



ATLANTA
PUBLIC
SCHOOLS

Making A Difference

Popular Annual Financial Report

For the year ending
June 30, 2009

May 21, 2010

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, 2009. 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,

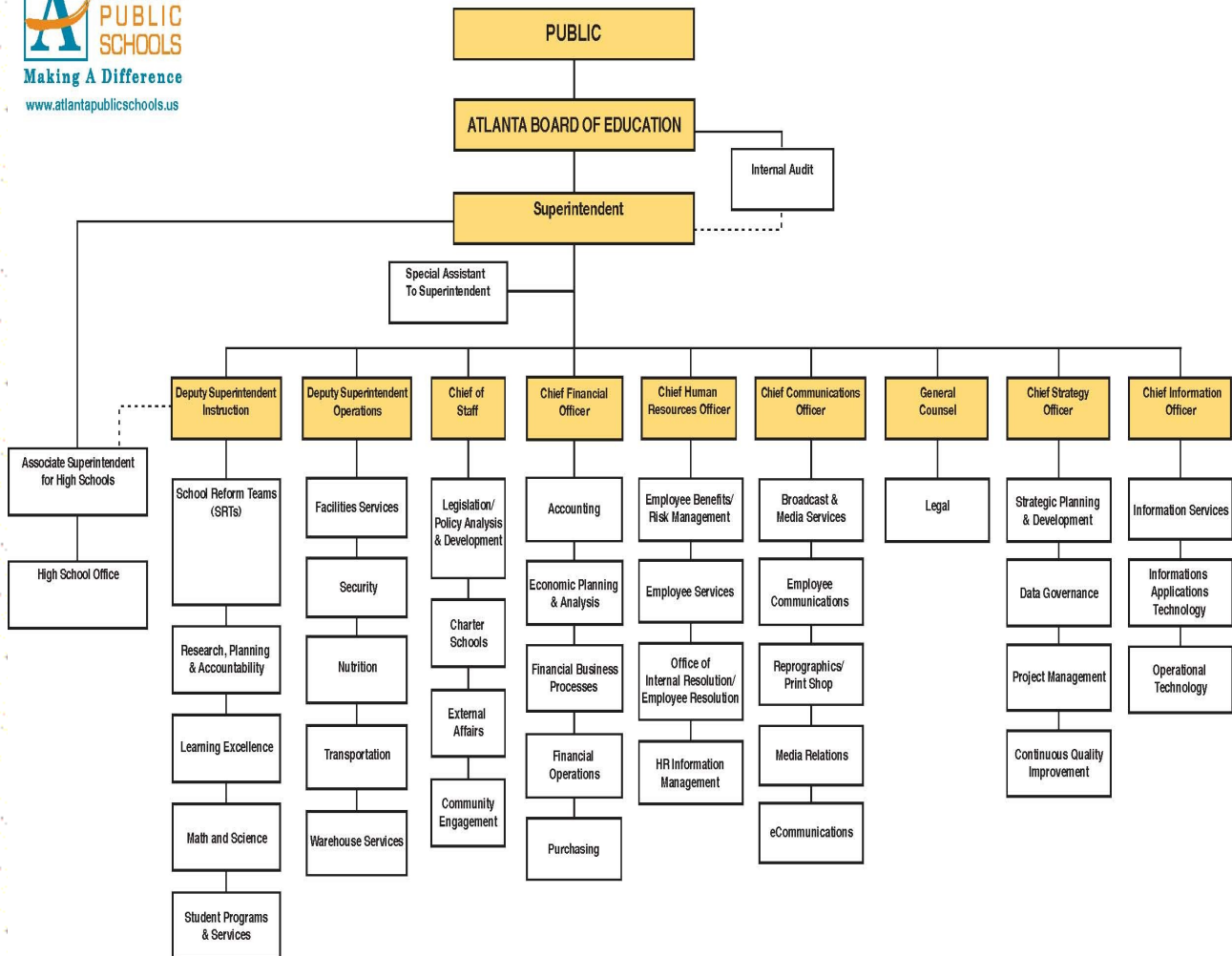


Charles A. Burbridge
Chief Financial Officer



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 \$1,228.57 million in fiscal year 2008 to \$1,289.24 in fiscal year 2009, an increase of approximately \$60.67 million or 4.9%.

