 2016; interest at 2.4 percent to 5.0 percent	33,040	3,145
\$63,850,000 2005 series A school construction serial bonds due in annual installments of \$2,375,000 to \$3,050,000 through March 2016; interest at 3.1 percent to 5.0 percent	21,505	2,375
\$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 3.1 percent to 5.0 percent	29,020	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 \$1,645,000 to \$3,640,000 through October 2026; interest at 3.75 percent to 5.0 percent	46,910	1,645

\$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	\$	25,835	\$	3,180
\$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		51,550		170
\$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		170,055		50
\$63,790,000 2007 series D school construction refunding bonds due in annual installments of \$1,995,000 to \$4,885,000 through August 2027; interest at 4.0 percent to 5.0 percent		63,790		1,995
	<u>\$</u>	<u>789,375</u>	<u>\$</u>	<u>46,630</u>

The annual requirements to amortize all general obligation debt outstanding as of June 30, 2008, including interest payments in the amount of \$305,218,730 are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 46,630	\$ 37,075	\$ 83,705
2010	48,570	34,976	83,546
2011	50,815	32,698	83,513
2012	53,070	30,243	83,313
2013	53,150	27,798	80,948
2014-2018	261,670	99,059	360,729
2019-2023	208,505	39,713	248,218
2024-2028	66,965	5,434	72,399
	<u>\$ 789,375</u>	<u>\$ 306,996</u>	<u>\$ 1,096,371</u>

The amount of long-term liability that is due within one year as of June 30, 2008 is \$46,630,000.

The Debt Service Fund has \$2,709,624 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, 2008 is \$789,375,000.

Bonds Authorized But Unissued

There are \$63,710,000 authorized but unissued general obligation school bonds of the Municipality of Anchorage at June 30, 2008 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	\$ 85,000	\$ 65,000	\$ 20,000
Construction/renovation/ replacement/major maintenance	April 01, 2008	none	43,710	--	43,710
			<u>\$ 128,710</u>	<u>\$ 65,000</u>	<u>\$ 63,710</u>

Refunded Bond Issues

There were no refunded bond issues in fiscal year 2007-2008.

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, 2008 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>
\$ 8,493,236	\$ 8,919,787	\$ 8,493,236	\$ 8,919,787	\$ 8,919,787

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, 2008 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>
\$ 14,693,343	\$ 6,635,593	\$ 4,594,506	\$ 16,734,430	\$ 4,685,640

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, 2008 are disclosed as the following:

<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
\$ 16,924,784	\$ 1,699,073	\$ 1,041,720	\$ 17,582,137

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Compensatory Bank Balances

The District maintains a compensatory account with a balance at June 30, 2008 of \$1,203,864 to compensate KeyBank 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	\$ 17,981	\$ 2,170	\$ 11,780	\$ 3,250	\$ 18,284	\$ --
Increase (decrease)	<u>4,122</u>	<u>(165)</u>	<u>865</u>	<u>4,937</u>	<u>2,613</u>	<u>17,504</u>
Total General Fund						
Balance June 30	<u>\$ 22,103</u>	<u>\$ 2,005</u>	<u>\$ 12,645</u>	<u>\$ 8,187</u>	<u>\$ 20,897</u>	<u>\$ 17,504</u>
SPECIAL REVENUE FUNDS						
State and Federal Grants						
Balance July 1	\$ 229	\$ --	\$ --	\$ 30	\$ --	\$ --
Increase (decrease)	<u>219</u>	<u>--</u>	<u>--</u>	<u>(14)</u>	<u>--</u>	<u>--</u>
Balance June 30	<u>448</u>	<u>--</u>	<u>--</u>	<u>16</u>	<u>--</u>	<u>--</u>
Food Service						
Balance July 1	3	1,406	--	--	--	--
Increase (decrease)	<u>9</u>	<u>(631)</u>	<u>--</u>	<u>23</u>	<u>--</u>	<u>--</u>
Balance June 30	<u>12</u>	<u>775</u>	<u>--</u>	<u>23</u>	<u>--</u>	<u>--</u>
Student Activity						
Balance July 1	--	--	--	1	--	--
Increase (decrease)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Balance June 30	<u>--</u>	<u>--</u>	<u>--</u>	<u>1</u>	<u>--</u>	<u>--</u>
Total Special Revenue Funds						
Balance June 30	<u>\$ 460</u>	<u>\$ 775</u>	<u>\$ --</u>	<u>\$ 40</u>	<u>\$ --</u>	<u>\$ --</u>
DEBT SERVICE FUND						
Balance July 1	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 5,142
Increase	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(2,432)</u>
Total Debt Service Fund						
Balance June 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,710</u>
CAPITAL PROJECTS FUND						
Balance July 1	\$ 67,314	\$ --	\$ --	\$ --	\$ --	\$ --
Increase	<u>(26,654)</u>	<u>--</u>	<u>--</u>	<u>102</u>	<u>--</u>	<u>--</u>
Total Capital Projects Fund						
Balance June 30	<u>\$ 40,660</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 102</u>	<u>\$ --</u>	<u>\$ --</u>

UNRESERVED

DESIGNATED

Subsequent Year's Expend- itures	Accrued Compensated Absences	Authorized Const- ruction	Undesig- nated	Total
\$ -- 3,959	\$ 7,449 488	\$ -- --	\$ 34,470 (10,028)	\$ 95,384 24,295
<u>\$ 3,959</u>	<u>\$ 7,937</u>	<u>\$ --</u>	<u>\$ 24,442</u>	<u>\$ 119,679</u>
\$ -- --	\$ 541 (68)	\$ -- --	\$ (800) (137)	\$ -- --
<u>--</u>	<u>473</u>	<u>--</u>	<u>(937)</u>	<u>--</u>
-- 400	136 201	-- --	-- 676	1,545 678
<u>400</u>	<u>337</u>	<u>--</u>	<u>676</u>	<u>2,223</u>
-- --	-- --	-- --	3,227 180	3,228 180
<u>--</u>	<u>--</u>	<u>--</u>	<u>3,407</u>	<u>3,408</u>
<u>\$ 400</u>	<u>\$ 810</u>	<u>\$ --</u>	<u>\$ 3,146</u>	<u>\$ 5,631</u>
\$ -- --	\$ -- --	\$ -- --	\$ -- --	\$ 5,142 (2,432)
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,710</u>
\$ -- --	\$ -- 172	\$ (4,798) 25,384	\$ -- 19,986	\$ 62,516 18,990
<u>\$ --</u>	<u>\$ 172</u>	<u>\$ 20,586</u>	<u>\$ 19,986</u>	<u>\$ 81,506</u>

NOTE 5 - RETIREMENT PLANS

As of June 30, 2008, 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.

In the first session of the 25th Alaska State Legislature Session, Senate Bill 53 was passed to help defray the cost of increased employer contribution rates to the State Retirement Systems. The passage of this bill contributed \$185,000,000 to be appropriated to the Public Employees' Retirement System, and \$269,992,300 to the Teachers' Retirement System as partial payments on-behalf of the participating public employers and school district employers' contributions for the fiscal year ending June 30, 2008.

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.

The passage of Senate Bill 53 contributed \$185,000,000 to be appropriated to the Public Employees' Retirement System as partial payment on-behalf of the participating public employers and school district employers' contributions for the fiscal year ending June 30, 2008. The net effect of this influx of funding reduced Anchorage School Districts actual contribution rate to 22 percent of covered payroll. The Districts portion of the state-wide \$185,000,000 on-behalf payment amounted to \$8,921,711. The remaining \$18,000,959 was paid using the effective rate of covered payroll of 22 percent.

Actuarial valuations for 2008, 2007 and 2006 were performed as of June 30, 2005, 2006, and 2005 respectively. Contributions and rates made in accordance with actuarially determined contribution requirements consist of the following:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Total payroll	\$ 315,247,895	\$ 305,513,245	\$ 292,545,191
Total covered payroll	\$ 71,639,827	\$ 75,542,153	\$ 77,134,791
Contributions:			
District (employer)	\$ 26,922,670	\$ 18,153,984	\$ 14,653,667
Employees	<u>5,198,341</u>	<u>5,497,888</u>	<u>5,612,984</u>
	<u>\$ 32,121,011</u>	<u>\$ 23,651,872</u>	<u>\$ 20,266,651</u>
Normal Cost	\$ 15,209,135	\$ 15,168,864	\$ 15,527,233
Percentage of covered payroll	21.23%	20.08%	20.13%
Amortization of funded (unfunded) accrued liability	\$ 16,911,876	\$ 8,483,008	\$ 4,739,418
Percentage of covered payroll	23.61%	11.23%	6.14%
Rates:			
District (employer)	32.90%	24.25%	19.25%
Employees	6.75%	6.75%	6.75%

Detailed information regarding rates and actuarial methods for the year ended June 30, 2008 is as follows:

	<u>Pension</u>	<u>Other Post-employment Benefits</u>
Contribution rates:		
Employees	4.80%	1.95%
District (employer)	16.23%	16.67%
Actuarial valuation date	June 30, 2005	June 30, 2005
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, 2008 are as follows:

	<u>Pension</u>	<u>Other Post-employment Benefits</u>	<u>Total</u>
Annual required contribution (ARC)	\$ 13,430,313	\$ 13,795,135	\$ 27,225,448
Interest on net pension obligation (NPO)	849,028	547,267	1,396,295
Adjustment to annual required contribution	(633,426)	(408,294)	(1,041,720)
Annual pension cost (APC)	<u>13,645,915</u>	<u>13,934,108</u>	<u>27,580,023</u>
Contributions made	<u>13,280,953</u>	<u>13,641,717</u>	<u>26,922,670</u>
Increase in NPO	364,962	292,391	657,353
NPO, beginning of year	<u>10,291,249</u>	<u>6,633,535</u>	<u>16,924,784</u>
NPO, end of year	<u>\$ 10,656,211</u>	<u>\$ 6,925,926</u>	<u>\$ 17,582,137</u>

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. The average contribution rates for Anchorage School District employees' are as follows:

	<u>Rates</u>
Employee Contribution	8.00%
District (employer) contribution	
Retirement	5.00
Retiree medical plan	0.99
Health reimbursement arrangement	3.00
Death & disability benefits	0.58
Defined Benefit Unfunded Liability (DBUL)	<u>12.43</u>
Total employer contribution	22.00%

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, 2008, the flat rates are \$127.61 for monthly paid full-time employees, \$63.80 for biweekly paid full-time employees and \$0.98 per hour for part-time employees. The District contributed \$519,835 to PERS Tier IV pension, \$569,521 to health reimbursement arrangement, \$102,661 to retiree medical plan, \$60,195 to death & disability benefits and \$139,687 to the defined benefit unfunded liability. The District employee contribution towards PERS Tier IV totaled \$830,020.

Plan Changes effective July 1, 2008 - PERS

For future years beginning July 1, 2008, Senate Bill 125 changes AS 39.35.255 to define "contributions by employers" to establish the uniform contribution rate for PERS employers, regardless of the tier of the employee, at 22 percent, with the State contributing the difference between total PERS actuarial required contributions and the amount employers contribute at 22 percent. Additionally, the bill changes the PERS to a cost-sharing plan from a multiple-agent plan and provides one integrated system of accounting for all participating employers. Under the cost-sharing plan, the PERS defined benefit plan's unfunded liability will be shared among all employers, and each employer will pay a single uniform contribution rate of 22 percent. This will result in a financial impact to the District's financial statements. A one-time special-item gain will be recognized by removing the District's net pension obligation and other post-employment benefits long term liability on the statement of activities for the fiscal year 2008-2009.

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, 2008 was \$212,724,228 which compares to the District's total payroll of \$315,247,895.

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

The passage of Senate Bill 53 contributed \$269,992,300 to be appropriated to the Teachers' Retirement System as partial payment on-behalf of the participating school district employers' contributions for the fiscal year ending June 30, 2008. The net effect of this influx of funding was recognized by the Alaska Retirement Management Board and the required contribution rate was reduced to 12.56 percent of covered payroll. This is the employer effective rate for Tiers I – III. The Districts portion of the state-wide \$269,992,300 on-behalf payment amounted to \$86,595,058.

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 the rate determined by the Alaska Retirement Management Board (ARMB). The employer effective rate was 12.56 percent. The District's total contributions to TRS Tiers I-II, Defined Benefit Plan, for the years ended June 30, 2008, 2007 and 2006 were \$103,168,481, \$50,897,962 and \$41,221,088 respectively, equal to the required contributions for fiscal years 2006-2007 and 2005-2006. For fiscal year 2007-2008, this amount also includes the on-behalf payments made directly to the retirement system by the State of Alaska. The District's actual payments for fiscal year 2007-2008 were \$24,344,598.

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. District average 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	0.99
Occupational death & disability	0.62
Defined benefit unfunded liability (DBUL)	<u>0.95</u>
Total employer contribution	12.56%

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 2007-2008 is \$127.61 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, 2008, the total contributions from and on-behalf of the District were \$10,171,290. The District actual payments included \$1,316,786 to TRS Tier III pension, \$640,755 to health reimbursement arrangement, \$185,833 to retiree medical plan, \$117,055 for occupational death & disability, and \$139,687 for defined benefit unfunded liability. The District employee contribution towards TRS Tier III totaled \$1,504,898. 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 TRS Tier III totaled \$682,025.

Plan Changes effective July 1, 2008 - TRS

For future years beginning July 1, 2008, Senate Bill 125 changes AS 39.35.255 to define "contributions by employers" to establish the uniform contribution rate for TRS employers, regardless of the tier of the employee, at 12.56 percent, with the State contributing the difference between total TRS actuarial required contributions and the amount employers contribute at 12.56 percent.

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
2006	26.14 %	19.25 %	38.85 %	21.00 %
2007	28.61	24.25	41.78	26.00
2008	33.27	32.90	54.03	53.28

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, 2006, 2007 and 2008 follows:

Year ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<i>Pension</i>			
6/30/06	\$ 12,031,040	73%	\$ 8,204,932
6/30/07	12,733,629	84	10,291,249
6/30/08	13,430,313	97	10,656,211
<i>Other Post-employment Benefits</i>			
6/30/06	\$ 8,034,442	73%	\$ 5,175,557
6/30/07	8,964,650	84	6,633,535
6/30/08	13,795,135	98	6,925,926

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

\$195,914 in 2008, \$189,058 in 2007, and \$195,871 in 2006 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, 2008 was \$2,383,954, 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 92 as of June 30, 2008. 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, 2008 is \$870,191.

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 \$20,896,840. 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, 2008 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
2008	Health	\$ 7,130,520	\$ 18,418,528	\$ 20,080,795	\$ 5,468,253
	Unemployment	59,635	(138,150)	264,755	66,970
		<u>\$ 7,190,155</u>	<u>\$ 18,280,378</u>	<u>\$ 20,345,550</u>	<u>\$ 5,535,223</u>
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>

NOTE 8 - COMMITMENTS

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

2008	<u>\$ 1,826,042</u>
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The rent expenditures for the year ending June 30, 2008 were \$3,928,078.

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, 2008 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	\$	169,197,819
Debt Service Fund	\$	37,162,042
Grant revenues from State of Alaska passed through to the District:		
State and Federal Grants Special Revenue Fund	\$	30,387
Charges for services:		
Operations of swimming pools	\$	596,691
Joint property and liability insurance:		
Purchase of a single property and liability policy, which covers both the Municipality and District	\$	1,183,710

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.

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, 2008
With Comparative Totals for
June 30, 2007

BALANCE SHEET

Assets	2008	2007
Cash and investments, at cost	\$ 100,429,715	\$ 72,674,551
Accounts receivable (net of any allowances for uncollectibles)	1,466,672	883,427
Due from other funds:		
State and Federal Grants Special Revenue Fund	13,698,505	18,777,400
Food Service Special Revenue Fund	--	192,753
Student Activity Special Revenue Fund	8,940	--
Debt Service Fund	22,078,508	17,226,873
Due from other governments:		
Municipality of Anchorage	89,488,747	84,938,574
State of Alaska	391,020	624,182
United States Government	107,619	121,603
Prepaid items	8,187,537	3,250,150
Inventory, at weighted average cost	2,004,661	2,170,242
Total assets	<u>\$ 237,861,924</u>	<u>\$ 200,859,755</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 7,603,029	\$ 3,040,537
Medical claims payable	5,468,253	7,130,520
Due to other funds:		
Internal Service Fund	1,094,465	663,301
Food Service Special Revenue Fund	690,212	--
Student Activity Special Revenue Fund	1,342,930	1,165,624
Capital Projects Fund	2,894,639	4,964,364
Accrued salaries and related items:		
Wages and salaries payable	1,729,795	1,447,016
Payroll taxes, other accrued and withheld items	8,057,381	2,460,191
Unearned revenue	89,301,885	84,604,510
Total liabilities	<u>118,182,589</u>	<u>105,476,063</u>
Fund balance:		
Reserved:		
Encumbrances	22,102,814	17,981,023
Inventory	2,004,661	2,170,242
Federal Impact Aid	12,645,547	11,779,903
Prepaid items	8,187,537	3,250,150
Self-insurance	20,896,840	18,284,048
Unreserved:		
Designated for bond rating	17,503,677	16,415,939
Designated for subsequent year's expenditures	3,959,000	--
Designated for accrued compensated absences	7,936,952	7,449,350
Undesignated	24,442,307	18,053,037
Total fund balance	<u>119,679,335</u>	<u>95,383,692</u>
Total liabilities and fund balance	<u>\$ 237,861,924</u>	<u>\$ 200,859,755</u>

For the Year Ended June 30, 2008
 With Comparative Totals
 For the Year Ended June 30, 2007

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

	<u>2008</u>	<u>2007</u>
Revenues:		
Revenues from local sources:		
Appropriation from Municipality of Anchorage	\$ 169,197,819	\$ 155,257,376
Reimbursement for school facilities rental	849,453	568,108
Nonresident tuition	42,847	5,316
Investment income	4,115,914	3,812,259
E-Rate	2,044,567	362,468
Other revenues	1,883,679	1,663,624
Total revenues from local sources	<u>178,134,279</u>	<u>161,669,151</u>
Revenues from state sources:		
Public school funding program	264,718,682	273,377,337
Transportation	16,877,496	17,082,693
Youth detention program	393,287	385,897
Contract school - Providence Heights	145,000	135,078
Energy relief	6,656,602	--
Retirement systems employer relief	88,473,209	--
School improvement grant	7,890,604	3,945,302
On-Base tuition	408,484	408,484
Total revenues from state sources	<u>385,563,364</u>	<u>295,334,791</u>
Revenues from federal sources:		
Reserve Officers Training Corps	695,831	626,276
Federal Impact Aid	13,668,868	12,675,893
Medicaid reimbursement	1,317,328	1,261,957
Total revenues from federal sources	<u>15,682,027</u>	<u>14,564,126</u>
Total revenues	<u>579,379,670</u>	<u>471,568,068</u>
Expenditures:		
Current:		
General administration	19,239,207	11,769,210
Instruction	484,255,121	401,543,470
Pupil transportation	18,982,195	17,236,133
Operation and maintenance of plant	26,772,621	24,697,997
Community services	840,031	790,222
Non-departmental	3,144,562	3,480,038
Total expenditures	<u>553,233,737</u>	<u>459,517,070</u>
Excess of revenues over expenditures	26,145,933	12,050,998

