

# Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012

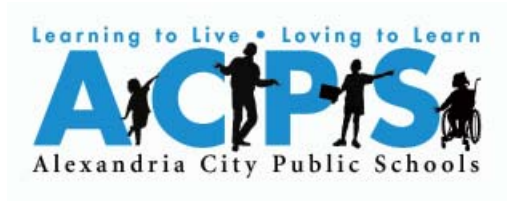
Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia



## Our Mission...

To provide the environment, resources, and commitment to ensure that each and every student succeeds – academically, emotionally, physically, and socially.



# Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012

Prepared by:

Financial Services Department

Morton Sherman, Ed.D., Superintendent of Schools

Stacey Johnson, Chief Financial Officer

Michael Covington, Director, Accounting

Farah Afrasiabi, Financial Analyst

Lisa Garvey, Financial Analyst

Shelly Sikhammountry, Financial Specialist



**LIZZI**

<b><u>Introductory Section</u></b>	<b>Page</b>
Letter of Transmittal.....	3
Principal Officials.....	12
Alexandria City Public Schools Organizational Chart.....	13
2011 ASBO Certificate of Excellence in Financial Reporting.....	14
2011 GFOA Certificate of Achievement for Excellence in Financial Reporting.....	15
 <b><u>Financial Section</u></b>	
Independent Auditors' Report.....	19
<b>Management's Discussion and Analysis.....</b>	<b>21</b>
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements</b>	
Exhibit I Statement of Net Assets.....	38
Exhibit II Statement of Activities.....	39
<b>Fund Financial Statements</b>	
Governmental Funds	
Exhibit III Balance Sheet.....	40
Exhibit III-1 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	41
Exhibit IV Statement of Revenues, Expenditures, and Changes in Fund Balances.....	42
Exhibit IV-1 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	43
Fiduciary Funds	
Exhibit V Statement of Fiduciary Net Assets.....	44
Exhibit VI Statement of Changes in Fiduciary Net Assets - Pensions and Other Employee Benefits Trust Funds.....	45
Notes to the Basic Financial Statements.....	46
 <b><u>Required Supplementary Information</u></b>	
Exhibit VII Budgetary Comparison Schedule - General Fund.....	74
Exhibit VIII Budgetary Comparison Schedule - Grants and Special Project Fund.....	75
Exhibit IX Schedule of Funding Progress-Pension and Other Employee Benefits Trust Funds.....	76

	<b>Page</b>
Exhibit X      Schedule of Employer Contributions - Pensions and Other Employee Benefit Trust Funds.....	78
Notes to the Required Supplementary Information.....	79

### **Other Supplementary Information**

Fund Description: Nonmajor Governmental Funds.....	82
Exhibit XI      Balance Sheet-Nonmajor Governmental Funds.....	83
Exhibit XII      Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	84
Fund Description: Fiduciary Funds.....	85
Exhibit XIII      Combining Statement of Fiduciary Net Assets.....	86
Exhibit XIV      Combining Statement of Changes in Fiduciary Net Assets - Pension and Other Employee Benefit Trust Funds.....	87
Exhibit XV      Statement of Changes in Assets and Liabilities - Student Activity Fund.....	88
Exhibit XVI      Budgetary Comparison Schedule - School Nutrition Fund.....	89

### **Statistical Section (unaudited)**

Table 1      Net Assets - Last ten fiscal years.....	S-3
Table 2      Changes in Net Assets - Last ten fiscal years.....	S-4
Table 3      Fund Balances - Governmental Funds - Last ten fiscal years.....	S-5
Table 4      Changes in Fund Balances - Governmental Funds - Last ten fiscal years.....	S-6
Table 5      General Fund Expenditures by Detail Object - Last ten fiscal years.....	S-7
Table 6      Capital Improvement Expenditures - Last ten fiscal years.....	S-8
Table 7      Ratios of Capital Lease Payment to Total General Expenditures - Last ten fiscal years.....	S-9
Table 8      Cost Per Pupil - Last ten fiscal years.....	S-10
Table 9      Demographic Statistics - Last ten fiscal years.....	S-11
Table 10      Total Student Membership by Grade - Last ten fiscal years.....	S-12
Table 11      School Nutrition Services Meals Served-Last ten fiscal years.....	S-13
Table 12      School Nutrition Services Revenues and Expenditures - Last ten fiscal years.....	S-14
Table 13      School Nutrition Services Sale Prices - Last ten fiscal years.....	S-15
Table 14      School Nutrition Services Principal Clients - Current year and nine years ago.....	S-15

	<b>Page</b>
Table 15 Full-time Equivalent by Function - All Funds - Last ten fiscal years.....	S-16
Table 16 Capital Assets Information by Function - Last ten fiscal years.....	S-17
Table 17 Teachers' Education and Experience.....	S-18
Table 18 Teachers' Base Salaries - Last ten fiscal years.....	S-19
Table 19 Principal Employers - Current year and nine years ago.....	S-20
Table 20 Real and Personal Property Tax Assessments and Rates - Last Ten Years Calendar Years.....	S-21
Compliance	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i> .....	S-22

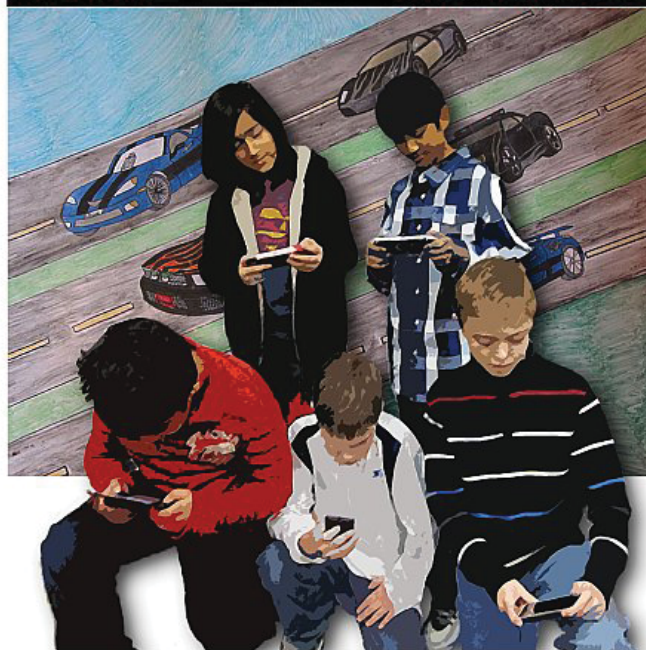
# INTRODUCTORY SECTION

---

## ***THE SATURDAY EVENING POLK***

APRIL 2, 2011

FIVE CENTS THE COPY



### **BOYS AND THEIR TOYS**

## Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

ACPS' vision is to set the international standard for educational excellence, where all students achieve their potential and actively contribute to our local and global communities.







