



FY2011 Popular Annual Financial Report

Fiscal Year Ended June 30, 2011

Atlanta Independent School System

Atlanta, Georgia



ATLANTA
PUBLIC
SCHOOLS

Making A Difference

December 16, 2011

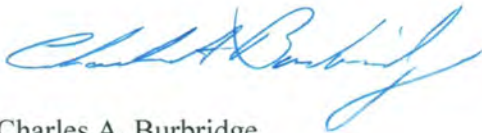
Dear Colleagues and Friends:

We are pleased to present the Atlanta Public Schools Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2011. 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.

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



Award for Outstanding Achievement Popular Annual Financial Reporting

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

**Atlanta Independent School
System, Georgia**

for the Fiscal Year Ended

June 30, 2010



Lin C. Danison
President

Jeffrey L. Eaves
Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) has given an award for Outstanding Achievement in Popular Annual Financial Reporting to Atlanta Independent School System for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2010. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

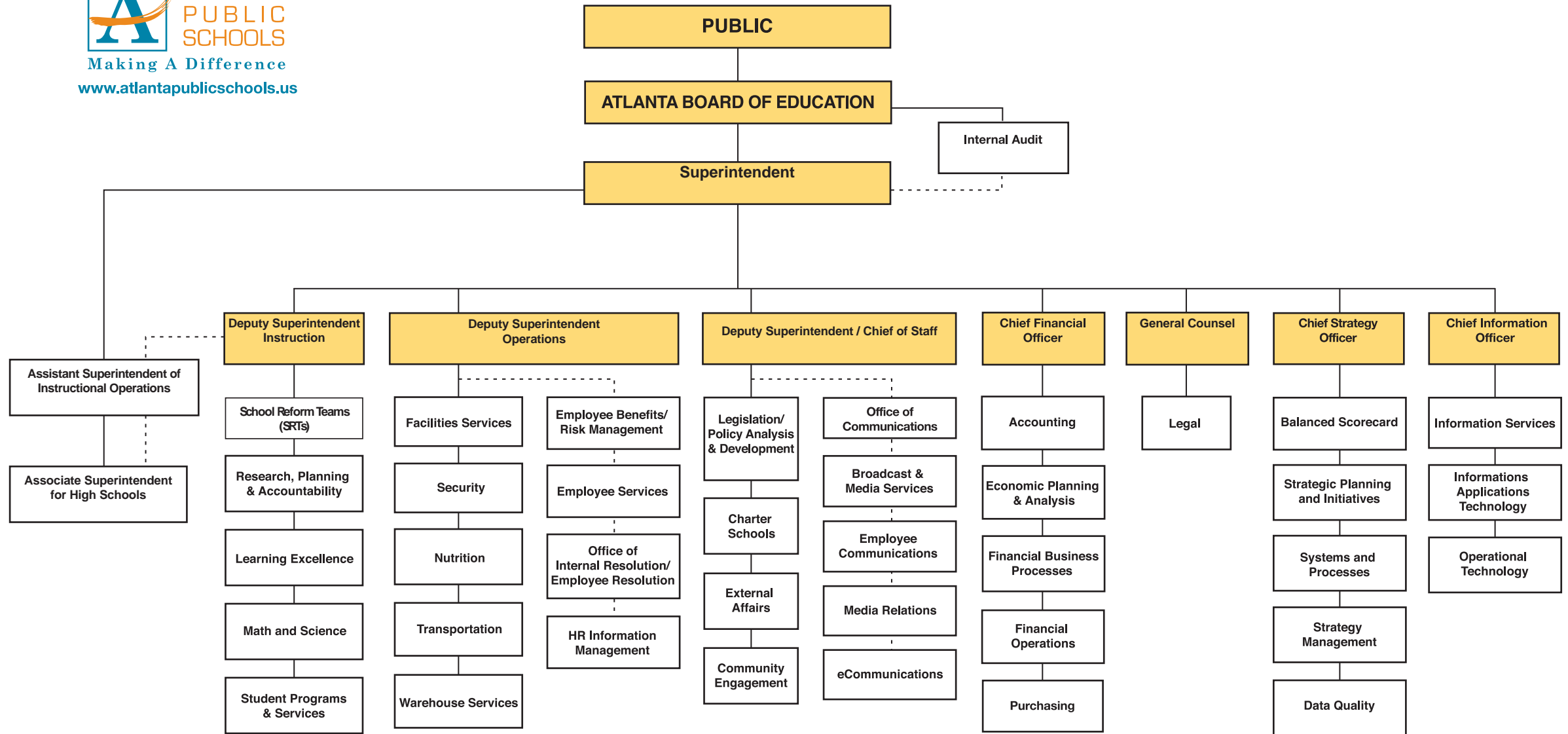
In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

Atlanta Independent School System comprehensive annual financial reports for the years ended 2009-2010, from which the information on pages 4-6 has been drawn, were awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our CAFR continues to conform to the Certificate of Achievement program requirements and we are submitting our CAFR for the current year to the GFOA.



Financial Data



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 operation of facilities, student transportation, central support and capital construction. The Nutritional 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 represents District-wide financial information for Governmental and Business-type activities combined.

