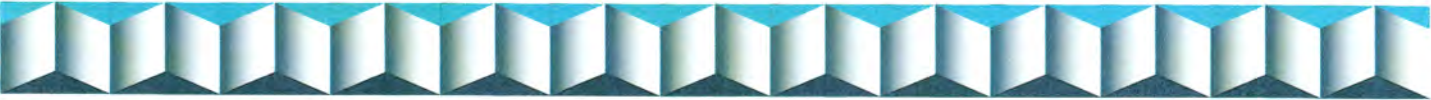


# FY2010 Popular Annual Financial Report

Fiscal Year Ended June 30, 2010

Atlanta Independent School System  
Atlanta, Georgia





February 28, 2011

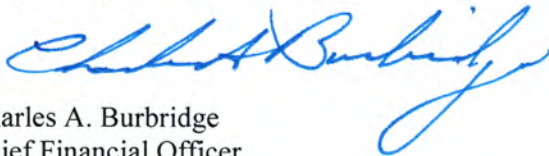
Dear Colleagues and Friends:

We are pleased to present the Atlanta Public Schools Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2010. This report is designed to make the financial operations of our school district more understandable in a printed format.

The PAFR summarizes the financial activities and operating results reported in the District's audited Comprehensive Annual Financial Report (CAFR). The PAFR is unaudited and presented on a non-GAAP (Generally Accepted Accounting Principles) basis, which primarily deals with full disclosure and segregated funds. The statements presented on pages 5-6 are the District-wide financial statements. These statements' incorporate all of the district's financial activities into two statements. For more detailed financial information, a copy of the CAFR is available at [www.atlanta.k12.ga.us](http://www.atlanta.k12.ga.us).

The PAFR should help community members understand how their tax dollars are being utilized to educate our students. Questions and comments regarding this report are encouraged and may be directed to the Finance Department at (404)-802-2400.

Respectfully,

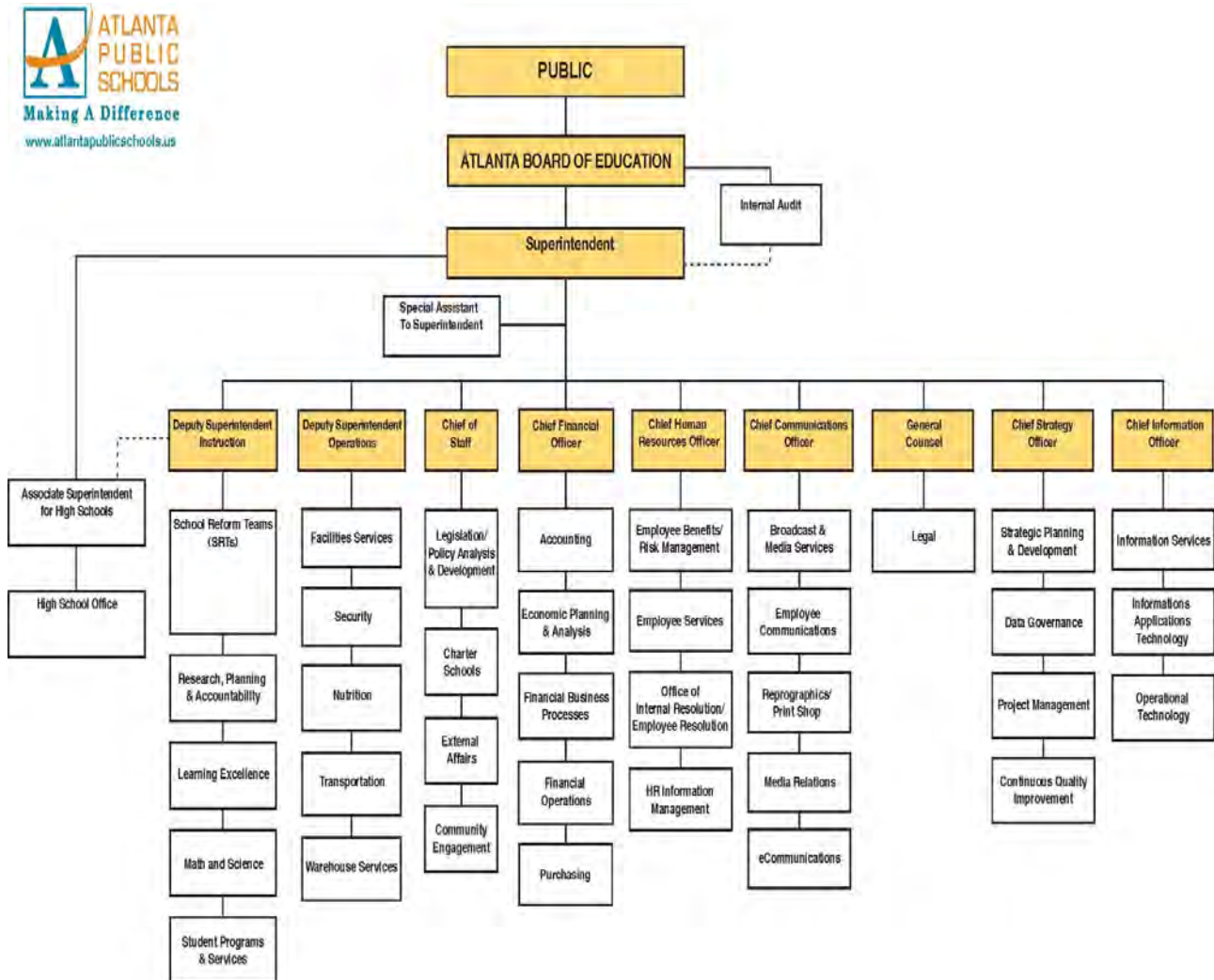


Charles A. Burbridge  
Chief Financial Officer



# Atlanta Public Schools

## Organizational Chart



## Summarized Financial Reports

Readers of the Financial Position Statement (Benefits over Detriments) and Financial Activity Statement (Resources over Services) should keep in mind that the numbers in both reports are taken from the District's CAFR, but are presented in a non-GAAP format.