**Superintendent**  
Morton Sherman, Ed.D.

**School Board  
Chairman**  
Sheryl Gorsuch

**Vice Chairman**  
Helen Morris

**Members**  
Ronnie Campbell  
Mimi Carter  
Yvonne A. Folkerts  
Blanche D. Maness  
Arthur E. Peabody, Jr.  
Marc Williams  
Charles H. Wilson

2000 N. Beauregard Street  
Alexandria, Virginia 22311

Telephone: (703) 824-6600  
Facsimile: (703) 824-6699  
TTY: 711 (Virginia Relay)  
[www.acps.k12.va.us](http://www.acps.k12.va.us)

The Alexandria City  
Public Schools will:

*Set the international  
standard for  
educational excellence,  
where all students  
achieve their potential  
and actively contribute  
to our local and global  
communities.*



November 16, 2012

The Honorable Chairman Gorsuch and  
Members of the Alexandria City School Board and  
Citizens of the City of Alexandria, Virginia:

We are pleased to submit the *Comprehensive Annual Financial Report* (CAFR) of the Alexandria City Public Schools (ACPS) for the fiscal year ended June 30, 2012. It has been prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applicable to local government entities. Responsibility for the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and is reported in a manner designed to fairly present the financial position as well as the financial condition of ACPS for the fiscal year ended June 30, 2012. ACPS is considered a component unit of the City of Alexandria, Virginia (City) and, accordingly, the financial position and results of operations of ACPS are also reflected in the financial statements included in the City's CAFR.

An independent audit of the Board's finances is required each fiscal year by either the Virginia Auditor of Public Accounts or a firm of independent Certified Public Accountants. The Code of Virginia (Section 15.2-2510) requires ACPS to submit its audit report to the Auditor of Public Accounts by November 30 of each year. This document will be submitted in fulfillment of this requirement. An audit was also conducted to meet the requirements of the Federal Single Audit Act Amendment of 1996 and related Office of Management and Budget Circular A-133 Audits of State and Local Governments.

ACPS' financial statements were audited by CliftonLarsenAllen LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of ACPS for the fiscal year ended June 30, 2012, 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 auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the ACPS financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with U.S. generally accepted accounting principles (GAAP).

The independent audit of the financial statements of the school division was part of the broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal control and legal requirements involving the administration of federal awards. The independent auditors’ report is available in the Other Supplementary Information section of the CAFR.

The report is intended to present a comprehensive summary of significant financial data to meet the needs of citizens, taxpayers, financial institutions and the Board. GAAP requires that management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. ACPS’ MD&A can be found immediately following the independent auditors’ report.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this letter of transmittal, a list of principal officials, and an organizational chart. The financial section includes the basic financial statements as well as the unqualified opinion of independent public accountants on the basic financial statements. The financial section also includes the management’s discussion and analysis (MD&A), which should be read in conjunction with this transmittal letter. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. The statistical section contains selected financial and demographic information, generally presented over multi-year basis.

The annual report complies with the Governmental Accounting Standards Board (GASB) Statement No. 34. By providing a broader, government-wide perspective while maintaining the traditional features, the annual reports are easier to understand and more useful to stakeholders, such as investors, creditors, and citizens. As a result of GASB 34, ACPS provides information about the cost of delivering services on a full accrual basis including the cost of depreciating fixed assets.

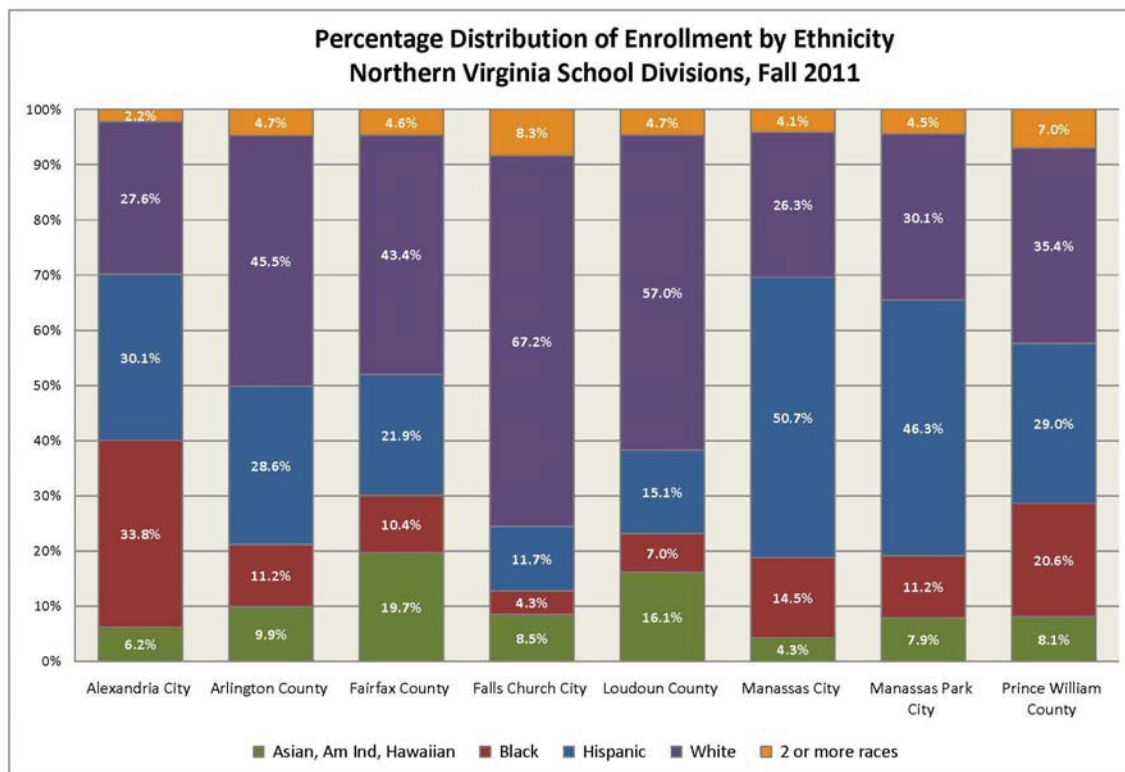
The annual report also complies with the new Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions on fund balance reporting. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

## **Profile of the Alexandria City Public Schools**

The Alexandria City Public Schools is a school division within the City of Alexandria. The School Board of the City of Alexandria (Board) is the elected body established under Virginia law to provide public education from kindergarten through twelfth grade to children residing within the City of Alexandria, Virginia. The Board determines educational policy and employs a superintendent of schools to administer the school division. ACPS has no component units for financial reporting purposes. The Board consists of nine members who each serve a three-year term. The Board members elect one member to serve as Chairman of the Board and a second member to serve as Vice-Chairman of the Board.

The City is autonomous from any county, town or other political subdivision of the Commonwealth of Virginia. The City is located on the west bank of the Potomac River across from Washington, D.C. It was established in 1870. ACPS serves the citizens of the City of Alexandria which has a total area of 15.4 square miles and a population of approximately 144,100. The City is a primary government that is financially accountable for a legally separate entity, the Board. The Board has no power to levy or collect taxes or increase the City appropriation. Because of its relationship with the City, ACPS is considered a component unit of the City, as defined by GAAP.