Financial Highlights

Benefits over Detriments:

- ◆ Total net worth for the District increased from \$1,298.92 million in fiscal year 2010 to \$1367.47 million in fiscal year 2011 an increase of approximately \$68.55 million or 5.3%.

Resources over Services:

- ◆ Total resources decreased from \$805.55 million in fiscal year 2010 to \$803.28 million in fiscal year 2011, a decrease of approximately \$(2.27) million or -0.3%. The main sources of resource are local and sales tax. The decrease in resources is attributable to a decrease in both local and sales tax revenues.
- ◆ Total services decreased \$(54.61) million or -6.9% from \$789.34 million in fiscal year 2010 to \$734.73 million in fiscal year 2011. The decrease is a result of continued budget cuts.

Outstanding Debt:

- ◆ Long-term debt increased by \$69.38 million or 78.1%. The increase was primarily due to the issuance of Certificates of Participation (COPS) in the amount of \$104.4 million offset by reductions of \$34.07 million for contingent liabilities.



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.

A glossary for the financial terminology is provided on page 10.



Financial Benefits	2011	2010	2009
Current and other assets	\$ 383.91	\$ 387.10	\$ 455.62
Net capital assets and net pension asset	1,248.63	1,248.63	1,007.83
Total benefits	\$ 1,632.54	\$ 1,635.73	\$ 1,463.45
Financial Detriments			
Long-term debt outstanding	\$ 158.20	\$ 88.82	\$ 67.10
Other liabilities	109.05	90.31	113.65
Total detriments	\$ 267.25	\$ 179.13	\$ 180.75
Net assets			
Invested in capital assets, net of related debt	\$ 1,104.60	\$ 1,056.75	\$ 959.62
Restricted for debt services	1.10	1.87	2.58
Restricted for capital projects	107.59	110.07	149.80
Restricted for federal programs	0.01	-	-
Restricted for state and local programs	4.15	-	-
Unrestricted	147.84	130.23	170.71
Total net assets	\$ 1,365.29	\$ 1,298.92	\$ 1,282.71



Resources over Services



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

A glossary for the financial terminology is provided on page 10.

	2011	2010	2009
Resources Taken In			
Local taxes	\$ 470.48	\$ 500.19	\$ 480.89
Sales taxes income	52.90	63.43	108.96
State revenues	132.03	110.94	129.93
Federal revenues	106.28	82.46	71.66
Investment income	0.29	0.41	6.42
Facility rental fees	0.78	1.00	1.25
Tuition charges	0.03	0.10	0.14
Charges for services	2.38	2.59	4.44
Other	37.50	43.53	41.25
Gain on Sale of Assets	0.61	0.90	0.53
Total Revenues & Resources	\$ 803.28	\$ 805.55	\$ 845.46

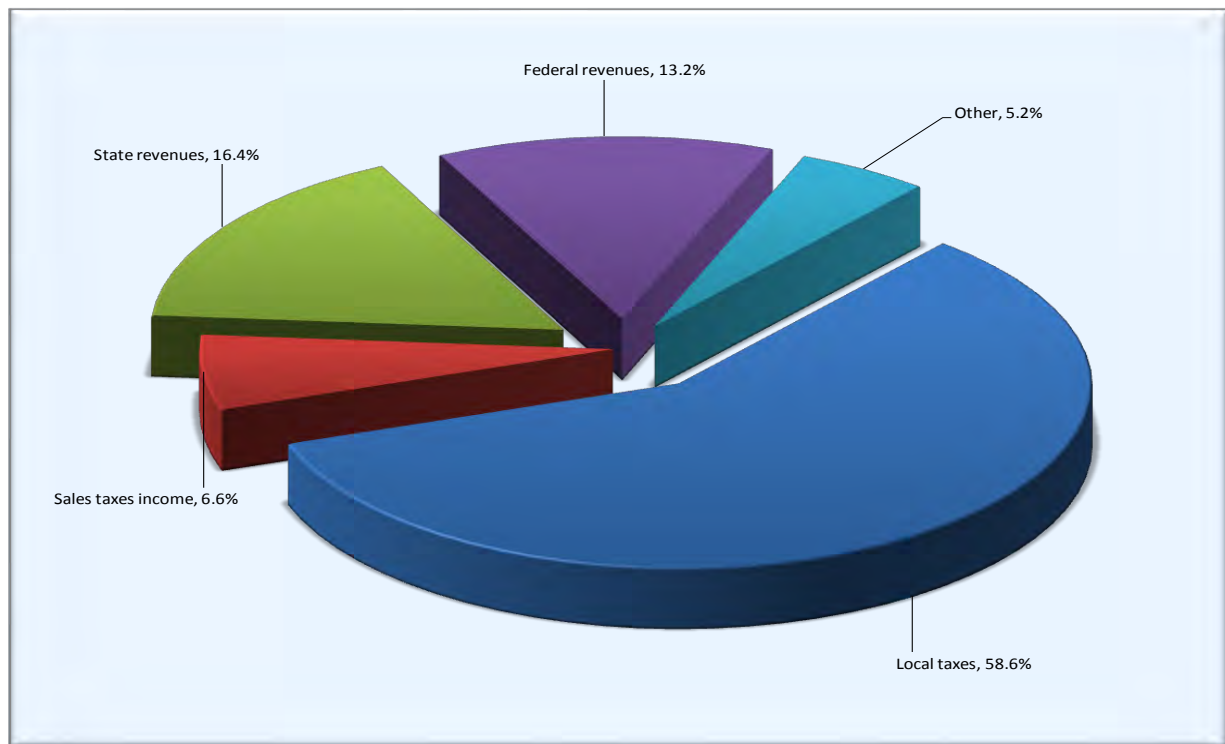
Services Provided			
Instruction	\$ 377.49	\$ 438.04	\$ 427.13
Support services:			
Pupil services	39.02	37.30	36.13
Improvement of instructional services	50.50	40.43	38.60
Educational media	9.61	8.39	9.22
General administration	14.51	14.11	15.70
School administration	33.29	28.24	26.43
Business administration	17.89	15.33	24.15
Maintenance and operations	96.33	90.75	88.48
Student transportation	28.90	39.59	53.66
Central support	36.73	48.57	38.80
Food services	23.82	23.22	21.75
Other support services	4.38	3.35	3.71
Interest expense	2.26	2.02	2.30
Total Expenses & Service	\$ 734.73	\$ 789.34	\$ 786.06

