



ATLANTA
PUBLIC
SCHOOLS

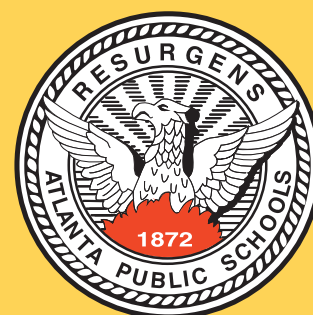
Making A Difference



FY 2007 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year 2007 Ended June 30, 2007

Atlanta Independent School System
Atlanta, Georgia



ATLANTA INDEPENDENT SCHOOL SYSTEM

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2007

Prepared by
Office of the Chief Financial Officer
Charles A. Burbridge

130 Trinity Avenue, SW
Atlanta, Georgia 30303

ATLANTA INDEPENDENT SCHOOL SYSTEM

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INTRODUCTORY SECTION



Our Focus...Student Success

ATLANTA PUBLIC SCHOOLS

130 TRINITY AVENUE, S.W.
ATLANTA, GEORGIA 30303-3624
(404) 802-3500

February 4, 2009

Honorable Members of the Atlanta Independent School System
Atlanta, Georgia 30303

Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) of Atlanta Independent School System (the "School System"), for the fiscal year ended June 30, 2007, is hereby submitted and prepared by the Finance Division of the School System.

The CAFR for the fiscal year ended June 30, 2007, is presented in conformance with the reporting model adopted by the Governmental Accounting Standards Board (GASB). Statement No. 34 is titled *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. The goals of this reporting model are to provide more relevant information that will result in greater accountability by state and local governments and to enhance the understanding and usefulness of the CAFR.

We believe the information, as presented, is accurate in all material respects. The report is presented in a manner designed to fairly present the financial position and the change in net assets of the School System as measured by the financial activity of its various funds. Certain disclosures have been included to enable readers to fully understand the School System's financial activities.

This report consists of management's representations concerning the finances of the School System. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in the report. To provide a reasonable basis for making these representations, management of the School System has established a comprehensive internal control framework. The framework is designed both to protect the School System's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the School System's financial statements in conformity with generally accepted accounting principles (GAAP). The cost of internal controls should be evaluated to provide assurance that costs do not outweigh their benefits. The School System's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

A narrative introduction, overview and analysis accompany our basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is a complement to the MD&A and should be read in conjunction with it. The MD&A follows the report of the independent auditors.

The School System's financial statements have been audited by independent certified public accountants, Banks, Finley, White & Co. The goal of the independent audit was to provide reasonable assurance that the financial statements of the School System for the fiscal year ended June 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion for business type activities and Governmental funds but qualified for governmental activities due to capital assets for the fiscal year ended June 30, 2007. The independent auditors' report is presented as the first component of the Financial Section of this report.

The School System is required to comply with The 1996 Amendment to the Single Audit Act (the "Single Audit Report") and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Included in a separately issued single audit report are the schedule of federal financial awards, the independent auditors' reports on internal controls and compliance with applicable laws and regulations and a schedule of findings and questioned costs.

REPORTING ENTITY AND ITS ORGANIZATION

The School System is responsible for the operation and maintenance of a public elementary and secondary school system within the corporate limits of the City of Atlanta (the "City"), along with an adult learning center. The City encompasses approximately 131 square miles with a population of 483,108 according to the Atlanta Regional Commission. The School System, which is the sixth largest in the State of Georgia, is an independent school system organized and existing under the City Charter of the City of Atlanta.

As of June 30, 2007, the School System operated 58 elementary schools, 16 middle schools, 20 high schools, an adult learning center, two non-traditional programs and eight charter schools (See Note Q). The School System is also the licensed owner of a public television and radio station and has entered into an agreement with a non-profit organization to operate the stations. Set forth below is the active enrollment for the fiscal year ended June 30, 2007.