ACPS is a small school system, but large enough to command the resources for state-of-the-art teaching and learning. ACPS is the 23<sup>rd</sup> largest of 132 school divisions in the Commonwealth of Virginia and is surrounded by three of the five largest Virginia school divisions (Fairfax, Prince William, and Loudoun County Public Schools). It has a vibrant multicultural community, and our students reflect an even broader diversity than that of our City. ACPS served a student population of approximately 12,395 students in the 2011-2012 school year, who came from more than 110 different countries, speak more than 138 languages, and represent a rainbow of cultural and socioeconomic groups. The chart below illustrates this rich diversity compared to our neighboring school divisions.



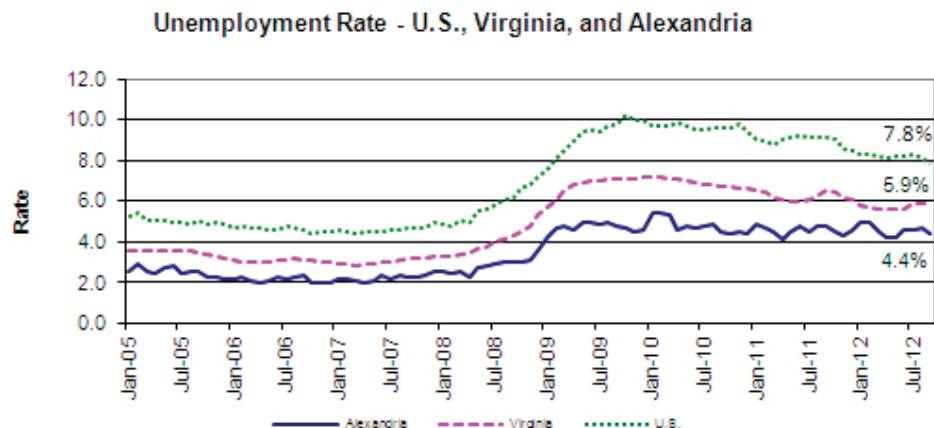
ACPS has experienced significant enrollment increases over the past five years and estimates that this growth trend will continue in the upcoming years. This year alone, ACPS received an additional 396 students, or a 3.3% increase in enrollment over the prior year. The City of Alexandria and the Alexandria City Public Schools are dedicated to ensuring the academic success for each and every student.

Currently, the school division operates one high school with two campuses (9<sup>th</sup> grade campus and a separate campus for 10-12 grades), five middle schools (6-8 grades), one elementary (K-8) school and twelve (K-5) elementary schools. ACPS also operates a program at the Detention Center and an alternative education program.

Most ACPS school buildings were built between the 1940's and the 1960's. Over the next five years, six of the 20 ACPS facilities will be older than the recommended 75 year life span. Additionally, the HVAC and/or roofing systems at 10 schools will reach or exceed 20 years of age within the next four years. This underlines our concern for maintenance and replacement of our aged systems and infrastructure.

## Local Economic Outlook and Long-term Financial Planning

Since 2009, the Greater Metropolitan Washington DC area economic performance has shown improvement in several key areas, increased volume in the number of job changes among our local labor force and increased real estate listings and sales prices. The City of Alexandria and Northern Virginia usually outperform the rest of the Commonwealth. The September 2012 unemployment rate for the City and the Commonwealth are 4.4% and 5.9%, respectively, compared to 4.8% and 6.5% in 2011. These rates are significantly lower than the average national unemployment rate of 7.8% and 9.1% for 2012 and 2011, respectively.



After four years of declines through 2010, real estate assessments, which generate over half of the City's General Fund revenues, are showing signs of recovery. Residential assessments increased by 1.65% of value compared to 2011, while commercial assessments increased by 7.78%. The demand for residential housing in the City has increased by 13.9% compared to 2011 and residential foreclosures have decreased 36.8% since 2011.

Although the local economy continues to improve, federal funding reductions as a result of the Budget Control Act of 2011, also known as sequestration, have the potential to impact City revenues through reduced federal jobs and contracts and reduced grants to local programs. If enacted, sequestration will also impact ACPS through reduced funding from federal entitlement grants.

Each year, ACPS staff develop and present a five-year fiscal forecast with varying revenue and expenditure assumptions to facilitate informed decision-making as a part of the budget process. With nearly 85% of our operating revenue derived from the City appropriation, assumptions regarding the City's revenue growth and the resulting increase or decrease in the City appropriation can drive forecast results. Similarly for expenditures, salaries and benefits comprise approximately 85% of the total expenditures and assumptions related to salary increases as well as the growth of healthcare and retirement costs can also drive forecast results. Under the Code of Virginia, School Boards are required to adopt a balanced budget which means the projected revenues plus beginning fund balance must fully cover the total estimated expenditures.

## **Major Initiatives**

The ACPS Strategic Plan is one of only 15 programs to receive a first-place honor in the Magna Awards 2012, co-sponsored by "American School Board Journal," the National School Boards Association (NSBA) and Sodexo School Services to recognize "school board best practices and innovative programs that advance student learning."

Created by the ACPS School Board, the five-year strategic plan features high-quality preschools, a focus on special education, individual achievement plans for students, a richer array of course offerings, increased accountability of school employees and the adoption of a rigorous new curriculum that emphasizes critical thinking and project-based learning. The School Board plan includes five major goals:

1. Ensure all students demonstrate significant academic growth, and dramatically improve achievement outcomes for students below grade level.
2. Provide a rigorous, relevant, and internationally benchmarked education to enable all students to succeed as citizens in the global community.
3. Create an exceptional learning environment.
4. Implement a focused, transparent governance model which incorporates effective communication and evidence-based decision making.
5. Provide clean, safe and conducive learning environments that utilize best practices for energy efficiency and environmental sustainability.

In working towards each of these goals, ACPS focused resources and staff efforts in FY 2012 on student achievement and professional development.

Student learning continues to be a priority for the school division. Eighteen (18) of our schools were fully accredited and seven (7) met adequate yearly progress during the 2011-2012 school year. ACPS also continues the implementation of individual achievement plans (IAPs) for math and English which are created collaboratively between the student, teacher, parent, and counselor to chart student progress and provide a structured set of actions for students to achieve at their best. In addition, ACPS maintains support of elementary and secondary exemplary programs, K-5 tutoring, Book Buddies and the Writing Project in an effort to support academic growth.

The Curriculum and Instruction Department continues to develop programs using innovative instructional techniques and strategies with the single goal of increasing student achievement. A major goal is to close the learning and achievement gaps among student sub-groups, with a specific focus on each and every student.