Revenues & Resources Over(Under) Expenses & Services

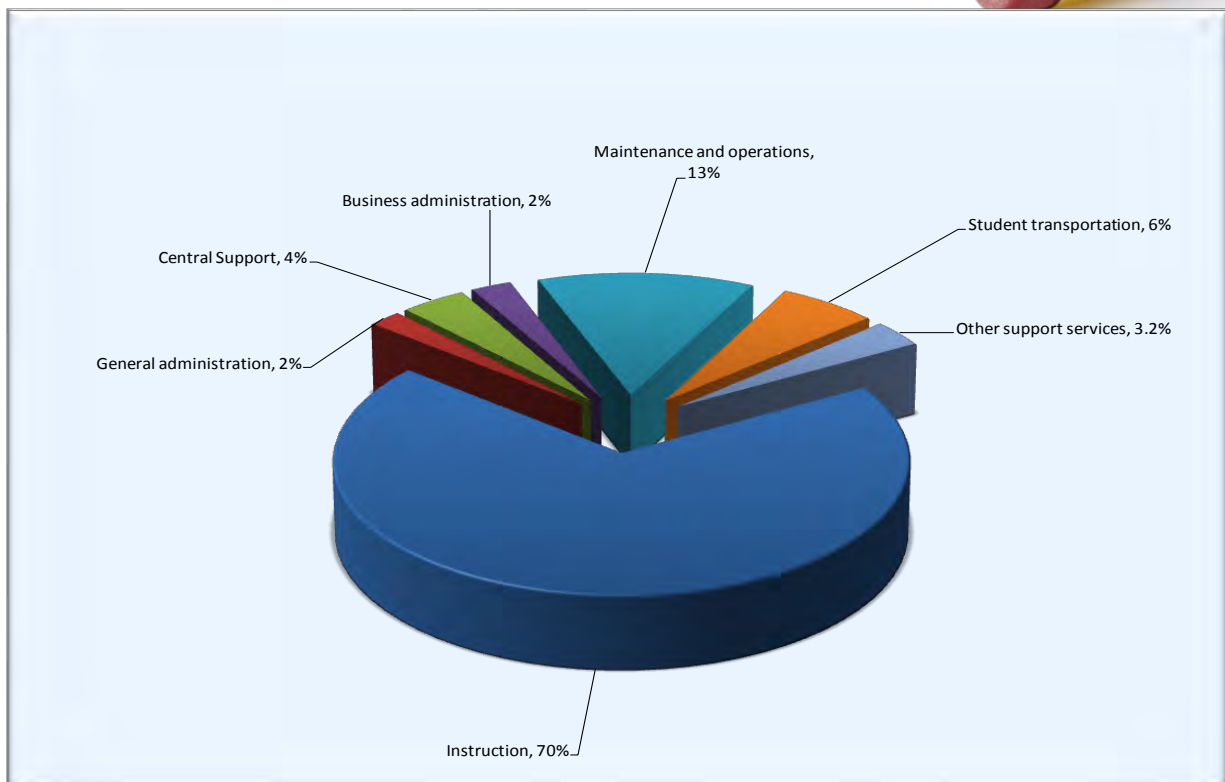
\$ 68.55	\$ 16.21	\$ 59.40
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Our Resources (Where the money comes from)



Our Services (Where the money goes)

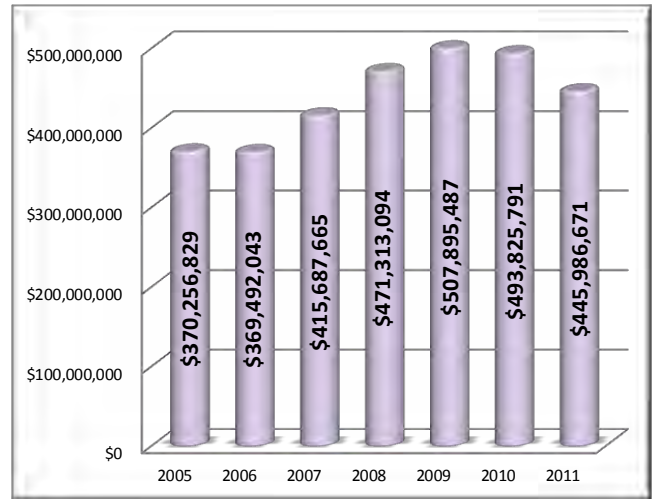


SOURCES OF FUNDING: Where Does the Money Come From?

