



ATLANTA
PUBLIC
SCHOOLS

Making A Difference

FY2012 Popular Annual Financial Report



Fiscal Year Ended June 30, 2012

Atlanta Independent School System

Atlanta, Georgia

December 12, 2012

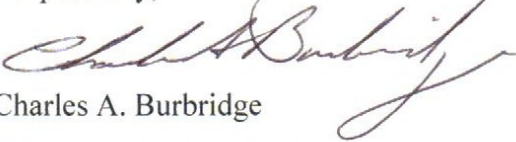
Dear Colleagues and Friends:

We are pleased to present the Atlanta Public Schools Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2012. 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 4-5 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, 2011



Christopher P. Morrell
President

Jeffrey L. Esser
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, 2011. 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 2010-2012, from which the information on pages 4-7 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 consist 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 \$1,367.47 million in fiscal year 2011 to \$1,389.66 million in fiscal year 2012 an increase of approximately \$22.19 million or 1.6%.

Resources over Services:

- ◆ Total resources decreased from \$803.28 million in fiscal year 2011 to \$775.09 million in fiscal year 2012, a decrease of approximately \$28.19 million or 3.5%. The main sources of resource are local and sales tax. The decrease in resources is attributable to a continued decrease in property tax revenues.
- ◆ Total services increased \$18.17 million or 2.5% from \$734.73 million in fiscal year 2011 to \$752.90 million in fiscal year 2012. Management continues to forecast spending levels and manage spending throughout the fiscal year.

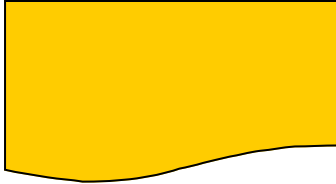
Outstanding Debt:

- ◆ Long-term debt decreased by \$5.45 million or 3.4%. The decrease was primarily due to scheduled principal payments and the current fiscal year's amortization of the premium associated with the Certificates of Participation issued in fiscal year 2011.

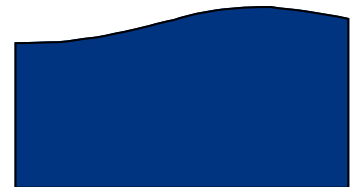


The Financial Position Statement, reports the Benefits (assets) available to provide services and the Detriments (liabilities) for which the District is obligated to pay in the future (shown in millions). The difference between benefits and detriments equals the net worth of the District.

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



Financial Benefits	2012	2011	2010
Current and other assets	\$ 363.11	\$ 387.10	\$ 378.85
Net capital assets and net pension asset	1,248.73	1,248.63	1,099.20
Total benefits	\$ 1,611.84	\$ 1,635.73	\$ 1,478.05
Financial Detriments			
Long-term debt outstanding	\$ 152.75	\$ 158.20	\$ 88.82
Other liabilities	69.43	110.06	90.31
Total detriments	\$ 222.18	\$ 268.26	\$ 179.13
Net assets			
Invested in capital assets, net of related debt	\$ 1,171.49	\$ 1,104.60	\$ 1,056.74
Restricted for debt services	0.30	1.10	1.87
Restricted for capital projects	65.80	107.59	110.07
Restricted for federal programs	-	0.01	-
Restricted for state and local programs	6.26	4.15	-
Restricted for school construction	43.66	-	-
Unrestricted	102.15	150.02	130.23
Total net assets	\$ 1,389.66	\$ 1,367.47	\$ 1,298.92