	<u>Total Enrollment</u>
Pre-Kindergarten	906
Elementary Schools	26,069
Middle Schools	10,694
High Schools	<u>12,038</u>
Total	<u>49,707</u>

The School System consists of nine elected members, three of whom are elected on a citywide basis and six are elected from six districts within the City. School System members serve four-year terms and most recently took office on January 1, 2006. Members must be at least 18 years of age and be a resident of the City for at least one year prior to election. The School System elects its officers in January of each year. Under the provisions of the new School System charter, approved by the Georgia Legislature in 2003, members elect a new chairman and vice chairman every two years. The day-to-day administration of the school district is the responsibility of the Superintendent, who is appointed by the School System.

This report includes all funds of the School System and its component unit. Component units are legally separate entities for which the primary government is financially accountable. The Atlanta Educational Telecommunications Collaborative, Inc. ("AETC") is a legally separate entity for which the School System is the accountable licensed owner of the television and radio station and, accordingly, it has been included as part of the School System's reporting entity. AETC is shown in the report as a discretely presented component unit to emphasize its legal separation from the School System and to differentiate its financial position, results of operations and cash flows from that of the School System.

Included within the Atlanta Independent School System are eight charter schools. Charter schools were created by the Georgia General Assembly to increase student achievement through academic and organizational innovation. Local school systems are encouraged to utilize the flexibility of a performance based contract called a charter.

A major portion of the funding for the charter schools comes through the School System. Therefore, the School System is considered financially accountable for the charter schools. The financial activities of the charter schools have been blended (reported as if they were part of the School System) with those of the School System.

Pursuant to Georgia Statute 20-2-2062, charter schools are considered public schools and are entitled to receive equal treatment as a public school. The major source of funding for public schools is local property taxes. Additionally, public schools are funded by the State of Georgia Quality Basic Education allotment as prescribed in Georgia Statute 20-2-2068-1. Other funds are received from federal grants, local grants and donations.

ECONOMIC CONDITION AND OUTLOOK

The City of Atlanta maintains a stable economic base, primarily attributable to its diverse employment sectors and its strategic location within the Southeastern region. The City's diverse mix of industries is anchored by government, services, trade, education, finance, insurance, real estate, and manufacturing sectors. The Atlanta economy provided approximately 72% of the School System's general fund revenue. This revenue from local sources is primarily derived from property taxes.

The City's population is the top growth area in the state, and has been one of the highest growth areas of the country for over three decades. The city currently occupies a land area of 131 square miles, with a population of 483,108. The population gains have also resulted in an income distribution shift to higher wages and salaries. Atlanta's economic base is further strengthened by a highly-integrated transportation network, consisting of three major interstate highways (20, 75, and

85), a beltway (Interstate 285), expanded public transportation which includes Metro Atlanta Rapid Transportation Authority (MARTA), the addition of a fifth runway and construction of a new international terminal with expanded air cargo at Hartsfield-Jackson Atlanta International Airport. The airport, which is a regional economic engine, has consistently been ranked as the busiest passenger airport in the world. The City's designation as a Renewal Community Development of Housing and Urban Development will assist in promoting further economic development and affordable housing. The Atlantic Station mixed-use development and the Aquarium project have further strengthened the City's core business districts.

The School System continues to face serious reductions in the State's "Quality Basic Education" funding formula earnings. In addition to the over \$5.4 million in State funding lost in current year, state austerity reductions have amounted to nearly \$47.6 million through fiscal year 2007. Additionally, reductions of \$4.4 million for fiscal years 2008 have already been instituted by the State of Georgia.

The economic outlook is sound with moderate employment gains expected over the short term. The Atlanta economy is expected to continue to benefit from a diverse economic base and strategic location in the Southeastern region.

MAJOR INITIATIVES

While student achievement, especially at the elementary school level, continues to improve, the district must accelerate its efforts to meet the goal of APS 2007; "that by the 2007-08 school year, 100 percent of the schools will meet or exceed 70 percent of their targets while closing the achievement gap." During the 2007-08 school year, APS will sustain its focus on elementary schools while intensifying its focus on middle and high schools, using national models to create smaller learning communities. Small Learning Communities provide a rigorous curriculum, quality teaching, and an environment of individualized support that research shows is most effective in promoting student achievement.

APS 2007 marks a milestone when all Atlanta Public Schools will meet at least 70 percent of their Comprehensive School Reform targets in reading, English/language arts, attendance and enrollment in higher-level classes. To accelerate the momentum towards making APS a high performing school district, the APS 2007 initiative used project management as a foundation to put in place policies, procedures and resources that will produce a world-class school system. The results of this initiative are as follows:

Elementary Schools

The district will continue to use research, data and nationally proven reform models to guide teaching and learning at elementary schools.