(Governmental Funds)

Local Taxes:

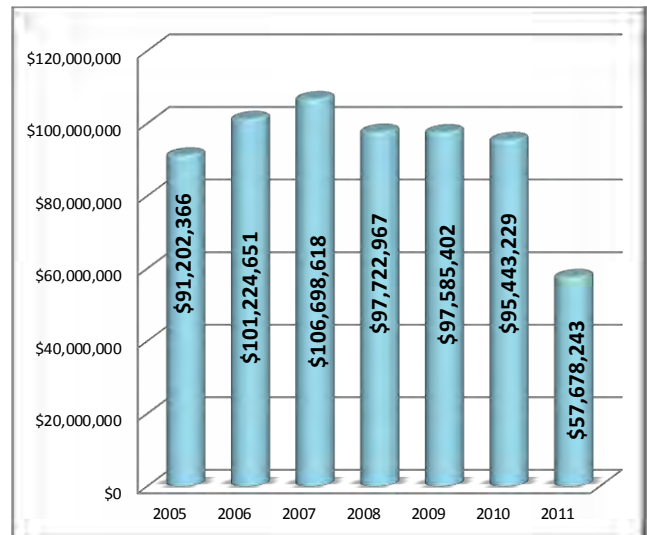
The Atlanta Public Schools are financed through a combination of local, state and federal sources. During fiscal year 2011, Atlanta Public Schools resources totaled \$843.63 million. APS received 53% of its revenue from local taxes. Property taxes provide a majority of the local revenue to operate and 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):

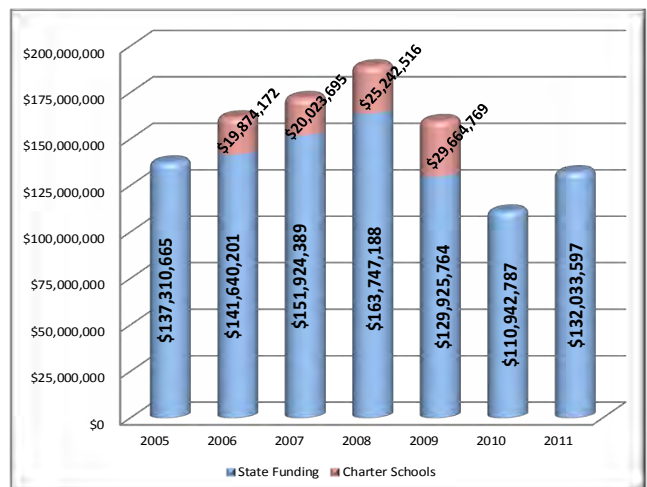
In March 2007, voters renewed a 1 percent sales tax effective for five years (SPLOST III). The Georgia Department of Revenue administers the monitoring and collecting of this tax.

On November 8, 2011, SPLOST IV referendum was approved. It is estimated that SPLOST IV will generate approximately \$520 million for APS that will fund numerous Capital Improvement projects liquidate debt for the Certificates of Participation.



State Funding:

The chart to the right portrays the actual cash receipts for the District's 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.