Resources over Services

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

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



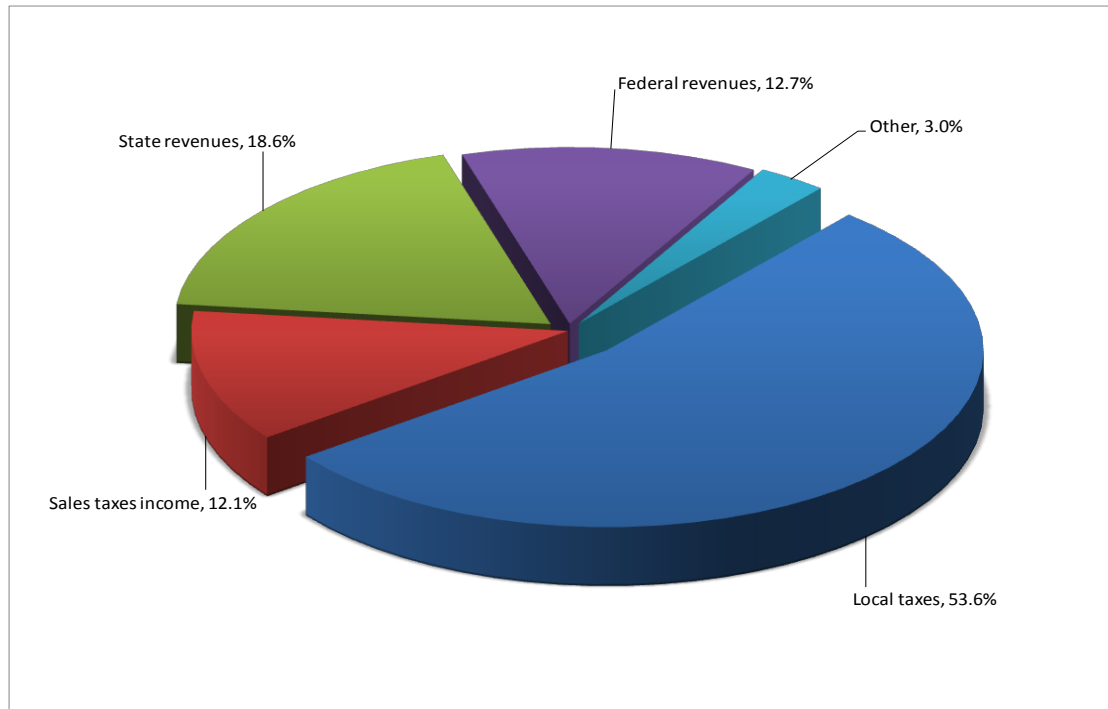
	2012	2011	2010
Resources Taken In			
Local taxes	\$ 415.43	\$ 470.48	\$ 493.83
Sales taxes income	93.70	52.90	95.44
State revenues	143.94	132.03	110.94
Federal revenues	98.97	106.28	103.9
Investment income	0.14	0.29	0.49
Facility rental fees	0.99	0.78	1.00
Tuition charges	0.00	0.03	0.09
Charges for services	2.36	2.38	2.59
Other	19.57	37.50	22.08
Gain on Sale of Assets	0.00	0.61	0.90
Total Revenues & Resources	\$ 775.10	\$ 803.28	\$ 831.26

Services Provided			
Instruction	\$ 405.99	\$ 377.49	\$ 438.04
Support services:			
Pupil services	29.54	39.02	37.30
Improvement of instructional services	38.22	50.50	40.43
Educational media	8.96	9.61	8.39
Federal grant administration	1.12	0.00	0.00
General administration	17.88	14.51	14.11
School administration	30.83	33.29	28.24
Business administration	22.61	17.89	15.33
Maintenance and operations	97.08	96.33	90.75
Student transportation	29.77	28.90	39.59
Central support	28.38	36.73	48.57
Food services	23.06	23.82	23.22
Other support services	13.04	4.38	3.35
Interest expense	6.42	2.26	2.02
Total Expenses & Service	\$ 752.90	\$ 734.73	\$ 789.34

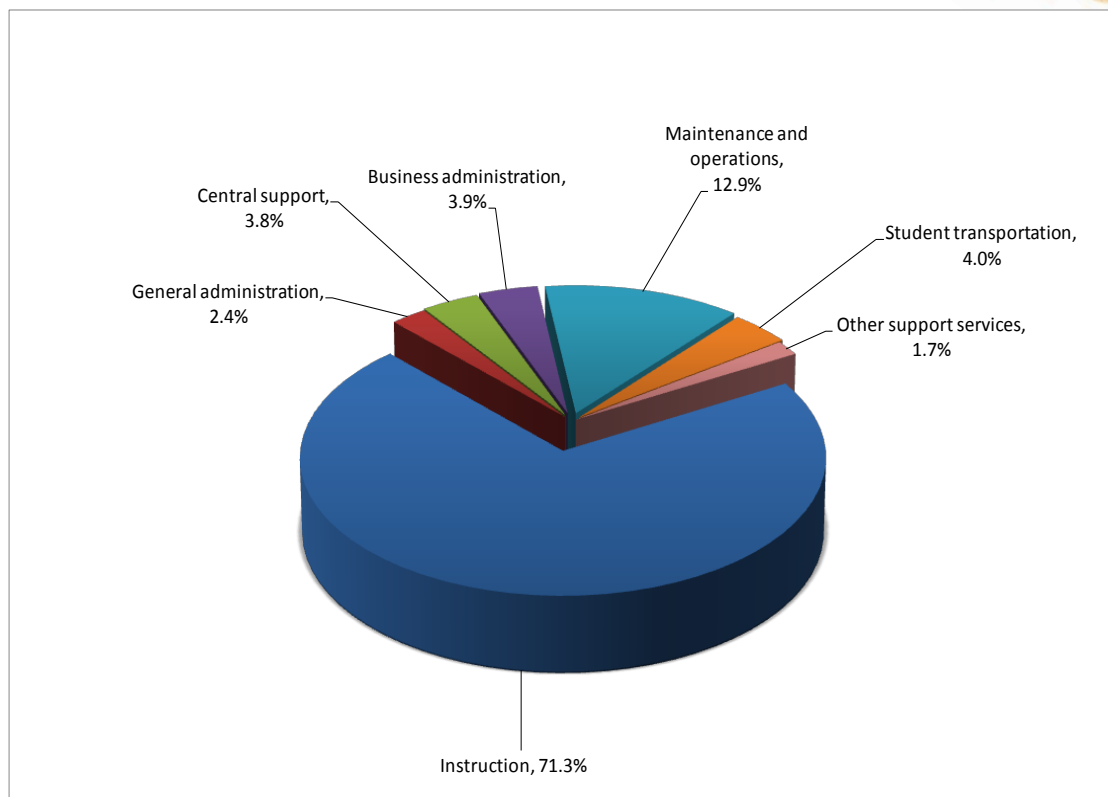
Revenues & Resources Over(Under)			
Expenses & Services	\$ 22.20	\$ 68.55	\$ 41.92