Governmental-type activities consists of programs and services and include instruction, pupil services, improvement of instruction, educational media, general administration, school administration, business services, maintenance and operations of facilities, student transportation, central support and capital construction. The Nutrition program is considered a Business-type activity and is not included with governmental activities. Nutrition services are provided on a fee for goods or services basis for the District to recover all expenses.

In addition, Agency Funds, which are neither governmental-type activities or business-type activities, represent local school student club and class accounts.

The following financial highlights represent District-wide financial information for Governmental and Business-type Activities combined.

### FINANCIAL HIGHLIGHTS

#### Benefits over Detriments:

- Total net worth for the District increased from \$1,282.71 million in fiscal year 2009 to \$1,327.99 in fiscal year 2010, an increase of approximately \$45.28 million or 3.5%.

#### Resources over Services:

- Total resources decreased from \$845.46 million in fiscal year 2009 to \$834.62 million in fiscal year 2010, a decrease of approximately \$-10.84 million or -1.3%. The main source of resources is local and sales taxes. The decrease in resources is primarily due to a decrease in sales tax revenue.
- Total services increased \$3.28 million or 0.4% from \$786.06 million in fiscal year 2009 to \$789.34 million in fiscal year 2010. The majority of the services are in instruction. The increase in services is a result of unanticipated increase in costs.

#### Outstanding Debt:

- Long-term debt decreased by \$-7.34 million or -10.9% from \$67.11 million in fiscal year 2009 to \$59.76 million in fiscal year 2010. The District issued no new debt in fiscal year 2010.



The Financial Position Statement, reports the Benefits (assets) available to provide services and the Detriments (liabilities) for which the District is obligated to pay in the future. The difference between benefits and detriments equals the net worth of the District.



#### Benefits over Detriments (in millions of dollars)

Financial Benefits	2010	Restated 2009	2008
Current and other assets	\$ 376.39	\$ 455.62	\$ 472.72
Net capital assets and net pension asset	1099.20	1007.83	902.82
Total benefits	<u>\$ 1475.59</u>	<u>\$ 1463.45</u>	<u>\$ 1375.54</u>
Financial Detriments			
Long-term debt outstanding	\$ 59.76	\$ 67.10	\$ 67.72
Other liabilities	89.88	113.65	79.25
Total detriments	<u>\$ 149.64</u>	<u>\$ 180.75</u>	<u>\$ 146.97</u>
Net assets			
Invested in capital assets, net of related debt	\$ 1056.75	\$ 959.62	\$ 854.3
Restricted for debt services	1.87	2.58	14.76
Restricted for capital projects	139.14	149.80	167.76
Unrestricted	128.19	170.71	191.75
Total net assets	<u>\$ 1325.95</u>	<u>\$ 1282.71</u>	<u>\$ 1228.57</u>

Note:  
- 2008 numbers are also restated



## Resources over Services

The Financial Activity Statement provides a summary of the resources (revenues) and services (expenses) of the District.

	2010	Restated 2009	2008
<b>Resources Taken In</b>			
Local taxes	\$ 500.19	\$ 480.89	\$ 471.31
Sales taxes income	92.50	108.96	115.74
State revenues	110.94	129.93	163.74
Federal revenues	82.46	71.66	71.65
Investment income	0.41	6.42	13.65
Facility rental fees	1.00	1.25	1.60
Tuition charges	0.10	0.14	0.11
Charges for services	2.59	4.44	5.93
Other	43.53	41.25	34.27
Gain on Sale of Assets	0.90	0.53	0.00
<b>Total Revenues &amp; Resources</b>	<b>\$ 834.62</b>	<b>\$ 845.46</b>	<b>\$ 878.01</b>
<b>Services Provided</b>			
Instruction	\$ 438.04	\$ 427.13	\$ 442.32
Support services:			
Pupil services	37.30	36.13	36.92
Improvement of instructional services	40.43	38.60	42.18
Educational media	8.39	9.22	11.64
General administration	14.11	15.70	18.66
School administration	28.24	26.43	34.55
Business administration	15.33	24.15	11.48
Maintenance and operations	90.75	88.48	91.60
Student transportation	39.59	53.66	42.71
Central support	48.57	38.80	32.90
Food services	23.22	21.75	30.52
Other support services	3.35	3.71	11.12
Interest expense	2.02	2.30	0.00
<b>Total Expenses &amp; Service</b>	<b>\$ 789.34</b>	<b>\$ 786.06</b>	<b>\$ 806.60</b>
<b>Revenues &amp; Resources Over(Under) Expenses &amp; Services</b>	<b>\$ 45.28</b>	<b>\$ 59.40</b>	<b>\$ 71.41</b>