Teacher training and professional development opportunities continue to be of primary importance as a means for enhancing student achievement. The Teacher Mentoring program will continue with additional funding to support new ACPS teachers by pairing them with an ACPS veteran teacher for guidance and support. Through the Alliance for Learning and Leading Center, ACPS provides opportunities to educators to learn research-based instructional model and promising practices that can be incorporated into their daily teaching and leadership roles. Strategies learned through professional development sessions will be modeled and supported by school-based instructional teams.

We continue to encourage our teachers to undertake the National Board for Professional Teaching Standards (NBPTS) assessment process as a means of elevating student learning and the quality of instruction. In FY 2012, four (4) teachers received the NBPTS certificate, bringing the total number of ACPS National Board Certified teachers to 38.

## **Financial Information**

ACPS ended the fiscal year in good financial condition, with revenues exceeding expenditures in the General Fund by \$0.2 million, using the modified accrual basis of accounting. The year began with uncertain economic conditions, so ACPS budgeted prudently and instituted fiscal controls. The FY 2012 comprehensive annual financial report reflects continued strong and fiscally prudent management practices. Using the full accrual basis of accounting, ACPS has total assets of over \$7.9 million, an increase of \$5.7 million from fiscal year 2011.

***Fund Accounting:*** ACPS reports its financial activities through the use of fund accounting. This is a system wherein transactions are reported in self-balancing sets of accounts to reflect the results of activities. (See Note 1 of the Notes to the Basic Financial Statements for a summary of significant accounting policies and descriptions of fund types.)

***Internal Control:*** ACPS management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the school division are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that ACPS' management objectives are met. The concept of reasonable assurance is based on the assumption that the cost of internal financial controls should not exceed the benefits expected to be derived from their implementation. For operating fund, school nutrition program and grants and special revenues, ACPS utilizes a fully automated accounting system as well as an automated system of controls for fixed assets and payroll. These systems, coupled with the manual review of each voucher before payment, ensure that the financial information generated is both accurate and reliable.

The audit for the year ended June 30, 2012, disclosed no material internal control weaknesses or material instances of noncompliance or other violations of laws, regulations, contracts and grant agreements.

**Budgetary Control:** Under Virginia law, the City must adopt a School Board budget no later than the end of May of the current fiscal year. ACPS maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget. The fiscal year begins on July 1 and ends on June 30 with all annual unencumbered appropriations lapsing at year end. Outstanding encumbrances of certain governmental funds at the end of the fiscal year are reappropriated, as part of the following fiscal year's operating budget.

Budgets are also prepared annually for the Grants and Special Projects Fund (special revenue fund) and the School Nutrition Fund (nonmajor, special revenue fund). The school lunch program is dependent on federal and state reimbursements and cafeteria sales to support its overall lunch and breakfast feeding activities.

The Capital Projects Fund is budgeted on a project-by-project basis and represents the entire project budget for projects expected to begin that fiscal year. Debt service funds are established by the City in accordance with the requirements of bondholders. All budget and expenditures related to the capital projects fund are currently recorded in the City's financial system.

Management control is exercised over the budget at the budgetary department level within each fund. ACPS also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances outstanding at the end of the fiscal year in the general fund and the school food services fund are reappropriated, as part of the following fiscal year's budget.

Each department administrator and school principal is furnished with monthly financial reports showing the status of the budget accounts for which they are responsible and detailed transaction reports. They are also provided a report listing outstanding encumbrances for the current and prior years and a report on overtime usage.

**Cash Control:** The City is the custodian of all primary cash and investments used to support ACPS operations. The primary concerns of the City's cash management and investments program are the safety and preservation of principal, liquidity, and yield.

The City takes full advantage of temporarily idle cash and scheduling of vendor payments. To ensure the most competitive rates of investment, the City's cash resources generally are combined to form a pool of cash and investments. The investment pool's portfolio is primarily composed of State Treasurer's Local Government Investment Pool (LGIP), Certificate of Deposit Account Registry Service (CDARS) and insured cash sweeps. All investments are stated at fair value.

Cash held at the school level for student activities fund (SAF) is deposited with local banks and is maintained by the individual schools.

**Risk Management:** ACPS maintains a risk management program that includes several comprehensive insurance and self-insurance policies specifically designed to meet its needs, monitor various control activities, and manage a program on claims against ACPS. ACPS' insurance coverage includes a comprehensive property and casualty policy, a comprehensive vehicle liability policy, special equipment coverage, group disability insurance, excess worker's compensation coverage and others. The Board's health insurance coverage includes a self-insured point of service program and health maintenance organization.



## Other Information

### Awards

***Certificate of Excellence (ASBO):*** The Association of School Business Officials International (ASBO) awarded the Alexandria City Public Schools a Certificate of Excellence in Financial Reporting for the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. This prestigious international certificate award is the highest form of recognition in school financial reporting and is valid for a period of one year only. This is the 10<sup>th</sup> consecutive year that ACPS has achieved this prestigious award.

This Financial Reporting award was designed by ASBO to enable school officials to achieve a high standard of financial reporting. The award is only conferred to school systems that have met or exceeded the standards of the program. We believe that the current CAFR also conforms to the ASBO Certificate of Excellence program requirements and we are submitting it to ASBO to determine its eligibility for another certificate.

***Certificate of Achievement (GFOA):*** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to ACPS for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. This was the 2<sup>nd</sup> year ACPS has achieved this prestigious award. In order to be awarded a Certificate of Achievement by the GFOA, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

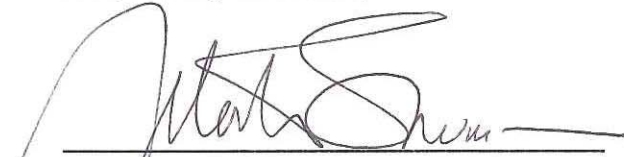
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet GFOA's Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition to the two awards for excellence in financial reporting described above, ACPS has also earned the *Meritorious Budget Award* from the ASBO and the *Distinguished Budget Presentation Award* from the GFOA for the fiscal year ended June 30, 2012. These awards are valid for one period only and we believe that our budget report continues to conform to the program requirements of both organizations. We will be submitting our fiscal year 2013 budget to ASBO and GFOA to determine the School Board's eligibility for another certificate award.

## Acknowledgements

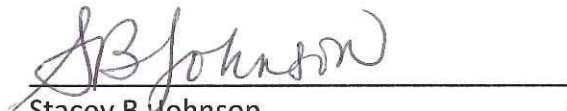
The preparation of this report would not have been possible without the hard work, professional dedication, and continuing efforts of the entire staff of the financial services department. We would like to express our sincere appreciation to everyone in the department who assisted with and contributed to the preparation of this report. We would also like to acknowledge the cooperation and assistance of the ACPS departments and schools throughout the year in their efficient administration of ACPS' financial operations. Appreciation is also extended to the School Board and ACPS leadership team whose continuing support is vital to the financial health of the school division. This report is the result of extensive teamwork throughout ACPS.