Resources over Services:

- Total resources decreased from \$878.01 million in fiscal year 2008 to \$849.32 million in fiscal year 2009, a decrease of approximately \$28.69 million or 3.3%. The main source of resources is local and sales taxes.
- Total services decreased \$17.41 million or 2.2% from \$806.60 million in fiscal year 2008 to \$789.19 million in fiscal year 2009. The majority of the services are in instruction.

Outstanding Debt:

- Long-term debt decreased by \$6.81 million or 12.4% from \$55.12 million in fiscal year 2008 to \$48.31 million in fiscal year 2009. The District issued no new debt in fiscal year 2009.



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	<u>2009</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 456.86	\$ 472.72	\$ 360.65
Net capital assets and net pension asset	1,019.25	902.82	937.11
Total benefits	\$ 1,476.11	\$ 1,375.54	\$ 1,297.76
Financial Detriments			
Long-term debt outstanding	\$ 68.72	\$ 67.72	\$ 59.20
Other liabilities	118.15	79.25	81.39
Total detriments	\$ 186.87	\$ 146.97	\$ 140.59
Net worth			
Invested in capital assets, net of related debt	\$ 962.14	\$ 854.30	\$ 902.19
Restricted for debt services	2.58	14.76	3.84
Restricted for capital projects	149.79	167.76	103.14
Unrestricted	174.73	191.75	148.00
Total net worth	\$ 1,289.24	\$ 1,228.57	\$ 1,157.17

Resources over Services

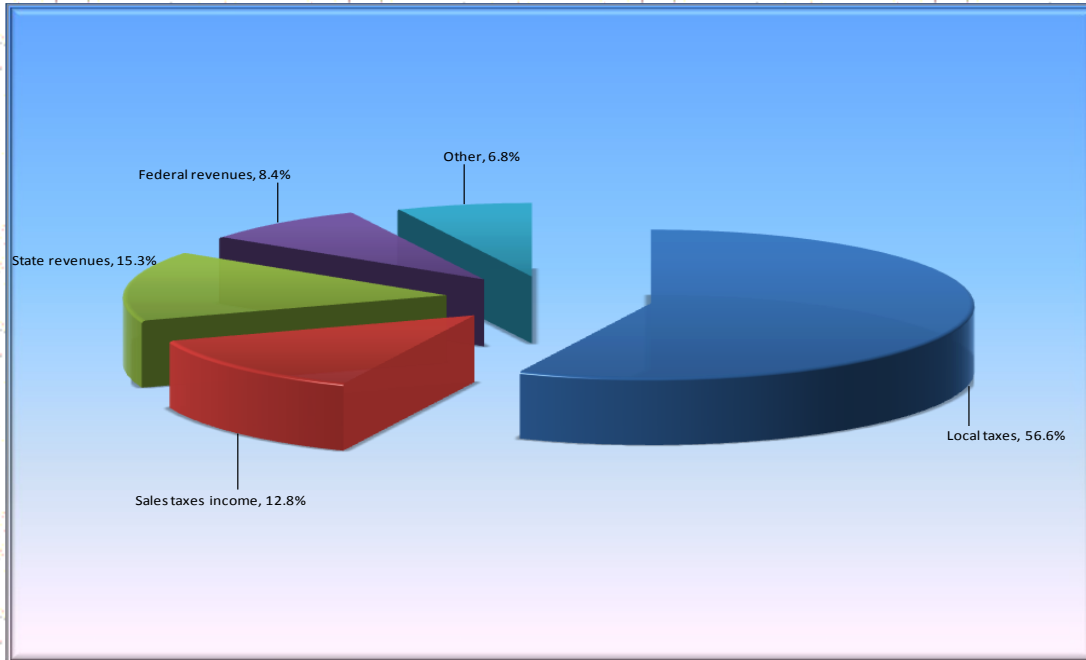
The Financial Activity Statement provides a summary of the resources (revenues) and services (expenses) of the District.