Our Resources (Where the money comes from)



Our Services (Where the money goes)

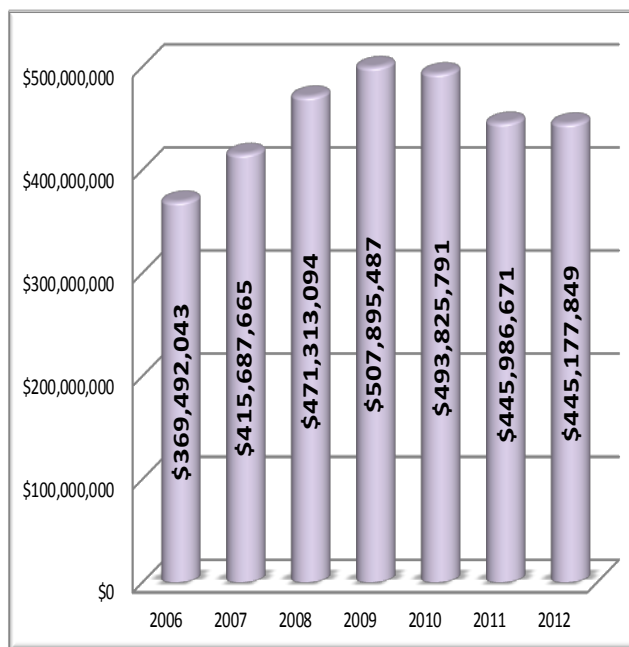


SOURCES OF FUNDING: **Where Does the Money Come From?**

(Governmental Funds)

Local Taxes:

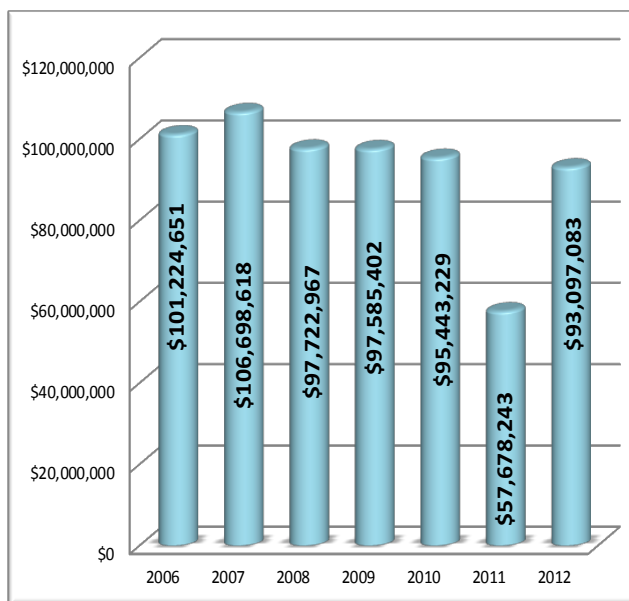
The Atlanta Public Schools are financed through a combination of local, state and federal sources. During fiscal year 2012, Atlanta Public Schools resources totaled \$775.10 million. APS received 53.6% of its revenue from local taxes. Property taxes provide a majority of the local revenue to operate and maintain our schools. The graph to the right represents the amount local taxes recognized by the District.



SPLOST (Special Purpose Local Option Sales Tax):

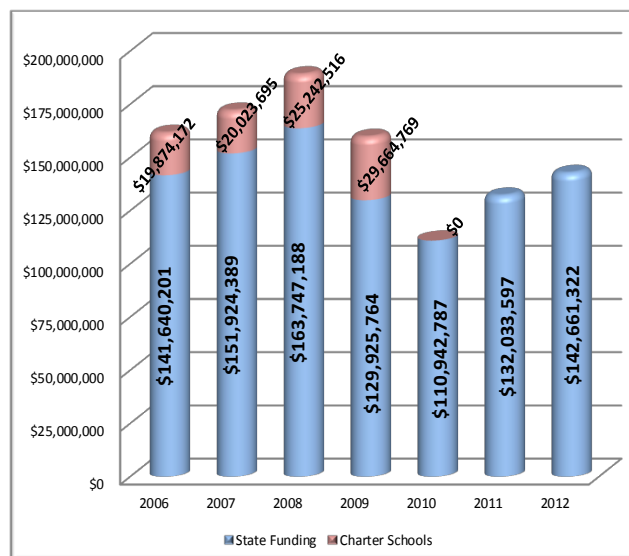
In March 2007, voters renewed a 1 percent sales tax effective for five years (SPLOST III), which ended in fiscal year 2012.