(Continued)

For the Year Ended June 30, 2008
 With Comparative Totals
 For the Year Ended June 30, 2007

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

	<u>2008</u>	<u>2007</u>
Other financing sources and (uses):		
Proceeds from sale of property and equipment	\$ 51,531	\$ 42,904
Transfers out - Food Service	(1,125,000)	--
Transfers out - Internal Service Fund	(600,000)	(200,000)
Transfers out - Debt Service Fund	<u>(167,000)</u>	<u>(167,000)</u>
Total other financing sources and (uses)	<u>(1,840,469)</u>	<u>(324,096)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	24,305,464	11,726,902
Fund balance at beginning of year	95,383,692	83,676,039
Decrease in reserve for inventory	<u>(9,821)</u>	<u>(19,249)</u>
Fund balance at end of year	<u><u>\$ 119,679,335</u></u>	<u><u>\$ 95,383,692</u></u>

For the Year Ended June 30, 2008
 With Comparative Totals
 For the Year Ended June 30, 2007

SCHEDULE OF EXPENDITURES GAAP BASIS

	<u>2008</u>	<u>2007</u>
Current:		
General administration:		
Anchorage School Board	\$ 421,405	\$ 395,822
Superintendent	1,854,768	1,424,475
Instruction	6,570,428	397,667
Support services	3,825,578	3,682,963
Planning, communications and development	927,478	787,523
Business management	2,791,219	2,464,691
Employee relations	<u>2,848,331</u>	<u>2,616,069</u>
Total general administration	<u>19,239,207</u>	<u>11,769,210</u>
Instruction:		
Instructional support:		
Curriculum and staff development	11,287,538	8,097,781
Instructional media	2,925,899	3,008,807
Assessment and evaluation	925,151	844,609
Technology/management information systems	<u>9,664,867</u>	<u>7,739,373</u>
Total instructional support	24,803,455	19,690,570
Elementary education	164,521,222	138,576,448
Charter schools	14,127,158	10,757,054
Middle school education	57,677,653	45,704,005
High school education	109,766,248	93,451,066
Special education services:		
Special services	28,148,668	21,869,440
Special education	<u>75,003,078</u>	<u>62,573,324</u>
Total special education services	103,151,746	84,442,764
English Language Learners	<u>10,207,639</u>	<u>8,921,563</u>
Total instruction	<u>484,255,121</u>	<u>401,543,470</u>
Pupil transportation	<u>18,982,195</u>	<u>17,236,133</u>
Operation and maintenance of plant:		
Custodial services	3,048,548	2,675,341
Facilities	22,516,239	20,790,328
Vehicle maintenance	<u>1,207,834</u>	<u>1,232,328</u>
Total operation and maintenance of plant	<u>26,772,621</u>	<u>24,697,997</u>

(Continued)

For the Year Ended June 30, 2008
 With Comparative Totals
 For the Year Ended June 30, 2007

SCHEDULE OF EXPENDITURES GAAP BASIS (Continued)

	<u>2008</u>	<u>2007</u>
Community services	\$ 840,031	\$ 790,222
Non-departmental:		
Contracted services	(37,706)	53,089
Employee benefits:		
Association benefits	176,124	147,358
Employee assistance	66,879	64,000
Medical insurance - retirees	870,191	853,447
Sick leave bank	<u>219,252</u>	<u>197,042</u>
Total employee benefits	1,332,446	1,261,847
Insurance	1,193,867	1,413,543
Rental land and buildings	1,803,995	1,754,392
Utilities	266,190	258,403
Other non-departmental	<u>(1,414,230)</u>	<u>(1,261,236)</u>
Total non-departmental	<u>3,144,562</u>	<u>3,480,038</u>
Total expenditures	<u>\$ 553,233,737</u>	<u>\$ 459,517,070</u>

For the Year Ended June 30, 2008

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	\$ 183,755	\$ --	\$ 183,755	\$ 189,086	\$ 184,156	\$ 401
Employee benefits	68,668	--	68,668	72,935	77,865	9,197
Purchased services	153,813	49,349	203,162	240,800	239,946	36,784
Supplies and materials	13,231	(4,612)	8,619	12,600	10,985	2,366
Capital outlay	1,938	(359)	1,579	--	1,581	2
Total Anchorage School Board	421,405	44,378	465,783	515,421	514,533	48,750
Superintendent:						
Personnel services	234,876	--	234,876	224,885	232,678	(2,198)
Employee benefits	145,055	--	145,055	123,709	146,926	1,871
Purchased services	1,467,148	(49,702)	1,417,446	998,700	1,441,704	24,258
Supplies and materials	6,840	(643)	6,197	6,675	6,597	400
Capital outlay	849	(771)	78	--	78	--
Total superintendent	1,854,768	(51,116)	1,803,652	1,353,969	1,827,983	24,331
Instruction:						
Personnel services	1,397,178	--	1,397,178	1,321,833	1,338,099	(59,079)
Employee benefits	932,565	--	932,565	809,934	964,636	32,071
Purchased services	356,805	136,334	493,139	55,000	498,786	5,647
Supplies and materials	678,345	401,650	1,079,995	100,347	1,076,798	(3,197)
Capital outlay	3,205,535	54,064	3,259,599	24,842	3,266,389	6,790
Total instruction	6,570,428	592,048	7,162,476	2,311,956	7,144,708	(17,768)
Support services:						
Personnel services	2,289,863	--	2,289,863	2,474,974	2,474,928	185,065
Employee benefits	1,404,163	--	1,404,163	1,541,646	1,494,279	90,116
Purchased services	80,677	14,578	95,255	96,581	122,726	27,471
Supplies and materials	30,417	(6,161)	24,256	49,330	41,469	17,213
Capital outlay	20,458	(2,532)	17,926	13,289	22,935	5,009
Total support services	3,825,578	5,885	3,831,463	4,175,820	4,156,337	324,874
Planning, communications and development:						
Personnel services	457,288	--	457,288	431,871	431,871	(25,417)
Employee benefits	271,178	--	271,178	269,712	259,183	(11,995)
Purchased services	177,013	28,055	205,068	217,773	220,142	15,074
Supplies and materials	7,911	(2,145)	5,766	9,680	11,320	5,554
Capital outlay	14,088	(10,241)	3,847	2,171	2,171	(1,676)
Total planning, communications and development	927,478	15,669	943,147	931,207	924,687	(18,460)
Business management:						
Personnel services	1,763,633	--	1,763,633	1,831,841	1,824,048	60,415
Employee benefits	981,061	--	981,061	1,091,219	1,086,926	105,865
Purchased services	13,618	(778)	12,840	9,570	15,811	2,971
Supplies and materials	18,838	(363)	18,475	26,996	18,576	101
Capital outlay	14,069	(8,495)	5,574	--	5,424	(150)
Total business management	2,791,219	(9,636)	2,781,583	2,959,626	2,950,785	169,202

(Continued)

For the Year Ended June 30, 2008

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	\$ 1,686,776	\$ --	\$ 1,686,776	\$ 1,760,972	\$ 1,761,941	\$ 75,165
Employee benefits	962,506	--	962,506	999,886	1,002,947	40,441
Purchased services	153,841	303,537	457,378	271,400	496,047	38,669
Supplies and materials	28,184	(11,482)	16,702	16,050	23,690	6,988
Capital outlay	17,024	(12,772)	4,252	--	4,637	385
Total employee relations	2,848,331	279,283	3,127,614	3,048,308	3,289,262	161,648
Total general administration	19,239,207	876,511	20,115,718	15,296,307	20,808,295	692,577
Instruction:						
Instructional support:						
Curriculum and staff development:						
Personnel services	5,505,901	--	5,505,901	5,506,174	5,705,138	199,237
Employee benefits	3,467,898	--	3,467,898	3,130,100	3,572,297	104,399
Purchased services	180,566	(1,781)	178,785	280,998	217,002	38,217
Supplies and materials	1,642,255	973,688	2,615,943	1,633,378	2,709,927	93,984
Capital outlay	490,918	22,697	513,615	391,025	520,302	6,687
Total curriculum and staff development	11,287,538	994,604	12,282,142	10,941,675	12,724,666	442,524
Instructional media:						
Personnel services	1,293,526	--	1,293,526	1,344,682	1,333,530	40,004
Employee benefits	776,879	--	776,879	857,856	852,908	76,029
Purchased services	375,373	3,766	379,139	444,113	454,450	75,311
Supplies and materials	425,512	40,660	466,172	545,361	525,193	59,021
Capital outlay	54,609	(14,967)	39,642	17,082	39,523	(119)
Total instructional media	2,925,899	29,459	2,955,358	3,209,094	3,205,604	250,246
Assessment and evaluation:						
Personnel services	538,055	--	538,055	583,711	591,211	53,156
Employee benefits	316,793	--	316,793	339,199	358,150	41,357
Purchased services	24,041	4,386	28,427	50,630	43,049	14,622
Supplies and materials	31,768	(394)	31,374	40,580	33,425	2,051
Capital outlay	14,494	(1,253)	13,241	10,609	15,434	2,193
Total assessment and evaluation	925,151	2,739	927,890	1,024,729	1,041,269	113,379
Technology/management information systems:						
Personnel services	3,176,352	--	3,176,352	3,267,200	3,394,527	218,175
Employee benefits	1,797,993	--	1,797,993	1,944,582	2,048,610	250,617
Purchased services	3,177,259	180,370	3,357,629	3,517,475	3,352,097	(5,532)
Supplies and materials	380,591	(197,391)	183,200	158,741	223,100	39,900
Capital outlay	1,132,672	(587,702)	544,970	132,211	536,719	(8,251)
Total technology/management information systems	9,664,867	(604,723)	9,060,144	9,020,209	9,555,053	494,909
Total instructional support	24,803,455	422,079	25,225,534	24,195,707	26,526,592	1,301,058
Elementary education:						
Personnel services	90,631,904	--	90,631,904	93,482,062	93,451,765	2,819,861
Employee benefits	62,826,570	--	62,826,570	56,359,962	64,224,688	1,398,118
Purchased services	7,612,153	(3,301)	7,608,852	11,448,921	7,660,827	51,975
Supplies and materials	3,202,084	375,312	3,577,396	2,381,786	3,763,924	186,528
Capital outlay	245,635	68,050	313,685	174,501	334,938	21,253
Other	2,876	(35)	2,841	5,520	3,215	374
Total elementary education	164,521,222	440,026	164,961,248	163,852,752	169,439,357	4,478,109

(Continued)

For the Year Ended June 30, 2008

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	\$ 6,045,200	\$ --	\$ 6,045,200	\$ 5,554,804	\$ 6,046,142	\$ 942
Employee benefits	4,009,515	--	4,009,515	3,444,308	4,012,166	2,651
Purchased services	3,040,104	219,858	3,259,962	2,855,290	3,261,312	1,350
Supplies and materials	706,248	868,053	1,574,301	2,441,051	1,565,355	(8,946)
Capital outlay	213,810	168,355	382,165	191,913	381,944	(221)
Other	112,281	--	112,281	88,693	112,282	1
Total charter schools	14,127,158	1,256,266	15,383,424	14,576,059	15,379,201	(4,223)
Middle school education:						
Personnel services	31,647,459	--	31,647,459	31,992,673	32,556,859	909,400
Employee benefits	21,883,629	--	21,883,629	19,948,403	22,379,485	495,856
Purchased services	2,759,262	(98,805)	2,660,457	4,031,436	2,733,732	73,275
Supplies and materials	1,038,192	(38,044)	1,000,148	928,926	1,020,203	20,055
Capital outlay	280,408	(33,426)	246,982	180,387	246,759	(223)
Other	68,703	1,656	70,359	171,000	77,803	7,444
Total middle school education	57,677,653	(168,619)	57,509,034	57,252,825	59,014,841	1,505,807
High school education:						
Personnel services	58,925,963	--	58,925,963	59,591,295	60,283,979	1,358,016
Employee benefits	40,280,382	--	40,280,382	36,511,477	41,070,937	790,555
Purchased services	7,721,710	173	7,721,883	9,994,666	7,875,605	153,722
Supplies and materials	1,970,613	445,121	2,415,734	2,126,460	2,509,768	94,034
Capital outlay	651,575	(25,439)	626,136	750,484	668,485	42,349
Other	216,005	(810)	215,195	757,975	217,905	2,710
Total high school education	109,766,248	419,045	110,185,293	109,732,357	112,626,679	2,441,386
Special education services:						
Special services:						
Personnel services	16,117,690	--	16,117,690	15,677,862	15,699,946	(417,744)
Employee benefits	11,331,044	--	11,331,044	10,154,528	11,327,367	(3,677)
Purchased services	517,565	1,344	518,909	568,865	711,080	192,171
Supplies and materials	150,298	18,740	169,038	141,217	180,628	11,590
Capital outlay	32,071	4,923	36,994	63,258	40,579	3,585
Total special services	28,148,668	25,007	28,173,675	26,605,730	27,959,600	(214,075)
Special education:						
Personnel services	42,838,768	--	42,838,768	43,652,899	43,435,656	596,888
Employee benefits	31,070,460	--	31,070,460	29,908,546	32,141,159	1,070,699
Purchased services	719,294	50,356	769,650	962,980	1,044,726	275,076
Supplies and materials	264,578	649,711	914,289	348,420	1,156,773	242,484
Capital outlay	109,978	(4,587)	105,391	174,419	124,097	18,706
Total special education	75,003,078	695,480	75,698,558	75,047,264	77,902,411	2,203,853
Total special education services	103,151,746	720,487	103,872,233	101,652,994	105,862,011	1,989,778
English Language Learners						
Personnel services	5,718,935	--	5,718,935	6,305,066	6,315,756	596,821
Employee benefits	4,401,413	--	4,401,413	4,616,877	4,672,472	271,059
Purchased services	35,139	(1,125)	34,014	39,180	47,180	13,166
Supplies and materials	50,663	214	50,877	54,697	53,489	2,612
Capital outlay	1,489	98	1,587	--	1,726	139
Total english language learners	10,207,639	(813)	10,206,826	11,015,820	11,090,623	883,797
Total instruction	484,255,121	3,088,471	487,343,592	482,278,514	499,939,304	12,595,712

(Continued)

For the Year Ended June 30, 2008

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	\$ 4,000,384	\$ --	\$ 4,000,384	\$ 3,863,100	\$ 3,862,925	\$ (137,459)
Employee benefits	3,020,877	--	3,020,877	3,074,117	3,074,118	53,241
Purchased services	10,588,477	(29,291)	10,559,186	10,590,628	10,667,816	108,630
Supplies and materials	895,805	(566)	895,239	802,873	852,495	(42,744)
Capital outlay	362,652	(144,183)	218,469	34,256	220,256	1,787
Other	114,000	--	114,000	114,000	114,000	--
Total pupil transportation	18,982,195	(174,040)	18,808,155	18,478,974	18,791,610	(16,545)
Operation and maintenance of plant:						
Custodial services:						
Personnel services	1,385,403	--	1,385,403	1,418,470	1,443,881	58,478
Employee benefits	675,365	--	675,365	928,690	821,774	146,409
Purchased services	137,999	(11,469)	126,530	208,960	151,095	24,565
Supplies and materials	782,692	(35,192)	747,500	670,750	751,232	3,732
Capital outlay	67,089	28,069	95,158	42,312	92,312	(2,846)
Total custodial services	3,048,548	(18,592)	3,029,956	3,269,182	3,260,294	230,338
Facilities:						
Personnel services	8,922,464	--	8,922,464	9,318,350	9,319,310	396,846
Employee benefits	5,609,228	--	5,609,228	6,103,077	6,101,762	492,534
Purchased services	4,931,254	(261,691)	4,669,563	4,411,543	4,732,962	63,399
Supplies and materials	2,204,326	64,918	2,269,244	1,988,810	2,269,273	29
Capital outlay	848,967	438,093	1,287,060	1,206,043	1,282,931	(4,129)
Total facilities	22,516,239	241,320	22,757,559	23,027,823	23,706,238	948,679
Vehicle maintenance:						
Personnel services	429,393	--	429,393	438,851	438,851	9,458
Employee benefits	279,127	--	279,127	294,169	294,169	15,042
Purchased services	80,172	188	80,360	80,512	80,512	152
Supplies and materials	367,421	(2,106)	365,315	365,343	365,343	28
Capital outlay	51,721	47,572	99,293	58,615	99,615	322
Total vehicle maintenance	1,207,834	45,654	1,253,488	1,237,490	1,278,490	25,002
Total operation and maintenance of plant	26,772,621	268,382	27,041,003	27,534,495	28,245,022	1,204,019
Community services:						
Personnel services	497,572	--	497,572	499,217	499,217	1,645
Employee benefits	303,082	--	303,082	315,602	309,479	6,397
Purchased services	4,459	--	4,459	6,750	4,500	41
Supplies and materials	9,723	(1,048)	8,675	8,300	8,680	5
Capital outlay	25,195	22,105	47,300	17,824	47,407	107
Total community services	840,031	21,057	861,088	847,693	869,283	8,195
Non-departmental:						
Personnel services	312,442	--	312,442	(1,008,468)	(1,007,088)	(1,319,530)
Employee benefits	1,026,528	18,806	1,045,334	102,207	98,984	(946,350)
Purchased services	527,343	10,335	537,678	935,907	6,685,538	6,147,860
Supplies and materials	7,895	(6,599)	1,296	(224,500)	(223,500)	(224,796)
Capital outlay	47,718	53,164	100,882	150,882	150,882	50,000
Other	1,222,636	152,982	1,375,618	1,770,500	1,770,500	394,882
Total non-departmental	3,144,562	228,688	3,373,250	1,726,528	7,475,316	4,102,066
Total current	\$ 553,233,737	\$ 4,309,069	\$ 557,542,806	\$ 546,162,511	\$ 576,128,830	\$ 18,586,024