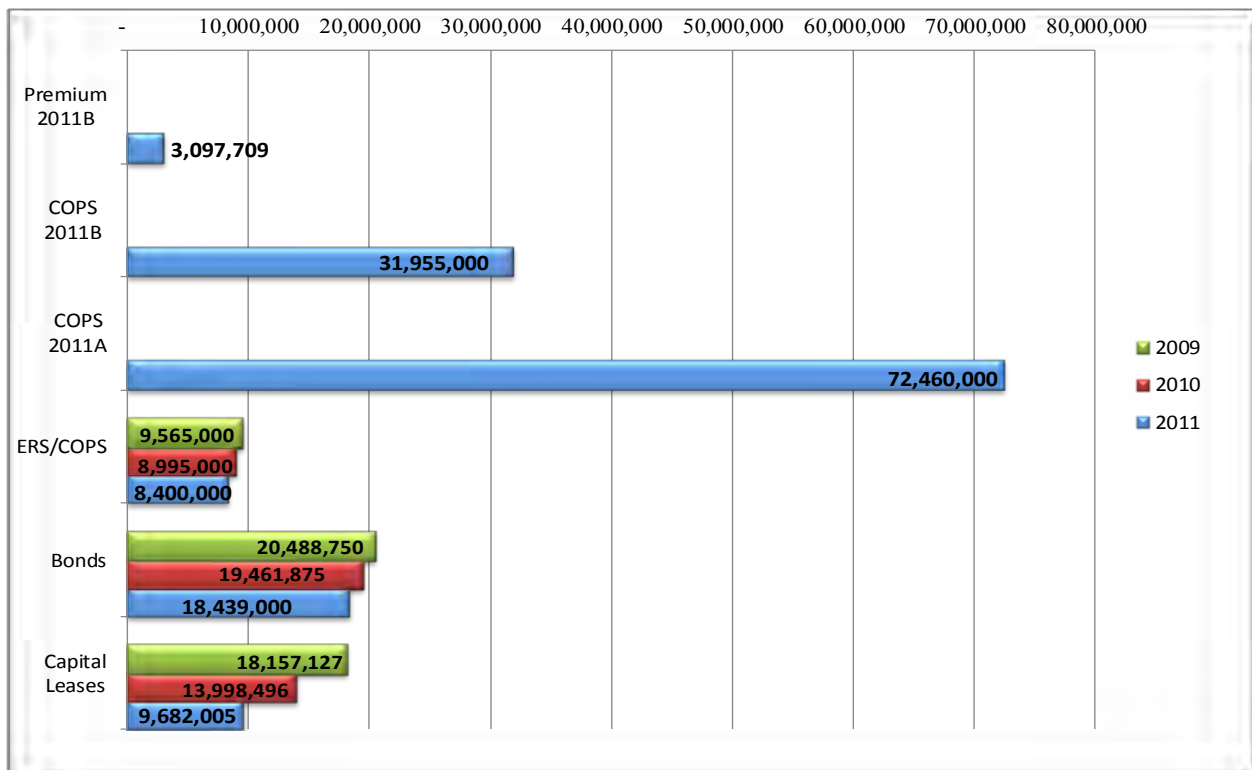
Outstanding Debt at Year End

The chart below captures the District's long-term debt obligations. In 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.

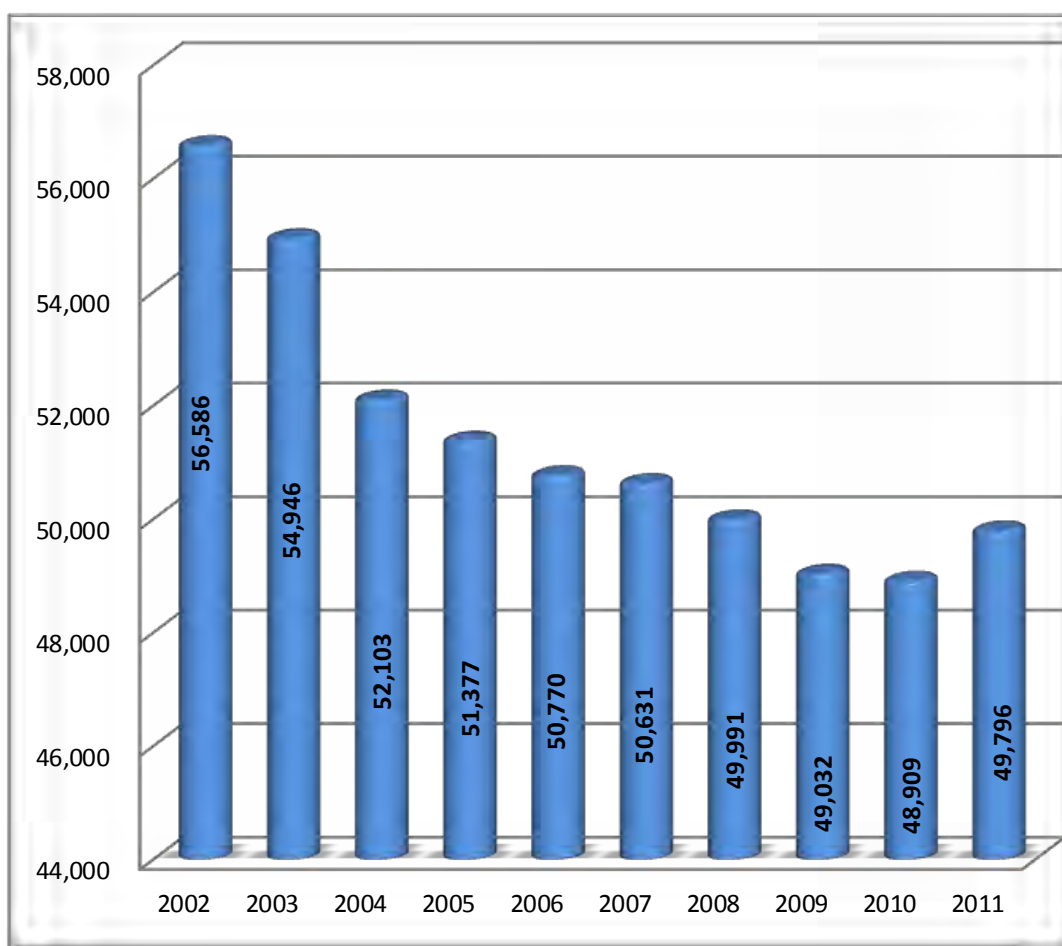
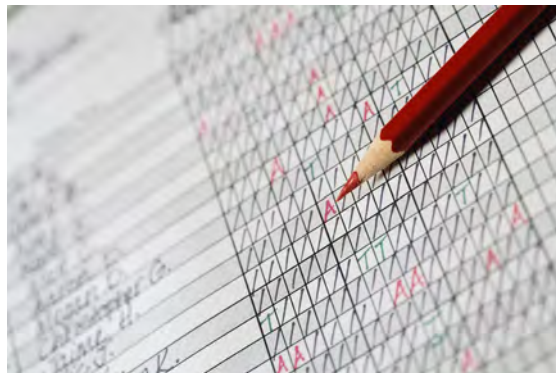
In June 2011, ERS issued certificates of participation (COPS) on behalf of the School System in the amount of \$104,415,000. The proceeds from the certificates will be used to finance the construction and renovation of North Atlanta High School.