On November 8, 2011, the 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 and liquidate debt for the Certificates of Participation issued in 2011.



State Funding:

The chart to the right displays the District's Governmental Funds from the State of Georgia. Funds received from the state are to ensure that all children in the state receive an equitable educational experience.

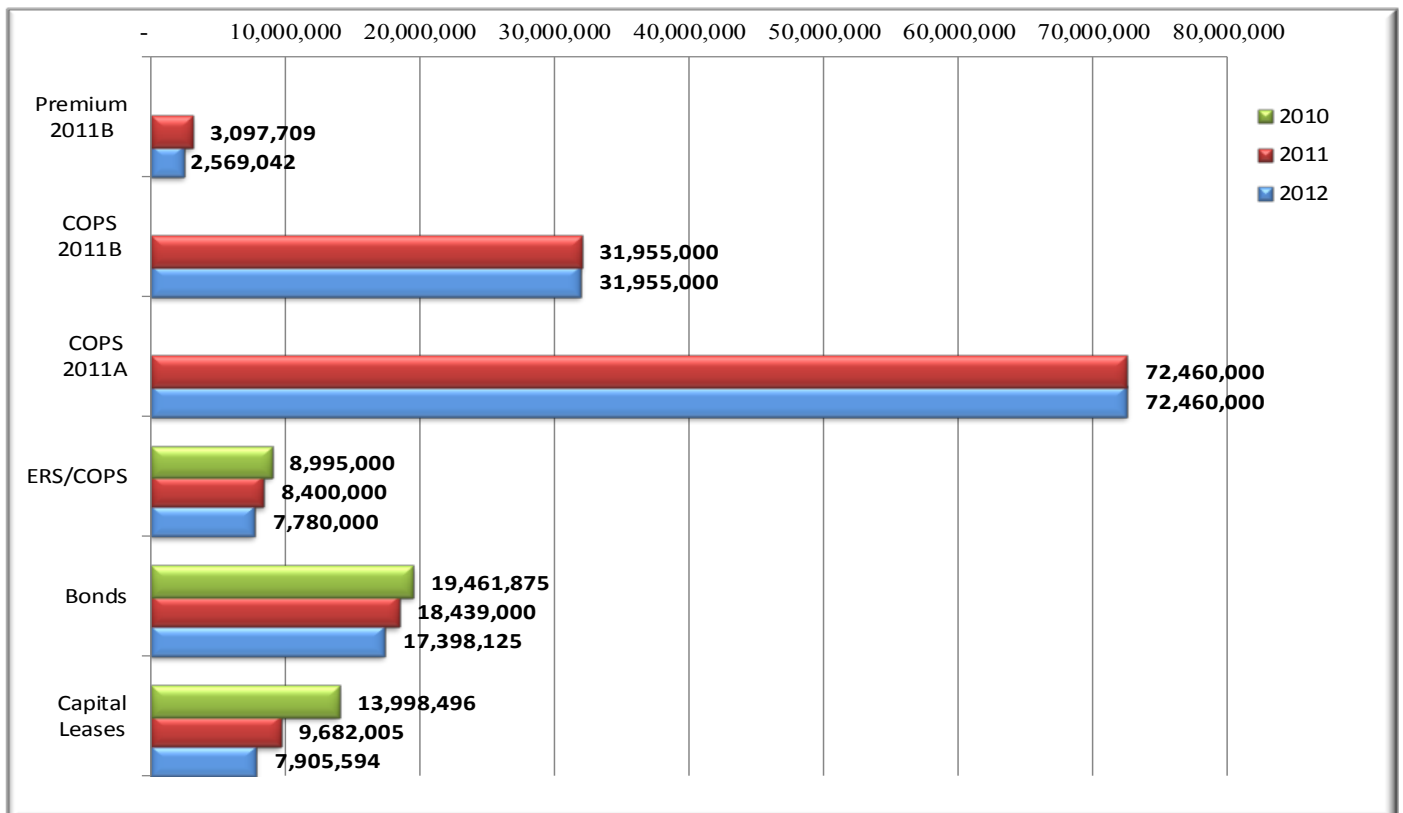


Outstanding Debt at Year End

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

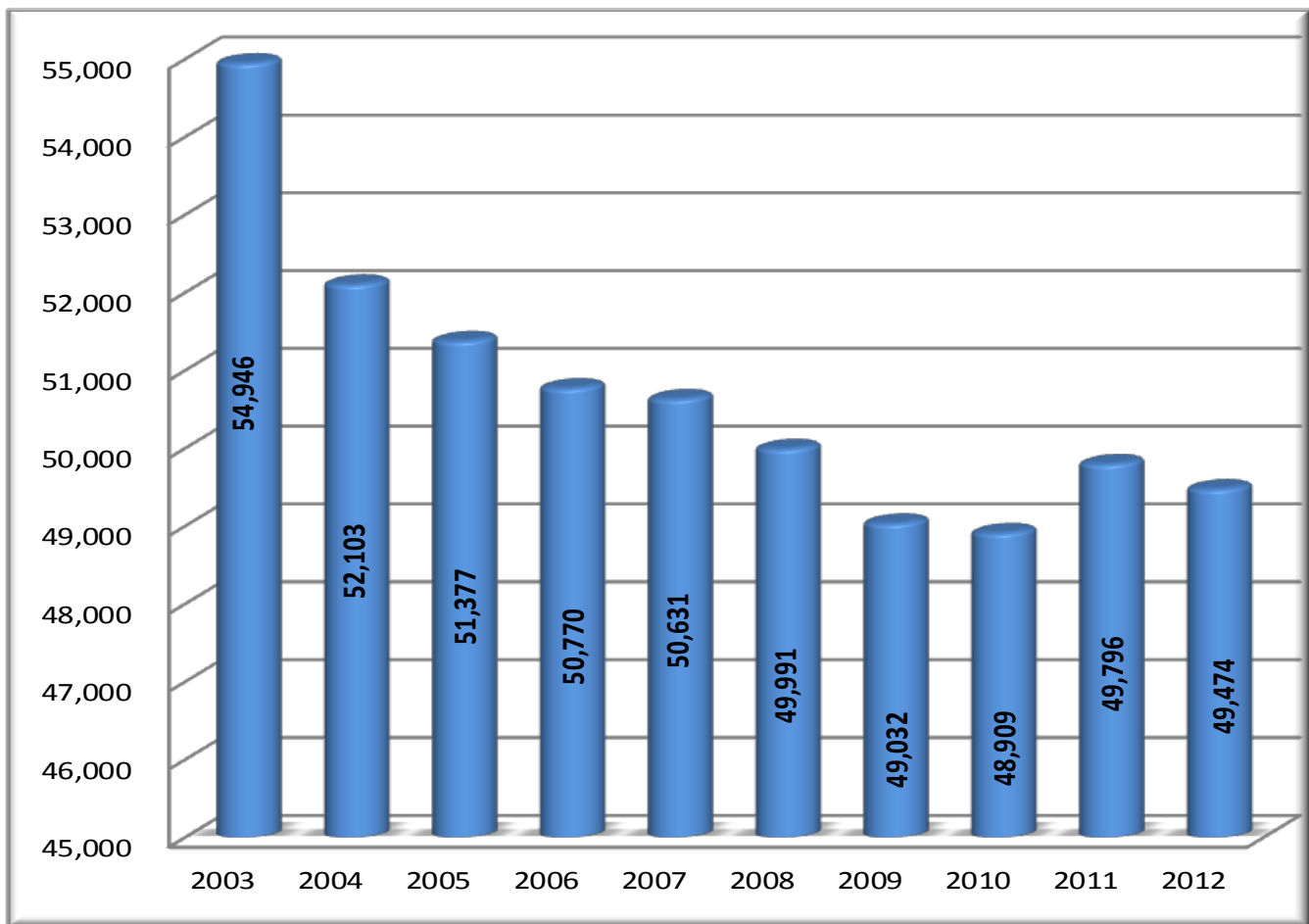
In June 2011, ERS issued certificates of participation (COPS) on behalf of the School System in the amount of \$104,415,000. The proceeds from the certificates continue to be used to finance the construction and renovation of North Atlanta High School. Payments are due on March 1 and September 1 of each year until maturity (Series A is March 1, 2027 and March 1, 2017 for Series B). Interest rates vary (5.457% - 5.657% for Series A and 2% - 5% for Series B).

Outstanding Debt	2012	2011	2010
Long-term debt			
Capital leases	\$ 7,905,594	\$ 9,682,005	\$ 13,998,496
Intergovernmental agreement-			
City of Atlanta	17,398,125	18,439,000	19,461,875
ERS, Inc (COPS, Series 2006/2007)	7,780,000	8,400,000	8,995,000
ERS, Inc (COPS, Series 2011A)	72,460,000	72,460,000	-
ERS, Inc (COPS, Series 2011B)	31,955,000	31,955,000	-
Unamortized premium 2011B	2,569,042	3,097,709	-
Total long-term debt	\$ 140,067,761	\$ 144,033,714	\$ 42,455,371



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 2012 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 comprise all guidance, counseling, testing, attendance, social work, and health services.