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

For the Year Ended June 30, 2008

	Personnel Services	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Other	Total
Current:							
General administration:							
Anchorage School Board	\$ 183,755	\$ 68,668	\$ 153,813	\$ 13,231	\$ 1,938	\$ --	\$ 421,405
Superintendent	234,876	145,055	1,467,148	6,840	849	--	1,854,768
Instruction	1,397,178	932,565	356,805	678,345	3,205,535	--	6,570,428
Support services	2,289,863	1,404,163	80,677	30,417	20,458	--	3,825,578
Planning, communications and development	457,288	271,178	177,013	7,911	14,088	--	927,478
Business management	1,763,633	981,061	13,618	18,838	14,069	--	2,791,219
Employee relations	1,686,776	962,506	153,841	28,184	17,024	--	2,848,331
Total general administration	8,013,369	4,765,196	2,402,915	783,766	3,273,961	--	19,239,207
Instruction:							
Instructional support:							
Curriculum and staff development	5,505,901	3,467,898	180,566	1,642,255	490,918	--	11,287,538
Instructional media	1,293,526	776,879	375,373	425,512	54,609	--	2,925,899
Assessment and evaluation	538,055	316,793	24,041	31,768	14,494	--	925,151
Technology/manage- ment information systems	3,176,352	1,797,993	3,177,259	380,591	1,132,672	--	9,664,867
Total instructional support	10,513,834	6,359,563	3,757,239	2,480,126	1,692,693	--	24,803,455
Elementary education	90,631,904	62,826,570	7,612,153	3,202,084	245,635	2,876	164,521,222
Charter schools	6,045,200	4,009,515	3,040,104	706,248	213,810	112,281	14,127,158
Middle school education	31,647,459	21,883,629	2,759,262	1,038,192	280,408	68,703	57,677,653
High school education	58,925,963	40,280,382	7,721,710	1,970,613	651,575	216,005	109,766,248
Special education services:							
Special services	16,117,690	11,331,044	517,565	150,298	32,071	--	28,148,668
Special education	42,838,768	31,070,460	719,294	264,578	109,978	--	75,003,078
Total special education services	58,956,458	42,401,504	1,236,859	414,876	142,049	--	103,151,746
English Language Learners	5,718,935	4,401,413	35,139	50,663	1,489	--	10,207,639
Total instruction	262,439,753	182,162,576	26,162,466	9,862,802	3,227,659	399,865	484,255,121
Pupil transportation	4,000,384	3,020,877	10,588,477	895,805	362,652	114,000	18,982,195
Operation and maintenance of plant:							
Custodial services	1,385,403	675,365	137,999	782,692	67,089	--	3,048,548
Facilities	8,922,464	5,609,228	4,931,254	2,204,326	848,967	--	22,516,239
Vehicle maintenance	429,393	279,127	80,172	367,421	51,721	--	1,207,834
Total operation and maintenance of plant	10,737,260	6,563,720	5,149,425	3,354,439	967,777	--	26,772,621

(Continued)

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

For the Year Ended June 30, 2008

	Personnel Services	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Other	Total
Community services	\$ 497,572	\$ 303,082	\$ 4,459	\$ 9,723	\$ 25,195	\$ --	\$ 840,031
Non-departmental:							
Contracted services	--	--	(37,706)	--	--	--	(37,706)
Employee benefits:							
Association benefits	106,401	69,723	--	--	--	--	176,124
Employee assistance	--	66,879	--	--	--	--	66,879
Medical insurance - retirees	--	870,191	--	--	--	--	870,191
Sick leave bank	201,809	17,443	--	--	--	--	219,252
Total employee benefits	308,210	1,024,236	--	--	--	--	1,332,446
Insurance	--	--	--	--	--	1,193,867	1,193,867
Rental land and buildings	--	--	1,803,995	--	--	--	1,803,995
Utilities	--	--	266,190	--	--	--	266,190
Other non-departmental	4,232	2,292	(1,505,136)	7,895	47,718	28,769	(1,414,230)
Total non-departmental	312,442	1,026,528	527,343	7,895	47,718	1,222,636	3,144,562
Total	\$ 286,000,780	\$ 197,841,979	\$ 44,835,085	\$ 14,914,430	\$ 7,904,962	\$ 1,736,501	\$ 553,233,737

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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, 2008
With Comparative Totals for
June 30, 2007

BALANCE SHEET

	<u>2008</u>	<u>2007</u>
Assets		
Accounts receivable	\$ 434,344	\$ 370,595
Due from other governments:		
Municipality of Anchorage	365,665	392,523
State of Alaska	12,913,587	18,503,763
United States Government	1,165,326	334,481
Prepaid items	16,159	29,827
Total assets	<u>\$ 14,895,081</u>	<u>\$ 19,631,189</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 620,065	\$ 483,575
Due to General Fund	13,698,505	18,777,400
Accrued salaries and related items:		
Wages and salaries payable	196,168	208,770
Payroll taxes, other accrued and withheld items	39,904	16,631
Unearned revenue:		
Unearned revenue - local grants	166,563	132,669
Unearned revenue - state grants	102,259	2,819
Unearned revenue - federal grants	71,617	9,325
Total liabilities	<u>14,895,081</u>	<u>19,631,189</u>
Fund balance:		
Reserved:		
Encumbrances	447,437	229,445
Prepaid items	16,159	29,827
Unreserved:		
Designated for accrued compensated absences	473,435	540,587
Undesignated	(937,031)	(799,859)
Total fund balance	<u>--</u>	<u>--</u>
Total liabilities and fund balance	<u>\$ 14,895,081</u>	<u>\$ 19,631,189</u>

For the Year Ended June 30, 2008
With Comparative Totals
For the Year Ended June 30, 2007

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

	2008	2007
Revenues:		
Revenues from local grants:		
Alaska Railroad Summer Youth Program	\$ 32,705	\$ 31,043
Donations From Local Agencies	749,094	656,756
Reading is Fundamental Grant	9,617	20,991
Bus Shelter Cleaning Grant	30,387	34,219
Buddy Bear Peer Program	54,055	67,287
Partners in Homeless Education	8,486	13,992
Data Domain Donation	106,000	--
Total revenues from local grants	<u>990,344</u>	<u>824,288</u>
Revenues from state grants:		
Contract Schools - Memorandum of Agreement		
Alaska State School for Deaf	265,308	285,969
Conflict Resolution Program	--	202
Charter Schools Supplemental Grants	--	15,623
Alaska Science and Technology Program	1,652	13,314
School Wellness Grant	--	16,823
Creating Successful Futures	9,708	--
Salmon in the Classroom Program	2,122	1,199
Designated Legislative Grants		
House Bill 53	886,644	3
Senate Bill 46	49,056	90,207
Senate Bill 283	7,103	18,441
Senate Bill 231	216,554	1,377,928
Total Designated Legislative Grants	<u>1,159,357</u>	<u>1,486,579</u>
Retirement Systems Employer Relief	<u>6,308,744</u>	<u>--</u>
Total revenues from state grants	<u>7,746,891</u>	<u>1,819,709</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	9,741,111	8,956,528
Summer School Program	62,450	108,882
McLaughlin Youth Center	121,836	130,805
Delinquent and At-Risk Youth Program	115,842	134,246
Highly Qualified Program	20,260	21,702
Professional Development	1,020,470	1,153,672
Parent Involvement Program	4,682	2,307
Supplemental Education Services Program	399,987	307,009
School Improvement Program	101,669	92,479
Total Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115	11,588,307	10,907,630

(Continued)

For the Year Ended June 30, 2008
With Comparative Totals
For the Year Ended June 30, 2007

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

	2008	2007
Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Migrant Education		
District-wide Grant	\$ 894,405	\$ 824,336
Summer Program	221,099	80,695
Book Program	516	492
Parent Involvement Program	2,291	2,364
Total Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Migrant Education	1,118,311	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	4,816,791	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	469,197	567,494
Title III - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
English Language Acquisition	306,363	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	394,611	536,443
Title V - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Innovative Program	51,525	115,424
Title VI-B - Education of All Handicapped Children Act		
Public Law 94-142	9,509,044	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	1,719,359	1,707,625
Pre-School Handicapped Grant		
Public Law 99-457	395,852	380,139
Reading is Fundamental Grant	28,805	34,153
Human Immunodeficiency Virus Prevention Program	--	20,805
Alaska State School for Deaf Program	51,430	66,434
Carl Perkins Vocational Education Basic Grant	1,085,126	1,003,017
High Growth Job Training - Implementation Grant	34,814	76,784
Access to Education for Homeless Children Program	48,589	47,823
Drug and Violence Prevention Program	50,389	312,443

(Continued)

For the Year Ended June 30, 2008
With Comparative Totals
For the Year Ended June 30, 2007

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

	2008	2007
National Science Foundation Presidential Award	\$ --	\$ 470
Right Start Program	18,001	36,158
Community Action Prevention and Intervention Program	143,106	129,379
Community Business Partner Program	2,848	32,915
Charter Schools Grants	710,776	99,818
Standard and Assessment Training Program	596	667
Reading First Grant	630,693	1,021,476
Work Investment Act School Youth Program	62,288	61,397
Foreign Language Assistance Program	250,234	187,144
Northwest Eisenhower Consortium Program	734	668
Teaching American History Program	275,642	263,635
Interlibrary Cooperation Program	--	25,759
School Health Program	--	23,793
Community Centers Learning Program	1,541,404	1,682,088
Governor's Drug Prevention Program	--	34,213
Alaska Family Directory Website	28,801	21,680
Healthy Marriages Initiative	--	13,135
Fund for the Improvement of Education Grant	16,137	123,243
Advanced Placement for Every Able Learner Grant	319,232	603,299
Alaska Educational Innovations Network Program	55,932	66,686
Hurricane Education Recovery Grant	--	36,348
Excellence in Economic Education Program	2,992	6,389
Alaska Parent Information & Resource Center	211,861	49,697
Emergency Response & Crisis Management Grant	125,465	3,138
Alaska Mentorship Project	94,626	246,164
Safe and Drug Free Schools	294,277	--
National Writing Project	12,360	--
Arise Program	15,960	--
Project Soar	42,923	--
Alaska/Russian Climate	28,190	--
Total revenues from federal grants	<u>36,553,591</u>	<u>36,560,765</u>
Total revenues	<u>45,290,826</u>	<u>39,204,762</u>
Expenditures:		
Current:		
Instruction:		
Local grants	990,344	824,288
State grants	7,746,891	1,819,709
Federal grants	36,553,591	36,560,765
Total expenditures	<u>45,290,826</u>	<u>39,204,762</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, 2008
With Comparative Totals
For the Year Ended June 30, 2007

SCHEDULE OF EXPENDITURES - GAAP BASIS

	2008	2007
Current:		
Instruction:		
Local grants:		
Alaska Railroad Summer Youth Program	\$ 32,705	\$ 31,043
Donations From Local Agencies	749,094	656,756
Reading is Fundamental Grant	9,617	20,991
Bus Shelter Cleaning Grant	30,387	34,219
Buddy Bear Peer Program	54,055	67,287
Partners in Homeless Education	8,486	13,992
Data Domain Donation	106,000	--
Total local grants	<u>990,344</u>	<u>824,288</u>
State grants:		
Contract Schools - Memorandum of Agreement		
Alaska State School for Deaf	265,308	285,969
Conflict Resolution Program	--	202
Charter Schools Supplemental Grants	--	15,623
Alaska Science and Technology Program	1,652	13,314
School Wellness Grant	--	16,823
Creating Successful Futures	9,708	--
Salmon in the Classroom Program	2,122	1,199
Designated Legislative Grants		
House Bill 53	886,644	3
Senate Bill 46	49,056	90,207
Senate Bill 283	7,103	18,441
Senate Bill 231	216,554	1,377,928
Total Designated Legislative Grants	<u>1,159,357</u>	<u>1,486,579</u>
Retirement Systems Employer Relief	6,308,744	--
Total state grants	<u>7,746,891</u>	<u>1,819,709</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	9,741,111	8,956,528
Summer School Program	62,450	108,882
McLaughlin Youth Center	121,836	130,805
Delinquent and At-Risk Youth Program	115,842	134,246
Highly Qualified Program	20,260	21,702
Professional Development	1,020,470	1,153,672
Parent Involvement Program	4,682	2,307
Supplemental Education Services Program	399,987	307,009
School Improvement Program	101,669	92,479
Total Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115	11,588,307	10,907,630

(Continued)

For the Year Ended June 30, 2008
With Comparative Totals
For the Year Ended June 30, 2007

SCHEDULE OF EXPENDITURES - GAAP BASIS (Continued)

	2008	2007
Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Migrant Education		
District-wide Grant	\$ 894,405	\$ 824,336
Summer Program	221,099	80,695
Book Program	516	492
Parent Involvement Program	2,291	2,364
Total Title I - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Migrant Education	1,118,311	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	4,816,791	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	469,197	567,494
Title III - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
English Language Acquisition	306,363	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	394,611	536,443
Title V - Elementary and Secondary Education Act		
No Child Left Behind Act		
Public Law 107-110 Congress Statute 115		
Innovative Program	51,525	115,424
Title VI-B - Education of All Handicapped Children Act		
Public Law 94-142	9,509,044	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	1,719,359	1,707,625
Pre-School Handicapped Grant		
Public Law 99-457	395,852	380,139
Reading is Fundamental Grant	28,805	34,153
Human Immunodeficiency Virus Prevention Program	--	20,805
Alaska State School for Deaf Program	51,430	66,434
Carl Perkins Vocational Education Basic Grant	1,085,126	1,003,017
High Growth Job Training - Implementation Grant	34,814	76,784
Access to Education for Homeless Children Program	48,589	47,823
Drug and Violence Prevention Program	50,389	312,443

(Continued)

For the Year Ended June 30, 2008

With Comparative Totals

For the Year Ended June 30, 2007

SCHEDULE OF EXPENDITURES - GAAP BASIS (Continued)

	2008	2007
National Science Foundation Presidential Award	\$ --	\$ 470
Right Start Program	18,001	36,158
Community Action Prevention and Intervention Program	143,106	129,379
Community Business Partner Program	2,848	32,915
Charter Schools Grants	710,776	99,818
Standard and Assessment Training Program	596	667
Reading First Grant	630,693	1,021,476
Work Investment Act School Youth Program	62,288	61,397
Foreign Language Assistance Program	250,234	187,144
Northwest Eisenhower Consortium Program	734	668
Teaching American History Program	275,642	263,635
Interlibrary Cooperation Program	--	25,759
School Health Program	--	23,793
Community Centers Learning Program	1,541,404	1,682,088
Governor's Drug Prevention Program	--	34,213
Alaska Family Directory Website	28,801	21,680
Healthy Marriages Initiative	--	13,135
Fund for the Improvement of Education Grant	16,137	123,243
Advanced Placement for Every Able Learner Grant	319,232	603,299
Alaska Educational Innovations Network Program	55,932	66,686
Hurricane Education Recovery Grant	--	36,348
Excellence in Economic Education Program	2,992	6,389
Alaska Parent Information & Resource Center	211,861	49,697
Emergency Response & Crisis Management Grant	125,465	3,138
Alaska Mentorship Project	94,626	246,164
Safe and Drug Free Schools	294,277	--
National Writing Project	12,360	--
Arise Program	15,960	--
Project Soar	42,923	--
Alaska/Russian Climate	28,190	--
Total federal grants	<u>36,553,591</u>	<u>36,560,765</u>
Total expenditures	<u>\$ 45,290,826</u>	<u>\$ 39,204,762</u>

For the Year Ended June 30, 2008

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	\$ 24,456	\$ --	\$ 24,456	\$ 24,626	\$ 170
Employee benefits	3,615	--	3,615	3,643	28
Purchased services	300	--	300	320	20
Supplies and materials	4,334	--	4,334	4,411	77
Total Alaska Railroad Summer Youth Program	32,705	--	32,705	33,000	295
Donations From Local Agencies					
Personnel services	316,266	--	316,266	339,612	23,346
Employee benefits	58,252	--	58,252	60,819	2,567
Purchased services	102,880	140,907	243,787	271,598	27,811
Supplies and materials	129,168	11,488	140,656	162,049	21,393
Capital outlay	142,528	19,720	162,248	229,591	67,343
Total Donations From Local Agencies	749,094	172,115	921,209	1,063,669	142,460
Reading is Fundamental Grant					
Supplies and materials	9,617	--	9,617	9,649	32
Bus Shelter Cleaning Grant					
Personnel services	26,351	--	26,351	27,741	1,390
Employee benefits	2,298	--	2,298	2,421	123
Supplies and materials	1,738	--	1,738	1,738	--
Total Bus Shelter Cleaning Grant	30,387	--	30,387	31,900	1,513
Buddy Bear Peer Program					
Supplies and materials	50,637	(46,574)	4,063	--	(4,063)
Capital outlay	3,418	(3,418)	--	--	--
Total Buddy Bear Peer Program	54,055	(49,992)	4,063	--	(4,063)
Partners in Homeless Education					
Personnel services	2,469	--	2,469	1,453	(1,016)
Employee benefits	507	--	507	222	(285)
Purchased services	4,302	--	4,302	--	(4,302)
Supplies and materials	1,208	--	1,208	1,695	487
Total Partners in Homeless Education	8,486	--	8,486	3,370	(5,116)
Data Domain Donation					
Capital outlay	106,000	--	106,000	106,000	--
Contingency	--	--	--	2,143,238	2,143,238
Total local grants	990,344	122,123	1,112,467	1,247,588	135,121
State grants:					
Contract School - Memorandum of Agreement					
Alaska State School for Deaf					
Personnel services	168,018	--	168,018	185,000	16,982
Employee benefits	66,207	--	66,207	72,035	5,828
Purchased services	16,799	--	16,799	38,112	21,313
Supplies and materials	13,416	--	13,416	22,853	9,437
Capital outlay	868	--	868	1,000	132
Total Contract School - Memorandum of Agreement Alaska State School for Deaf	265,308	--	265,308	319,000	53,692

(Continued)

For the Year Ended June 30, 2008

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)
Charter Schools Supplemental Grants					
Supplies and materials	\$ --	\$ --	\$ --	\$ 1,314	\$ 1,314
Alaska Science and Technology Program					
Supplies and materials	581	27	608	--	(608)
Capital outlay	1,071	--	1,071	--	(1,071)
Total Alaska Science and Technology Program	1,652	27	1,679	--	(1,679)
Creating Successful Futures					
Personnel services	1,517	--	1,517	13,540	12,023
Employee benefits	219	--	219	1,260	1,041
Purchased services	--	--	--	24,460	24,460
Supplies and materials	1,170	--	1,170	20,110	18,940
Capital outlay	6,802	--	6,802	21,630	14,828
Total Creating Successful Futures	9,708	--	9,708	81,000	71,292
Salmon in the Classroom Program					
Personnel services	1,960	--	1,960	--	(1,960)
Employee benefits	162	--	162	--	(162)
Supplies and materials	--	--	--	--	--
Total Salmon in the Classroom Program	2,122	--	2,122	--	(2,122)
Designated Legislative Grants					
Senate Bill 53					
Personnel services	6,031	--	6,031	13,209	7,178
Employee benefits	906	--	906	1,641	735
Purchased services	7,200	--	7,200	7,200	--
Supplies and materials	215,891	275	216,166	245,961	29,795
Capital outlay	656,616	2,985	659,601	785,889	126,288
Total Senate Bill 53	886,644	3,260	889,904	1,053,900	163,996
Senate Bill 46					
Supplies and materials	22,142	(4,844)	17,298	--	(17,298)
Capital outlay	26,914	(13,491)	13,423	--	(13,423)
Total Senate Bill 46	49,056	(18,335)	30,721	--	(30,721)
Senate Bill 283					
Salaries	4,680	--	4,680	--	(4,680)
Employee benefits	705	--	705	--	(705)
Supplies and materials	1,220	--	1,220	--	(1,220)
Capital outlay	498	--	498	--	(498)
Total Senate Bill 283	7,103	--	7,103	--	(7,103)
Senate Bill 231					
Personnel services	14,843	--	14,843	--	(14,843)
Employee benefits	3,333	--	3,333	--	(3,333)
Purchased services	41,690	--	41,690	--	(41,690)
Supplies and materials	110,639	2,927	113,566	--	(113,566)
Capital outlay	46,049	(18,226)	27,823	--	(27,823)
Total Senate Bill 231	216,554	(15,299)	201,255	--	(201,255)
Senate Bill 221					
Purchased services	--	--	--	2,850	2,850
Supplies and materials	--	--	--	105,750	105,750
Capital outlay	--	--	--	444,500	444,500
Total Senate Bill 221	--	--	--	553,100	553,100
Total Designated Legislative Grants	1,159,357	(30,374)	1,128,983	1,607,000	478,017
Retirement Systems Employer Relief					
Employee benefits	6,308,744	--	6,308,744	5,598,686	(710,058)
Total state grants	7,746,891	(30,347)	7,716,544	7,607,000	(109,544)