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Resources Taken In			
Local taxes	\$ 480.89	\$ 471.31	\$ 439.34
Sales taxes income	108.96	115.74	121.57
State revenues	129.93	163.74	151.92
Federal revenues	71.66	71.65	71.66
Investment income	6.42	13.65	13.32
Facility rental fees	1.25	1.60	0.91
Tuition charges	0.14	0.11	0.27
Charges for services	3.06	5.93	4.60
Other	47.02	34.27	33.90
Total Resources	<u>\$ 849.32</u>	<u>\$ 878.01</u>	<u>\$ 837.49</u>
Services Provided			
Instruction	\$ 420.13	\$ 442.32	\$ 386.47
Support services:			
Pupil services	36.26	36.92	20.42
Improvement of instructional services	38.61	42.18	27.78
Educational media	13.39	11.64	8.11
General administration	17.31	18.66	22.62
School administration	26.93	34.55	25.10
Business administration	27.17	11.48	14.96
Maintenance and operations	88.48	91.60	57.87
Student transportation	53.66	42.71	19.87
Central support	38.80	32.90	19.21
Community services	0.00	0.00	25.09
Food services	21.75	30.52	0.00
Other support services	4.28	11.12	(0.02)
Enterprise operations	0.00	0.00	2.27
Interest expense	2.41	0.00	1.03
Total Services	<u>\$ 789.18</u>	<u>\$ 806.60</u>	<u>\$ 630.78</u>
Resources Over(Under) Services	<u>\$ 60.14</u>	<u>\$ 71.41</u>	<u>\$ 206.71</u>



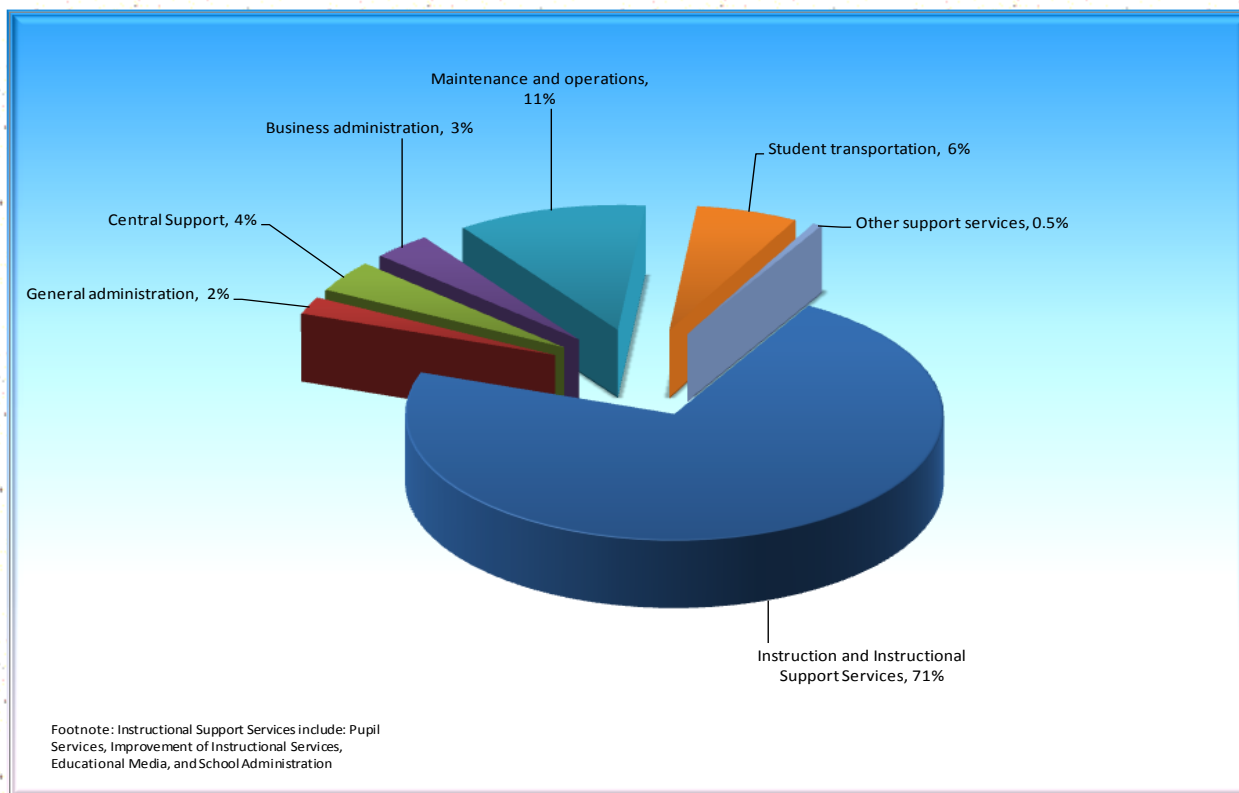
Our Resources:

(Where the Money Comes From)



Our Services:

(Where the Money Goes)

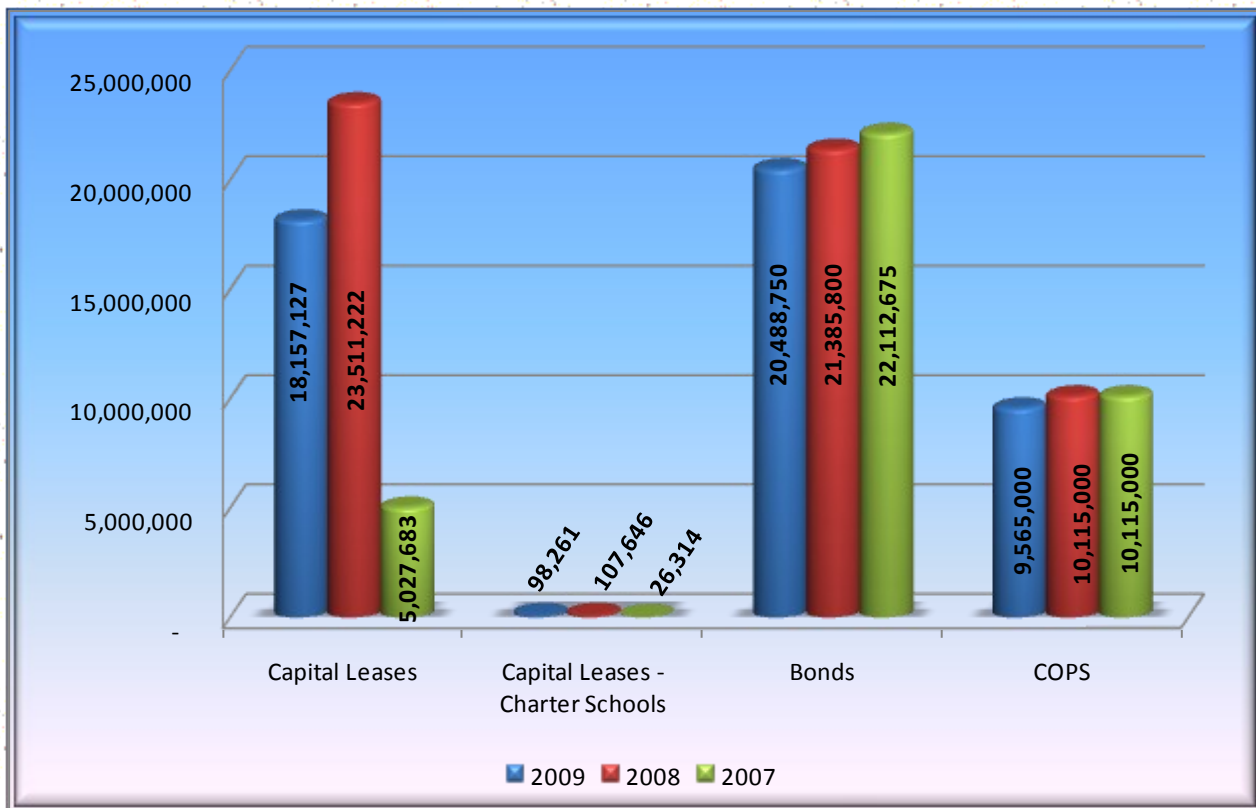


Outstanding Debt at Year End

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.