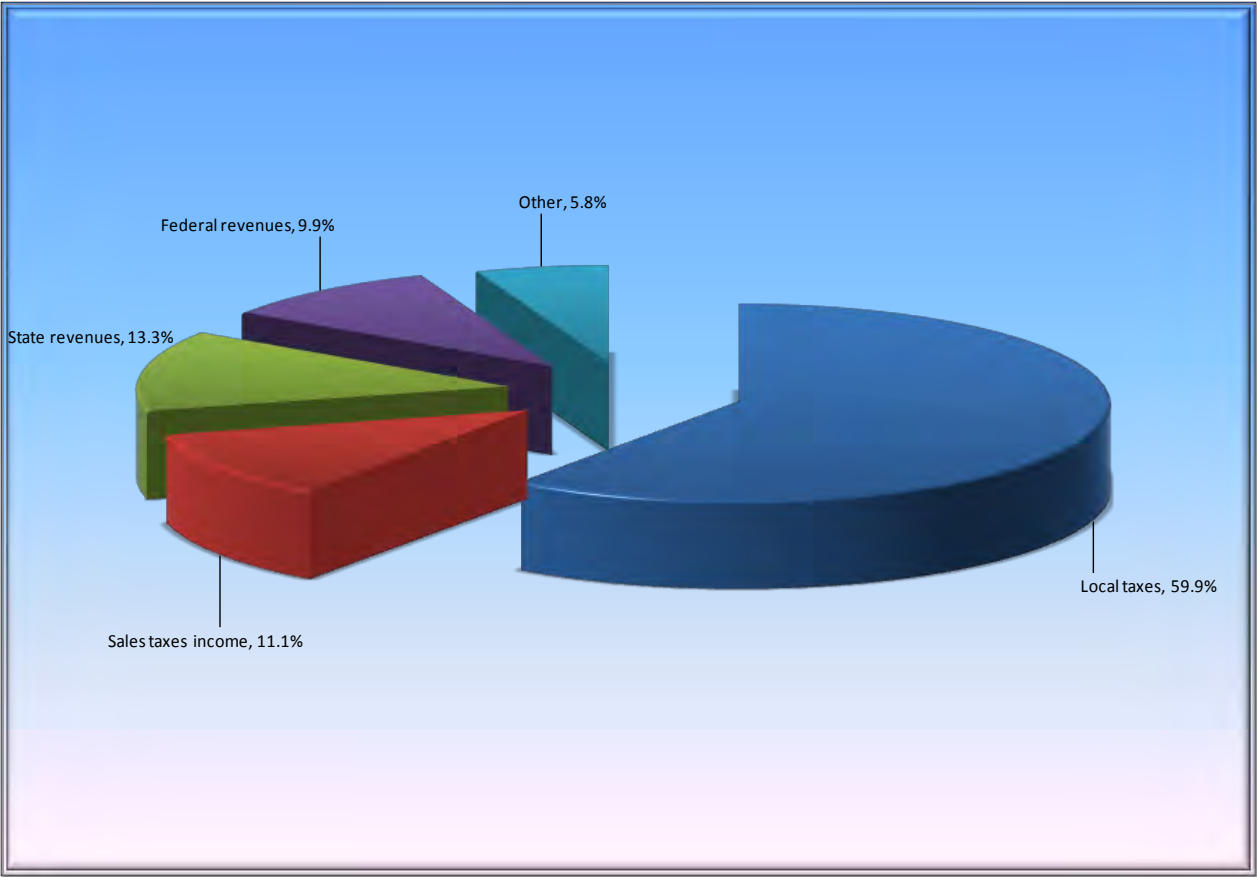
Note:

- Unfunded pension is allocated between Maintenance and Operations and Transportation in the amounts of \$29,529,394 and \$17,910,506 respectively.