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

EDUCATIONAL MEDIA SERVICES costs are 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 ASSETS are assets used in operations with an initial useful life extending beyond one reporting period.

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 where 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.

About APS



Letter from the Superintendent

Renewing our commitment to you by building excellence across APS

Dear Students, Parents, Employees and Partners:

Atlanta Public Schools (APS) proudly serves 50,000 students. On behalf of each student, we enter the 2012-13 school year with a renewed commitment to academic excellence and equity. Last year, we made a number of difficult changes to stabilize the school system, better manage risk across the organization and provide more direct support to students. Now, the hard work continues.

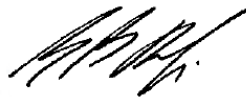
This year, our schools are organized into nine new K-12 clusters (Page 13) – each with a main feeder high school. Under the cluster model, students from the same neighborhoods will be able to stay together throughout elementary, middle and high school. The cluster model provides the groundwork for achieving the goal of every school providing a quality education for every student, regardless of where he or she lives in the district. Each school in the cluster will have access to a more equitable distribution of available resources and multiple layers of support. Following are a few examples of the resources and support that will benefit students this year:

- Stronger collaboration and common planning among teachers between school levels
- Coordinated programs of study in the arts and foreign languages
- Assistant principal, gifted teachers and student support services in every school
- Opportunities for parent and community partner involvement (for example, state-of-the-cluster meetings and parent awareness sessions)

Also new this school year, Adequate Yearly Progress (AYP) is no longer in effect as a result of the state's No Child Left Behind waiver. Soon, every school will be scored on a 100-point scale called the College and Career Ready Performance Index (CCRPI). And rather than a heavy focus on students' basic understanding of English/language arts and math, mastery of subjects across the curriculum will be a priority for all students. Our schools will implement the new Common Core Georgia Performance Standards (CCGPS) that outline high expectations for what students should know and do in the 21st century. No longer will we look at test scores and ask, "Did students meet or exceed standards?" Instead, we will ask and act on the more critical question: "How much did every child grow?"

Certainly, APS is moving forward with a renewed commitment to everyone – our students, parents, employees and partners; we are building excellence across the system. In order to be successful, we need your continued hard work and involvement. I hope you have a great school year, and I look forward to seeing you throughout the year.

Sincerely,



Erroll B. Davis Jr.
Superintendent

Mission AND Vision Statements

MISSION STATEMENT

The **mission** of Atlanta Public Schools is to educate **all students** through **academic excellence**, preparing them for **success** in **life**, service and leadership.

VISION STATEMENT

The **vision** of Atlanta Public Schools is to be a student-centered, **high-performing** urban school district where all students become **successful** life-long learners and **leaders**.



Source of information: APS Student Guidebook 2012-2013 and APS Strategic Plan 2012-2017

We are **renewing** our
commitment to....
YOU



Source of information: APS Student Guidebook 2012-2013 and APS Strategic Plan 2012-2017

Renewing Our Commitment to You

Atlanta Public Schools (APS) has renewed its commitment to provide consistent excellent customer service to all stakeholders. We are improving our educational services for students by redirecting more resources to schools in a manner that is exceptional, engaging, ethical and equitable.



Renewing Our Commitment to Students

Across the board, expectations have risen for the academic skills and knowledge students must possess to enter and succeed in college and careers. We are committed to providing our students a more rigorous educational foundation in literacy, math, science, and social science. In addition, we provide services to remove obstacles that could prevent our students from succeeding. Postsecondary education and or training is the ticket to success for our students.

Renewing Our Commitment to Enhanced Instructional Programs

APS is moving to Common Core Georgia Performance Standards. To ensure that all students have greater opportunities and access to the careers of their choice, we needed an instructional framework that imparts the knowledge and skills most valued by employers and higher education.

The Common Core State Standards are K-12 academic standards in mathematics and English language/arts literacy. They were developed by states, and states voluntarily choose to adopt them. They are aligned to the expectations of two-and-four year colleges have been internationally benchmarked.

To compete in a knowledge-based global economy, we must improve the educational outcomes of our students. The Common Core will ensure that teachers teach and students learn the knowledge and skills to meet the challenges of today and tomorrow, including communications skills, perseverance in problem solving, technical reading and writing, literacy across disciplines, and the most important mathematical skills.