Key Focus Areas

- Sustain comprehensive school reform designs
- Recruit and retain quality staff (K-12)
- Provide differentiated support and resources targeted to the individual needs of students
- Continue targeted support to address academic gaps in the summer, before and after school programming and intercession learning opportunities

Middle Schools

APS opened two single-gender academies in 2007-08 school year as a pilot program for students currently attending Carson Middle School. The Middle School Transformation is a strategic initiative with the purpose of improving and reforming all of the district's middle schools. The opening of two single-gender academies in 2007-08 school year is the first phase of the Middle School Transformation initiative.

The district selected the Benjamin S. Carson Honors Preparatory School based on the challenging demographics of the community and the need to improve student performance. Consequently, The Coretta Scott King Young Women's Leadership Academy for 6th grade girls and the B.E.S.T Academy for 6th grade boys at Ben Carson opened in August 2007. Each school opened with a 6th grade class and every year another grade will be added. Eventually the two academies will have a grade 6-12 grade configuration, creating a seamless transition from middle to high school on the same campus. Research is clear that single-gender schools improve academic achievement, significantly increase graduation rates and produce a higher number of students attending college. 100 Black Men of Atlanta and the Atlanta Cluster of the Links, Inc. have partnered with the academies to provide resources, mentors and support services. In addition, several programs are being piloted in select middle schools during the 2007-2008 school year.

Key Focus Areas

- Implementation of Middle School Transformation:
 - Small Learning Communities
 - More rigorous instructional program
 - Student support networks
- Structural supports and resources for Single Gender Schools
- Continue targeted professional development for reading and mathematics endorsements
- Georgia Performance Standards (GPS) training

High Schools

In 2005, APS began its High School Transformation effort with the opening of the new schools at Carver - five small high schools within a high school. The overall goals of the high school transformation include graduating at least 90 percent of 9th graders in four years and preparing students for success after graduation whether they attend college or enter the workforce. In 2006-07 school year, the transformation extended to South Atlanta and Therrell high schools as each embarks upon a "planning year" to prepare for conversion into four small high schools in 2007-08 school year. The remaining APS high schools will be transformed in two subsequent waves.

Key Focus Areas

High School Transformation:

- New schools at Carver – year-3 design implementation
- Launch standardized curricula
- Implementation year for transformation/redesign for Therrell and South Atlanta high schools with six additional principals
- Planning year for transformation/redesign for Washington, Douglass, and Southside high schools

- Ongoing communication between middle and high school staffs to support smooth transition for students
- Aggressive professional development in core content areas and specialty pathways

Project GRAD

- Transition to institutionalized Project GRAD services and monitoring functions
- New levels of program oversight and support - (APS internal position) – to ensure accountability

Mathematics and Science Initiative

Just as APS concentrated on literacy in the early 2000's, the district is now turning a similar focus to the teaching and learning of mathematics and science across all grade levels. This includes intense professional development for teachers to assist them with mastering content and effective instructional practices in the classroom.

Key Focus Areas

- Provide standards-based curricula (K-12)
- Targeted professional development for content knowledge and best teaching practices
- Rigorous in-class instruction with relevant materials (manipulatives, new textbook adoption learning resources) and project-based learning
- Standard processes for teacher collaboration, planning and classroom delivery

Instructional Mentors Program

This program is a personalized support system for the retention of teachers. The program supports teachers in:

- Succeeding in their early years (0-3 years of teaching)
- Maintaining a strategic focus on student learning and classroom instruction
- Emerging as skilled, confident professionals who continue their careers with APS

INSight Instructional Management System

This Instructional Management System facilitates personalized student instruction. The system also provides:

- Monitoring of instruction
- Lesson planning
- Curriculum and standards alignment
- District benchmark testing
- Ongoing teacher training

Student Information System Upgrade

APS will replace the current student information system to better meet the needs of parents, teachers, staff and students. The upgraded system will include the following components:

- On-line parent connection
- Grades, attendance, schedules
- Web based access (teachers can access the system from home)
- Real time data access

VISION:

Atlanta Public Schools will become one of the nation's top performing urban school districts in which all students will become lifelong learners equipped with the appropriate skills and competencies to become contributing members of society.