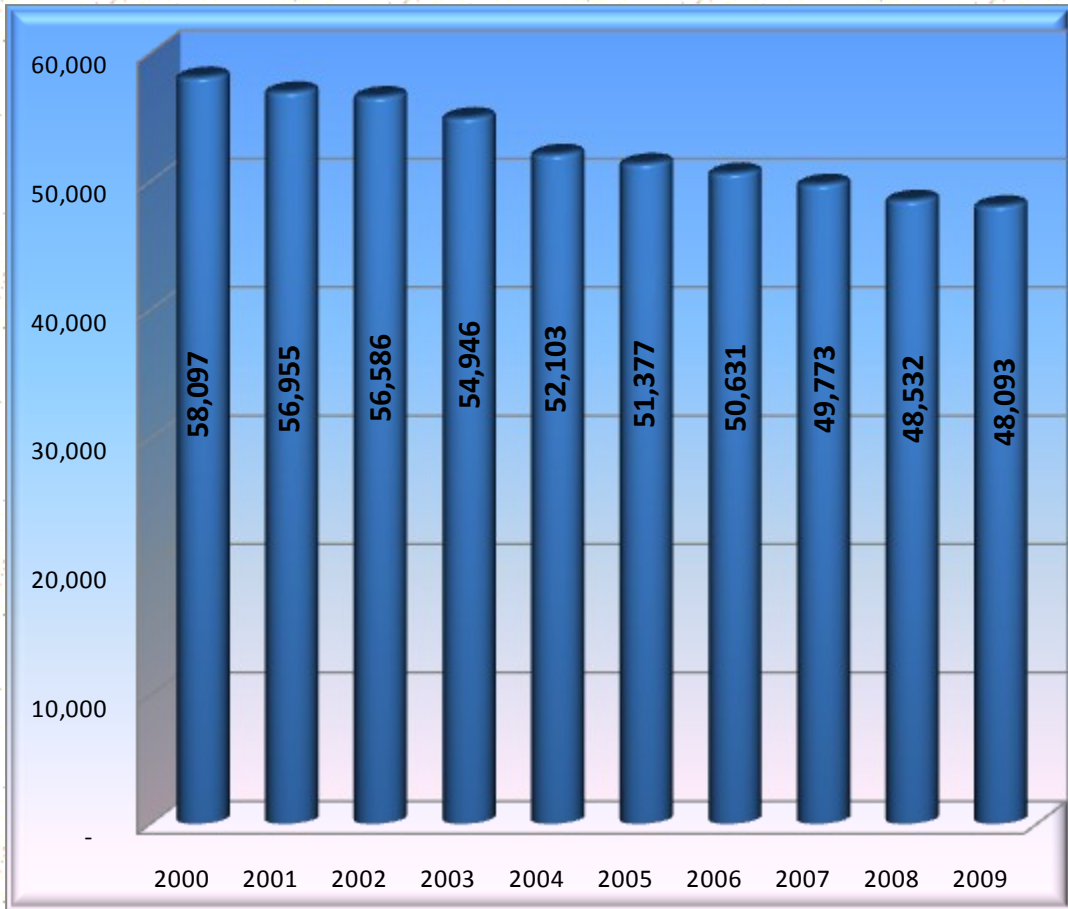
Over the years, the City of Atlanta has issued various annual general obligation bonds and general obligation refunding bonds on behalf of the School System. The debt service for the bonds has been funded through the School System's bonded debt portion of the annual tax levy.

Outstanding Debt	2009	2008	2007
Long-term debt			
Capital leases	\$ 18,157,127	\$ 23,511,222	\$ 5,027,683
Capital leases - Charter Schools	98,261	107,646	26,314
Intergovernmental agreement- City of Atlanta	20,488,750	21,385,800	22,112,675
Certificates of Participation (COPS)	9,565,000	10,115,000	10,115,000
Total long-term debt	\$ 48,309,138	\$ 55,119,668	\$ 37,281,672



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 2009 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.