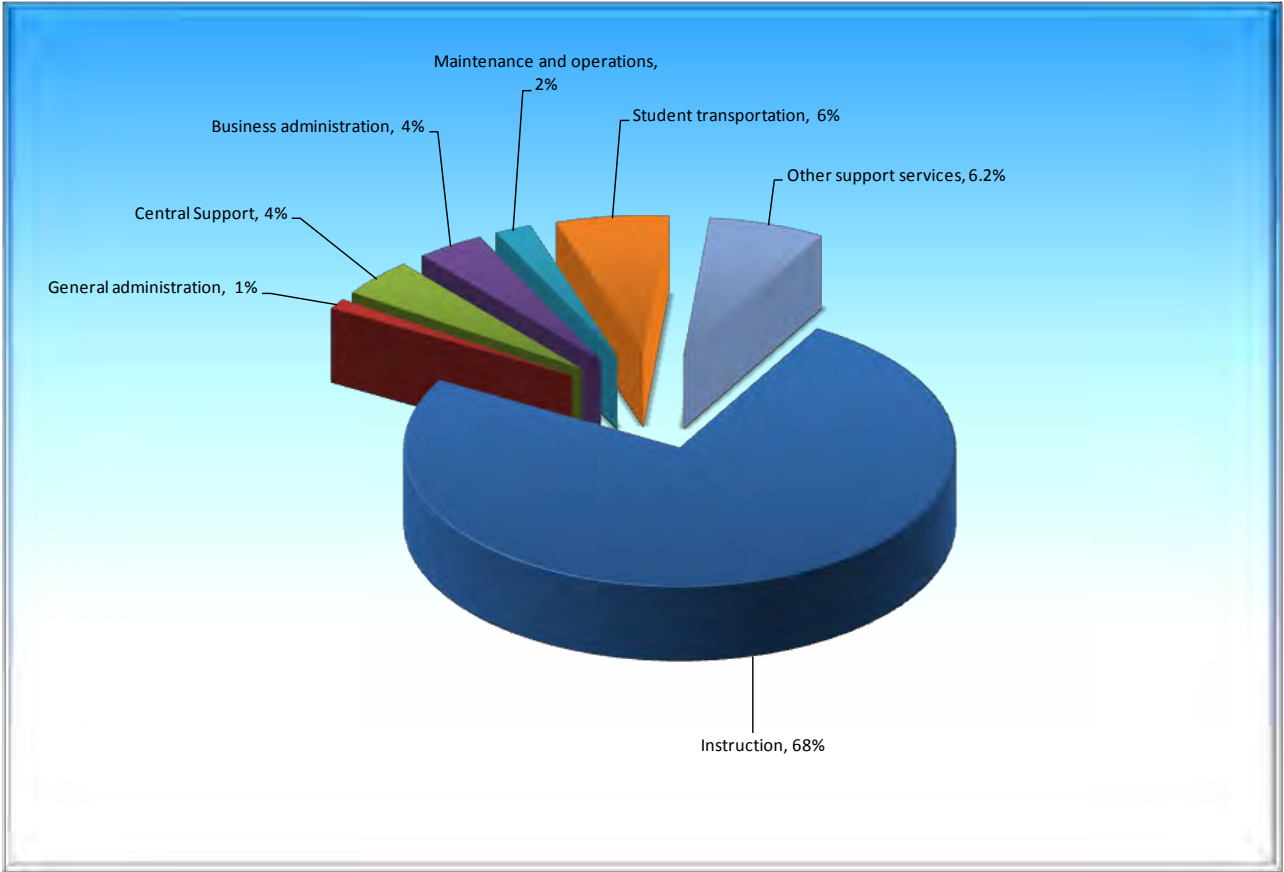
- 2008 numbers are also restated



**Our Resources:** (Where the Money Comes From )



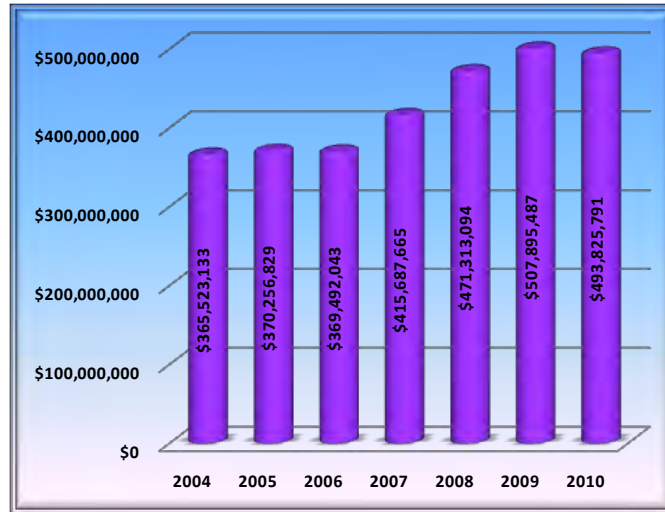
**Our Services:** (Where the Money Goes )



## SOURCES OF FUNDING: Where Does the Money Come From? (Governmental Funds)

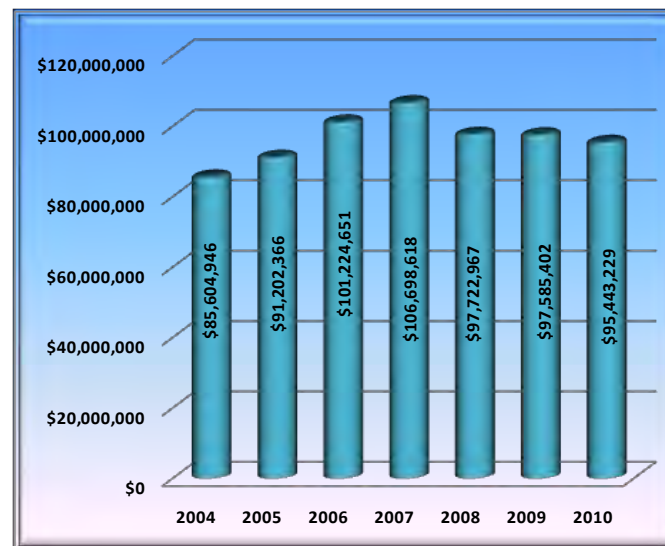
### Local Taxes

The Atlanta Public Schools are financed through a combination of Local, State and Federal sources. During fiscal year 2010, Atlanta Public Schools resources totaled \$847.96 million. APS received 59.9% of its revenue from local taxes. Property taxes provide a majority of the local revenue to operate and maintain our schools. The graph to the right represents the amount of cash collections received by the District.