Outstanding Debt	2011	2010	2009
Long-term debt			
Capital leases	\$ 9,682,005	\$ 13,998,496	\$ 18,157,127
Intergovernmental agreement-			
City of Atlanta	18,439,000	19,461,875	20,488,750
ERS, Inc (COPS, Series 2006/2007)	8,400,000	8,995,000	9,565,000
ERS, Inc (COPS, Series 2011A)	72,460,000	-	-
ERS, Inc (COPS, Series 2011B)	31,955,000	-	-
Unamortized premium 2011B	3,097,709	-	-
Total long-term debt	\$ 144,033,714	\$ 42,455,371	\$ 48,210,877



Student Enrollment

Student enrollment (including Charter Schools) in the District has declined over the last 10 years due in part to demographic shifts. Nearly one-third of APS students relocate within and outside the district during the school year. During fiscal year 2011 the District provided a full range of educational programs and services to improve student achievement and will continue its journey to excellence.



Our Services (*Definitions*):

INSTRUCTION is the largest expenditure category and relates directly to the classroom 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.

MAINTENANCE AND 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.

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.

Student Data



ATLANTA PUBLIC SCHOOLS TODAY

When students pass through our doors and embark upon a journey toward academic excellence, we give them the confidence, social skills and intellectual capacity required to successfully compete in college and in the global marketplace.



HIGH SCHOOL TRANSFORMATION

Leveraging successes and lessons learned from our elementary school reform strategies, and with the support of the Bill and Melinda Gates Foundation, we began to focus on improving our high schools. Research revealed that secondary students learn better in smaller, more personalized settings.

All of our high schools offer small, personalized environments that provide rigorous and engaging learning opportunities to adequately prepare every student. Our goal is to provide an engaging environment that fosters student achievement and academic success.

MIDDLE SCHOOL TRANSFORMATION

As we continue our efforts to enhance the academic experience at our elementary and high schools, we are also beginning our transformation work at the middle school level. The response to the opening of our two groundbreaking single-gender academies - the B.E.S.T. Academy at Ben Carson and the Coretta Scott King Young Women's Leadership Academy - has been overwhelming. Both schools opened in August 2007 with sixth grade and will continue to add a grade every year until 12th grade. Although not every middle school will follow the single gender model, all schools will offer engaging, quality instruction and support to prepare students for success beyond graduation.

TARGETED REFORM MODELS

Implementing school-level targeted reform models will allow us to sustain our gains and continue to effectively serve our students. However, we understand that in order to provide all of our students with a world-class education, we need to enhance our mathematics and science curriculum. With the support of a \$22.5 million grant from the GE Foundation, we are implementing instructional foundational strategies to support a comprehensive implementation of the Mathematics and Science Initiative. We are attracting top-notch math and science educators and private-industry experts who value their craft. In addition, we are delivering captivating math and science lessons that will generate renewed widespread interest in mathematics and science.

Early indicators show that our high school transformation work is yielding positive returns. And we are confident that our middle school transformation work, coupled with our Mathematics and Science Initiative, will produce the necessary results that demonstrate our commitment to making a difference in the lives of all students.

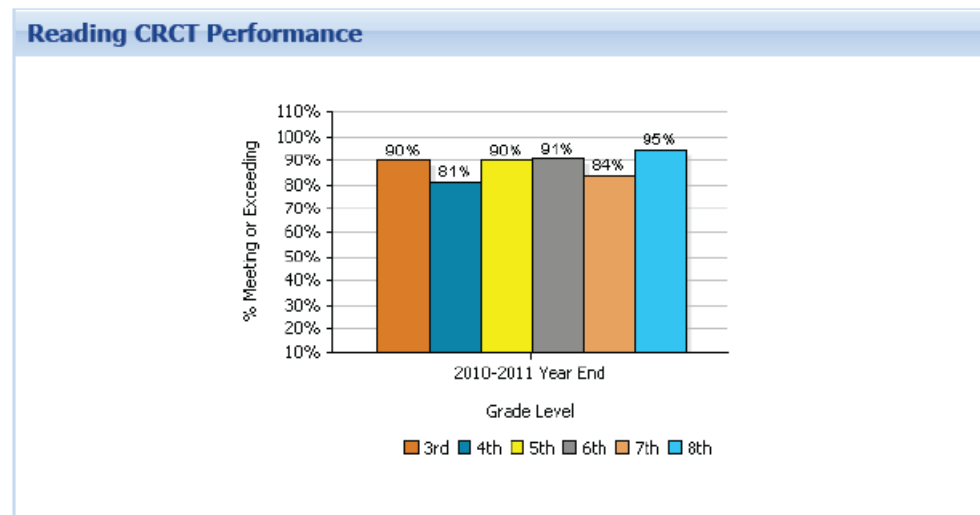


STUDENT ACHIEVEMENT

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-Reference Competency Tests (CRCT) and the Georgia High School Graduation Tests (GHS GT/GHSWT). The charts below highlights those achievements. Source: APS Strategic Plan Annual Performance Report 2010-2011 .