Respectfully submitted,



---

Morton Sherman, Ed.D.  
Superintendent



---

Stacey B. Johnson  
Chief Financial Officer



---

Michael A. Covington  
Director, Accounting

### School Board

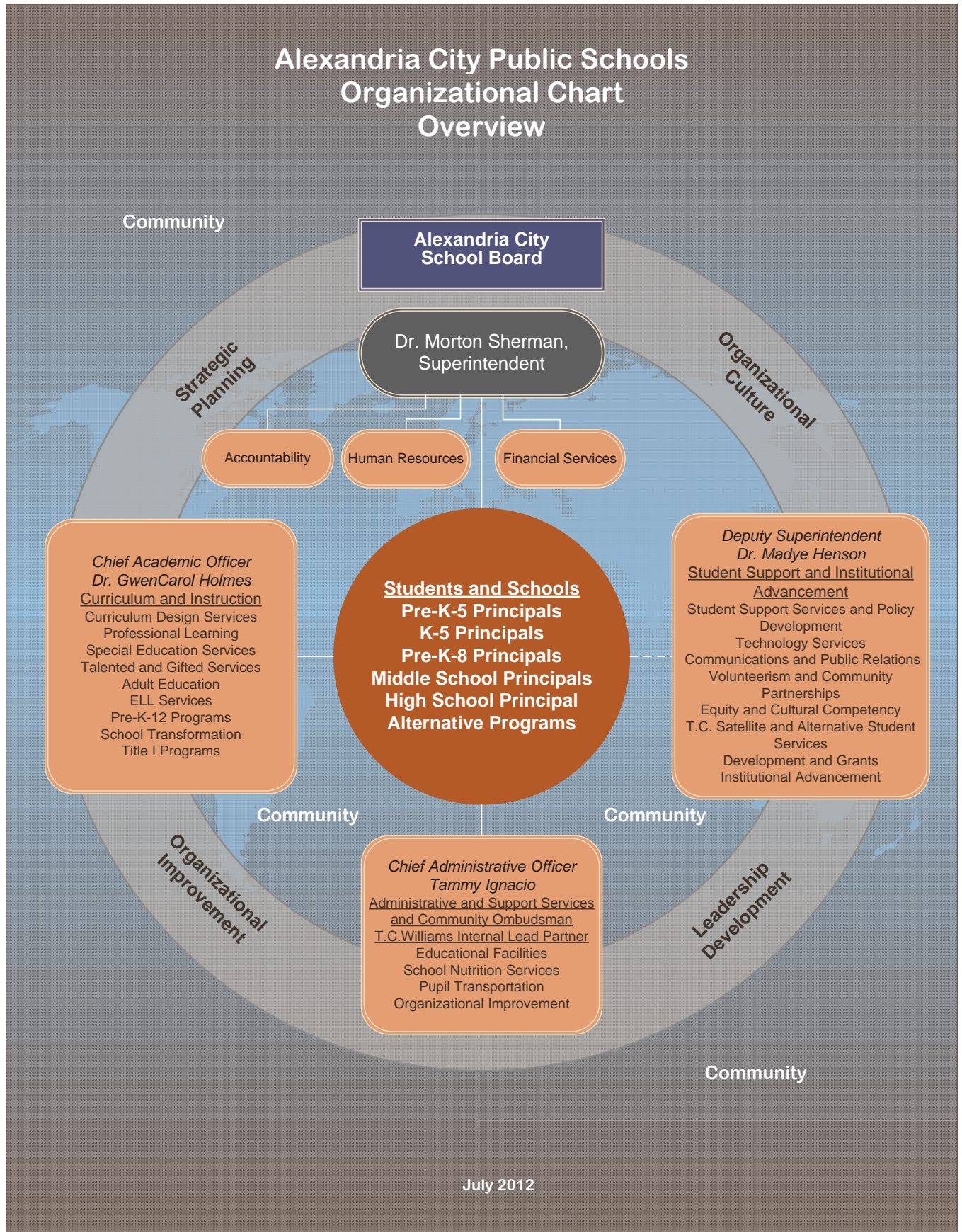
Ms. Sheryl Gorsuch .....	Chairman
Ms. Helen Morris .....	Vice-Chairman
Ms. Ronnie Campbell .....	Member
Ms. Mimi Carter .....	Member
Ms. Yvonne A. Folkerts .....	Member
Mrs. Blanche D. Maness .....	Member
Mr. Arthur E. Peabody, Jr. ....	Member
Mr. Marc Williams .....	Member
Mr. Charles Wilson .....	Member

Ms. Candra S. Hodges .....Clerk of the Board

### Executive Staff

Morton Sherman, Ed.D.....	Superintendent of Schools
GwenCarol Holmes .....	Chief Academic Officer, Curriculum & Instruction
Madye G. Henson .....	Deputy Superintendent, Student Support & Institutional Advancement
Tammy Ignacio .....	Chief Administrative Officer, Admin. & Support Svcs & Comm. Ombudsman
John Brown .....	Executive Director, Curriculum Services & Design
Clinton Page .....	Executive Director, Accountability
Elizabeth Hoover .....	Executive Director, Technology Services
Kevin North .....	Chief Human Resources Officer, Human Resources
Stacey Johnson .....	Chief Financial Officer, Financial Services Department
Margaret Walsh .....	Executive Director, Policy Development

## Alexandria City Public Schools Organizational Chart Overview



# Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award  
is presented to*

## Alexandria City Public Schools

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2011*

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading "Brian L. Mee".

Brian L. Mee, SFO, RSBA  
President

A handwritten signature in black ink, reading "John D. Musso".

John D. Musso, CAE, RSBA  
Executive Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
**Alexandria City Public Schools**  
**Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Moynell*

President

*Jeffrey R. Enen*

Executive Director





# FINANCIAL SECTION

---

## ***THE SATURDAY EVENING POLK***

APRIL 2, 2011

FIVE CENTS THE COPY

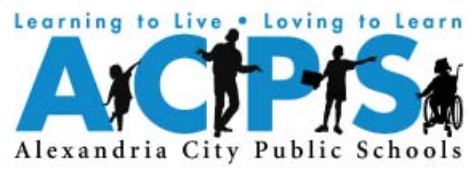


**THE MUSIC LESSON**

Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

ACPS' goal #1 is to ensure all students demonstrate significant academic growth, and dramatically improve achievement outcomes for students below grade level.





CliftonLarsonAllen LLP  
[www.cliftonlarsonallen.com](http://www.cliftonlarsonallen.com)

## Independent Auditor's Report

The Members of the Alexandria City School Board  
City of Alexandria, Virginia

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alexandria City Public Schools (ACPS), a component unit of the City of Alexandria, Virginia as of and for the year ended June 30, 2012, which collectively comprise the ACPS' basic financial statements as listed in the table of contents. These financial statements are the responsibility of ACPS' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia (Specifications). Those standards and Specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of ACPS as of June 30, 2012, and the respective changes in financial position, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2012, on our consideration of ACPS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 21 through 35 and the budgetary comparison schedules and schedules of funding progress on pages 74 through 78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise ACPS 'basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Clifton Larson Allen LLP". The signature is written in a cursive, flowing style.