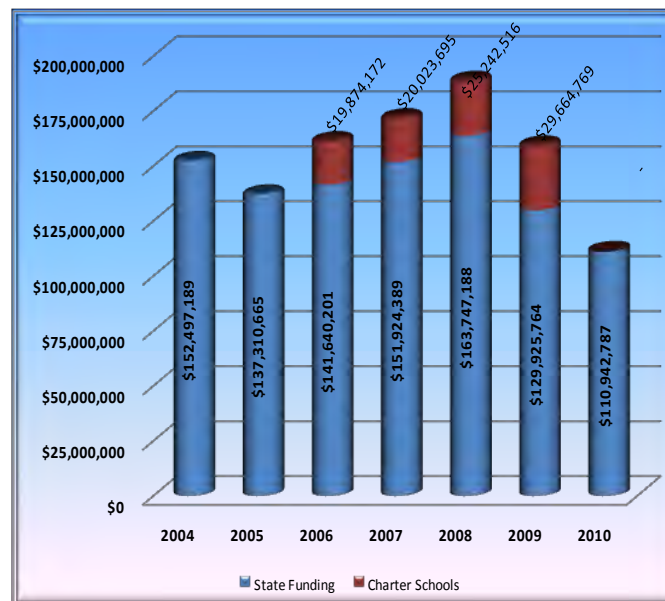
### SPLOST (Special Purpose Local Option Sales Tax)

In March 2007, voters renewed a 1 percent sales tax effective for five years. The Georgia Department of Revenue administers the monitoring and collecting of this tax.



### State Funding

The chart to the right portrays the actual cash receipts for the Districts Governmental Funds from the State of Georgia including payments to charter schools. Monies received from the state are to ensure that all children in the state receive an equitable educational experience.





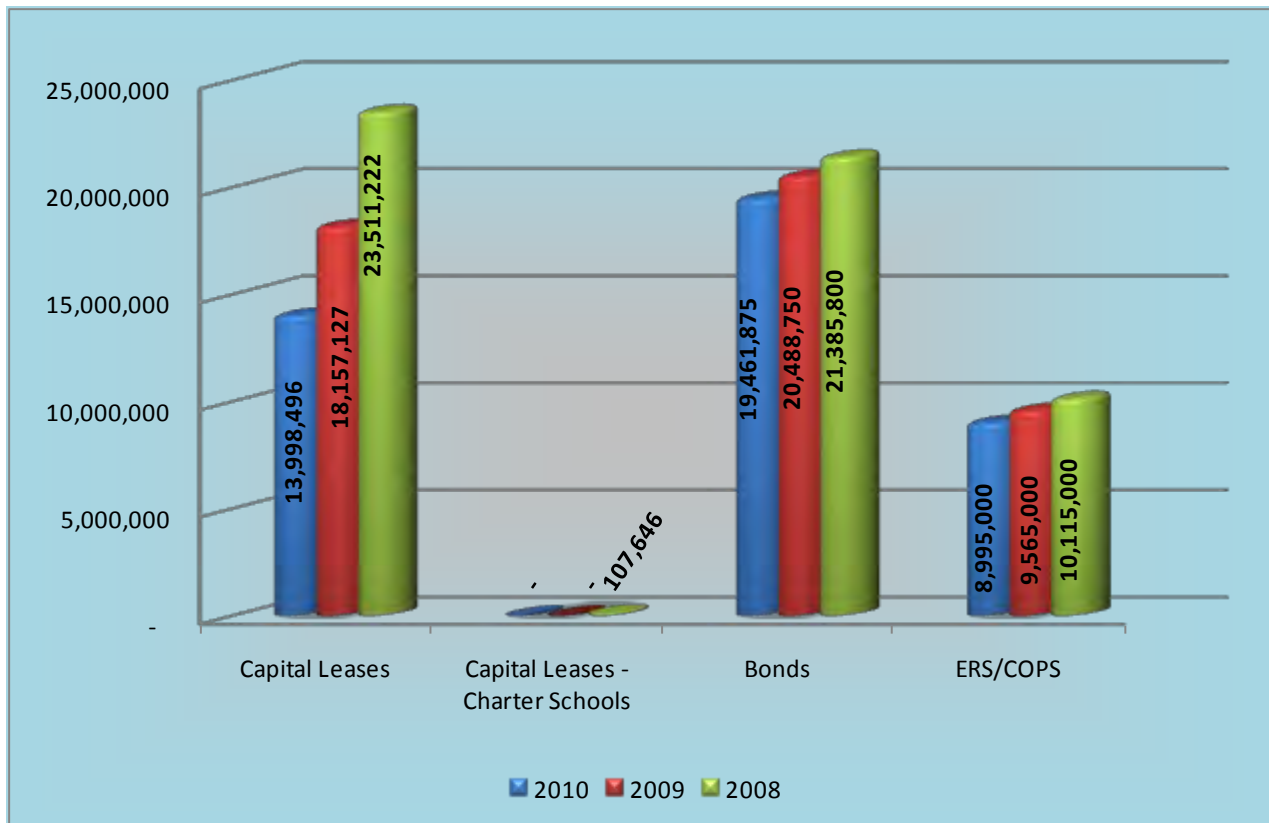


## Outstanding Debt at Year End

The chart below captures the District's long-term debt obligations. In fiscal year 2006 the District entered into a lease obligation to purchase capital assets for the School System. In 2008, the District entered into a lease agreement for the purchase of various capital assets in the amount of \$20,000,000.

Over the years, the City of Atlanta has issued various annual general obligation bonds and general obligation refunding bonds on behalf of the School System. The debt service for the bonds has been funded through the School System's bonded debt portion of the annual tax levy.