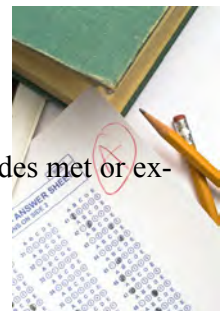
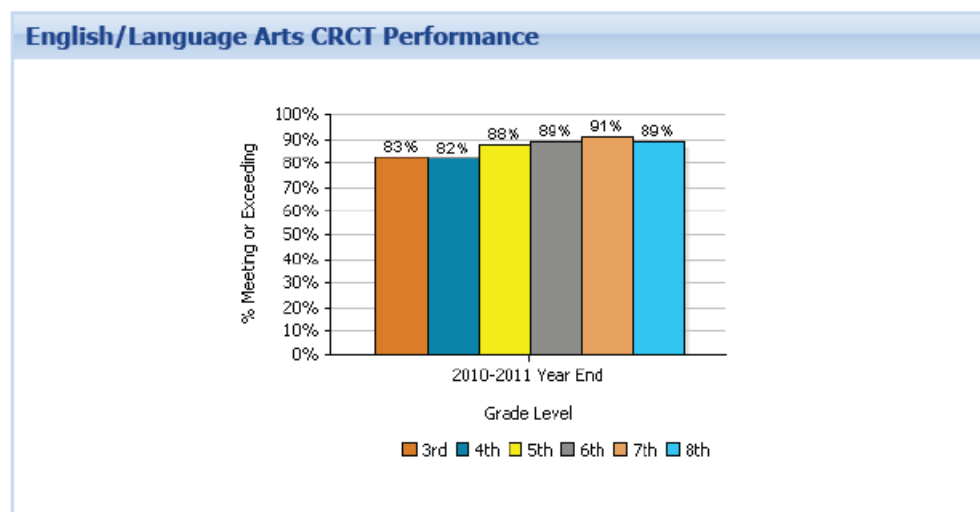
APS Student Achievement—Reading CRCT:

In traditional schools in Spring and Summer of 2010-2011, 88% of students in third through eighth grades met or exceeded the state standard in reading.



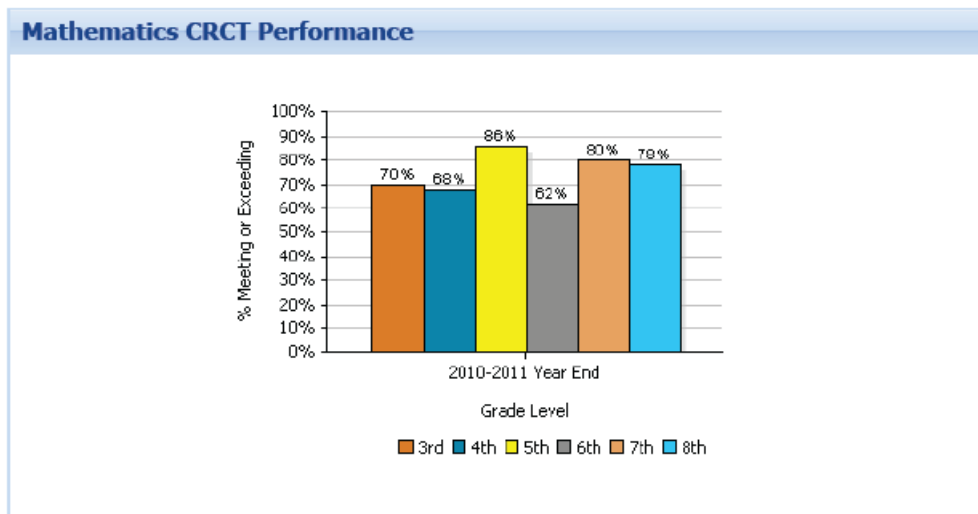
APS Student Achievement—English/Language Arts CRCT:

Based on the Spring 2011 administration, 87% of students in third through eighth grades met or exceeded the state standard in English/language arts.