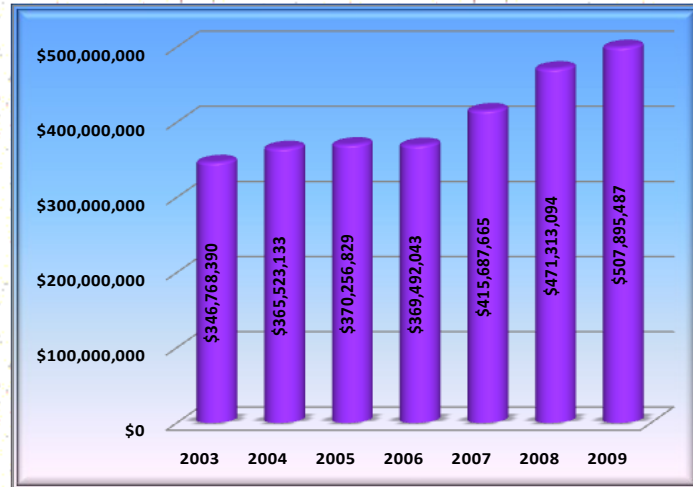
DEBT SERVICE includes payments of principal and interest on capital leases and long-term debt.



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

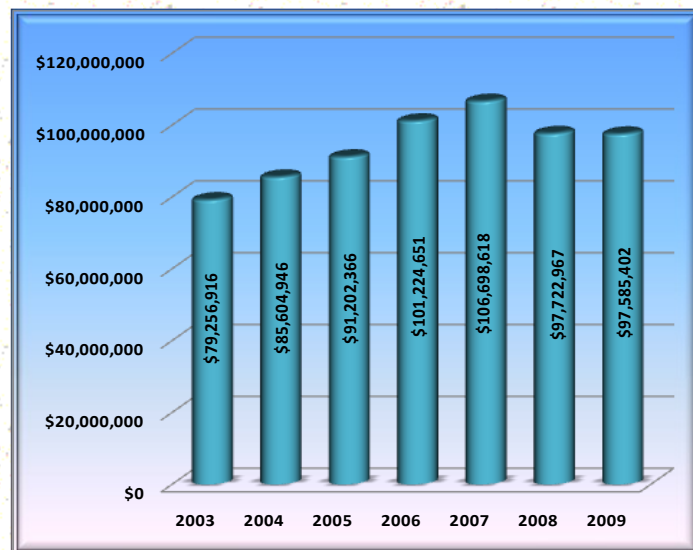
Local Taxes

The Atlanta Public Schools are financed through a combination of Local, State and Federal sources. During fiscal year 2009, 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.



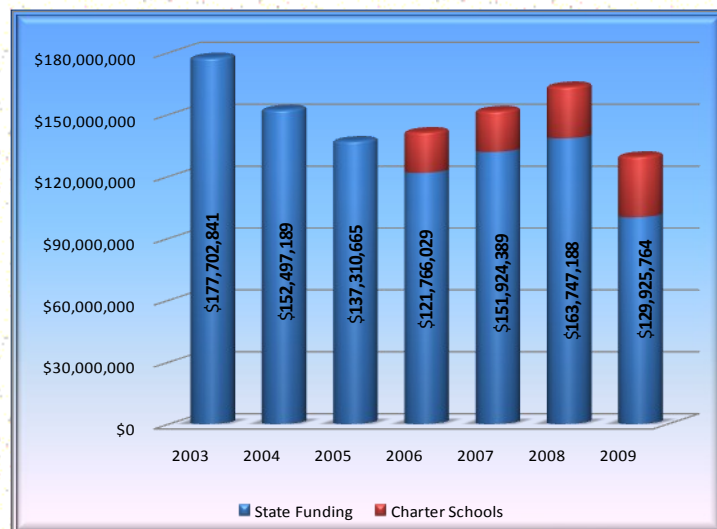
SPLOST (Special Purpose Local Option Sales Tax)

In March 2007, voters renewed a 1 percent income 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.



Journey to Excellence



Snapshot of Atlanta Public Schools:

The APS story serves as a model for urban school districts nationwide, offering proof that a single goal, student success, can and does make a difference, regardless of gender or socio-economic background.

Like many urban school systems, a majority of APS students come from challenging home environments: of our 50,000 students, three of four qualify for free or reduced meals, meaning they live close to or below the poverty line. Students move frequently, nearly one-third of our students move at some point during the school year.