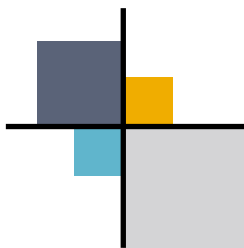
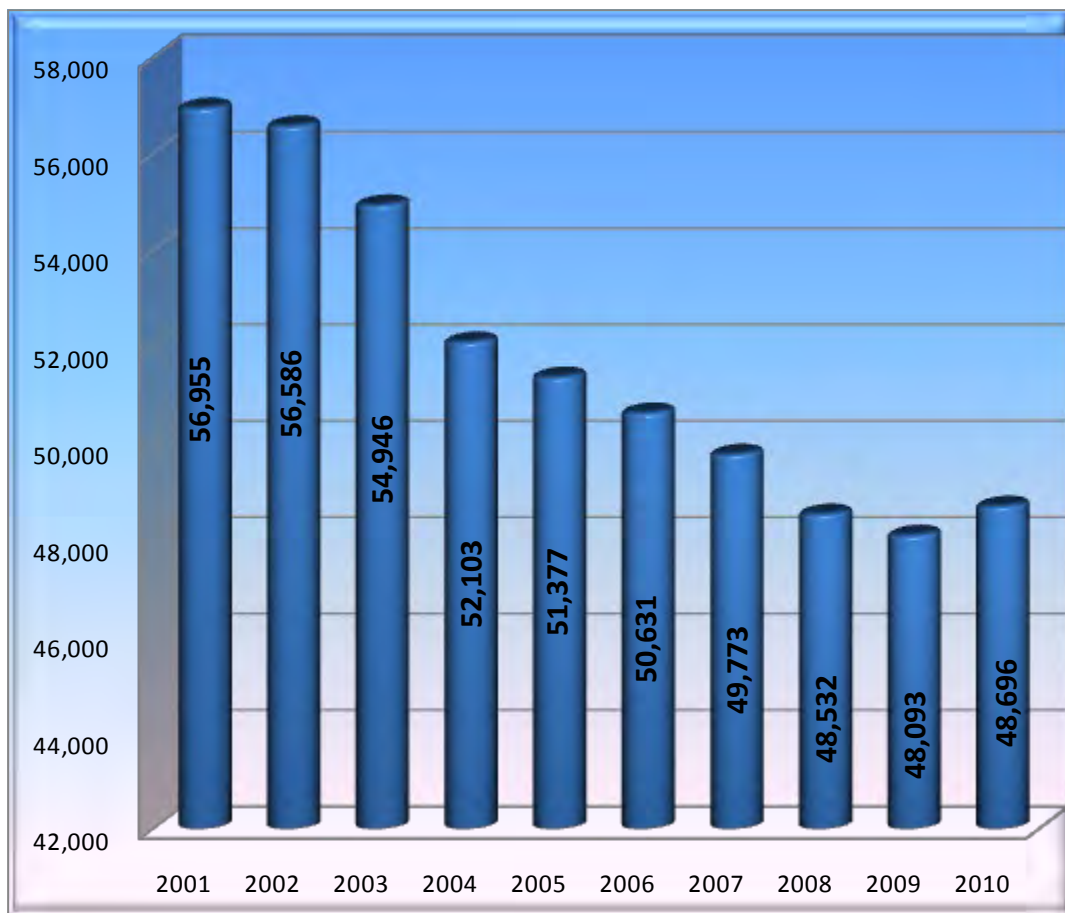
Outstanding Debt	Restated		
	2010	2009	2008
Long-term debt			
Capital leases	\$ 13,998,496	\$ 18,157,127	\$ 23,511,222
Capital leases - Charter Schools	-	-	107,646
Intergovernmental agreement- City of Atlanta	19,461,875	20,488,750	21,385,800
Education Reform Success, Inc (COPS)	8,995,000	9,565,000	10,115,000
<b>Total long-term debt</b>	<b>\$ 42,455,371</b>	<b>\$ 48,210,877</b>	<b>\$ 55,119,668</b>





## Student Enrollment

Student enrollment (including Charter Schools) in the District has declined over the last 10 years due in part to demographic shifts. However, during fiscal year 2010 the District provided a full range of educational programs and services to improve student achievement.





## Our Services *(Definitions):*

**INSTRUCTION** is the largest expenditure category and relates directly to the instruction of children, including teacher salaries.

**PUPIL SERVICES** areas comprise all guidance, counseling, testing, attendance, social work, and health services.

**IMPROVEMENT OF INSTRUCTIONAL SERVICES** costs designed primarily for assisting instructional staff in planning, developing and evaluating the process of providing challenging learning experiences for students.

**EDUCATIONAL MEDIA SERVICES** costs concerned with directing, managing, and operating educational media centers. Included are school libraries, audio-visual services and educational television.

**GENERAL & SCHOOL ADMINISTRATION** costs represent the Board of Education's operation of the District. Also included in this area are administrative support personnel, deputy, associate, or assistant superintendent, principals, assistant principals, and clerical staff.

**BUSINESS ADMINISTRATION** expenditures include business services such as budgeting and reporting, financial and property accounting, payroll, inventory control, accounts payable, auditing; central warehousing, purchasing, printing, and office support.

**PLANT OPERATION** expenditures relate to the safe and efficient environment of the school, including building maintenance, energy, grounds and custodial services.