MISSION:

We are accountable for focusing our talents and resources on ensuring that Atlanta Public Schools students are successful in school and in life.

STRATEGIC GOALS:

APS 2007 (Accelerate, Perform, Sustain)

By the 2007-08 school year, 100 percent of schools will meet or exceed at least 70 percent of their targets while closing the achievement gap.

To improve student achievement by achieving excellence in:

- Instruction and information delivery
- Facilities and the learning environment
- Business operations

STRATEGIC PLAN:



COMPREHENSIVE SCHOOL REFORM AND STRATEGIC PLANNING

Implementing comprehensive school reform was the School System's main focus during the 2006-07 school year. Aggressive protocols were utilized to recruit, employ, develop, and retain competent teaching and administrative staff in order to attain the goals of the district. All of the district's 94 traditional elementary and secondary schools have implemented a nationally recognized, scientific research-based comprehensive school reform design to improve student achievement. Student success data suggests that the designs are working and realizing steady incremental gains across the spectrum at all grade levels.

Listed below are key things we are doing to raise achievement in our schools:

- We put comprehensive school reform models in all our schools.
- We gave school teams planning time and put coaches in the classroom to help our teachers improve their delivery of instruction.
- We aligned our curriculum and scope and sequence with the Georgia Performance Standards.
- We gave teachers and school leaders the tools to analyze student performance so they can continually adjust instruction
- We recruited high quality principals and invested in principal training to help them become even more effective instructional leaders.
- We put together school reform teams that provide cross-functional support to schools under the leadership of high performing executive directors of schools.
- We targeted our resources to help our lowest performers.

The School System's focus is on raising academic standards for all of its students. Curriculum content standards specify what students should know at each grade level and what the teachers must teach. These standards guide the selection of curriculum materials and actual classroom instruction.

Within this framework of challenging standards, the School System offers a broad range of academic curriculum from early childhood to college preparatory. The School System is in the fifth year of a five-year comprehensive school reform program. The program is broad in its reach and targeted in its goals.

The key component to the Atlanta Public Schools comprehensive school reform movement is the implementation of Project GRAD (Graduation Really Achieves Dreams). It is a school-community collaborative to improve the instructional quality and culture of at-risk feeder patterns in school systems. The goal of the program is to find solutions for addressing the needs of inner-city schools. The program raised more than \$20 million, primarily from private funds. Scholarships will enable students to pursue post-secondary choice and degree programs.

Project GRAD, which is in approximately one-third of the schools in APS, has proven that the problems facing inner-city school systems can be overcome with the right resources, strategies and school-community collaboration. Project GRAD scholars currently are enrolled in 49 colleges and universities throughout the country.

All of our Project GRAD schools are making extraordinary gains in student achievement. From 2003-2007, graduation rates for Project GRAD high schools have dramatically improved. All three schools now exceed the national average for urban schools:

Carver High School from 23% to 66%
South Atlanta High School from 37% to 74.7%
Washington High School from 62% to 86.8%

ACCOMPLISHMENTS AND HIGHLIGHTS OF FISCAL YEAR 2007:

For the first time in Atlanta Public Schools' history, 100 percent of our elementary schools, including our charter schools, made Adequate Yearly Progress as defined by the Federal No Child Left Behind Act during the 2006-07 school year. Of the 102 Atlanta Public Schools, including charter schools, 81 schools made Adequate Yearly Progress (AYP) for fiscal year 2007.

Assessing the Big Picture (K-8)

- 82% of all students met/exceeded the standard in Reading
- 86% of all students met/exceeded the standard in English/Language Arts
- 74% of all students met/exceeded the standard in Mathematics
- 80% of all students met/exceeded the standard in Social Studies
- 53% of all students met/exceeded the standard in Science

Assessing the Big Picture (K-12)

- Schools demonstrated high level performance (district numbers sustained) on the Georgia High School Graduation Test (GHS GT), and the district continues to sustain a nationally competitive graduation rate for urban students (68%).
- 68 APS schools demonstrated higher performance in one or more grades than the State on the Georgia Performance Standards (GPS) tests.
- 13 APS schools demonstrated higher performance than the state in all grades in reading, English/ language arts and/or math.
- The academic year ended with graduation ceremonies for 1,785 Atlanta Public Schools seniors.
- Graduates were offered over \$45 million in scholarships to institutions of higher education.