Arlington, Virginia  
November 13, 2012

# FINANCIAL SECTION

Management's Discussion & Analysis

## ***THE SATURDAY EVENING POLK***

APRIL 2, 2011

FIVE CENTS THE COPY



**LIFE, LIBERTY AND THE PURSUIT OF HAPPINESS**

ACPS' goal #2 is to provide a rigorous, relevant, and internationally benchmarked education to enable all students to succeed as citizens in the global community.

## **Introduction**

Our discussion and analysis of Alexandria City Public Schools' (ACPS) financial performance provides an overview of ACPS' financial activities for the fiscal year ended June 30, 2012. The intent of this management discussion and analysis is to consider ACPS' financial performance as a whole. Readers should also review the letter of transmittal, basic financial statements, notes to the basic financial statements, and supplementary information to enhance their understanding of ACPS' financial performance.

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. The reporting model is a combination of both government-wide financial statements and fund financial statements.

## **Financial Highlights**

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The assets of ACPS exceeded its liabilities by \$29.6 million at June 30, 2012. Of this amount, \$9.8 million is invested in capital assets, \$2.6 million is restricted for grants and special projects, and \$17.1 million (unrestricted net assets) may be used to meet ACPS' ongoing needs.

On a government-wide basis for governmental activities, ACPS' revenues of \$233.5 million exceeded expenses of \$231.3 million by \$2.2 million.

### **FUND FINANCIAL STATEMENTS**

As of the close of the current fiscal year, ACPS' governmental funds reported combined ending fund balances of \$21.6 million, an increase of \$0.8 million in comparison with the prior year. Of this \$21.6 million combined fund balance, \$6.7 million is available for spending at the Board's discretion (unassigned fund balance).

At June 30, 2012, the General Fund reported an ending fund balance of \$16.2 million, an increase of \$0.2 million from June 30, 2011.

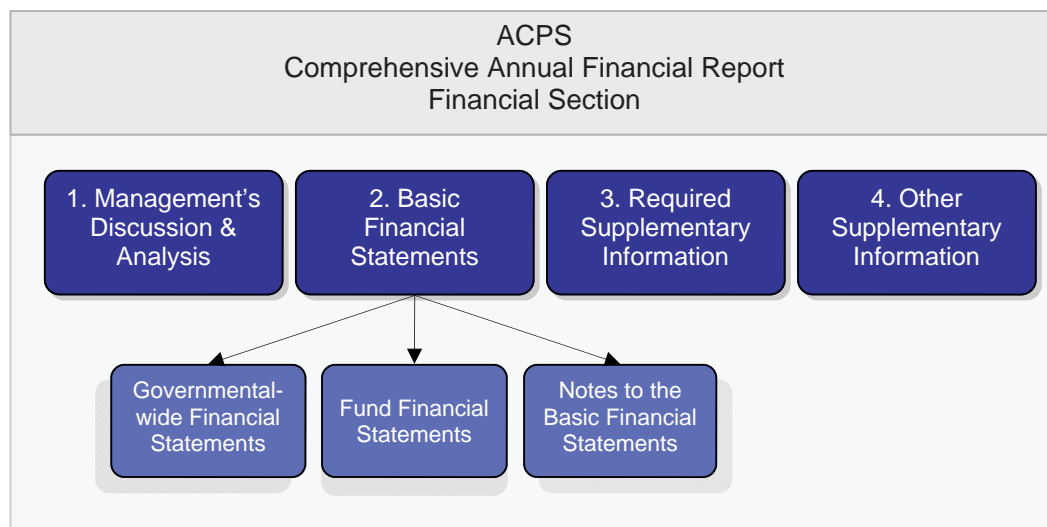
## **Overview of the Financial Statements**

This section of the Comprehensive Annual Financial Report consists of four parts: 1) Management's Discussion and Analysis (MD&A), 2) basic financial statements (government-wide and fund statements) including notes to the financial statements, 3) required supplementary information, and 4) other supplementary information.

The basic financial statements consist of two kinds of statements that present different views of ACPS' financial activities. The government-wide financial statements provide both long-term and short-term information about ACPS' overall financial status. The fund financial statements report ACPS' operations in more detail than the government-wide statements.

- The statement of net assets and statement of activities provide information on a government-wide basis. These statements present an aggregate view of ACPS' financial position. Government-wide statements contain useful long-term information as well as information for the just completed fiscal year.
- The remaining statements are fund financial statements that focus on the individual funds of ACPS, providing primarily short-term information. Fund statements report operations in more detail than government-wide statements.
- The notes to the financial statements explain some of the information in the statements and provide additional disclosures so that statement users have a complete picture of ACPS' financial activities and position.
- The required supplementary information further enhances the financial statements with a budgetary comparison and pension trend data. The budgetary comparison provides three separate types of information: the original budget, the final amended budget and the actual expenditures. Two schedules of actuarial information are required to be presented in connection with defined benefit pension plans: a schedule of funding progress and a schedule of employer contributions.
- The other supplementary information refers to information about nonmajor governmental funds and is presented immediately following the required supplementary information on pensions.

The following diagram shows how the various parts of the financial section are arranged and relate to one another.





## **Government-wide Financial Statements**

The government-wide statements report information about ACPS as a whole, using accounting methods similar to those used in private-sector companies. The Statement of Net Assets and the Statement of Activities provide information about the activities of the school division as a whole, presenting both an aggregate and a long-term view of the financial position. These statements include all assets and liabilities using the accrual basis of accounting. This basis of accounting includes all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Assets presents information on all of ACPS' assets and liabilities with the difference between the two reported as net assets. Increases or decreases in net assets over time may serve as a useful indicator of whether the financial position of the school division is improving or deteriorating.

The Statement of Activities presents information on ACPS' costs of providing services and the resources obtained to finance those services. This statement also highlights to what extent ACPS programs are able to cover their costs with user fees, operating grants and contributions, as opposed to being financed with general revenues. In addition, the statement provides overall information as to whether the financial position has improved or deteriorated during the fiscal year.

## **Financial Analysis of ACPS as a Whole**

In government-wide financial statements, the activities can be divided into two categories: governmental activities and business-type activities. ACPS reports only governmental activities, since it has no business-type activities. The governmental activities of ACPS include most of the schools' basic services, such as instruction, administration, attendance and health, pupil transportation, operation and maintenance of school buildings, summer school, adult education, and food services. These governmental activities are principally supported by the City of Alexandria, State aid and intergovernmental revenues.

In response to GASB Statement No. 34, the Virginia General Assembly passed a law that established the local option of creating, for financial reporting purposes, a tenancy in common between the city and the local school board when the city issues bonds for financing school construction. The sole purpose of the law is to allow cities and counties the ability to match the recording of school assets and related liabilities. As a result, certain school assets financed with the City's general obligation bonds are recorded as part of the primary government rather than as part of ACPS.