**STUDENT TRANSPORTATION** expenditures relate to providing transportation to students who live in the Atlanta Public Schools district.

**CENTRAL SUPPORT** costs include personnel services, information technology maintenance staff and computer network maintenance contracts and risk management.

**OTHER SUPPORT & NUTRITION** includes the preparation and serving of regular and incidental meals or snacks in connection with school activities.

**CAPITAL OUTLAYS** includes acquisitions of land and buildings, renovating buildings, and construction of buildings.

**DEBT SERVICE** includes payments of principal and interest on capital leases and long-term debt.

## Net Assets *(Definitions):*

**INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT:** Total capital assets less accumulated depreciation less debt directly related to capital assets (i.e. bond issues or donations for capital assets).

**RESTRICTED NET ASSETS:** Resources whose use is restricted externally for specific purposes.

**UNRESTRICTED NET ASSETS:** Assets with no external restriction as to use or purpose. They can be employed for any purpose designated by the governing board.

# 2010-11 Atlanta Public Schools Fast Facts

## DISTRICT FACTS

**101**  
Learning Sites

### Traditional schools

Elementary schools	55
Year-round schools	3
Middle schools	16
Single-gender academies	2
High schools	25

### Nontraditional programs

2

### Charter schools

12

### Evening school programs

2

**96** Title I Schools

### Transportation

Number of buses	406
Miles traveled daily	23,546
Students transported daily	37,912

FY11 Operating Budget **\$589** Million

## STUDENT FACTS

Number of  
2010 Graduates  
**2,158**

Academic and  
athletic scholarships  
offered to  
class of 2010

**\$129**  
Million +

**47,789**  
Student Enrollment  
(projected for 2010-11)

### Teacher/Student Ratio

Kindergarten	1:15
Grades 1-3	1:17
Grades 4-5	1:23
Grades 6-8	1:20
Grades 9-12	1:23

### Computer/ Student Ratio

**1:2**

### Students' Ethnic Distribution

African-American	80.4%
Caucasian	11.5%
Hispanic	3.7%
Multiracial	1.4%
Asian	.8%
American Indian/Alaskan	1.9%

Students Eligible for Free  
and Reduced Priced Meals

**77.62 %**





## Points of Pride

### **1. Atlanta Public Schools (APS) is becoming one of the top urban districts in the nation.**

APS had a record 29 Gates Millennium Scholars for 2010 – more than any other district in the country. The Nation's Report Card shows that APS scores in reading, math and writing have improved at a significantly fast rate. On NAEP reading tests, APS students delivered the highest point gain of all states and participating urban districts. From 2002 to 2009, APS eighth-graders delivered a 14-point gain; APS fourth-graders also delivered a 14-point gain.

**2. APS students are closing the achievement gap .** Seventy-nine percent of APS eighth-grade students met or exceeded standards on the 2010 Georgia Grade 8 Writing Assessment, improving their performance by 5 percentage points and closing the achievement gap with the state.

**3. APS is committed to placing an effective teacher in every classroom.** Bolstered by a \$10 million grant from the Bill and Melinda Gates Foundation, APS has accelerated its efforts to recruit, prepare and support teachers through its Effective Teacher in Every Classroom Initiative. This initiative reflects research that indicates all students can achieve at high levels in the presence of a highly effective teacher.

### **4. APS cultivates students who are prepared to compete on a global playing field.**

International Baccalaureate (IB) instruction is available to students in grades kindergarten through high school, including students at the newly IB-certified Deerwood Academy in southwest Atlanta. To compete on a global playing field, APS also offers Chinese-language courses for K-12 students. APS offers courses in Mandarin Chinese, Spanish and French – from kindergarten through high school. Arabic and Latin also are available in several high schools.

**5. APS offers a robust arts education program .** As other districts reduce arts education programs, APS has maintained its commitment to quality instruction in this area. The Fine Arts Department has earned more than \$1.2 million in professional development grants. Students also participate in programs with the Woodruff Arts Center, the High Museum of Art and the Juilliard School, which offers a Summer Jazz Residency.

**6. APS will redefine the middle school experience.** To promote a smooth transition from middle to high school, APS created the Middle School Transformation Initiative. In addition to single-gender schools, APS middle school students will benefit from block scheduling that provides more individualized instruction.



## Points of Pride ■

**7. Business and civic organizations support the district's innovative reform initiatives.** From a \$22.5 million math and science grant from the GE Foundation to the Early Learning and Literacy Resource Center housed at Dunbar Elementary with support from the Annie E. Casey Foundation and other partners, a network of civic and Fortune 500 companies has invested in APS' student achievement.

**8. APS uses 21st century communication tools to keep students, parents and partners informed.** Daily updates are available on the TalkUpAPS.com blog, Twitter and the district Website, [www.atlantapublicschools.us](http://www.atlantapublicschools.us). APS success stories also are celebrated each quarter in The Atlanta Educator.

**9. More APS graduates are charting a path to college . The APS graduation rate has steadily increased – from 39 percent in 2002 to 69 percent in 2009.** Our class of 2010 earned \$129 million in academic and athletic scholarship offers, compared with \$92 million the previous year. Additionally, each member of the first group of 21st Century Atlanta Scholars graduated from prestigious New England colleges within four years.