(Continued)

For the Year Ended June 30, 2008

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	\$ 5,170,181	\$ --	\$ 5,170,181	\$ 6,023,764	\$ 853,583
Employee benefits	2,082,114	--	2,082,114	2,279,389	197,275
Purchased services	575,660	993	576,653	919,833	343,180
Supplies and materials	1,397,923	32	1,397,955	1,648,237	250,282
Capital outlay	515,233	903	516,136	650,755	134,619
Total District-wide Grant	9,741,111	1,928	9,743,039	11,521,978	1,778,939
Summer School Program					
Personnel services	40,516	--	40,516	39,324	(1,192)
Employee benefits	7,394	--	7,394	7,313	(81)
Purchased services	12,437	--	12,437	14,622	2,185
Supplies and materials	2,103	--	2,103	2,000	(103)
Total Summer School Program	62,450	--	62,450	63,259	809
McLaughlin Youth Center					
Personnel services	67,422	--	67,422	68,196	774
Employee benefits	31,229	--	31,229	31,333	104
Purchased services	6,426	--	6,426	6,469	43
Supplies and materials	5,891	--	5,891	6,540	649
Capital outlay	10,868	--	10,868	10,159	(709)
Total McLaughlin Youth Center	121,836	--	121,836	122,697	861
Delinquent and At-Risk Youth Program					
Personnel services	75,030	--	75,030	92,389	17,359
Employee benefits	33,390	--	33,390	37,574	4,184
Purchased services	6,203	--	6,203	7,927	1,724
Supplies and materials	1,219	--	1,219	2,000	781
Total Delinquent and At-Risk Youth Program	115,842	--	115,842	139,890	24,048
Highly Qualified Program					
Personnel services	11,017	--	11,017	26,000	14,983
Employee benefits	2,389	--	2,389	5,472	3,083
Purchased services	2,100	--	2,100	10,000	7,900
Supplies and materials	4,754	--	4,754	8,241	3,487
Total Highly Qualified Program	20,260	--	20,260	49,713	29,453
Professional Development					
Personnel services	474,101	--	474,101	611,662	137,561
Employee benefits	132,798	--	132,798	149,943	17,145
Purchased services	376,483	--	376,483	419,803	43,320
Supplies and materials	37,088	--	37,088	67,155	30,067
Capital outlay	--	--	--	20,000	20,000
Total Professional Development	1,020,470	--	1,020,470	1,268,563	248,093
Parent Involvement Program					
Purchased services	4,682	--	4,682	5,562	880

(Continued)

For the Year Ended June 30, 2008

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	\$ 70,146	\$ --	\$ 70,146	\$ 213,057	\$ 142,911
Employee benefits	11,565	--	11,565	33,913	22,348
Purchased services	313,139	--	313,139	644,668	331,529
Supplies and materials	5,137	--	5,137	9,800	4,663
Total Supplemental Education Services Program	399,987	--	399,987	901,438	501,451
School Improvement Program					
Personnel services	61,940	--	61,940	73,051	11,111
Employee benefits	11,760	--	11,760	15,327	3,567
Purchased services	3,794	--	3,794	11,710	7,916
Supplies and materials	24,175	--	24,175	33,870	9,695
Total School Improvement Program	101,669	--	101,669	133,958	32,289
Total Title I - Elementary and Secondary Education Act No Child Left Behind Act Public Law 107-110 Congress Statute 115	11,588,307	1,928	11,590,235	14,207,058	2,616,823
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	505,446	--	505,446	506,271	825
Employee benefits	238,174	--	238,174	265,143	26,969
Purchased services	103,916	566	104,482	105,852	1,370
Supplies and materials	36,417	--	36,417	37,504	1,087
Capital outlay	10,452	--	10,452	10,452	--
Total District-wide Grant	894,405	566	894,971	925,222	30,251
Summer Program					
Personnel services	85,500	--	85,500	85,389	(111)
Employee benefits	19,824	--	19,824	18,198	(1,626)
Purchased services	51,725	--	51,725	51,736	11
Supplies and materials	28,733	--	28,733	28,778	45
Capital outlay	35,317	--	35,317	36,998	1,681
Total Summer Program	221,099	--	221,099	221,099	--
Book Program					
Supplies and materials	516	--	516	518	2
Parent Involvement Program					
Purchased services	2,291	--	2,291	5,000	2,709
Total Title I - Elementary and Secondary Education Act, No Child Left Behind Act Public Law 107-110 Congress Statute 115 Migrant Education	1,118,311	566	1,118,877	1,151,839	32,962

(Continued)

For the Year Ended June 30, 2008

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	\$ 3,141,385	\$ --	\$ 3,141,385	\$ 3,488,760	\$ 347,375
Employee benefits	1,162,497	--	1,162,497	1,195,123	32,626
Purchased services	259,386	--	259,386	391,500	132,114
Supplies and materials	70,550	--	70,550	88,936	18,386
Capital outlay	182,973	--	182,973	191,038	8,065
Total Title II-A - Elementary and Secondary Education Act No Child Left Behind Act Public Law 107-110 Congress Statute 115 Professional Development Program	4,816,791	--	4,816,791	5,355,357	538,566
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	117,289	--	117,289	145,444	28,155
Employee benefits	29,672	--	29,672	32,069	2,397
Purchased services	220,807	--	220,807	239,466	18,659
Supplies and materials	20,092	--	20,092	31,706	11,614
Capital outlay	81,337	--	81,337	107,188	25,851
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	469,197	--	469,197	555,873	86,676
Title III - Elementary and Secondary Education Act No Child Left Behind Act Public Law 107-110 Congress Statute 115 English Language Acquisition					
Personnel services	216,207	--	216,207	254,359	38,152
Employee benefits	75,391	--	75,391	79,656	4,265
Purchased services	13,773	--	13,773	20,998	7,225
Supplies and materials	822	--	822	26,239	25,417
Capital outlay	170	--	170	1,170	1,000
Total Title III - Elementary and Secondary Education Act No Child Left Behind Act Public Law 107-110 Congress Statute 115 English Language Acquisition	306,363	--	306,363	382,422	76,059

(Continued)

For the Year Ended June 30, 2008

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	\$ 233,022	\$ --	\$ 233,022	\$ 313,259	\$ 80,237
Employee benefits	73,170	--	73,170	80,770	7,600
Purchased services	48,897	74	48,971	70,300	21,329
Supplies and materials	34,919	--	34,919	107,378	72,459
Capital outlay	4,603	--	4,603	7,500	2,897
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	394,611	74	394,685	579,207	184,522
Title V - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110 Congress Statute 115					
Innovative Program					
Personnel services	37,360	--	37,360	122,698	85,338
Employee benefits	5,660	--	5,660	16,038	10,378
Purchased services	8,505	--	8,505	12,414	3,909
Supplies and materials	--	--	--	7,263	7,263
Total Title V - Elementary and Secondary Education Act					
No Child Left Behind Act					
Public Law 107-110					
Congress Statute 115					
Innovative Program	51,525	--	51,525	158,413	106,888
Title VI-B - Education of All Handicapped Children Act					
Public Law 94-142					
Personnel services	5,004,864	--	5,004,864	6,809,913	1,805,049
Employee benefits	2,322,284	--	2,322,284	3,311,273	988,989
Purchased services	887,302	--	887,302	1,832,527	945,225
Supplies and materials	958,453	6,187	964,640	1,030,090	65,450
Capital outlay	336,141	41,049	377,190	423,000	45,810
Total Title VI-B Education of All Handicapped Children Act					
Public Law 94-142	9,509,044	47,236	9,556,280	13,406,803	3,850,523

(Continued)

For the Year Ended June 30, 2008

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	\$ 980,216	\$ --	\$ 980,216	\$ 1,014,621	\$ 34,405
Employee benefits	530,558	--	530,558	595,500	64,942
Purchased services	113,252	(6,178)	107,074	122,351	15,277
Supplies and materials	39,588	2,024	41,612	27,800	(13,812)
Capital outlay	55,745	--	55,745	63,432	7,687
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	1,719,359	(4,154)	1,715,205	1,823,704	108,499
Pre-School Handicapped Grant					
Public Law 99-457					
Personnel services	198,426	--	198,426	202,148	3,722
Employee benefits	85,097	--	85,097	95,689	10,592
Purchased services	38,760	--	38,760	42,229	3,469
Supplies and materials	55,460	158	55,618	59,601	3,983
Capital outlay	18,109	--	18,109	18,030	(79)
Total Pre-School Handicapped Grant					
Public Law 99-457	395,852	158	396,010	417,697	21,687
Reading is Fundamental Grant					
Supplies and materials	28,805	--	28,805	28,809	4
Alaska State School for Deaf Program					
Personnel services	7,613	--	7,613	7,613	--
Employee benefits	1,809	--	1,809	1,856	47
Purchased services	41,118	--	41,118	73,538	32,420
Supplies and materials	890	--	890	4,493	3,603
Total Alaska State School for Deaf Program	51,430	--	51,430	87,500	36,070
Carl Perkins Vocational Education Basic Grant					
Personnel services	211,886	--	211,886	220,500	8,614
Employee benefits	23,769	--	23,769	25,695	1,926
Purchased services	215,855	--	215,855	254,683	38,828
Supplies and materials	187,386	--	187,386	198,000	10,614
Capital outlay	446,230	553	446,783	459,469	12,686
Total Carl Perkins Vocational Education Basic Grant	1,085,126	553	1,085,679	1,158,347	72,668

(Continued)

For the Year Ended June 30, 2008

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	\$ 30,046	\$ --	\$ 30,046	\$ --	\$ (30,046)
Employee benefits	3,545	--	3,545	--	(3,545)
Purchased services	1,223	--	1,223	--	(1,223)
Total High Growth Job Training - Implementation Grant	34,814	--	34,814	--	(34,814)
Access to Education for Homeless Children Program					
Personnel services	11,588	--	11,588	11,728	140
Employee benefits	2,013	--	2,013	2,011	(2)
Purchased services	9,034	--	9,034	9,673	639
Supplies and materials	21,878	461	22,339	23,666	1,327
Capital outlay	4,076	--	4,076	4,262	186
Total Access to Education for Homeless Children Program	48,589	461	49,050	51,340	2,290
Drug and Violence Prevention Program					
Personnel services	35,465	--	35,465	--	(35,465)
Employee benefits	8,174	--	8,174	--	(8,174)
Purchased services	1,885	1,500	3,385	--	(3,385)
Supplies and materials	4,865	--	4,865	--	(4,865)
Total Drug and Violence Prevention Program	50,389	1,500	51,889	--	(51,889)
Right Start Program					
Supplies and materials	18,001	--	18,001	20,000	1,999
Community Action Prevention and Intervention Program					
Personnel services	95,176	--	95,176	96,428	1,252
Employee benefits	24,772	--	24,772	24,518	(254)
Purchased services	12,941	--	12,941	15,264	2,323
Supplies and materials	10,217	--	10,217	12,735	2,518
Total Community Action Prevention and Intervention Program	143,106	--	143,106	148,945	5,839
Community Business Partner Program					
Personnel services	2,527	--	2,527	133,183	130,656
Employee benefits	221	--	221	11,549	11,328
Purchased services	100	--	100	5,268	5,168
Total Community Business Partner Program	2,848	--	2,848	150,000	147,152
Charter Schools Grants					
Purchased services	177,995	--	177,995	193,957	15,962
Supplies and materials	280,222	--	280,222	398,947	118,725
Capital outlay	252,559	--	252,559	312,633	60,074
Total Charter Schools Grants	710,776	--	710,776	905,537	194,761

(Continued)

For the Year Ended June 30, 2008

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	75	--	75	145	70
Purchased services	21	--	21	23	2
Total Standard and Assessment Training Program	596	--	596	668	72
Reading First Grant					
Personnel services	370,628	--	370,628	769,473	398,845
Employee benefits	89,244	--	89,244	114,987	25,743
Purchased services	63,153	--	63,153	96,815	33,662
Supplies and materials	104,908	--	104,908	128,950	24,042
Capital outlay	2,760	--	2,760	10,962	8,202
Total Reading First Grant	630,693	--	630,693	1,121,187	490,494
Work Investment Act School Youth Program					
Personnel services	50,975	--	50,975	52,541	1,566
Employee benefits	7,089	--	7,089	8,740	1,651
Purchased services	2,188	--	2,188	2,419	231
Supplies and materials	2,036	--	2,036	5,166	3,130
Total Work Investment Act School Youth Program	62,288	--	62,288	68,866	6,578
Foreign Language Assistance Program					
Personnel services	123,908	--	123,908	102,319	(21,589)
Employee benefits	33,293	--	33,293	22,490	(10,803)
Purchased services	58,976	10,164	69,140	54,453	(14,687)
Supplies and materials	30,955	(7,343)	23,612	23,024	(588)
Capital outlay	3,102	--	3,102	5,000	1,898
Total Foreign Language Assistance Program	250,234	2,821	253,055	207,286	(45,769)
Northwest Eisenhower Consortium Program					
Purchased services	734	--	734	--	(734)
Teaching American History Program					
Personnel services	81,766	--	81,766	--	(81,766)
Employee benefits	36,025	--	36,025	--	(36,025)
Purchased services	148,585	5,539	154,124	--	(154,124)
Supplies and materials	9,016	670	9,686	--	(9,686)
Capital outlay	250	--	250	--	(250)
Total Teaching American History Program	275,642	6,209	281,851	--	(281,851)

(Continued)

For the Year Ended June 30, 2008

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	\$ 1,048,965	\$ --	\$ 1,048,965	\$ 1,116,430	\$ 67,465
Employee benefits	372,410	--	372,410	381,273	8,863
Purchased services	93,293	--	93,293	112,453	19,160
Supplies and materials	19,018	--	19,018	28,526	9,508
Capital outlay	7,718	--	7,718	8,325	607
Total Community Centers Learning Program	1,541,404	--	1,541,404	1,647,007	105,603
Alaska Family Directory Website					
Personnel services	12,486	--	12,486	12,432	(54)
Employee benefits	6,350	--	6,350	6,670	320
Purchased services	1,628	--	1,628	1,741	113
Supplies and materials	7,491	--	7,491	9,157	1,666
Capital outlay	846	--	846	2,000	1,154
Total Alaska Family Directory Website	28,801	--	28,801	32,000	3,199
Fund for the Improvement of Education Grant					
Personnel services	9,849	--	9,849	--	(9,849)
Employee benefits	1,480	--	1,480	--	(1,480)
Purchased services	4,808	(3,639)	1,169	--	(1,169)
Total Fund for the Improvement of Education Grant	16,137	(3,639)	12,498	--	(12,498)
Advanced Placement for Every Able Learner Grant					
Personnel services	92,337	--	92,337	--	(92,337)
Employee benefits	7,664	--	7,664	--	(7,664)
Purchased services	163,005	71,364	234,369	--	(234,369)
Supplies and materials	56,226	(10,900)	45,326	--	(45,326)
Total Advanced Placement for Every Able Learner Grant	319,232	60,464	379,696	--	(379,696)
Alaska Educational Innovations Network Program					
Personnel services	34,097	--	34,097	90,503	56,406
Employee benefits	4,749	--	4,749	11,742	6,993
Purchased services	17,076	25,000	42,076	16,196	(25,880)
Supplies and materials	10	--	10	3,492	3,482
Total Alaska Educational Innovation Network Program	55,932	25,000	80,932	121,933	41,001

(Continued)

For the Year Ended June 30, 2008

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	\$ 529	\$ --	\$ 529	\$ --	\$ (529)
Employee benefits	96	--	96	--	(96)
Supplies and materials	2,342	--	2,342	--	(2,342)
Capital outlay	25	--	25	--	(25)
Total Excellence in Economic Education Program	2,992	--	2,992	--	(2,992)
Alaska Parent Information & Resource Center					
Personnel services	94,345	--	94,345	97,388	3,043
Employee benefits	58,367	--	58,367	52,686	(5,681)
Purchased services	58,254	(12,197)	46,057	1,400	(44,657)
Supplies and materials	424	--	424	1,090	666
Capital outlay	471	--	471	100	(371)
Total Alaska Parent Information & Resource Center	211,861	(12,197)	199,664	152,664	(47,000)
Emergency Response & Crisis Management Grant					
Personnel services	50,972	--	50,972	--	(50,972)
Employee benefits	13,236	--	13,236	--	(13,236)
Purchased services	49,814	41,200	91,014	--	(91,014)
Supplies and materials	1,011	--	1,011	--	(1,011)
Capital outlay	10,432	--	10,432	--	(10,432)
Total for Emergency Response & Crisis Management Grant	125,465	41,200	166,665	--	(166,665)
Alaska Mentorship Project					
Personnel services	72,932	--	72,932	77,855	4,923
Employee benefits	21,694	--	21,694	22,394	700
Total Alaska Mentorship Project	94,626	--	94,626	100,249	5,623
Health Career Pathways					
Purchased services	--	--	--	8,000	8,000
Supplies and materials	--	4,641	4,641	5,500	859
Capital outlay	--	1,288	1,288	32,500	31,212
Total Health Career Pathways	--	5,929	5,929	46,000	40,071
Safe and Drug Free Schools					
Personnel services	210,678	--	210,678	278,476	67,798
Employee benefits	70,443	--	70,443	73,764	3,321
Purchased services	12,289	--	12,289	19,599	7,310
Supplies and materials	867	--	867	6,060	5,193
Total Safe and Drug Free Schools	294,277	--	294,277	377,899	83,622
National Writing Project					
Personnel services	6,498	--	6,498	6,500	2
Employee benefits	841	--	841	979	138
Purchased services	5,021	--	5,021	5,021	--
Total National Writing Project	12,360	--	12,360	12,500	140
Arise Program					
Personnel services	14,680	--	14,680	14,680	--
Employee benefits	1,280	--	1,280	1,280	--
Total Arise Program	15,960	--	15,960	15,960	--
Project Soar					
Personnel services	29,541	--	29,541	76,722	47,181
Employee benefits	13,382	--	13,382	32,278	18,896
Total Project Soar	42,923	--	42,923	109,000	66,077
Alaska/Russian Climate					
Purchased services	28,190	--	28,190	28,190	--
Total federal grants	36,553,591	174,109	36,727,700	44,630,260	7,902,560
	<u>\$ 45,290,826</u>	<u>\$ 265,885</u>	<u>\$ 45,556,711</u>	<u>\$ 53,484,848</u>	<u>\$ 7,928,137</u>