According to the law, the tenancy in common ends when the associated obligation is repaid; therefore, the assets will revert to the School Board when the bonds are repaid. Capital debt financing activities are not reported in the ACPS' financial statements, but rather in the City's financial statements.

**Net assets.** Table 1, below, provides a summary of ACPS' net assets as of June 30, 2012 compared to June 30, 2011.

<b>Summary of Net Assets As of June 30</b>				
	Governmental Activities Activities			Percentage Change
	2012	2011	Variance	2012-2011
<b>ASSETS</b>				
Current and other assets	\$ 66,089,531	\$ 62,979,406	\$ 3,110,125	4.94%
Capital assets, net	10,861,743	8,184,654	2,677,089	32.71%
Total Assets	<u>76,951,274</u>	<u>71,164,060</u>	<u>5,787,214</u>	8.13%
<b>LIABILITIES</b>				
Current liabilities	36,995,528	33,179,395	3,816,133	11.50%
Long-term liabilities	10,404,514	10,644,618	(240,104)	-2.26%
Total liabilities	<u>47,400,042</u>	<u>43,824,013</u>	<u>3,576,029</u>	8.16%
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	9,848,454	8,184,654	1,663,800	20.33%
Restricted	2,562,085	3,763,533	(1,201,448)	-31.92%
Unrestricted	17,140,693	15,391,860	1,748,833	11.36%
Total net assets	<u>\$ 29,551,232</u>	<u>\$ 27,340,047</u>	<u>\$ 2,211,185</u>	8.09%

- **Capital assets, net of depreciation** increased by \$2.7 million or 32.7% over the prior year. This increase is primarily due to the capitalized lease agreement for laptop computers. The capitalized value of the leased laptops was \$2.06 million. This lease expires in August 2013. See Note 6 in the Notes to the Basic Financial Statements for additional information on capital leases. Although ACPS' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The Code of Virginia precludes school divisions from issuing general obligation debt. As a result, the City issues general obligation debt for ACPS and reports, in its financial statements, the general obligation debt related to ACPS' capital assets. See Note 5 for additional information on capital assets.
- **Current and other assets and current liabilities** increased respectively by \$3.1 million and \$3.8 million from fiscal year 2011. The increase in the current and other assets category was attributed to increased balances due from the City of Alexandria, which was partially offset by reductions in the Supplemental Retirement net pension asset and in amounts reimbursable from federal grants. The increase in the current liabilities category was primarily due to increased year-end payroll accruals.
- **Long-term liabilities** including the current portion decreased to \$10.4 million in fiscal year 2012 from \$10.6 million in fiscal year 2011, a decrease of \$0.2 million or 2.3%. The year-end balance reflects continued decreases in accrued sick leave, vacation leave, workers' compensation and the OPEB obligation.

**Changes in net assets.** The following table presents the changes in net assets from fiscal year 2011 to 2012:

<b>Changes in Net Assets</b> <b>For the fiscal years ending, June 30</b>				
	<u>Governmental Activities</u>			
	<u>2012</u>	<u>2011*</u>	<u>Variance</u>	<u>% Change</u>
<b>Revenues</b>				
Program revenues:				
Charges for services	\$ 2,528,593	\$ 2,569,290	\$ (40,697)	-1.6%
Operating grants and contributions	22,343,336	21,446,298	897,038	4.2%
General revenues:				
City appropriation	178,449,148	170,134,763	8,314,385	4.9%
State aid	27,984,171	25,716,362	2,267,809	8.8%
Grants not restricted to specific programs	-	1,043,535	(1,043,535)	-100.0%
Other local funds	2,222,167	1,751,150	471,017	26.9%
<b>Total revenues</b>	<b>233,527,415</b>	<b>222,661,398</b>	<b>10,866,017</b>	<b>4.9%</b>
<b>Expenses</b>				
Instructional:				
General instruction	172,528,593	162,112,276	10,416,317	6.4%
Adult education	1,263,518	1,406,505	(142,987)	-10.2%
Summer school	1,086,494	1,488,236	(401,742)	-27.0%
Support Services:				
Administration	17,331,705	12,715,266	4,616,439	36.3%
Attendance and health services	4,587,196	4,683,823	(96,627)	-2.1%
Pupil transportation	8,225,165	8,201,645	23,520	0.3%
Plant operations and maintenance	16,667,322	16,076,092	591,230	3.7%
Operation of Noninstructional Services:				
Food services	6,407,033	6,156,504	250,529	4.1%
Capital improvement services	3,219,204	2,712,093	507,111	18.7%
<b>Total expenses</b>	<b>231,316,230</b>	<b>215,552,440</b>	<b>15,763,790</b>	<b>7.3%</b>
<b>Change in net assets</b>	<b>2,211,185</b>	<b>7,108,958</b>	<b>(4,897,773)</b>	<b>-68.9%</b>
<b>Net Assets-beginning balance</b>	<b>27,340,047</b>	<b>20,231,089</b>	<b>7,108,958</b>	<b>35.1%</b>
<b>Net Assets-ending balance</b>	<b>\$ 29,551,232</b>	<b>\$ 27,340,047</b>	<b>\$ 2,211,185</b>	<b>8.1%</b>

*\* FY2011 amounts have been revised to provide a consistent comparison with FY2012.*

- **Net Assets** increased to \$29.6 million in fiscal year 2012 from \$27.3 million in fiscal year 2011, an increase of \$2.2 million or 8.1%. Total revenues increased by \$10.9 million, or 4.9% from fiscal year 2011, while expenses increased by \$15.8 million or 7.3%.
- The City appropriation and general state aid accounted for most of ACPS' revenue, representing 88 cents of every dollar of revenue received. The remaining 12 cents of every dollar of revenue is funded with federal and state aid for specific programs, charges for services, and miscellaneous revenues.
- Most of ACPS's expenses, or 84 cents of every dollar spent, are directly related to the provision of services to students, including classroom instruction, attendance and health, transportation and school nutrition. The balance of every dollar spent goes for administrative costs (7 cents), operations and maintenance (7 cents), and construction and renovations (2 cents).

Key elements of these changes during fiscal year 2012 were as follows:

- Operating grants and contributions reflected a slight increase of \$0.9 million or 4.2%. This includes increases in State grant revenue of \$0.8 million and federal grant revenue of \$0.1 million.
- City appropriation increased 4.9% to \$178.4 million. This includes \$3.5 million for capital projects and \$0.2 million to fund expansion of ACPS' pre-kindergarten program.
- State Aid increased 8.8% to \$28 million primarily due to increased sales tax and basic aid revenues.
- Grants not restricted to specific programs included the State Fiscal Stabilization Funds received in 2011 and discontinued in 2012.
- Other local funds increased due to additional local funds received, including e-Rate revenues.
- Instructional expenses increased overall by \$10 million, primarily due to increased general instruction expenses, as a result of the intentional realignment of 2012 operating budget to dedicate more resources towards classroom instruction. Our 2012 operating budget increased by 7.3% and provided the basis for the increased general instruction funding.
- Administrative expenses increased \$4.6 million primarily due to supplemental retirement pension costs and OPEB costs.
- Transportation expenses remained relatively steady compared to 2011. During 2012, 4 new buses were purchased for approx. \$0.3 million through the Capital Projects Fund. These buses were capitalized and included in Capital Assets on Statement of Net Assets- Exhibit I.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. ACPS, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All ACPS funds are reported in the governmental funds.