In Atlanta, where major scientific, engineering and research-based universities, technology and aviation-specific corporations and institutions thrive, the jobs of the future will require at least two years of college. APS believes that improved student achievement in mathematics and science is critical for our students to adequately perform on the local, national and global stages and also for acceptance into and completion of college.

Recently released data from the 2007 State Assessment Program suggests that APS continues a consistent eight-year trend of progress and demonstrates that teachers, leaders and students are successfully navigating Georgia's more rigorous Performance Standards. In the courses and subjects where the new Georgia Performance Standards (GPS) have been taught for two years, the percentage of district students meeting and exceeding the standards on the State's Criterion-Referenced Competency Tests (CRCT) has improved significantly in all 19 GPS content area tests. The data show that APS students are improving at a faster rate than students throughout the state, which is very encouraging since one of our goals is to close the achievement gap with the state.

But again, although improvement in mathematics and science was demonstrated this year, overall student performance in these areas still lags behind other subjects. If we are to achieve world-class status or best in class status, our instructional program must be able to consistently move larger numbers of students to proficiency and beyond.

ACHIEVEMENTS AND RECOGNITIONS

Some of APS' many achievements, accomplishments, and recognitions follow:

Awarded a Record-Breaking \$22 Million College Bound District Grant from the GE Foundation

APS was awarded a \$22 million math and science grant from the GE Foundation, making it the largest private grant in the district's history. APS is using the grant to develop a rigorous, system-wide math and science curriculum and to provide comprehensive professional development for teachers. The partnership also includes employee volunteers from GE Infrastructure and GE Energy who are sharing their knowledge of technology, math and science with students to impart real-world knowledge in the classroom. The goal is for students to learn from both teachers and GE volunteers as they work together on special mathematics and science projects involving real-life challenges.

Adequate Yearly Progress in 2006-2007 school year

All APS elementary schools – “100 percent” – made Adequate Yearly Progress (AYP) this year, which the Council of the Great City Schools believes makes Atlanta “the only urban school district in the United States that can make that claim.” Seventy-one percent of APS middle schools made AYP last year and three came off the Needs Improvement list.

Schools Recognized for Great Gains on CRCT

The Governor's Office of Student Achievement and the Georgia Department of Education announced 17 APS schools as winners for highest performance and greatest gains in student achievement and academic improvement. Brandon, Smith, Jackson and Morningside elementary schools were recognized in the highest performance category. F.L. Stanton, Usher, Toomer, Whitefoord, Dunbar, Blalock, Garden Hills, Towns, C.W. Hill elementary schools, Neighborhood Charter School, Bunche Middle, Kipp WAYS Academy, and the Carver School of Technology were recognized in the greatest gains category. The awards were based on 2006-2007 performance on state curriculum assessments, the Criterion-Referenced Competency Tests (CRCT) and/or Georgia High School Graduation Tests (GHS GT). Each school will receive a banner and a commendation from Governor Sonny Perdue.

Gains Recognized in High School SAT Scores

Several APS high schools performed well on national and state-wide measures. Grady High School, which achieved higher average SAT scores than the state, had challenges with mathematics this year. North Atlanta, Douglass, Washington and Carver Senior Academy had challenges with mathematics, which did not make AYP due to performance in mathematics. This data further validates our focus on transforming all of our high schools and improving mathematics instruction.

Great Strides with the High School Transformation Initiative

Atlanta Public Schools is working to improve student performance on the high school level through the High School Transformation Initiative. A five-year strategic roadmap, designed to improve student performance, so that 90 % will graduate in four years well prepared for post-secondary options.

Data from the first-phase of the transformation initiative at the New Schools at Carver indicate that the program is working. The graduation rate increased from 36% in spring 2005 with Georgia W. Carver Comprehensive High School to 61.4% with Carver Senior Academy in spring 2006. Carver Early College successfully launched a dual enrollment program and had 19 sophomores begin taking college-level courses at Georgia State University in fall 2006.