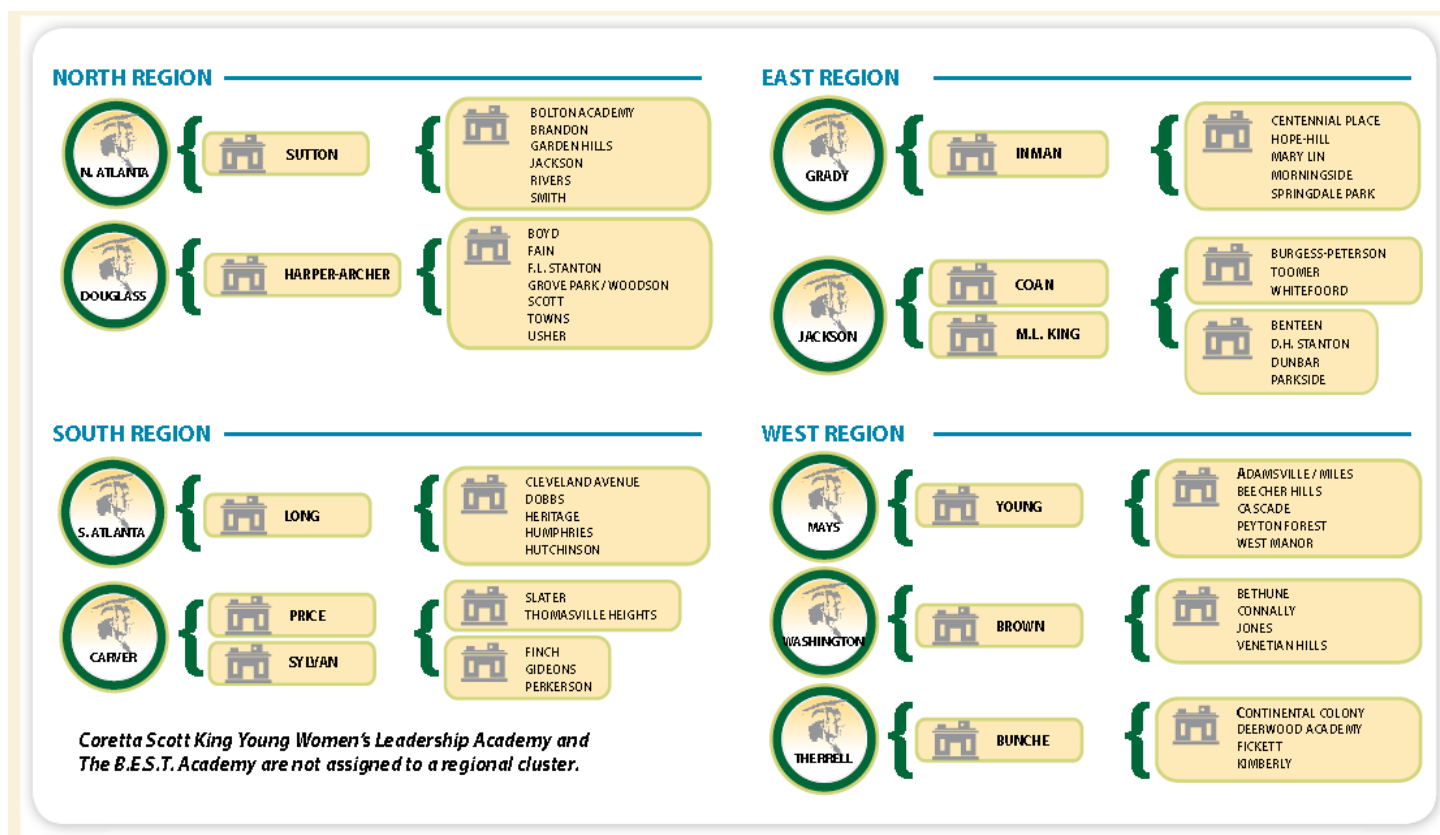
Renewing Our Commitment to Teachers

Teachers inspire achievement, change lives, and impact communities. APS strives to raise student achievement by focusing on teacher effectiveness. APS's partnership with the Bill and Melinda Gates Foundation introduced the next phase of the District's Effective Teacher in Every Classroom Initiative (ETEC). This will help the District recruit, prepare, place and support effective teachers in every classroom throughout the District.



To learn more visit:
www.atlantapublicschools.us/commoncore
www.atlantapublicschools.us/ETEC

New APS Cluster Model



Beginning in the 2012-2013 school year, Atlanta Public Schools will move from the School Reform Team to the cluster model. Schools organized into nine high school clusters with distinct feeder patterns. The new cluster model allows all students attending a particular elementary school to matriculate to the same middle school, and students enrolled at that middle school will matriculate to the same high school. The cluster approach will better support students, schools and instruction, especially as we begin implementing the Common Core Georgia Performance Standards across the curriculum this year.