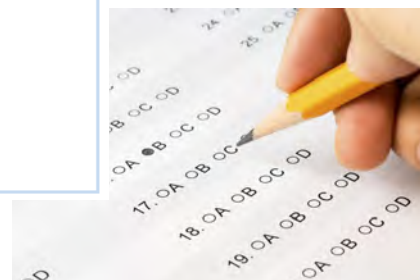
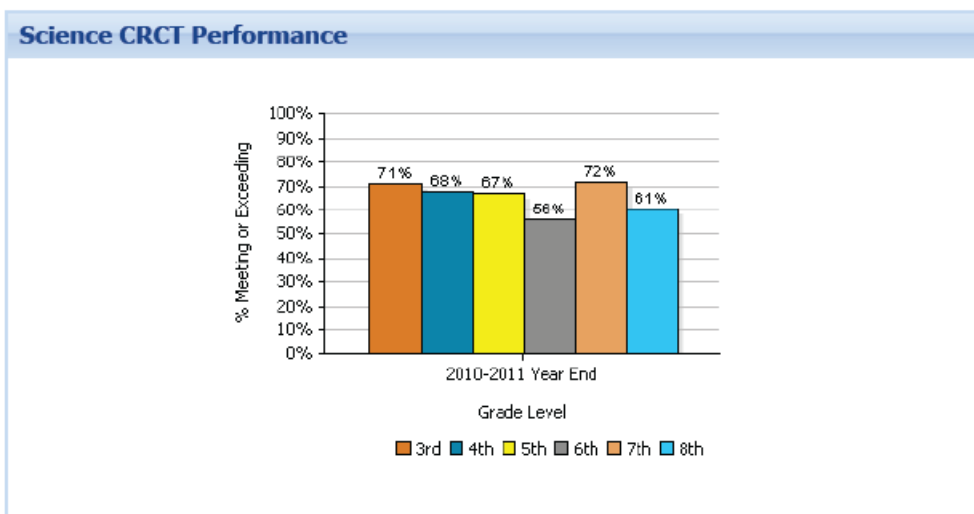
APS Student Achievement—Mathematics CRCT:

In the district overall, 74% of students who took the mathematics CRCT for grades 3-8 in traditional schools met or exceeded the stat standard in Spring and Summer 2010-2011. Mathematics performance across all grades improved (consistent at one grade level) and continues to be a focus area with percentages ranging from 62% to 86% across the grades.



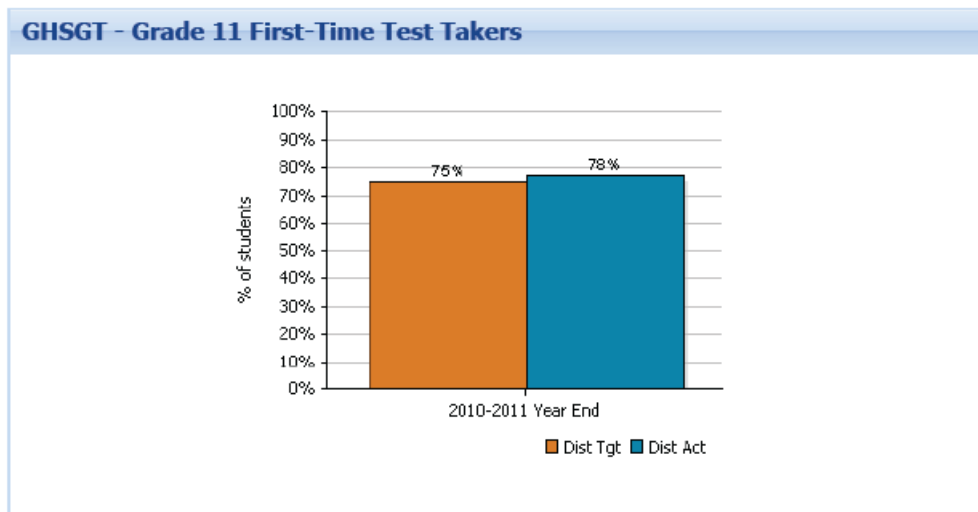
APS Student Achievement—Science CRCT:

In Spring of 2010-2011, 65% of APS students in grades 3-8 met or exceeded the state standard in science. Science scores remained unchanged from 2010 and data indicated a need for increased focused on science in instructional programming.



APS Student Achievement on the GHSGT/WT—First Time Test Takers

The target for 2010-2011 was to improve the percentages of first-time test-takers who pass the tests in 3 out of 4 subjects*: English/Language Arts, Social Studies, Writing and Science. While 77.5% of first time test takers passed 3 out of 4 of the Georgia High School Graduation and Writing Tests, improvement in the percentage passing a given subject was seen only in Science.



*The Spring 2011 GHSGT was the first administration of a fully aligned Georgia Performance Standards version of the Mathematics assessment, making 2010-2011 a transition year. Therefore, Math GHSGT scores could not be compared to those from 2009-2010.



Atlanta Public Schools District Fast Facts

District Facts

100

Traditional Learning Sites

Traditional schools

Elementary schools	55
Year-round schools	3
Middle schools	16
Single-gender academies	4
High schools	22

Nontraditional programs

2

Charter schools

12

Evening school programs

2

89

Title I Schools

Transportation

Number of buses	383
Miles traveled daily	22,100
Students transported daily	22,325

Student Facts



Academic and athletic scholarships offered to class of 2011

\$116

Million

49,536

Student Enrollment
(projected for 2011-12)



Computer/Student Ratio

1:2

Students' Ethnic Distribution

African-American	79%
Caucasian	12%
Hispanic	6%
Multiracial	2%
Asian	1%

FY12 Operating Budget

\$578

 Million

Students Eligible for Free and Reduced Priced Meals

76.41 %