Additionally, all four of the new small schools at Carver met the AYP academic requirements but one had challenges meeting its second indicator - attendance.

Venetian Hills Elementary Recognized as National Blue Ribbon School of Excellence

Venetian Hills Elementary School was named by the U.S. Department of Education in September 2007 as a “National Blue Ribbon School of Excellence,” one of the nation’s highest education honors.

Improved Graduation Rates

Graduation rates at the three high schools using the APS signature reform initiative, Project GRAD (Graduation Really Achieves Dream), have soared from 2003 to 2007, with Carver’s rising from 23 percent to 66 percent, South Atlanta’s from 37 % to 74.7 % and Washington’s from 62 % to 86.8 %. In addition, “our Project GRAD scholars are currently enrolled in 49 colleges and universities throughout the country, including some of the small Ivy League schools.”

2007 State Assessment

Data recently released from the 2007 State Assessment Program “suggests that APS continues a consistent eight-year trend of progress, and demonstrates that teachers, leaders and students are successfully navigating Georgia’s new, more rigorous Performance Standards. The data shows that APS students are improving at a faster rate than students throughout the state,” and that “the percentage of APS students meeting and exceeding the standards on the state’s Criterion-Referenced Competency Tests (Crates) has improved significantly in all 19 Georgia Performance Standards content-area tests.”

FINANCIAL INFORMATION

Single Audit. As part of the School System's single audit, tests are made of the internal control structure and its compliance with applicable laws and regulations, including those related to federal financial assistance programs. The results of the tests appear in the single audit report issued separately.

Budgetary Controls. The School System maintains budgetary controls to ensure compliance with legal provisions of the annual appropriated budget approved by the School System.

Activities in the general fund and special revenue funds are included in the annual appropriated budget. The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established by program within an individual fund. The School System also maintains an encumbrance accounting system as another technique of accomplishing budgetary control. Encumbered amounts lapse at year-end, but may be re-appropriated as part of the following year's budget.

The Special Local Option Sales Tax ("SPLOST") fund has a multi-year budget for the five-year statutory authorization of the tax. The second of such referendum began on July 1, 2002 and will expire in 2007. On March 20, 2007 the Voters of Fulton and Dekalb counties voted in favor of the extension of the SPLOST for 20 consecutive calendar quarters. The new SPLOST would start on July 1, 2007 and upon the expiration of the current version. The revenues of this fund are dedicated to new construction and renovation of existing facilities and some administrative costs related to construction. The five-year SPLOST budget is updated at least annually. Full financial statements are prepared and included as part of this CAFR. An external audit has been performed and issued separately each year of the SPLOST program.

Liquidity. As demonstrated by the statements and schedules included in the financial section of this report, the School System continues meeting its responsibility for sound financial management. For the year ended June 30, 2007, the School System presented and operated with balanced budgets for all governmental funds. The School System also maintains adequate cash reserves to meet all obligations as they come due.

Cash Management. The School System actively manages its cash balances at all times while abiding by the guidelines in its investment policy to maintain adequate liquidity. Accordingly, all deposits were either collateralized or insured by federal depository insurance. The School System's investment policy requires the minimization of credit and market risks while maintaining a competitive yield. One hundred percent of investments held by the School System at June 30, 2007, were classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board.

Risk Management. The mission of the Risk Management Department is to protect the School System against the adverse effects of an accidental loss in the area of property, liability, and personnel. This department manages the self-insured workers' compensation program, employee benefits program, unemployment compensation program, property and casualty insurance program, safety program and employee assistance program. The emergency management program is managed by the facilities department, as is the contract review process.

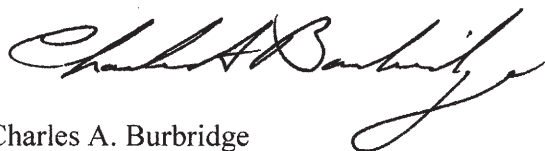
Independent Audit. Independent certified public accountants Banks, Finley, White & Co., audited the financial statements and their opinion is presented as the first component of the financial section

of this report. The School System also complies with the requirements of the single Audit Act; and associated reports and schedules are presented in a separately issued single audit report.