For the Year Ended June 30, 2008

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	\$ 24,456	\$ 3,615	\$ 300	\$ 4,334	\$ --	\$ 32,705
Donations From Local Agencies	316,266	58,252	102,880	129,168	142,528	749,094
Reading is Fundamental Grant	--	--	--	9,617	--	9,617
Bus Shelter Cleaning Grant	26,351	2,298	--	1,738	--	30,387
Buddy Bear Peer Program	--	--	--	50,637	3,418	54,055
Partners in Homeless Education	2,469	507	4,302	1,208	--	8,486
Data Domain Donation	--	--	--	--	106,000	106,000
Total local grants	369,542	64,672	107,482	196,702	251,946	990,344
State grants:						
Contract Schools - Memorandum of Agreement						
Alaska State School for Deaf	168,018	66,207	16,799	13,416	868	265,308
Alaska Science and Technology Program	--	--	--	581	1,071	1,652
Salmon in the Classroom Program	1,960	162	--	--	--	2,122
Designated Legislative Grants						
House Bill 53	6,031	906	7,200	215,891	656,616	886,644
Senate Bill 46	--	--	--	22,142	26,914	49,056
Senate Bill 283	4,680	705	1,220	--	498	7,103
Senate Bill 231	14,843	3,333	41,690	110,639	46,049	216,554
Total Designated Legislative Grants	25,554	4,944	50,110	348,672	730,077	1,159,357
Creating Successful Futures	1,517	219	--	1,170	6,802	9,708
Retirement Systems Employer Relief	--	6,308,744	--	--	--	6,308,744
Total state grants	197,049	6,380,276	66,909	363,839	738,818	7,746,891
Federal grants:						
Title I - Elementary and Secondary Education Act						
No Child Left Behind Act Public Law 107-110 Congress Statute 115						
District-wide Grant	5,170,181	2,082,114	575,660	1,397,923	515,233	9,741,111
Summer School Program	40,516	7,394	12,437	2,103	--	62,450
McLaughlin Youth Center	67,422	31,229	6,426	5,891	10,868	121,836
Delinquent and At-Risk Youth Program	75,030	33,390	6,203	1,219	--	115,842
Highly Qualified Program	11,017	2,389	2,100	4,754	--	20,260
Professional Development	474,101	132,798	376,483	37,088	--	1,020,470
Parent Involvement Program	--	--	4,682	--	--	4,682
Supplemental Education Services Program	70,146	11,565	313,139	5,137	--	399,987
School Improvement Program	61,940	11,760	3,794	24,175	--	101,669
Total Title I - Elementary and Secondary Education Act						
No Child Left Behind Act Public Law 107-110 Congress Statute 115	5,970,353	2,312,639	1,300,924	1,478,290	526,101	11,588,307

(Continued)

For the Year Ended June 30, 2008

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	\$ 505,446	\$ 238,174	\$ 103,916	\$ 36,417	\$ 10,452	\$ 894,405
Summer Program	85,500	19,824	51,725	28,733	35,317	221,099
Book Program	--	--	--	516	--	516
Parent Involvement Program	--	--	2,291	--	--	2,291
Total Title I - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
Migrant Education	590,946	257,998	157,932	65,666	45,769	1,118,311
Title II-A - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
Professional Development Program	3,141,385	1,162,497	259,386	70,550	182,973	4,816,791
Title II-D - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
Enhancing Education Through Technology	117,289	29,672	220,807	20,092	81,337	469,197
Title III - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
English Language Acquisition	216,207	75,391	13,773	822	170	306,363
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	233,022	73,170	48,897	34,919	4,603	394,611
Title V - Elementary and Secondary Education Act						
No Child Left Behind Act						
Public Law 107-110						
Congress Statute 115						
Innovative Program	37,360	5,660	8,505	--	--	51,525

(Continued)

For the Year Ended June 30, 2008

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	\$ 5,004,864	\$ 2,322,284	\$ 887,302	\$ 958,453	\$ 336,141	\$ 9,509,044
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	980,216	530,558	113,252	39,588	55,745	1,719,359
Pre-School Handicapped Grant Public Law 99-457	198,426	85,097	38,760	55,460	18,109	395,852
Reading is Fundamental Grant	--	--	--	28,805	--	28,805
Alaska State School for Deaf Program	7,613	1,809	41,118	890	--	51,430
Carl Perkins Vocational Education Basic Grant	211,886	23,769	215,855	187,386	446,230	1,085,126
High Growth Job Training Implementation Grant	30,046	3,545	1,223	--	--	34,814
Access to Education for Homeless Children Program	11,588	2,013	9,034	21,878	4,076	48,589
Drug and Violence Prevention Program	35,465	8,174	1,885	4,865	--	50,389
Right Start Program	--	--	--	18,001	--	18,001
Community Action Prevention and Intervention Program	95,176	24,772	12,941	10,217	--	143,106
Community Business Partner Program	2,527	221	100	--	--	2,848
Charter Schools Grants	--	--	177,995	280,222	252,559	710,776
Standard and Assessment Training Program	500	75	21	--	--	596
Reading First Grant	370,628	89,244	63,153	104,908	2,760	630,693
Work Investment Act School Youth Program	50,975	7,089	2,188	2,036	--	62,288
Foreign Language Assistance Program	123,908	33,293	58,976	30,955	3,102	250,234
Northwest Eisenhower Consortium Program	--	--	734	--	--	734
Teaching American History Program	81,766	36,025	148,585	9,016	250	275,642

(Continued)

For the Year Ended June 30, 2008

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

	Personnel Services	Employee Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Total
Community Centers Learning Program	\$ 1,048,965	\$ 372,410	\$ 93,293	\$ 19,018	\$ 7,718	\$ 1,541,404
Governor's Drug Prevention Program						
Alaska Family Directory Website	12,486	6,350	1,628	7,491	846	28,801
Fund for the Improvement of Education Grant	9,849	1,480	4,808	--	--	16,137
Advanced Placement for Every Able Learner Grant	92,337	7,664	163,005	56,226	--	319,232
Alaska Educational Innovations Network Program	34,097	4,749	17,076	10	--	55,932
Excellence in Economic Education Program	529	96	--	2,342	25	2,992
Alaska Parent Information & Resource Center	94,345	58,367	58,254	424	471	211,861
Emergency Response & Crisis Management Grant	50,972	13,236	49,814	1,011	10,432	125,465
Alaska Mentorship Project	72,932	21,694	--	--	--	94,626
Safe and Drug Free Schools	210,678	70,443	12,289	867	--	294,277
National Writing Project	6,498	841	5,021	--	--	12,360
Arise Program	14,680	1,280	--	--	--	15,960
Project Soar	29,541	13,382	--	--	--	42,923
Alaska/Russian Climate	--	--	28,190	--	--	28,190
Total federal grants	19,190,055	7,656,987	4,216,724	3,510,408	1,979,417	36,553,591
	<u>\$ 19,756,646</u>	<u>\$ 14,101,935</u>	<u>\$ 4,391,115</u>	<u>\$ 4,070,949</u>	<u>\$ 2,970,181</u>	<u>\$ 45,290,826</u>

June 30, 2008
With Comparative Totals for
June 30, 2007

COMBINING BALANCE SHEET

	Food Service	Student Activity	Totals	
			2008	2007
Assets				
Cash and investments, at cost	\$ 1,200	\$ 2,131,138	\$ 2,132,338	\$ 2,068,345
Accounts receivable	26,449	7,611	34,060	22,628
Due from General Fund	690,212	1,342,930	2,033,142	1,165,624
Due from State of Alaska	910,618	--	910,618	887,196
Prepaid items	22,833	966	23,799	1,121
U.S.D.A. food commodities, at U.S.D.A. allocated value	131,299	--	131,299	129,466
Inventory, at weighted average cost	775,147	--	775,147	1,527,646
Total assets	<u>\$ 2,557,758</u>	<u>\$ 3,482,645</u>	<u>\$ 6,040,403</u>	<u>\$ 5,802,026</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 36,076	\$ 65,623	\$ 101,699	\$ 561,431
Due to General Fund	--	8,940	8,940	192,753
Accrued salaries and related items:				
Wages and salaries payable	6,344	--	6,344	12,277
Payroll taxes, other accrued and withheld items	6,518	--	6,518	7,877
Unearned revenue	285,588	--	285,588	254,258
Total liabilities	<u>334,526</u>	<u>74,563</u>	<u>409,089</u>	<u>1,028,596</u>
Fund balance:				
Reserved:				
Encumbrances	12,575	--	12,575	2,795
Inventory	775,147	--	775,147	1,527,646
Prepaid items	22,833	966	23,799	1,121
Unreserved:				
Designated for subsequent year's expenditures	400,000	--	400,000	--
Designated for accrued compensated absences	336,858	--	336,858	--
Undesignated	675,819	3,407,116	4,082,935	3,241,868
Total fund balance	<u>2,223,232</u>	<u>3,408,082</u>	<u>5,631,314</u>	<u>4,773,430</u>
Total liabilities and fund balance	<u>\$ 2,557,758</u>	<u>\$ 3,482,645</u>	<u>\$ 6,040,403</u>	<u>\$ 5,802,026</u>

For the Year Ended June 30, 2008
With Comparative Totals
For the Year Ended June 30, 2007

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

	Food Service	Student Activity	Totals	
			2008	2007
Revenues:				
Revenues from local sources	\$ 5,105,780	\$ 7,147,077	\$ 12,252,857	\$ 12,253,760
Revenues from state sources	511,603	10,166	521,769	--
Revenues from federal sources	<u>9,629,018</u>	<u>--</u>	<u>9,629,018</u>	<u>9,246,111</u>
Total revenues	<u>15,246,401</u>	<u>7,157,243</u>	<u>22,403,644</u>	<u>21,499,871</u>
Expenditures:				
Current:				
Instruction	--	6,977,267	6,977,267	7,138,948
Food services	<u>15,693,492</u>	<u>--</u>	<u>15,693,492</u>	<u>15,112,931</u>
Total expenditures	<u>15,693,492</u>	<u>6,977,267</u>	<u>22,670,759</u>	<u>22,251,879</u>
Excess (deficiency) of revenues over expenditures	(447,091)	179,976	(267,115)	(752,008)
Other financing source				
Transfer in - General Fund	<u>1,125,000</u>	<u>--</u>	<u>1,125,000</u>	<u>--</u>
Excess (deficiency) of revenues and other financing source over expenditures	677,909	179,976	857,885	(752,008)
Fund balance at beginning of year	<u>1,545,323</u>	<u>3,228,106</u>	<u>4,773,429</u>	<u>5,525,437</u>
Fund balance at end of year	<u>\$ 2,223,232</u>	<u>\$ 3,408,082</u>	<u>\$ 5,631,314</u>	<u>\$ 4,773,429</u>

June 30, 2008
With Comparative Totals for
June 30, 2007

BALANCE SHEET

	<u>2008</u>	<u>2007</u>
Assets		
Cash and investments, at cost	\$ 1,200	\$ 825
Accounts receivable	26,449	15,016
Due from General Fund	690,212	--
Due from State of Alaska	910,618	887,196
Prepaid items	22,833	--
U.S.D.A. food commodities, at U.S.D.A. allocated value	131,299	129,466
Inventory, at weighted average cost	<u>775,147</u>	<u>1,527,646</u>
Total assets	<u>\$ 2,557,758</u>	<u>\$ 2,560,149</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 36,076	\$ 547,661
Due to General Fund	--	192,753
Accrued salaries and related items:		
Wages and salaries payable	6,344	12,277
Payroll taxes, other accrued and withheld items	6,518	7,877
Unearned revenue:		
Prepaid meal charges	154,289	124,792
U.S.D.A. food commodities	<u>131,299</u>	<u>129,466</u>
Total liabilities	<u>334,526</u>	<u>1,014,826</u>
Fund balance:		
Reserved:		
Encumbrances	12,575	2,795
Inventory	775,147	1,527,646
Prepaid items	22,833	--
Unreserved:		
Designated for subsequent year's expenditures	400,000	--
Designated for accrued compensated absences	336,858	--
Undesignated	<u>675,819</u>	<u>14,882</u>
Total fund balance	<u>2,223,232</u>	<u>1,545,323</u>
Total liabilities and fund balance	<u>\$ 2,557,758</u>	<u>\$ 2,560,149</u>

For the Year Ended June 30, 2008
With Comparative Totals
For the Year Ended June 30, 2007

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

	<u>2008</u>	<u>2007</u>
Revenues:		
Revenues from local sources:		
Lunch sales - student	\$ 2,936,022	\$ 2,704,353
Lunch sales - adult	58,203	66,034
Breakfast program	129,579	111,429
Milk program	83,407	61,749
A la carte program	1,777,953	1,939,316
Special meals	96,377	94,831
Other revenues	24,239	269
Total revenues from local sources	<u>5,105,780</u>	<u>4,977,981</u>
Revenues from state sources:		
Retirement system employer relief	<u>511,603</u>	<u>--</u>
Revenues from federal sources:		
Type A lunch program - reimbursement	7,539,236	7,366,849
Breakfast program - reimbursement	1,409,048	1,321,288
After school snack program - reimbursement	- 138,032	136,102
United States Department of Agriculture commodities	<u>542,702</u>	<u>421,872</u>
Total revenues from federal sources	<u>9,629,018</u>	<u>9,246,111</u>
Total revenues	<u>15,246,401</u>	<u>14,224,092</u>
Expenditures:		
Current:		
Food services:		
General administration	1,223,429	1,217,520
Kitchens and food center	13,099,079	12,566,154
Delivery	<u>1,370,984</u>	<u>1,329,257</u>
Total expenditures	<u>15,693,492</u>	<u>15,112,931</u>
Deficiency of revenues over expenditures	(447,091)	(888,839)
Other financing source:		
Transfer in - General Fund	<u>1,125,000</u>	<u>--</u>
Excess (deficiency) of revenues and other financing source over expenditures	677,909	(888,839)
Fund balance at beginning of year	<u>1,545,323</u>	<u>2,434,162</u>
Fund balance at end of year	<u>\$ 2,223,232</u>	<u>\$ 1,545,323</u>

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

For the Year Ended June 30, 2008

	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	\$ 2,936,022	\$ --	\$ 2,936,022	\$ 3,351,472	\$ 3,351,472	\$ (415,450)
Lunch sales - adult	58,203	--	58,203	86,248	86,248	(28,045)
Breakfast program	129,579	--	129,579	149,544	149,544	(19,965)
Milk program	83,407	--	83,407	67,294	67,294	16,113
A la carte program	1,777,953	--	1,777,953	2,315,021	2,315,021	(537,068)
Special meals	96,377	--	96,377	200,712	200,712	(104,335)
Other revenues	24,240	--	24,240	--	--	24,240
Total revenue from local sources	5,105,781	--	5,105,781	6,170,291	6,170,291	(1,064,510)
Revenues from state sources:						
Retirement system employer relief	511,603	--	511,603	822,000	483,722	27,881
Revenues from federal sources:						
Type A lunch program - reimbursement	7,539,236	--	7,539,236	7,061,622	7,061,622	477,614
Breakfast program - reimbursement	1,409,048	--	1,409,048	1,395,032	1,395,032	14,016
After school snack program - reimbursement	138,032	--	138,032	169,523	169,523	(31,491)
United States Department of Agriculture commodities	542,701	--	542,701	510,372	510,372	32,329
Total revenue from federal sources	9,629,017	--	9,629,017	9,136,549	9,136,549	492,468
Total revenues	15,246,401	--	15,246,401	16,128,840	15,790,562	(544,161)
Expenditures:						
Current:						
Food services						
General administration						
Personnel services	405,130	--	405,130	542,877	542,877	137,747
Employee benefits	257,524	--	257,524	524,228	524,228	266,704
Purchased services	543,992	--	543,992	577,366	577,366	33,374
Supplies and materials	16,301	(163)	16,138	15,000	17,000	863
Capital outlay	482	--	482	11,380	9,380	8,898
Total general administration	1,223,429	(163)	1,223,266	1,670,851	1,670,851	447,586
Kitchens and food center						
Personnel services	3,826,111	--	3,826,111	4,007,962	4,007,962	181,851
Employee benefits	2,975,476	--	2,975,476	3,207,973	3,207,973	232,497
Purchased services	349,799	(1,450)	348,349	381,861	381,861	33,513
Supplies and materials	5,915,086	4,405	5,919,491	5,433,508	5,435,008	(484,483)
Capital outlay	32,607	--	32,607	114,439	104,939	72,332
Total kitchens and food center	13,099,079	2,955	13,102,034	13,145,743	13,137,743	35,710

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

For the Year Ended June 30, 2008

	Actual	Adjustment to Basis of Budgeting	Actual on Basis of Budgeting	Budgeted Amounts		Variance with Final Budget Positive (Negative)
				Original	Final	
Delivery:						
Personnel services	\$ 778,330	\$ --	\$ 778,330	\$ 806,849	\$ 806,849	\$ 28,519
Employee benefits	497,614	--	497,614	548,766	548,766	51,153
Purchased services	3,618	1,253	4,871	26,591	26,591	21,720
Supplies and materials	90,580	5,735	96,315	120,000	131,200	34,885
Capital outlay	842	--	842	3,200	--	(842)
Total delivery	<u>1,370,984</u>	<u>6,988</u>	<u>1,377,972</u>	<u>1,505,406</u>	<u>1,513,406</u>	<u>135,435</u>
Total expenditures	<u>15,693,492</u>	<u>9,780</u>	<u>15,703,272</u>	<u>16,322,000</u>	<u>16,322,000</u>	<u>618,728</u>
Excess (deficiency) of revenues over expenditures	(447,091)	(9,780)	(456,871)	(193,160)	(531,438)	(74,567)
Other financing source:						
Transfer in - General Fund	<u>1,125,000</u>	<u>--</u>	<u>1,125,000</u>	<u>1,125,000</u>	<u>1,125,000</u>	<u>--</u>
Excess (deficiency) of revenues and other financing source over expenditures	677,909	(9,780)	668,129	931,840	593,562	(74,567)
Fund balance at beginning of year	<u>1,545,323</u>	<u>--</u>	<u>1,545,323</u>	<u>1,545,323</u>	<u>1,545,323</u>	<u>--</u>
Fund balance at end of year	<u>\$ 2,223,232</u>	<u>\$ (9,780)</u>	<u>\$ 2,213,452</u>	<u>\$ 2,477,163</u>	<u>\$ 2,138,885</u>	<u>\$ (74,567)</u>

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

Revenues reported on the basis of GAAP		\$ 15,246,401
Expenditures reported on the basis of GAAP		15,693,492
Add: current year encumbrances	\$ 12,575	
Deduct: expenditures on prior year's encumbrances	<u>(2,795)</u>	
		<u>9,780</u>
Expenditures and encumbrances reported on the basis of budgeting		<u>15,703,272</u>
Deficiency of revenues over expenditures on the basis of budgeting		<u>\$ (456,871)</u>