Source of information: APS Student Guidebook 2012-2013 and APS Strategic Plan 2012-2017

APS District Map

NORTH REGION:

404.802.6537

SOUTH REGION:

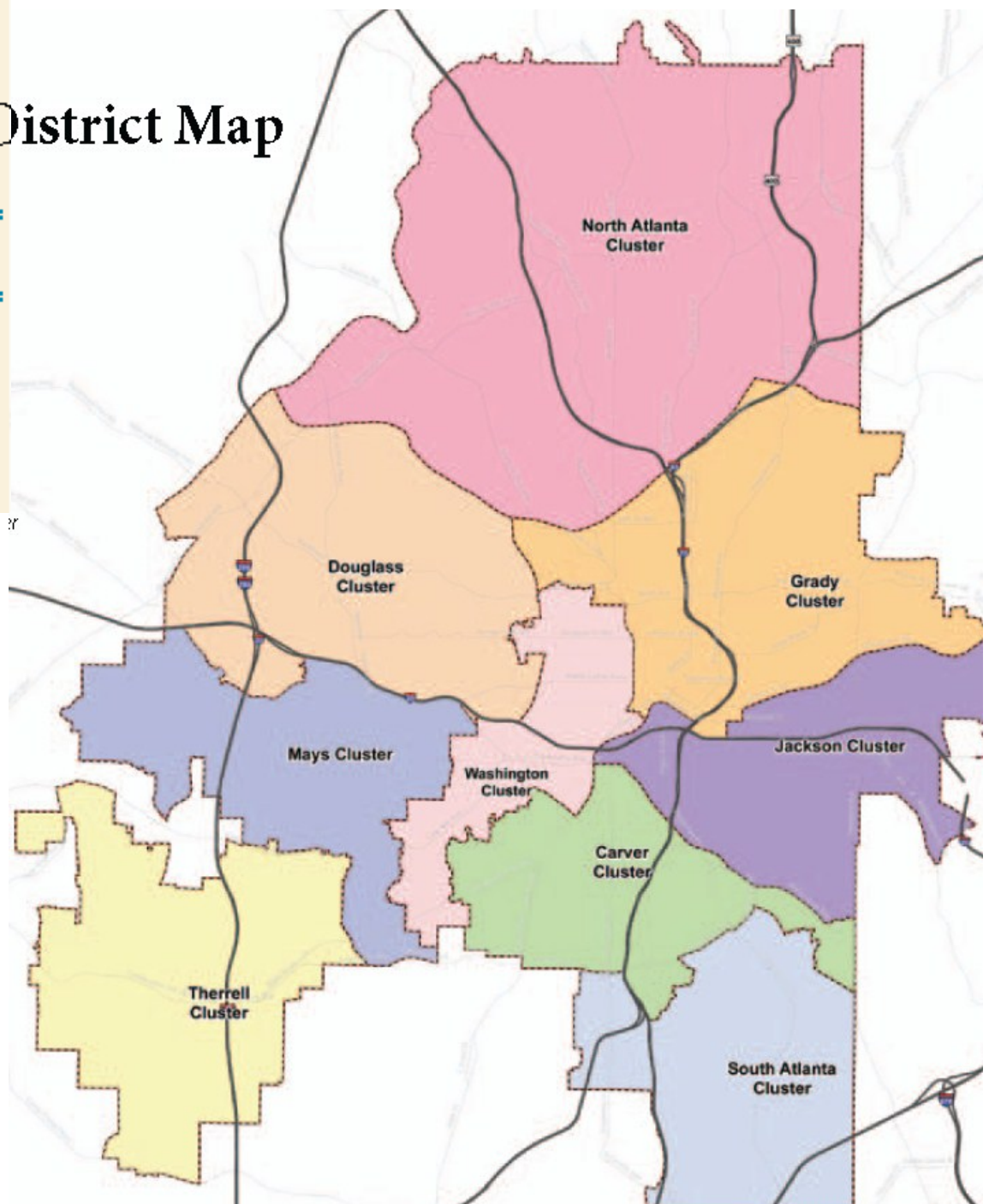
404.802.7550

EAST REGION:

404.802.3751

WEST REGION:

404.802.3667



Source of information: APS Student Guidebook 2012-2013 and APS Strategic Plan 2012-2017

Renewing our commitment to **Parents**

Parental guidance is a fundamental key in a student's education and success. Parents are strongly encouraged to motivate and support their children in their coursework and academic goals. APS offers a range of opportunities for parental involvement.

Parent Teacher Association (PTA)

Local School Councils

Parents As Teachers Academic Center

APS Parent Community Involvement Liaisons

Parent Mentors

Renewing our commitment to **Partners**

Strong partnerships help build strong schools. Support from corporations and non-profit foundations has resulted in playgrounds for schools, resources for teachers, internships for students, and many other valuable contributions throughout the district. In addition to corporate partners at the school level, here are a couple of the District's partnerships.

Atlanta Partners for Education (APFE)

APS Partners: Project for a Day



To learn more visit:

www.atlantapublicschools.us