Ten years ago, APS struggled in many areas. Student performance trailed the state by double digits, absenteeism was chronic, our graduation rate was below 40 percent, and the district had five superintendents in a 10-year period.

Today, APS is making national headlines with nine consistent years of progress, including steady improvements in student achievement, the ability to hire and retain quality teachers, increase employee morale, and renovated or new facilities.

HIGHLIGHTS:

- APS was the only urban school district, out of the 11 participating in the rigorous National Assessment of Educational Progress (NAEP) testing, to show significant gains in student performance in all grades and subjects from 2002 to 2007.
- APS is closing the achievement gap with the state.
- Our graduation rate has nearly doubled to over 70 percent.
- APS has made significant technology and transportation upgrades, including a fleet of new school buses and more than 14,000 computers in our classrooms.
- School improvements include 14 new facilities, 41 renovations and 11 upgrades, thanks to Atlanta citizens who voted three times to pay an additional one penny in sales tax through SPLOST referendums.

Journey to Excellence

The APS Journey to Success: Three Areas of Focus

Atlanta's journey to becoming a high-performing urban school system is driven by three elements: an unrelenting focus on instruction, quality leadership and accountability, and community support.

ONE: QUALITY INSTRUCTION

Using research, data and best practices, APS has invested heavily in improving teacher quality. Our approaches include:

- Providing teachers with ongoing training, setting clear expectations for performance and regularly conducting audits of teacher practice.
- Using “master” teachers and expert instructors as mentors who work alongside younger teachers.
- Bringing high-quality teachers to hard-to-staff schools through programs such as Teach for America, The New Teacher Project and Visiting International Faculty.
- Implementing nationally proven curriculum models for each school (e.g., K-12 International Baccalaureate Program, Project GRAD and Making Middle Grades Work).

TWO: QUALITY LEADERSHIP

Strong principals and effective central office leaders have played a pivotal role in our efforts to increase student achievement. A shared understanding and dedication empowers our leaders, allowing them to provide students with an enriched learning environment. For example, we have:

- Placed new principals in our schools to ensure the districts aggressive reform agenda is implemented and embraced at all levels.
- Established specific performance measurements that assure all school leaders – as well as central office staff – are held accountable for student success. These targets go beyond federal No Child Left Behind standards and include student attendance, achievement in math and reading, and enrollment in higher-level courses.
- Created School Reform Teams (SRTs) or “mini” school districts – to provide and broker academic services, business and operational support directly to schools. This model enables principals to spend more time working with staff to improve classroom instruction.

THREE: COMMUNITY SUPPORT

Understanding that there are no “quick fixes” to reforming a school district, a coalition of forces – business, civic, and parents – have come together to support APS through funding initiatives and programs focused on student success. These include:

- **Project GRAD** – The business and philanthropic community granted more than \$20 million to fund this program, which provides the district’s lowest-performing schools with an intensive reading and math curriculum as well as access to additional support services, such as social workers and scholarship coordinators.
- **Math and Science Initiative** – The GE Foundation granted APS \$22.5 million to fund this initiative, a large-scale professional development program that re-tools the way teachers deliver math and science instruction.
- **High School Transformation** – With a \$10 million grant from the Bill and Melinda Gates Foundation and more than \$9 million from the Arthur M. Blank Family Foundation, APS is transforming its high schools into smaller, personalized learning environments that offer students more individualized attention and instructional support.
- **Atlanta Education Fund** – A cross-section of Atlanta’s business, civic, higher-education and elected leaders bring the community together to sustain key APS reform strategies by providing research on best practices and trends in education; evaluating and monitoring APS data; offering meaningful ways for the community to be involved in the school system; and helping students prepare for college.



APS: Making a Difference

With a continuing focus on sound instructional practices, quality teaching, strong and stable leadership, efficient operations, aggressive accountability measures, and robust community partnerships, Atlanta Public Schools is making a difference in the lives of our students. When they walk across the stage to receive their high-school diplomas each May, APS students have the knowledge, motivation and confidence to be successful in college and in life.