For the Year Ended June 30, 2008

**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	\$ 405,130	\$ 257,524	\$ 543,992	\$ 16,301	\$ 482	\$ 1,223,429
Kitchens and food center	3,826,111	2,975,476	349,799	5,915,086	32,607	13,099,079
Delivery	<u>778,330</u>	<u>497,614</u>	<u>3,618</u>	<u>90,580</u>	<u>842</u>	<u>1,370,984</u>
	<u>\$ 5,009,571</u>	<u>\$ 3,730,614</u>	<u>\$ 897,409</u>	<u>\$ 6,021,967</u>	<u>\$ 33,931</u>	<u>\$ 15,693,492</u>

June 30, 2008
With Comparative Totals for
June 30, 2007

BALANCE SHEET - BY ACCOUNT

	Decentralized Student Activities	Centralized Student Activities	Totals	
			2008	2007
Assets				
Cash and investments, at cost	\$ 2,131,138	\$ --	\$ 2,131,138	\$ 2,067,520
Accounts receivable	--	7,611	7,611	7,612
Due from General Fund	16,190	1,326,740	1,342,930	1,165,624
Prepaid Items	--	966	966	1,121
Total assets	\$ 2,147,328	\$ 1,335,317	\$ 3,482,645	\$ 3,241,877
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ --	\$ 65,623	\$ 65,623	\$ 13,770
Due to General Fund	8,940	--	8,940	--
Total liabilities	8,940	65,623	74,563	13,770
Fund balance:				
Reserved for prepaid items:	--	966	966	1,121
Unreserved - undesignated:	2,138,388	1,268,728	3,407,116	3,226,986
Total fund balance	2,138,388	1,269,694	3,408,082	3,228,107
Total liabilities and fund balance	\$ 2,147,328	\$ 1,335,317	\$ 3,482,645	\$ 3,241,877

For the Year Ended June 30, 2008
With Comparative Totals
For the Year Ended June 30, 2007

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

	Decentralized Student Activities	Centralized Student Activities	Totals	
			2008	2007
Revenues:				
Revenues from local sources:				
Other revenues	<u>\$ 6,006,503</u>	<u>\$ 1,140,574</u>	<u>\$ 7,147,077</u>	<u>\$ 7,275,779</u>
Revenues from state sources:				
Retirement systems employer relief	<u>--</u>	<u>10,166</u>	<u>10,166</u>	<u>--</u>
Total revenues	<u>6,006,503</u>	<u>1,150,740</u>	<u>7,157,243</u>	<u>7,275,779</u>
Expenditures:				
Current:				
Instruction:				
Pupil activity	<u>5,958,926</u>	<u>1,018,341</u>	<u>6,977,267</u>	<u>7,138,948</u>
Excess of revenues over expenditures	<u>47,577</u>	<u>132,399</u>	<u>179,976</u>	<u>136,831</u>
Fund balance at beginning of year	<u>2,090,811</u>	<u>1,137,295</u>	<u>3,228,106</u>	<u>3,091,275</u>
Fund balance at end of year	<u>\$ 2,138,388</u>	<u>\$ 1,269,694</u>	<u>\$ 3,408,082</u>	<u>\$ 3,228,106</u>

June 30, 2008
With Comparative Totals for
June 30, 2007

DECENTRALIZED STUDENT ACTIVITIES
BALANCE SHEET - BY DEPARTMENT

	High Schools	Middle Schools	Alternative Schools and Others	Totals	
				2008	2007
Assets					
Cash and investments, at cost	\$ 1,370,019	\$ 511,380	\$ 249,739	\$ 2,131,138	\$ 2,067,520
Due from General Fund	--	16,190	--	16,190	23,291
Total assets	<u>\$ 1,370,019</u>	<u>\$ 527,570</u>	<u>\$ 249,739</u>	<u>\$ 2,147,328</u>	<u>\$ 2,090,811</u>
Liabilities and Fund Balance					
Liabilities:					
Due to General Fund	\$ 8,908	\$ --	\$ 32	\$ 8,940	\$ --
Fund balance:					
Unreserved - undesignated	1,361,111	527,570	249,707	2,138,388	2,090,811
Total liabilities and fund balance	<u>\$ 1,370,019</u>	<u>\$ 527,570</u>	<u>\$ 249,739</u>	<u>\$ 2,147,328</u>	<u>\$ 2,090,811</u>

For the Year Ended June 30, 2008
With Comparative Totals
For the Year Ended June 30, 2007

DECENTRALIZED STUDENT ACTIVITIES

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

	High Schools	Middle Schools	Alternative Schools and Others	Totals	
				2008	2007
Revenues:					
Revenues from local sources:					
Other revenues	\$ 4,428,099	\$ 902,632	\$ 675,772	\$ 6,006,503	\$ 6,259,670
Expenditures:					
Current:					
Instruction:					
Pupil activity	4,403,978	887,252	667,696	5,958,926	6,137,298
Excess of revenues over expenditures	24,121	15,380	8,076	47,577	122,372
Fund balance at beginning of year	1,336,990	512,190	241,631	2,090,811	1,968,438
Fund balance at end of year	\$ 1,361,111	\$ 527,570	\$ 249,707	\$ 2,138,388	\$ 2,090,810

June 30, 2008
With Comparative Totals for
June 30, 2007

CENTRALIZED STUDENT ACTIVITIES

BALANCE SHEET - BY DEPARTMENT

	PTA Support	Elementary Schools Student Activities	Secondary Schools Instructional Replacement Fees	Supplemental Sources	Totals	
					2008	2007
Assets						
Accounts receivable	\$ --	\$ --	\$ --	\$ 7,611	\$ 7,611	\$ 7,612
Due from General Fund	178,512	211,478	574,311	362,439	1,326,740	1,142,333
Prepaid Charges	--	--	--	966	966	1,121
Total assets	<u>\$ 178,512</u>	<u>\$ 211,478</u>	<u>\$ 574,311</u>	<u>\$ 371,016</u>	<u>\$ 1,335,317</u>	<u>\$ 1,151,066</u>
Liabilities and Fund Balance						
Liabilities:						
Accounts payable	\$ 17,945	\$ 354	\$ 18,742	\$ 28,582	\$ 65,623	\$ 13,770
Fund balance:						
Reserved for prepaid items	--	--	--	966	966	1,121
Unreserved - undesignated	<u>160,567</u>	<u>211,124</u>	<u>555,569</u>	<u>341,468</u>	<u>1,268,728</u>	<u>1,136,175</u>
Total fund balance	<u>160,567</u>	<u>211,124</u>	<u>555,569</u>	<u>342,434</u>	<u>1,269,694</u>	<u>1,137,296</u>
Total liabilities and fund balance	<u>\$ 178,512</u>	<u>\$ 211,478</u>	<u>\$ 574,311</u>	<u>\$ 371,016</u>	<u>\$ 1,335,317</u>	<u>\$ 1,151,066</u>

For the Year Ended June 30, 2008
With Comparative Totals
For the Year Ended June 30, 2007

CENTRALIZED STUDENT ACTIVITIES

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BY DEPARTMENT (1)

	PTA Support	Elementary Schools Student Activities	Secondary Schools Instructional Replacement Fees	Supplemental Sources	Totals	
					2008	2007
Revenues:						
Revenues from local sources:						
Other revenues	\$ 213,901	\$ 293,452	\$ 375,082	\$ 258,139	\$ 1,140,574	\$ 1,016,109
Revenues from state sources:						
Retirement systems employer relief	--	--	--	10,166	10,166	--
Total revenues	213,901	293,452	375,082	268,305	1,150,740	1,016,109
Expenditures:						
Current:						
Instruction:						
Pupil activity	211,047	259,455	288,712	259,127	1,018,341	1,001,650
Excess of revenues over expenditures	2,854	33,997	86,370	9,178	132,399	14,458
Fund balance at beginning of year	157,713	177,127	469,199	333,256	1,137,295	1,122,837
Fund balance at end of year	\$ 160,567	\$ 211,124	\$ 555,569	\$ 342,434	\$ 1,269,694	\$ 1,137,295

Notes

- (1) Some accounts in the Centralized Student Activity Fund were recatergorized during fiscal 2007-2008 to more accurately reflect reflect their nature, resulting in a beginning fund balance by department that differs from the amount previously reported as the ending fund balance. The total fund balance remains unchanged.

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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, 2008
With Comparative Totals for
June 30, 2007

BALANCE SHEET

	<u>2008</u>	<u>2007</u>
Assets		
Cash and investments with paying agent	\$ 24,387,096	\$ 21,999,938
Interest receivable	83	--
Due from other governments:		
Municipality of Anchorage	19,707,733	18,581,021
State of Alaska	<u>402,086</u>	<u>370,031</u>
Total assets	<u>\$ 44,496,998</u>	<u>\$ 40,950,990</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 1,133	\$ 1,133
Due to General Fund	22,078,508	17,226,873
Unearned revenue - property taxes	<u>19,707,733</u>	<u>18,581,021</u>
Total liabilities	<u>41,787,374</u>	<u>35,809,027</u>
Fund balance:		
Reserved for debt service	<u>2,709,624</u>	<u>5,141,963</u>
Total liabilities and fund balance	<u>\$ 44,496,998</u>	<u>\$ 40,950,990</u>

For the Year Ended June 30, 2008
With Comparative Actual Amounts
For the Year Ended June 30, 2007

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

	2008				
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	2007
	Original	Final			
Revenues:					
Revenues from local sources:					
Appropriation from Municipality of Anchorage	\$ 37,162,042	\$ 37,162,042	\$ 37,162,042	\$ --	\$ 36,344,912
Investment income	--	--	2,140	2,140	26,450
Total revenues from local sources	37,162,042	37,162,042	37,164,182	2,140	36,371,362
Revenues from state sources:					
Aid for school construction	40,494,778	40,494,778	40,206,933	(287,845)	36,980,380
Total revenues	77,656,820	77,656,820	77,371,115	(285,705)	73,351,742
Expenditures:					
Debt service:					
Principal	44,080,000	44,080,000	44,080,000	--	39,870,000
Interest	36,340,739	35,890,739	35,884,852	5,887	35,021,935
Fiscal agent fees	15,000	15,000	11,605	3,395	11,578
Total expenditures	80,435,739	79,985,739	79,976,457	9,282	74,903,513
Deficiency of revenues over expenditures	(2,778,919)	(2,328,919)	(2,605,342)	(276,423)	(1,551,771)
Other financing sources (uses):					
Proceeds of refunding bonds	--	--	--	--	251,745,000
Premium on issuance of refunding bonds	--	--	--	--	13,906,249
Payment to refunded bond escrow agent	--	--	--	--	(265,651,249)
Transfers in - General Fund	167,000	167,000	167,000	--	167,000
Transfers in - Capital Projects Fund	--	--	6,003	6,003	727,501
Total other financing sources (uses)	167,000	167,000	173,003	6,003	894,501
Deficiency of revenues and other financing sources over expenditures and other financing uses	(2,611,919)	(2,161,919)	(2,432,339)	(270,420)	(657,270)
Fund balance at beginning of year	5,141,963	5,141,963	5,141,963	--	5,799,233
Fund balance at end of year	\$ 2,530,044	\$ 2,980,044	\$ 2,709,624	\$ (270,420)	\$ 5,141,963

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, 2008
With Comparative Totals for
June 30, 2007

BALANCE SHEET

	2008	2007
Assets		
Cash and investments, at cost	\$ 83,725,314	\$ 59,224,031
Cash with paying agent	46,763	13,646
Accounts Receivable	25,982	56,252
Interest receivable	348,199	812,554
Due from General Fund	2,894,639	4,964,364
Due from other governments:		
Municipality of Anchorage	163,388	162,089
State of Alaska	680,403	634,345
Prepaid items	102,356	--
Total assets	<u>\$ 87,987,044</u>	<u>\$ 65,867,281</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 3,238	\$ 1,166,154
Contracts payable	6,448,979	2,118,962
Accrued salaries and related items:		
Wages and salaries payable	19,709	44,680
Payroll taxes, other accrued and withheld items	2,278	3,137
Unearned revenue	6,487	18,509
Total liabilities	<u>6,480,691</u>	<u>3,351,442</u>
Fund balance:		
Reserved:		
Encumbrances	40,659,883	67,313,839
Prepaid items	102,356	--
Unreserved:		
Designated:		
Accrued compensated absences	172,542	--
Authorized construction, net of authorized unissued bonds	20,585,681	--
Undesignated	19,985,891	(4,798,000)
Total fund balance	<u>81,506,353</u>	<u>62,515,839</u>
Total liabilities and fund balance	<u>\$ 87,987,044</u>	<u>\$ 65,867,281</u>

For the Year Ended June 30, 2008
 With Comparative Totals
 For the Year Ended June 30, 2007

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

	2008	2007
Revenues:		
Revenues from local sources:		
Investment income	\$ 4,110,050	\$ 3,770,143
Other revenues	1,018,138	--
Total revenues from local sources	<u>5,128,188</u>	<u>3,770,143</u>
Revenues from state sources:		
State/Municipal grants	630,551	996,390
Retirement systems employer relief	213,047	--
Total revenues from state sources	<u>843,598</u>	<u>996,390</u>
Revenues from federal sources:		
Federal Impact Aid	481,310	366,630
Federal capital grants	63,725	--
Total revenues from federal sources	<u>545,035</u>	<u>366,630</u>
Total revenues	<u>6,516,821</u>	<u>5,133,163</u>
Expenditures:		
Capital outlays:		
Secondary schools	44,434,616	29,547,773
Elementary schools	7,196,728	7,677,465
Other capital outlays	894,712	7,695,125
Total expenditures	<u>52,526,056</u>	<u>44,920,363</u>
Deficiency of revenues over expenditures	(46,009,235)	(39,787,200)
Other financing sources and (uses):		
Proceeds of general obligation bonds	63,790,000	48,495,000
Premium on issuance of general obligation bonds	1,215,752	726,732
Transfers out - Debt Service Fund	(6,003)	(727,501)
Total other financing sources and (uses)	<u>64,999,749</u>	<u>48,494,231</u>
Excess of revenues and other financing sources over expenditures and other financing uses	18,990,514	8,707,031
Fund balance at beginning of year	<u>62,515,839</u>	<u>53,808,808</u>
Fund balance at end of year	<u>\$ 81,506,353</u>	<u>\$ 62,515,839</u>

Beginning of Projects
to June 30, 2008**PROJECT-LENGTH SCHEDULE
OF CONSTRUCTION PROJECTS**

Total project authorization	<u>\$398,627,178</u>
Revenues and other financing sources:	
Local sources	\$ 4,291,156
State sources	843,598
Federal sources	545,035
Legal settlements	837,032
Proceeds of general obligation bonds	65,005,752
Transfers Out	<u>(6,003)</u>
	<u>\$ 71,516,570</u>
Expenditures:	
Capital outlays:	
Secondary schools	\$197,333,975
Elementary schools	51,059,689
Other capital outlays	<u>12,028,330</u>
	<u>\$260,421,994</u>

For the Period Ended June 30, 2008

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

	2008						Variance- favorable (unfavorable)
	Prior Years	Land and Improvements	Buildings and Equipment	Total	Total	Project Authoriza- tion	
Capital outlays:							
Secondary schools:							
Bartlett Senior High	\$ 28,352,331	\$ --	\$ 245,672	\$ 245,672	\$ 28,598,003	\$ 30,589,209	\$ 1,991,206
Chugiak Senior High	2,837,970	1,781,198	2,303,235	4,084,433	6,922,403	8,866,689	1,944,286
Dimond Senior High	753,558	--	2,816,799	2,816,799	3,570,357	6,880,340	3,309,983
Eagle River Senior High	15,380	--	1,790,073	1,790,073	1,805,453	2,542,821	737,368
East Senior High	28,461,709	--	398,264	398,264	28,859,973	31,481,243	2,621,270
South Anchorage Senior High	152,240	--	183,269	183,269	335,509	932,947	597,438
Service Senior High	37,310,741	--	360,256	360,256	37,670,997	40,850,562	3,179,565
West Senior High	1,974,413	--	1,413,452	1,413,452	3,387,865	6,326,866	2,939,001
Central Middle School	14,048	--	2,981	2,981	17,029	1,314,943	1,297,914
Clark Middle School	5,460,179	--	27,060,998	27,060,998	32,521,177	67,571,439	35,050,262
Golden View Middle School	298,785	--	23,935	23,935	322,720	1,378,738	1,056,018
Ernest Gruening Middle School	505,115	--	790,664	790,664	1,295,779	3,012,815	1,717,036
U. S. Hanshaw Middle School	829,725	--	921,624	921,624	1,751,349	3,018,212	1,266,863
Jane Mears Middle School	451,199	--	91,779	91,779	542,978	1,746,375	1,203,397
Mirror Lake Middle School	2,381	--	797	797	3,178	344,202	341,024
Begich Middle School	43,947,130	--	3,031,070	3,031,070	46,978,200	52,012,528	5,034,328
Romig Middle School	566,864	--	284,380	284,380	851,244	1,751,807	900,563
Wendler Middle School	991,122	--	448,669	448,669	1,439,791	1,084,256	(355,535)
Benny Benson Secondary	154,850	--	231,109	231,109	385,959	1,034,816	648,857
Martin Luther King, Jr. Career Center	--	--	69,466	69,466	69,466	808,982	739,516
Save Alternative	--	--	--	--	--	80,741	80,741
Steller Alternative	2,837	--	1,708	1,708	4,545	57,633	53,088
State retirement	--	7,329	175,889	183,218	183,218	--	--
Total secondary schools	153,082,577	1,788,527	42,646,089	44,434,616	197,517,193	263,688,164	66,170,971
Elementary schools:							
Abbott Loop	544,006	--	931,258	931,258	1,475,264	2,102,715	627,451
Airport Heights	934,977	--	56,383	56,383	991,360	1,115,378	124,018
Alpenglow	1,891	--	18,109	18,109	20,000	21,238	1,238
Aurora	788,758	--	34,955	34,955	823,713	958,110	134,397
Baxter	32,446	--	27,195	27,195	59,641	335,784	276,143
Bayshore	74,076	--	--	--	74,076	253,348	179,272
Bear Valley	--	--	--	--	--	452,644	452,644

(Continued)