Awards. Atlanta Public Schools also received the Association of School Business Official's (ASBO) Meritorious Budget Award for excellence in the preparation and issuance of a 2006-2007 and 2007-2008 school system annual budget. The Meritorious Budget Awards Program was designed by ASBO International and school business management professionals to enable school business administration to achieve excellence in budget presentation. The Meritorious Budget Award is only conferred to school systems that have met or exceeded the Meritorious Budget Award Program criteria. No other organization or award program is specifically designed to enhance school budgeting and honor a school system for a job well done.

Acknowledgements. The preparation of this report could not have been accomplished without the support and cooperation of elected members of the School System, other School System departments, external auditors for the School System, and dedicated efforts of the entire staff of the Division of Finance. We truly appreciate the efforts of all contributors to this report.

Sincerely,



Charles A. Burbridge
Chief Financial Officer



Beverly L. Hall, Ed.D.
Superintendent

ATLANTA INDEPENDENT SCHOOL SYSTEM

List of Principal Officers June 30, 2007

SCHOOL SYSTEM MEMBERS

District 4: Kathleen Barksdale Pattillo, Chair

Kathleen (Katy) Pattillo serves as chair of the Atlanta Board of Education and has begun her second term on the Board. Prior to her board work, she served as co-president of the PTA at Sarah Smith Elementary School and as the chair of the Boys & Girls Club of Metro Atlanta. She previously practiced law and has worked at CNN, the Southern Company and in the press offices of the U.S. Senate Majority Leader Howard Baker and Sen. Herman E. Talmadge.

Ms. Pattillo received her J.D. degree from Emory University School of Law and her B.A. in political science from the University of Georgia after attending Hollins College. She serves as a trustee of the Boys & Girls Club of Metro Atlanta



Seat 9: Emmett D. Johnson, Vice Chair

Mr. Emmett Johnson has proven that he is a person dedicated to making a positive difference. He is committed to serving the need of our youth. He is knowledgeable about educational issues. As a member of the Atlanta Board of Education, Mr. Johnson:

Currently serves as Vice-Chair of the Board (2006-2008); has been appointed by Governor Sonny Perdue to the Master Teacher & Academic Coach Implementation Committee (July 2005); served as Chair of the Atlanta Board of Education (2003); chaired the Community Support for School Reform and Innovations Ad Hoc Committee (Year 2000); chaired the Board Development/Board Retreat Task Force (Year 2002); serves on the Facilities Master Plan Oversight Commission and the Parent and Family Involvement Task Force; Is a member of the 2001 Georgia School Boards Association Governmental Operations Committee; Is a member of the Georgia School Boards Association Nominating Committee for the selection of the Association's, President; President Elect, and Treasurer (2000 - 2001); serves as delegate to the Georgia School Boards Association (2001) and serves as a representative to Metro RESA (2001) .



District 1: Brenda J. Muhammad

Brenda Muhammad is the executive director of the Atlanta Victim Assistance, Inc. (AVA), an organization that advocates for the fundamental rights of victims and witnesses of crime with compassion, dignity and respect. AVA provides comprehensive services which remove barriers, strengthen victims and their families and foster a healthy transition from victim to survivor.

Passionate about children and their educational needs, particularly those who are underserved, Brenda currently serves as the School Board Representative for District 1. She has also served the Atlanta School Board in times past as president and vice president.

**District 2: Khaatim Sherrer El**

In November 2003, voters in Educational District 2 elected Khaatim S. El to the Board of Education as the youngest member in the history of the Atlanta Public Schools. He serves as Chair of the Facilities Commission; member of the Audit Commission; Alternate Delegate to the Georgia School Boards Association; and Board Representative to the Project GRAD Board of Directors.

During his high school years, Khaatim served on the Board of Education in Newark, New Jersey as the student representative, beginning his work and interest in youth advocacy and public education. He is finishing requirements for his degree in Urban Studies at Morehouse College, with plans to further his education concentrating in urban public school reform.



