

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #89 (2006-2007)

November 6, 2006

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR 2005-2006

ASD Goal: *Ensure public accountability through continued participation in the state and federal required testing programs; preparation and publication of the Profile of Performance, budget basics, and budget and bond summaries; effective consultation with community to ensure wise use of financial resources and responsible construction and maintenance of facilities; and effective communication with students, staff, parents, community and government at all levels.*

RECOMMENDATION:

It is the Administration's recommendation that the School Board approve the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006 and authorize the Superintendent to forward this report to the Commissioner of Education, State of Alaska, and the Anchorage Assembly.

PERTINENT FACTS:

Alaska Statute 14.14.050(a) "Annual Audit requires that the school board in each school district shall provide for an audit of all school accounts for the school year ending the preceding June 30. To make the audit, the school board shall contract with a public accountant who has no personal interest, direct or indirect, in the fiscal affairs of the district. One certified copy of the audit shall be filed with the commissioner and one certified copy shall be posted in a public place at the principal administrative office of the district." The annual financial audit for the Anchorage School District for the fiscal year ended June 30, 2006 was completed on October 20, 2006 by the independent firm of certified public accountants, Mikunda, Cottrell and Company.

The annual financial report of the Anchorage School District consists of the Comprehensive Annual Financial Report (CAFR). The CAFR is prepared to conform to the practices and principles recommended by the Governmental Accounting Standards Board.

The Anchorage School District adopted effective fiscal year 2001-2002, the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis. GASB 34 is a significant change in reporting for the District as compared to fiscal year 2000-2001, resulting in new statements, methodology and disclosure requirements for the current fiscal year.

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 & earned but unused vacation leave).

The CAFR represents the culmination of all of the budgeting and accounting activities engaged by the District during the year. The CAFR is organized into three major sections:

Introductory Section:

- (1) Letter of Transmittal
- (2) School Board
- (3) Organizational Chart
- (4) Certificate of Achievement
- (5) Certificate of Excellence

Financial Section:

- (1) Independent Auditor's Report
- (2) Management's Discussion and Analysis
- (3) Statement of Net Assets - Government-wide
- (4) Statement of Activities - Government-wide
- (5) Balance Sheet - Governmental Funds

- (6) Reconciliation of the Balance Sheet Governmental Funds to the Statement of Net Assets
- (7) Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
- (8) Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities
- (9) Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual - General Fund
- (10) Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual - State and Federal Grants Special Revenue Fund
- (11) Statement of Net Assets - Proprietary Fund
- (12) Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund
- (13) Statement of Cash Flows - Proprietary Fund
- (14) Notes to the Financial Statements
- (15) Combining and Individual Fund Statements and Schedules

Statistical Section:

The Statistical Section includes tables designed to provide a broader picture of the financial condition that is presented in the financial statements and supporting schedules in the Financial Section. Statistical tables usually cover information over ten years and include information outside the accounting system. The Financial Section presentations usually cover no more than two years and include data largely derived from the accounting system.

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 balance, 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. Budgetary comparison information is provided for the individual funds to demonstrate compliance with the budget.

CC/JS/CS

Attachment

Prepared by: Chad Stiteler, Controller

Approved by: Janet Stokesbary, Chief Financial Officer