For the Period Ended June 30, 2008

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

	2008						
	Prior Years	Land and Improvements	Buildings and Equipment	Total	Total	Project Authoriza- tion	Variance- favorable (unfavorable)
Birchwood	\$ 1,023,608	\$ 117,444	\$ --	\$ 117,444	\$ 1,141,052	\$ 1,421,111	\$ 280,059
Willard Bowman	73,266	--	7,760	7,760	81,026	490,784	409,758
Campbell	380,832	--	432,063	432,063	812,895	2,176,778	1,363,883
Charter School Center	--	--	--	--	--	(2,696)	(2,696)
Chester Valley	1,280,562	--	35,727	35,727	1,316,289	18,166,359	16,850,070
Chinook	175,971	--	67,136	67,136	243,107	301,651	58,544
Chugach	7,077,835	--	51,896	51,896	7,129,731	7,163,771	34,040
Chugiak	796,544	100,000	936,004	1,036,004	1,832,548	2,978,769	1,146,221
College Gate	541,964	--	2,309	2,309	544,273	550,025	5,752
Creekside Park	1,447	--	24,848	24,848	26,295	179,550	153,255
Denali	--	--	21,539	21,539	21,539	21,970	431
Eagle River	428,950	--	20,164	20,164	449,114	1,661,984	1,212,870
Fairview	8,769	--	66,484	66,484	75,253	74,825	(428)
Fire Lake	--	--	--	--	--	388	388
Girdwood	25,370	2,575	10,621	13,196	38,566	1,086,217	1,047,651
Government Hill	1,511,438	--	2,153	2,153	1,513,591	1,687,957	174,366
Homestead	271,455	--	1,358	1,358	272,813	202,500	(70,313)
Huffman	229,116	--	217,151	217,151	446,267	858,263	411,996
Inlet View	--	--	181,308	181,308	181,308	733,139	551,831
Kasuun	23,862	--	1,509	1,509	25,371	90,514	65,143
Kennedy	16,212	--	--	--	16,212	37,376	21,164
Kincaid	--	--	--	--	--	3,080	3,080
Klatt	--	--	62,868	62,868	62,868	450,160	387,292
Lake Hood	3,933	--	362	362	4,295	42,495	38,200
Lake Otis	549,852	--	768,630	768,630	1,318,482	1,726,241	407,759
Mt. View	101,713	--	24,232	24,232	125,945	427,165	301,220
Mt. Iliamna	1,263,164	--	1,482	1,482	1,264,646	1,411,815	147,169
Mt. Spurr	893,907	--	26,062	26,062	919,969	1,349,697	429,728
Muldoon	45,323	--	52,037	52,037	97,360	297,093	199,733
North Star	634,740	--	195,617	195,617	830,357	2,398,183	1,567,826
Northern Lights	--	--	27,245	27,245	27,245	99,898	72,653
Northwood	67,024	--	13,284	13,284	80,308	412,749	332,441
Nunaka Valley	524	--	3,009	3,009	3,533	72,841	69,308
Ocean View	10,525	--	895	895	11,420	401,920	390,500

(Continued)

For the Period Ended June 30, 2008

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

	2008						Variance- favorable (unfavorable)
	Prior Years	Land and Improvements	Buildings and Equipment	Total	Total	Project Authoriza- tion	
O'Malley	\$ 342,773	\$ --	\$ 292,350	\$ 292,350	\$ 635,123	\$ 1,637,877	\$ 1,002,754
Orion	1,171,340	--	341,051	341,051	1,512,391	2,153,618	641,227
Polaris K-12	18,233,615	--	97,949	97,949	18,331,564	19,123,948	792,384
Ptarmigan	313,201	--	5,968	5,968	319,169	635,210	316,041
Rabbit Creek	166	--	--	--	166	341,361	341,195
Ravenwood	--	--	--	--	--	668	668
Rogers Park	288,458	--	326,961	326,961	615,419	1,473,574	858,155
Russian Jack	27,810	--	253,963	253,963	281,773	502,083	220,310
Sand Lake	507,437	--	80,854	80,854	588,291	18,547,586	17,959,295
Scenic Park	--	--	42,072	42,072	42,072	810,544	768,472
Spring Hill	383	--	19,443	19,443	19,826	45,227	25,401
Susitna	21,255	--	--	--	21,255	1,104,253	1,082,998
Trailside	27,937	--	252,285	252,285	280,222	519,959	239,737
Taku	13,278	--	107,946	107,946	121,224	217,898	96,674
Tudor	1,519,669	(3,689)	36,704	33,015	1,552,684	2,151,837	599,153
Turnagain	98,757	--	398,357	398,357	497,114	838,426	341,312
Ursa Major	62,147	--	--	--	62,147	183,353	121,206
Ursa Minor	123,404	--	--	--	123,404	228,233	104,829
William Tyson	98,865	--	246,659	246,659	345,524	485,206	139,682
Whaley Center	748,893	--	67,363	67,363	816,256	1,545,279	729,023
Williwaw	163	--	--	--	163	40,082	39,919
Willow Crest	109,572	--	40,644	40,644	150,216	1,097,839	947,623
Wonder Park	--	--	--	--	--	231,639	231,639
Gladys Wood	369,604	--	16,350	16,350	385,954	393,208	7,254
State retirement	--	895	28,931	29,826	29,826	--	--
Total elementary schools	43,892,787	217,225	6,979,503	7,196,728	51,089,515	108,522,697	57,433,182
Other capital outlays:							
District-wide Asbestos/ Life Safety	738,690	--	190,058	190,058	928,748	1,497,060	568,312
District-wide AWDA	90,994	--	--	--	90,994	90,996	2
District-wide Code Compliance	198,262	--	5	5	198,267	3,225,284	3,027,017
District-wide Emergency Preparation	687,843	--	41,787	41,787	729,630	952,605	222,975

(Continued)

For the Period Ended June 30, 2008

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

	2008						
	Prior Years	Land and Improvements	Buildings and Equipment	Total	Total	Project Authoriza- tion	Variance- favorable (unfavorable)
District-wide Security Systems	\$ 234,748	\$ --	\$ 72,963	\$ 72,963	\$ 307,711	\$ 727,137	\$ 419,426
District-wide Sprinkler Upgrade	--	--	290	290	290	480,493	480,203
District-wide Underground Storage Tank Removal	11,694	--	6,514	6,514	18,208	68,455	50,247
District-wide Computer Equipment/Technology	--	--	--	--	--	18,721	18,721
District-wide Electric/Switch Upgrades	150,410	--	58,813	58,813	209,223	538,503	329,280
District-wide Fencing	21,789	--	--	--	21,789	109,963	88,174
District-wide Fire Code	--	--	--	--	--	7,622	7,622
District-wide Heating/Ventilation Air Contition Upgrades	--	--	--	--	--	35,777	35,777
District-wide Roof Replacement	--	--	72,831	72,831	72,831	534,093	461,262
District-wide Site Acquisition	4,665,705	--	--	--	4,665,705	10,238,377	5,572,672
Facilities/Maintenance	784,284	--	54,567	54,567	838,851	1,578,391	739,540
Administration	--	--	--	--	--	632,204	632,204
Traffic Safety	--	--	--	--	--	82,185	82,185
Pupil Transportation New Buses	847,700	--	49,343	49,343	897,043	1,293,955	396,912
Student Nutrition	1,431,722	--	80,112	80,112	1,511,834	1,742,438	230,604
Warehouse	1,269,777	--	267,429	267,429	1,537,206	2,562,058	1,024,852
Total other capital outlays	11,133,618	--	894,712	894,712	12,028,330	26,416,317	14,387,987
	<u>\$ 208,108,982</u>	<u>\$ 2,005,752</u>	<u>\$ 50,520,304</u>	<u>\$ 52,526,056</u>	<u>\$ 260,635,038</u>	<u>\$ 398,627,178</u>	<u>\$ 137,992,140</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, 2008
With Comparative Totals for
June 30, 2007

SCHEDULE OF CAPITAL ASSETS - BY SOURCE

	<u>2008</u>	<u>2007</u>
Capital Assets:		
Land and improvements	\$ 78,169,524	\$ 74,125,816
Buildings and equipment	1,233,816,847	1,237,637,213
Pupil transportation equipment	9,142,408	8,793,246
Construction in progress	<u>242,577,787</u>	<u>208,108,982</u>
Total Capital Assets	<u>\$ 1,563,706,566</u>	<u>\$ 1,528,665,257</u>
Investments in Capital Assets acquired prior to July 1, 2000	\$ 833,054,997	\$ 850,804,830
Investments in Capital Assets acquired after July 1, 2000		
Capital Projects Fund:		
General obligation bonds	687,510,438	641,130,679
Local, state and federal grants	21,064,090	19,987,622
Contribution from General Fund	151,817	151,817
Other	9,189,376	5,437,700
General Fund	10,338,940	9,351,413
State and Federal Grants Special Revenue Fund	1,153,030	596,618
Food Service Special Revenue Fund	<u>1,243,878</u>	<u>1,204,578</u>
Total Investments in Capital Assets	<u>\$ 1,563,706,566</u>	<u>\$ 1,528,665,257</u>

June 30, 2008

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	\$ 12,193,323	\$ --	\$ 841,284	\$ 13,959,957
Instruction	74,352,913	1,198,023,544	--	240,290,200	1,512,666,657
Pupil transportation	390,741	572,887	9,142,408	263,484	10,369,520
Operation and maintenance of plant	2,408,398	12,628,100	--	--	15,036,498
Food services	92,122	10,398,993	--	1,182,819	11,673,934
Total governmental funds capital assets	<u>\$ 78,169,524</u>	<u>\$ 1,233,816,847</u>	<u>\$ 9,142,408</u>	<u>\$ 242,577,787</u>	<u>\$ 1,563,706,566</u>

For the Year Ended June 30, 2008

SCHEDULE OF CHANGES IN CAPITAL ASSETS
BY FUNCTION AND ACTIVITY

Function and Activity	Governmental Funds Capital Assets July 1, 2007	Additions	Deductions	Governmental Funds Capital Assets June 30, 2008
General administration	\$ 13,247,402	\$ 59,486	\$ 13,600	\$ 13,293,288
Instruction	1,271,368,060	18,015,536	17,927,665	1,271,455,931
Pupil transportation	9,762,150	349,162	--	10,111,312
Operation and maintenance of plant	15,083,540	83,590	--	15,167,130
Food services	11,095,123	5,995	--	11,101,118
Construction in progress	208,108,982	52,313,007	17,844,202	242,577,787
Total governmental funds capital assets	\$ 1,528,665,257	\$ 70,826,776	\$ 35,785,467	\$ 1,563,706,566

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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.

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REVENUE CAPACITY

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

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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.

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NN	Computation of Direct and Overlapping Debt, and Legal Debt Margin	135
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These schedules offer demographic and economic indicators to help understand the environment with which our financial activities take place.

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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.

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For the Last Seven Years

STATEMENT OF NET ASSETS (1)

Net Assets					
Fiscal Year	Investment in Capital Assets Net of Related Debt	Restricted for:			Total Net Assets
		Debt Service	Authorized Construction, Net of Authorized Unissued Bonds	Unrestricted	
2001-2002	\$ 232,798,398	\$ 16,162,142	\$ 97,185,450	\$ 158,626,990	\$ 504,772,980
2002-2003	347,683,735	17,791,262	--	154,977,901	520,452,898
2003-2004	325,639,068	10,732,112	945,856	162,920,900	500,237,936
2004-2005	277,868,091	12,215,951	51,706,706	141,606,088	483,396,836
2005-2006	401,914,125	5,799,233	11,703,334	78,079,515	497,496,207
2006-2007	446,204,268	5,141,963	--	64,968,930	516,315,161
2007-2008	459,600,531	2,709,623	20,687,437	69,279,340	552,276,931

Notes:

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

For the Last Seven Years

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS (1)

	2002	2003	2004	2005	2006	2007	2008
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	\$ 18,572,821
Instruction	352,491,798	357,948,970	380,596,221	434,474,069	435,822,328	478,651,589	572,761,690
Pupil transportation	15,136,449	15,316,591	16,219,676	16,390,472	17,181,490	18,002,836	20,087,773
Operation and maintenance of plant	20,379,602	18,379,710	19,298,372	21,441,868	23,980,926	28,460,380	29,996,382
Community services	1,804,986	1,949,296	2,193,218	1,602,248	716,982	1,243,907	856,785
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	16,054,390
Construction and facility acquisition	96,670	160,838	--	449,333	625,117	674,062	241,710
Interest expense	28,615,906	30,491,745	43,244,987	32,823,838	37,248,152	34,012,953	36,773,707
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>	<u>695,345,258</u>
Program Revenues							
District-wide activities:							
Charges for services							
General administration	--	(30,321)	8,445	7,292	8,473	83,209	16,770
Instruction	705,105	1,075,708	892,418	1,479,913	1,465,127	1,431,789	1,752,350
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	849,453
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	5,081,541
Operating grants and contributions							
General administration	--	--	--	28,500	--	--	750,813
Instruction	33,548,165	39,974,345	45,274,462	48,258,380	48,176,314	47,202,793	139,878,408
Pupil transportation	15,200,905	16,874,909	17,019,454	17,048,940	17,317,199	17,082,693	17,249,338
Operation and maintenance of plant	1,135,445	849,212	199,017	666,671	862,668	362,868	3,097,712
Community services	271,935	253,478	124,705	23,198	6,866	422,052	101,188
Food services	6,084,997	6,762,893	7,228,153	7,670,607	8,579,320	9,246,111	10,140,621
Construction and facility acquisition	--	--	--	--	--	--	213,047
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	41,082,316
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>	<u>220,213,557</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>	<u>(475,131,701)</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	206,359,861
Investment income	4,451,782	3,531,249	2,320,920	4,693,350	6,747,140	7,862,943	8,523,023
Public School Funding Program	204,684,325	207,129,272	205,100,316	227,186,292	248,771,460	277,322,639	264,718,683
State Tuition Program	670,133	680,658	46,784	--	--	--	--
Aid for School Construction	22,384,082	--	--	--	--	--	--
School improvement grant	--	--	--	--	--	--	7,890,604
Energy relief	--	--	--	--	--	--	6,656,602
Federal Impact Aid	12,949,120	11,417,018	14,054,338	14,303,124	11,804,273	13,042,523	14,150,178
Other	2,369,238	2,070,559	2,194,195	1,824,565	2,531,372	1,861,280	2,794,520
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>	<u>511,093,471</u>
Change in net assets	489,952	15,679,918	(20,214,962)	(16,841,100)	14,099,371	18,818,954	35,961,770
Net assets at beginning of year	504,283,028	504,772,980	520,452,898	500,237,936	483,396,836	497,496,207	516,315,161
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>	<u>\$ 552,276,931</u>

Notes:

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

For the Last Ten Years

FUND BALANCE, GOVERNMENTAL FUNDS (1)

	1999	2000	2001	2002	2003
General Fund					
Fund balances:					
Reserved:					
Encumbrances	\$ 20,177,473	\$ 13,526,432	\$ 11,803,803	\$ 9,850,275	\$ 9,354,186
Inventory	1,269,237	1,404,293	1,837,111	1,920,197	1,902,320
Federal Impact Aid	9,129,202	8,488,674	9,125,804	10,043,352	10,861,296
Prepaid items	2,077,992	2,014,377	1,012,141	1,520,464	1,241,325
Accrued compensated absences	--	--	--	--	6,577,773
Self-insurance	3,000,000	5,000,000	9,000,000	12,100,000	10,175,294
Total reserved	<u>35,653,904</u>	<u>30,433,776</u>	<u>32,778,859</u>	<u>35,434,288</u>	<u>40,112,194</u>
Unreserved:					
Designated:					
Bond rating	--	--	--	--	--
Subsequent year's expenditures	77,515	11,331,886	5,013,571	--	5,044,000
Accrued compensated absences	--	--	--	6,573,521	--
Undesignated	<u>17,616,997</u>	<u>12,428,233</u>	<u>17,171,678</u>	<u>23,573,647</u>	<u>26,664,508</u>
Total unreserved	<u>17,694,512</u>	<u>23,760,119</u>	<u>22,185,249</u>	<u>30,147,168</u>	<u>31,708,508</u>
Total General Fund	<u>\$ 53,348,416</u>	<u>\$ 54,193,895</u>	<u>\$ 54,964,108</u>	<u>\$ 65,581,456</u>	<u>\$ 71,820,702</u>
All Other Governmental Funds					
Fund balances:					
Reserved:					
Encumbrances	\$ 36,639,017	\$ 17,536,119	\$ 66,479,718	\$ 99,687,951	\$ 115,318,022
Inventory	--	--	392,100	586,866	488,958
Prepaid items	17,319	37,106	2,500	303,880	14,213,851
Accrued compensated absences	--	--	--	--	892,594
Self-insurance	--	--	--	87,579	29,352
Debt service	4,056,701	4,483,106	5,862,973	16,162,142	3,586,648
Total reserved	<u>40,713,037</u>	<u>22,056,331</u>	<u>72,737,291</u>	<u>116,828,418</u>	<u>134,529,425</u>
Unreserved:					
Designated:					
Subsequent year's expenditures	95,585	95,585	95,000	--	--
Special Revenue Funds	--	--	--	200,000	74,265
Accrued compensated absences					
Special Revenue Funds	--	--	--	608,414	--
Capital Projects Fund	--	--	--	163,890	--
Other Governmental Funds	--	--	--	--	--
Authorized construction, net of authorized unissued bonds	24,847,405		72,834,124	97,185,450	--
Undesignated, reported in:					
Special Revenue Funds	(64,800)	212,962	(274,942)	2,315,074	2,866,083
Capital Projects Fund	8,924,344	(9,513,724)	10,562,908	9,976,440	(15,497,006)
Total unreserved	<u>33,802,534</u>	<u>(9,205,177)</u>	<u>83,217,090</u>	<u>110,449,268</u>	<u>(12,556,658)</u>
Total all other government funds	<u>\$ 74,515,571</u>	<u>\$ 12,851,154</u>	<u>\$ 155,954,381</u>	<u>\$ 227,277,686</u>	<u>\$ 121,972,767</u>

For the Last Ten Years

FUND BALANCE, GOVERNMENTAL FUNDS (1)