District 3: Cecily Harsch-Kinnane

Cecily Harsch-Kinnane has been involved in Atlanta Public Schools for nine years. She and her husband, Paul, have three children in APS and she has served as PTA president at Morningside E.S., on the PTA boards at Inman M.S. and Grady H.S., as co-president of the Council of Intown Neighborhoods and Schools and on the principal selection committee at several schools. She has been involved with Habitat for Humanity, served on the City Of Atlanta Elected Officials Compensation Commission and on the board of the Atlanta Youth Soccer Association. Ms. Harsch-Kinnane is a former middle and high school math teacher and has recently been the coordinator of an after school-mentoring program. She is a native of Atlanta and received a BA in Mathematics from Brown University and has done graduate work in Math Education and Educational Psychology at Georgia State University.



District 5: LaChandra D. Butler Burks

Born and raised in Atlanta, Georgia, LaChandra Butler Burks' passion for children and commitment to education has been evident all of her life. As a product of Atlanta Public Schools, she considers it an honor to now serve as a member of the Atlanta Board of Education because it allows her to fight daily to have quality, public education for the children of a city she dearly loves. It is her strong belief that everyone must be involved in making sure that children are whole and well.

On November 8, 2005, the residents of Atlanta elected LaChandra out of six candidates with 58% of the votes as the Atlanta Board of Education District 5 Representative. A graduate of L.P. Miles Elementary School and C.L. Harper High School with a Bachelors Degree from State University of West Georgia, (formerly West Georgia College) and a Masters of Business Administration, Butler Burks received most of her political experience from having worked under the leadership of three Atlanta mayors for 13 years



District 6: Yolanda Johnson

Yolanda Johnson is a proud resident of the Adams Park Community of Southwest Atlanta. She is a product of public schools, and a practicing attorney who has been actively engaged in the community since she made Atlanta her home more than a decade ago.

She began volunteering with the Atlanta Public Schools (APS) when she agreed to serve on a committee redeveloping the curriculum for the Law and Government Magnet at Therrell High School. This experience gave her unique system insight, and firsthand knowledge of how even a small group of dedicated people can make differences in the lives of our children: our future.

**Seat 7: Eric W. Wilson**

Eric W. Wilson was elected to the Atlanta Public School Board of Education, District 7 At-Large in November 2001. He represents the Board on the Council of Urban Boards of Education (CUBE).

Eric W. Wilson holds a Master of City Planning degree from the Georgia Institute of Technology, a Bachelor of Science in Public and Environmental Affairs from Indiana University and received his Military Officer Commission from the Indiana Military Academy.



Seat 8: Mark Riley

“Revitalizing Atlanta’s inner city has been a focus of my professional life, and I have always firmly believed that revitalization of the city must be paralleled by the development of a system of high performing schools. Without such schools, Atlanta will not fulfill its potential to prepare its residents to contribute to a high quality of life not only for themselves, but for all of us.”

Mr. Riley is Managing Partner of Urban Realty Partners, an in-town real estate development firm. He is also Director of the Sartain Lanier Family Foundation (focused on improving education options in the metro Atlanta area) and serves on several civic boards. He holds J.D. and B.A. degrees from Vanderbilt University, and is active in alumni affairs.



Board of Education Goals and Objectives

Each year, the Board of Education adopts goals as a means to improve its educational programs. The human and financial resources are allocated in the budget in order to achieve the adopted goals of the District. The objectives of the APS Board of Education are:

- To provide and maintain a quality, comprehensive, high-level curriculum to be followed by all schools in the District
- To enhance the use of technology by students, teachers and staff in the instructional process
- To enhance political relationships with various entities in the District
- To increase public awareness and participation in school district affairs
- To exercise fiscal discipline

SUPERINTENDENT

Beverly L. Hall, Ed.D.

SENIOR CABINET

Charles A. Burbridge.....Chief Financial Officer

Veleter Mazyck.....General Counsel

Kathy Augustine.....Deputy Superintendent for Instruction

Millicent Few.....Chief Human Resources Officer

Roger Kubler.....Deputy Superintendent for Operations

Suzanne Yeager.....Chief Communications Officer

Thelma Mumford-Glover.....Special Assistant to the Superintendent

Susan Obermeier.....Chief Strategy and Development Officer

Sharron Pitts.....Chief of Staff



ATLANTA PUBLIC SCHOOLS