Test Scores

For the ninth consecutive year, students posted significant gains 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).

CRCT 2009

APS students met or exceeded their 2008 performance in the majority of grades and subjects tested this year. Most importantly, test results show that more students than ever before are not just meeting – but are exceeding – state standards.

HIGHLIGHTS FROM THE 2009 SCORES:

- Students made significant gains in math
- 77 percent of APS fifth-graders met or exceeded state standards in math
- 90 percent of APS eighth-graders met or exceeded state standards on the English/language arts portion of the test

GHS GT/GHS WT

On a constantly changing playing field, APS closes 2009 with steady improvements:

- Writing test results were 92 percent, outpacing the state by one percentage point
- Social studies is up one percentage point to 80
- Mathematics is up two percentage points to 86
- Science is up one percentage point to 77

NAEP

In addition to participating in state tests, APS is one of 11 urban school districts in the country that voluntarily participates in the National Assessment of Educational Progress (NAEP) and has its system results individually reported. NAEP provides what many believe is the most rigorous assessment of student achievement in America.

HIGHLIGHTS FROM NAEP INCLUDE:

- From 2000 to 2007, AP performance grew at a faster rate in grades four and eight than the nation, all other participating large central cities and the state of Georgia
- Atlanta continues to lead the nation in writing improvement with gains that are seven times the national rate.
- APS was the only urban school district to show significant gains in all grades and areas tested



Atlanta Public Schools Fast Facts

NUMBER OF SCHOOLS/CENTERS 2009-10

Traditional schools

<i>Elementary schools</i>	55
<i>Middle schools</i>	16
<i>Single-gender academies</i>	2
<i>High schools</i>	23

Nontraditional programs 2

Charter schools 9

Evening school programs 2

Total APS learning sites 101

NUMBER OF TITLE I SCHOOLS 96

NUMBER OF YEAR-ROUND SCHOOLS 3

TRANSPORTATION

Number of buses	380
Miles traveled daily	23,546
Students transported daily	37,882

BUDGET

FY10 operating budget	\$652.5 million
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Students

NUMBER OF 2009 GRADUATES 2,132

SCHOLARSHIPS OFFERED TO CLASS OF 2009 \$92 million +

STUDENT ENROLLMENT 48,093

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

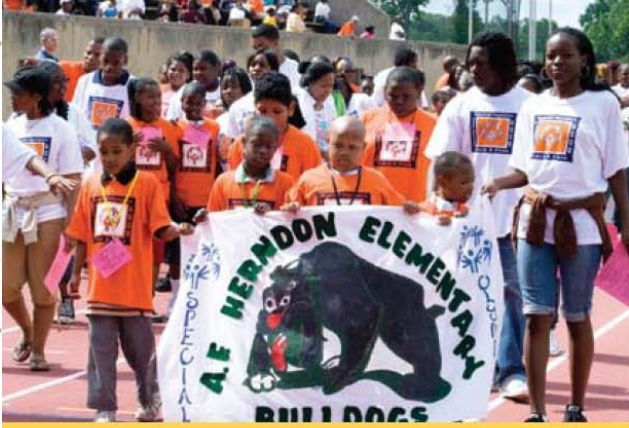
ETHNIC DISTRIBUTION OF STUDENTS

African American	82.6%
Caucasian	10.4%
Hispanic	4.8%
Multiracial	1.4%
Asian	.8%
American Indian/Alaskan	.1%

STUDENTS ELIGIBLE FOR FREE AND REDUCED PRICED MEALS 76.33 %

COMPUTER/STUDENT RATIO 1:2

APS: Making a Difference



“Atlanta Public Schools has always belonged to the community of Atlanta.”

“We’ll continue to target technology as a key learning tool for students entering the 21st century workforce.”



“Strong test scores are actually a by-product of a strong instructional program and effective teaching.”

Dr. Beverly L. Hall, Superintendent



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To obtain additional copies of this report or the Comprehensive Annual
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Atlanta Public Schools
Finance Department
130 Trinity Avenue, S.W.
Atlanta, GA 30303

404-802-2400 phone

On the web: <http://www.atlantapublicschools.us/186110108171444917>



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Volume 1

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