	2004	2005	2006	2007	2008
General Fund					
Fund balances:					
Reserved:					
Encumbrances	\$ 10,433,541	\$ 10,093,854	\$ 16,024,824	\$ 17,981,023	\$ 22,102,814
Inventory	2,030,830	2,064,961	2,061,456	2,170,242	2,004,661
Federal Impact Aid	11,988,897	12,534,815	10,201,503	11,779,903	12,645,547
Prepaid items	1,509,007	2,005,401	1,732,925	3,250,150	8,187,537
Accrued compensated absences	6,706,442	--	--	--	--
Self-insurance	9,210,096	16,201,846	17,302,552	18,284,048	20,896,840
Total reserved	<u>41,878,813</u>	<u>42,900,877</u>	<u>47,323,260</u>	<u>53,465,366</u>	<u>65,837,399</u>
Unreserved:					
Designated:					
Bond rating	--	--	--	16,415,939	17,503,677
Subsequent year's expenditures	27,989,871	6,500,000	--	--	3,959,000
Accrued compensated absences	--	6,826,898	7,001,948	7,449,350	7,936,952
Undesignated	--	21,878,326	29,350,831	34,468,976	24,442,307
Total unreserved	<u>27,989,871</u>	<u>35,205,224</u>	<u>36,352,779</u>	<u>58,334,265</u>	<u>53,841,936</u>
Total General Fund	<u>\$ 69,868,684</u>	<u>\$ 78,106,101</u>	<u>\$ 83,676,039</u>	<u>\$ 111,799,631</u>	<u>\$ 119,679,335</u>
All Other Governmental Funds					
Fund balances:					
Reserved:					
Encumbrances	\$ 101,948,317	\$ 86,654,468	\$ 25,339,574	\$ 67,546,079	\$ 41,119,895
Inventory	557,571	556,127	766,571	1,527,646	775,147
Prepaid items	17,568	186,790	34,485	30,948	142,314
Accrued compensated absences	995,192	--	--	--	--
Self-insurance	19,565	--	--	--	--
Debt service	10,732,112	12,215,951	5,799,233	5,141,963	2,709,624
Total reserved	<u>114,270,325</u>	<u>99,613,336</u>	<u>31,939,863</u>	<u>74,246,636</u>	<u>44,746,980</u>
Unreserved:					
Designated:					
Subsequent year's expenditures					
Special Revenue Funds	225,000	369,413	193,160	--	400,000
Accrued compensated absences					
Special Revenue Funds	--	849,919	925,411	540,587	473,436
Capital Projects Fund	--	231,704	253,877	--	172,542
Other Governmental Funds	--	--	--	--	336,858
Authorized construction, net of authorized unissued bonds	945,856	51,706,706	11,703,334	--	20,585,681
Undesignated, reported in:					
Special Revenue Funds	2,930,089	2,833,063	3,132,956	2,442,009	3,145,903
Capital Projects Fund	14,343,267	16,763,763	16,984,877	(4,798,000)	19,985,891
Total unreserved	<u>18,444,212</u>	<u>72,754,568</u>	<u>33,193,615</u>	<u>(1,815,404)</u>	<u>45,100,311</u>
Total all other government funds	<u>\$ 132,714,537</u>	<u>\$ 172,367,904</u>	<u>\$ 65,133,478</u>	<u>\$ 72,431,232</u>	<u>\$ 89,847,291</u>

For the Last Ten Years

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

	1999	2000	2001	2002	2003
Revenues:					
Local sources	\$ 121,007,546	\$ 132,205,411	\$ 145,928,476	\$ 154,204,468	\$ 160,774,444
State sources	237,224,846	235,578,668	235,994,038	246,502,312	255,345,978
Federal sources	32,595,916	36,151,440	40,614,346	44,951,437	49,907,518
Total revenues	390,828,308	403,935,519	422,536,860	445,658,217	466,027,940
Expenditures:					
Current:					
General administration	8,085,691	9,740,589	8,608,469	9,081,409	9,648,338
Instruction	274,984,963	297,369,141	306,067,874	330,840,150	338,395,756
Pupil transportation	14,407,509	14,505,315	15,747,079	14,467,097	15,447,724
Operation and maintenance of plant	19,783,468	23,649,383	20,227,505	20,369,504	20,171,027
Community services	1,902,396	2,110,331	1,720,283	1,686,897	1,839,752
Non-departmental	2,469,840	3,007,214	4,806,465	3,834,755	2,724,000
Food services	8,776,204	9,141,632	10,895,039	11,190,827	11,763,298
Debt service:					
Principal	23,807,572	19,338,825	19,195,799	21,687,909	24,750,163
Interest	17,605,959	18,689,412	21,799,479	24,447,307	26,311,060
Fiscal agent fees	10,118	8,947	6,147	6,747	9,991
Capital outlays	44,827,187	67,362,962	48,678,343	79,429,994	114,065,315
Total expenditures	416,660,907	464,923,751	457,752,482	517,042,596	565,126,424
Deficiency of revenues over expenditures	(25,832,599)	(60,988,232)	(35,215,622)	(71,384,379)	(99,098,484)
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	15,882
Bond issuance cost	--	--	--	--	--
Proceeds from insurance	6,396,310	--	--	--	--
Issuance of general obligation bonds	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	859,711
Transfers out	(3,800,000)	--	(1,212,299)	(5,954,059)	(859,711)
Total other financing sources	63,965,819	34,238	181,073,548	139,076,410	15,882
Net change in fund balances	\$ 38,133,220	\$ (60,953,994)	\$ 145,857,926	\$ 67,692,031	\$ (99,082,602)

Debt service as a percentage of noncapital expenditures	11.1%	9.6%	10.0%	10.5%	11.3%
--	-------	------	-------	-------	-------

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)**

	2004	2005	2006	2007	2008
Revenues:					
Local sources	\$ 161,768,902	\$ 183,978,564	\$ 199,358,932	\$ 214,888,704	\$ 233,669,850
State sources	263,485,503	284,773,761	305,979,143	335,377,434	434,882,552
Federal sources	58,290,973	61,192,088	61,318,187	60,491,468	62,409,672
Total revenues	483,545,378	529,944,413	566,656,262	610,757,606	730,962,074
Expenditures:					
Current:					
General administration	9,516,769	10,270,182	10,962,994	11,769,210	19,239,207
Instruction	358,265,412	384,216,850	418,150,467	447,887,180	536,523,214
Pupil transportation	15,356,917	15,774,086	16,303,868	17,236,133	18,982,195
Operation and maintenance of plant	19,015,616	21,267,797	22,962,874	24,697,997	26,772,621
Community services	2,068,659	1,514,088	688,032	790,222	840,031
Non-departmental	3,956,112	3,763,972	2,940,084	3,480,038	3,144,562
Food services	12,033,209	13,217,128	13,997,995	15,112,931	15,693,492
Debt service:					
Principal	28,745,000	34,760,000	39,035,000	39,870,000	44,080,000
Interest	32,290,960	34,214,001	37,525,701	35,021,935	35,884,852
Fiscal agent fees	9,322	9,579	13,506	11,578	11,605
Capital outlays	121,896,066	120,638,291	105,820,823	45,593,411	52,748,954
Total expenditures	603,154,042	639,645,974	668,401,344	641,470,635	753,920,733
Deficiency of revenues over expenditures	(119,608,664)	(109,701,561)	(101,745,082)	(30,713,029)	(22,958,659)
Other financing sources (uses):					
Proceeds of capital leases	--	--	--	--	--
Proceeds from sale of property and equipment	23,748	25,405	65,320	42,904	51,531
Bond issuance cost	--	--	--	(425,618)	--
Proceeds from insurance	--	--	--	--	--
Issuance of general obligation bonds	126,770,000	150,090,000	--	48,495,000	63,790,000
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	1,215,751
Payment to refunded bond escrow agent	--	(121,068,973)	(16,330,730)	(265,651,249)	--
Transfers in	777,009	6,081,461	242,978	894,501	173,003
Transfers out	(777,009)	(6,081,461)	(242,978)	(1,094,501)	(1,898,003)
Total other financing sources	128,215,489	157,663,569	86,504	49,064,636	63,332,282
Net change in fund balances	\$ 8,606,825	\$ 47,962,008	\$ (101,658,578)	\$ 18,351,607	\$ 40,373,623
Debt service as a percentage of noncapital expenditures	12.7%	13.3%	13.6%	12.6%	11.4%

Notes:

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

Last Seven 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
2007-2008	18,572,821	572,761,690	20,087,773	29,996,382	856,785	--	16,054,390	241,710	36,773,707	695,345,258

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	3,342,264
2007-2008	5,485,017

Last Seven 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			
2007-2008	7,700,114	171,431,127	41,082,316	220,213,557			

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	273,377,337	--	13,042,523	5,806,582	491,691,673
2007-2008	206,359,861	8,523,023	264,718,683	--	14,150,178	17,341,726	511,093,471

Notes:

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

GENERAL EXPENDITURES
BY FUNCTION (1)
For the Last Ten Years

Fiscal Year	General Administration	Instruction	Pupil Transportation	Operation and Maintenance of Plant	Community Services	Non Departmental	Food Services	Debt Service	Total (2)
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
2007-2008 (3)	19,239,207	536,523,214	18,982,195	26,772,621	840,031	3,144,562	15,693,492	79,976,458	701,171,780

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>
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
2007-2008 (3)	228,551,829	434,028,791	61,864,635	724,445,255

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.

For the Last Ten Years

**ASSESSED AND ACTUAL VALUE
OF TAXABLE PROPERTY (1)(2)**

<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>
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
2007	26,710,032,138	2,559,073,381	29,269,105,519	1.0

Notes:

- (1) Information furnished by the Municipality of Anchorage which reports on a fiscal year ending December 31.
- (2) Information on the weighted average mill rate for the Municipality of Anchorage is not available.

For the Last Ten Years

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

	TAX RATES (IN MILLS)									
	<u>2007</u>	<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>
Area Wide:										
Municipality of Anchorage	0.23	0.46	0.64	1.10	1.50	1.56	1.24	1.64	2.11	2.07
Anchorage School District	<u>6.79</u>	<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>
Total Areawide	7.02	7.59	8.23	8.36	8.87	9.37	9.44	9.72	9.90	9.84
Former City Service Area	.02	.02	.01	.02	--	.02	.03	.02	.02	.05
Chugiak Service Area	1	0.91	1.00	0.89	0.88	0.99	1.00	1.00	1.00	1.00
Glen Alps Service Area	2.75	2.75	2.75	2.75	2.25	2.47	2.76	2.69	2.92	3.00
Girdwood Service Area	4	3.97	3.47	3.47	3.39	3.25	3.35	3.40	3.17	3.05
Former Borough Roads & Drainage Service Area	--	--	--	--	--	--	--	--	--	.01
Anchorage Fire Service Area	1.73	1.76	1.97	1.87	1.64	1.68	1.82	1.61	1.59	1.56
Roads & Drainage Service Area	2.59	2.80	2.75	2.90	3.10	2.97	3.61	3.03	3.28	3.52
Limited Road Service Areas	1.28	1.21	1.31	1.26	0.99	1.29	1.29	1.29	1.29	1.62
Anchorage Police Service Area	2.6	2.57	2.71	2.37	2.25	2.39	2.40	2.63	2.56	2.97
Parks & Recreation Service Area	0.6	.56	.62	.68	.74	.73	.72	.74	.82	.85
Building Safety Service Area	--	--	--	--	.01	.01	.01	.01	.01	.01
Chugiak/Eagle River Recreational Facilities Service Area	1.11	1.13	1.17	1.18	.69	.69	.70	.53	.53	.54

Notes:

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

Current Year
and Nine Years Ago

PRINCIPAL PROPERTY TAXPAYERS

Taxpayer	2007			1998		
	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.	\$ 235,792,781	1	0.81 %			%
Fred Meyers Stores, Inc.	130,784,635	2	0.45			
G.C.I. Communications Corp.	122,018,289	3	0.42			
Calais Company, Inc.	118,145,504	4	0.40	48,890,420	9	0.37
Galen Hospital Alaska, Inc.	111,219,490	5	0.38	72,913,457	3	0.55
WEC 200A-Alaska L.L.C.	96,329,216	6	0.33			
B.P. Exploration (Alaska) Inc.	94,672,735	7	0.32	64,115,843	4	0.48
Hickel Investment Company	90,874,907	8	0.31	92,425,556	1	0.69
Enstar Natural Gas Company	89,881,836	9	0.31			
Anchorage Fueling & Service Co.	83,151,505	10	0.28			
Carr-Gottstein Associates				80,716,800	2	0.61
ARCO				56,972,589	5	0.43
Wal-Mart Stores, Inc.				53,492,327	6	0.40
Hilton Hotels Corp.				53,056,107	7	0.40
Alascom Inc.				50,550,316	8	0.38
Federal Express Corp.				48,172,406	10	0.36
	<u>\$ 1,172,870,898</u>		4.01 %	<u>\$ 621,305,821</u>		4.67 %

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 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
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
2007	386,615,505	378,829,566	98.0	--	378,829,566	98.0	7,785,939	2.0

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
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
2007-2008	283,823	48,144	29,269,105,519	789,375,000	2,709,624	786,665,376	2.7	2,772	16,340

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, 2008

**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	\$ 497,031,000	100 %	\$ 497,031,000
Direct:			
Anchorage School District	789,375,000	100	<u>789,375,000</u>
			<u>\$ 1,286,406,000</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.

For the Last Ten Years

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Total Debt Service</u>	<u>Total General Expenditures (1)</u>	<u>Ratio of Debt Service to General Expenditures (Percent)</u>
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
2007-2008 (2)	44,080,000	35,884,852	11,606	79,976,458	701,171,780	11.4

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>
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
2007	283,823	48,144	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	2007(2)			1998(2)		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Uniformed military	22,675	1	14.69 %	18,020	1	15.32 %
State of Alaska	17,442	2	11.30	15,948	3	13.56
Federal government, other	16,694	3	10.81	16,573	2	14.09
University of Alaska	7,080	4	4.59	5,635	4	4.79
Anchorage School District	6,806	5	4.41	5,486	5	4.66
Providence Health Systems	3,991	6	2.59			
Cars/Safeway	3,117	7	2.02			
Municipality of Anchorage	3,035	8	1.97	3,561	6	3.03
Fred Meyer	2,766	9	1.79	1,933	9	1.64
Wal-Mart/Sam's Club	2,608	10	1.69	1,434	13	1.22
Trident Seafoods	1,951	11	1.26			
ASRC Energy Services	1,749	12	1.13			
Alaska Airlines	1,585	13	1.03	1,556	11	1.32
VECO	1,553	14	1.01			
BP Exploration Alaska	1,508	15	0.98			
Carr-Gottstein				3,132	7	2.66
Providence Alaska Medical Center				2,971	8	2.53
Fairbanks North Star Borough School				1,769	10	1.50
ARCO Alaska				1,483	12	1.26
National Bank of Alaska				1,178	14	1.00
Alaska Petroleum Contractors				1,110	15	0.94
	<u>94,560</u>		46.58 %	<u>81,789</u>		69.52 %

Notes:

- (1) Information furnished from Alaska Department of Labor and Workforce Development
(2) Data presented is current, as information is collected by calendar year only.

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 Capita</u>	<u>General Expenditures per Student Capita Percentage Increase (Decrease) Over Prior Year</u>
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
2007-2008 (3)	701,171,780	17.67	48,144	14,564	19.05

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.

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

For the Last Ten Years

Fiscal Year	Average Daily Membership Grades K-12 and Special Education (1)	Average Daily Membership Percentage Increase Over Prior Year	Assessed Valuation (2)	Assessed Valuation Percentage Increase Over Prior Year	Assessed Valuation Support Per Student
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
2007-2008	48,144	(1.16)	29,269,105,519	13.25	607,949

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)(2)**

Employee Category	Fiscal Year				
	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003
Administration	129	146	146	145	151
Principals	120	121	122	124	130
Teachers	3,113	3,163	3,115	3,236	3,236
Technical	144	141	143	147	154
Clerical and teacher aides	911	831	881	881	899
Maintenance/warehouse	176	176	177	178	184
Custodial	313	312	327	329	329
Drivers/attendants	112	112	95	115	111
Noon attendants	249	76	76	74	74
Food service	<u>265</u>	<u>161</u>	<u>170</u>	<u>165</u>	<u>168</u>
Total authorized positions	<u>5,532</u>	<u>5,239</u>	<u>5,252</u>	<u>5,394</u>	<u>5,436</u>

Employee Category	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Administration	157	157	159	145	189
Principals	135	138	144	144	149
Teachers	3,221	3,223	3,240	3,240	3305
Technical	169	180	182	183	179
Clerical and teacher aides	917	917	1,005	1,000	1030
Maintenance/warehouse	186	191	198	183	187
Custodial	329	341	354	353	361
Drivers/attendants	111	104	105	105	111
Noon attendants	74	74	74	74	74
Food service	<u>175</u>	<u>190</u>	<u>197</u>	<u>200</u>	<u>205</u>
Total authorized positions	<u>5,474</u>	<u>5,515</u>	<u>5,658</u>	<u>5,627</u>	<u>5790</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.
- (2) Information furnished by the 2007-2008 Anchorage School District Budget

Current Year

TEACHER EDUCATION AND SALARY INFORMATION(1)

<u>Education</u>	<u>Number of Teachers (2)</u>	<u>Low Salary</u>	<u>High Salary</u>
Bachelor's Degree	365	\$ 38,555	\$ 50,908
Bachelor's Degree plus 18 semester credits	350	40,614	55,213
Bachelor's Degree plus 36 semester credits	311	42,674	59,518
Master's Equivalency with 54 semester credits	234	44,732	63,823
Master's Equivalency with 72 semester credits	166	46,791	67,004
Master's Equivalency with 90 semester credits	377	48,849	71,186 (3)
Master's Degree	191	43,174	61,141
Master's Degree with 54 semester credits	245	45,232	65,446
Master's Degree with 72 semester credits	212	47,291	69,750
Master's Degree with 90 semester credits	867	49,349	73,932
Doctorate Degree with 90 semester credits	25	50,849	75,432 (3)

Notes:

- (1) Information furnished through Anchorage School District internal report
- (2) Number of teachers (by FTE) as of April 2008. Does not include all authorized positions.
- (3) Includes \$1,000 longevity bonus

For the Last Ten Years

**AVERAGE DAILY MEMBERSHIP
AND PUPIL TO CLASSROOM
TEACHER RATIO(2)**

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
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)
2007-2008	25,412	(3.31)	22,732	0.01

Notes:

- (1) Average daily membership includes half-day kindergarten program reported at one-half time.
(2) Information furnished by state approved Foundation Report for 2007-2008

PUPIL TO CLASSROOM TEACHER RATIO(3)

Fiscal Year	Kindergarten (FTE)	Grade 1	Grades 2 - 3	Grades 4 - 6	Grades 7 - 12	Special Education
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
2007-2008	20.5 to 1	21 to 1	24 to 1	27 to 1	25.54 - 27.08 to 1	Various

Notes:

- (3) Information furnished by the 2007-2008 Anchorage School District Budget

For the Last Ten Years

FACILITY UTILIZATION AND SCHOOL BUILDINGS(1)

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>	
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
2007-2008	3,298,895	1,444	27,127	25,412	3,510,941	1,039	21,379	22,732	2,963

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>
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
2007-2008	8	9	60	6	2	1	7

Notes:

(1) Information furnished from Anchorage School District's 10-year Capital Improvement Plan 2008-2018

For the Last Ten Years

STUDENT NUTRITION LOCAL REVENUES(1)

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
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
2007-2008	2,936,022	58,203	129,579	83,407	1,777,953	96,377	--	24,240	5,105,781

Notes:

(1) Information furnished through Anchorage School District internal report

For the Last Ten Years

MISCELLANEOUS STATISTICS

Date of adoption of Home Rule Charter
Municipality of Anchorage

September 16, 1975

Number of Type A lunches served (1):

Fiscal Year	Paid	Free	Reduced Price	Adult
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
2007-2008	1,397,294	1,174,379	310,784	31,451

Pupil transportation statistics (1):

Fiscal Year	Number of Routes			
	Regular to and from schools		Special Education to and from school	
	District	Contracted	District	Contracted
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
2007-2008	53	95	28	63

Notes:

(1) Information furnished through Anchorage School District internal report

June 30, 2008

SCHEDULE OF INSURANCE IN FORCE

Carrier/Coverage	Policy Number	Limits	Expiration Date
Everest National Insurance Co. GL/Auto/Ed Legal Emp Benefits	71P7000112071	\$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	8/1/2008

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