**10. The journey to excellence continues.** All APS high schools have been transformed into smaller, more personalized learning environments that offer specialized fields of study. Project GRAD, a signature reform initiative, helps students in 35 APS schools to envision a path that includes college and career.

“Every day, more school districts are looking to APS as a model. People around the country know that something significant is happening here in Atlanta.”

Dr. Beverly L. Hall, APS Superintendant





# Student Achievement

Atlanta Public Schools serves as a model for urban school reform. Our success can be measured by student achievement on the Georgia Department of Education's Criterion-Referenced Competency Tests (CRCT), Georgia High School Graduation Tests (GHS GT/GHS WT), End of Course Tests (EOCT) and the National Assessment of Educational Progress (NAEP). Here are a few highlights:

## CRCT

**A DECADE OF PROGRESS:** Overall, the district's performance in Literacy (Reading and English/language arts) remains strong, with average scores in these two content areas ranging from 80 percent to 90 percent in grades 1 through 8. The district will identify and make any specific changes to ensure that our trend of upward achievement continues.

- 84 percent of all students met or exceeded state standards in reading
- 85 percent of all students met/exceeded state standards in English/language arts
- 70 percent of all students met/exceeded state standards in mathematics

## GHS GT/GHS WT

**CHARTING A PATH TO COLLEGE:** Students made significant performance increases in writing, English/ language arts and science.

- 86 percent of students passed the English/language arts portion
- 85 percent of students passed the math portion
- 83 percent of students passed the science portion
- 71 percent of students passed social studies portion
- 93 percent of students passed the writing portion

## NAEP

**STUDENT GAINS OUTPACE OTHER DISTRICTS:** Also referred to as the Nation's Report Card, NAEP is an independent assessment of student performance conducted by the National Center for Educational Statistics (NCES). Student performance on these tests reaffirms the district's overall progress on state assessments.

- Grade 4 reading scores have improved by 14 scale score points since 2002
- Grade 4 math scores have improved by 10 scale score points since 2003
- Grade 8 reading scores have improved by 14 scale score points since 2002
- Grade 8 math scores have improved by 15 scale score points since 2003

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“ I am proud of our students, and the hard work and dedication our teachers, principals and administrators apply every day to help our young people grow and achieve. ”

Dr. Beverly L. Hall, APS Superintendent

## Signature Program: Effective Teacher in Every Classroom

Research has shown that an effective teacher is the single most important in-school factor in closing the student achievement gap. As part of the district's decade-long reform model, Atlanta Public Schools has implemented the Effective Teacher in Every Classroom (ETEC) Initiative to develop, encourage and reward highly effective teachers. A three-year, \$10 million grant from the Bill & Melinda Gates Foundation also will help the district provide professional development tools, track progress and reward outstanding teachers with the goal of improving student achievement and the APS graduation rate. Here are key components of this innovative initiative:

**Develop A new evaluation system:** APS will implement a new teacher evaluation instrument — the Georgia Classroom Analysis of State Standards (“CLASS Keys”) — to help principals provide ongoing feedback and identify areas for improving instruction.

### **Implement Teacher Effectiveness**

**Dashboard:** Developed in collaboration with Education Resource Strategies, this management tool gathers key information such as teacher certification data and job assignments to help principals offer better support.

### **Reward the most effective teachers:**

APS is exploring ways to recognize and reward outstanding teachers through performance-based pay models. Using feedback from teachers, the district will design a performance incentive program that rewards teacher effectiveness and promotes student achievement.

**Recruit highly effective teachers:** APS will develop partnerships and innovative programs such as urban teacher residencies to recruit talented teachers in critical areas, such as mathematics, science, special education and foreign languages.





## Signature Program: Middle School Transformation

Atlanta Public Schools has redefined the middle school experience. Now in its third year, the Middle School Transformation Initiative provides students with tools to create a smooth transition from elementary to middle school. Here are a few highlights of this initiative:

**A New Approach:** APS launched this unique approach in 2007 with two single-gender academies — the Coretta Scott King Young Women’s Leadership Academy (CSKYWLA) and the Business, Engineering, Science and Technology (B.E.S.T.) Academy for boys — that are housed in new, state-of-the-art facilities. During the 2009-10 school year, the initiative entered phase two of implementation with four vanguard schools: Coretta Scott King academy and Price, Kennedy and Inman middle schools. This year marks the third phase and will include Brown, King, Long and Sutton middle schools. The transformation is scheduled for completion by 2014.

**Single-Gender Academies:** Single-gender instruction is based on research that shows boys and girls can excel in separate learning environments, where they are free from distractions. Since APS opened the two academies, students have performed at higher levels than their predecessors at Benjamin Carson Preparatory School, which was split to form the two learning environments. Ultimately, both academies will serve grades 6 through 12.

**Block Scheduling:** Sixth graders attend 80- to 100-minute class periods – about twice the length of traditional periods. This approach gives teachers more time for instruction and the opportunity to delve deeper into the content.

**Advisory:** Several research studies tout the overall benefits of advisory programs, especially in middle schools. Advisory programs provide students with an adult advocate, encourage positive peer interaction and help students develop skills to transition successfully into and out of middle school. As part of the initiative, four middle schools will pilot advisory periods in the 2010-2011 school year.

The advisory program will focus on several key areas, such as building community, developing effective inter- and intrapersonal skills, exposing students to career and college options and developing skills necessary to be successful in middle school, high school and beyond.