## **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

ACPS fund financial statements provide detail information about the most significant funds, and not ACPS as a whole. ACPS' governmental funds use the following accounting approach. All of ACPS' services are reported in governmental funds. Governmental fund reporting focus on showing how money flows in and out of funds and the balances left at year-end that are available for spending. They are reported using modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of ACPS' operations and the services it provides.

The Board adopts an annual appropriated budget for all of its major and nonmajor governmental funds. For fiscal year 2012, the Grants and Special Projects Fund (Special Revenue Fund) has been designated as a major governmental fund, along with the General and Capital Projects Funds. The budgetary comparison schedules for the General and Grants and Special Projects funds have been provided in the Required Supplementary Information section of this report (Exhibits VII and VIII, respectively). The budgetary comparison schedule for the School Nutrition Fund (nonmajor) has been provided in the Other Supplementary Information section (Exhibit XVI) to demonstrate compliance with this budget.

In 2011, ACPS implemented Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which replaced the traditional fund balance components. The new components of fund balance include nonspendable, restricted, committed, assigned, and unassigned.

As of the end of 2012, ACPS' governmental funds reported combined fund balances of \$21.6 million, an increase of \$0.8 million in comparison with fiscal year 2011. Of this combined total, \$1.1 million or 5.1% constitutes nonspendable fund balance which reflects inventories that are in a non-liquid form and cannot be spent, \$2.6 million or 11.9% constitutes restricted fund balance which is externally restricted

for grant programs, \$11.3 million or 52.2% constitutes assigned fund balance which is designated for the subsequent year's fund balance and outstanding encumbrances at year-end, and \$6.7 million or 30.9% constitutes unassigned fund balance which is not constrained at all and can be used for any purpose by the Board. There is no fund balances designated as committed for 2012. See Note 12 for additional information on our fund balance designations.

The following schedules present a summary of the General Fund by type of revenue and expenditures by function for the period ended June 30, 2012 as compared to June 30, 2011. They also depict the amount and percentage increases and decreases in relation to prior year amounts reported.

### General Fund Revenues

The General Fund is the general operating fund of the Board that is used to account for all financial resources, except those required to be accounted for in another fund.

Revenues for the General Fund totaled \$205.1 million for 2012, which was \$9.9 million or approximately 5.0% higher than revenues received in 2011. ACPS is fiscally dependent upon the City, which provides the largest source of funding to ACPS of \$175 million. The second largest source of revenue is from the Commonwealth of Virginia. Income from the Commonwealth increased \$2.3 million or 8.8%, primarily due to additional state sales taxes and basic aid.

Other local revenue sources increased by 52.8% due to increases in the indirect cost recoveries from federal grants.

General Fund Revenues by Source						
Source	FY 2012		FY 2011		Increase (Decrease) from FY 2011	
	Amount (thousands)	Percent of Total	Amount (thousands)	Percent of Total	Amount (thousands)	Percentage Change
City of Alexandria	\$ 174,956	85.3 %	\$ 167,887	86.0 %	\$ 7,069	4.2 %
State Aid	27,984	13.6	25,716	13.2	2,268	8.8
Federal Aid	107	0.1	78	0.0	29	37.2
Tuition and Fees	615	0.3	631	0.3	(16)	(2.5)
Other Local Funds	1,464	0.7	958	0.5	506	52.8
Total Revenue	<u>\$ 205,126</u>	<u>100.0 %</u>	<u>\$ 195,270</u>	<u>100.0 %</u>	<u>\$ 9,856</u>	<u>5.0 %</u>

Amounts may not add due to rounding

### General Fund Expenditures

General Fund expenditures totaled \$204.9 million for fiscal year 2012, which was an increase of \$11.2 million, or 5.8% from fiscal year 2011. Some of these program costs were paid with tuition and fees or subsidized by contributions. The following illustration presents the amounts of General Fund expenditures uses by function and the increase or decrease from the previous year for each function.

General Fund Expenditures by Function						
Function	FY 2012		FY 2011		Increase (Decrease) From FY 2011	
	Amount (thousands)	Percent of Total	Amount (thousands)	Percent of Total	Amount (thousands)	Percent Change
General instruction	\$ 156,268	76.3 %	\$ 146,331	75.5 %	\$ 9,937	6.8 %
Adult education	939	0.5	1,084	0.6	(145)	(13.4)
Summer school	1,086	0.5	1,325	0.7	(239)	(18.0)
Administration	15,745	7.7	16,591	8.6	(846)	(5.1)
Attendance and health	4,520	2.2	4,604	2.4	(84)	(1.8)
Pupil transportation	9,063	4.4	8,251	4.3	812	9.8
Plant operations and maintenance	15,822	7.7	15,160	7.8	662	4.4
Food services	429	0.2	292	0.2	137	46.9
Community services	-	-	99	0.1	(99)	(100.0)
Debt Services						
Principal	1,046	0.5	-		1,046	
Interest	13	0.0	-		13	
Total Expenditures	\$ 204,930	100.0 %	\$ 193,737	100.0 %	\$ 11,194	5.8 %

Amounts may not add due to rounding

The increased costs in general instruction were primarily due to costs associated with additional instruction-based positions driven by the student enrollment growth and the student needs. The increased cost in general instruction is also due to the salary increase associated with the additional time added to contract for all teachers and the corresponding increased instruction payroll and benefits costs. Transportation expenses increased by 9.8% as a result of increased fuel costs and costs to transport special education students. Plant operations and maintenance expenditures reflect rising costs for utilities, equipment and facilities maintenance.

ACPS continues to fund the Other Post-Employment Benefits (OPEB) Trust. See Note 8 for additional information on the OPEB Trust. During 2012, only employee contributions were made to the Supplemental Retirement Plan. See Note 7 for additional information on the Supplemental Retirement Plan.

### Fund Balances

The General Fund increased as a result of increased State revenues received and expenditure savings generated by unfilled personnel vacancies and a spending freeze implemented during 2012.

The Grant and Special Projects Fund is used to account for federal, state, and local grants restricted for specified school purposes by the grantor. During 2012, federal grant funding decreased by \$1.2 million reflecting reductions in the phase-out of federal stimulus funds under the American Recovery and Reinvestment Act. Increases in State funding for the Northern Virginia Juvenile Home of \$0.8 million were realized and also partially offset the reductions in federal grant revenue. At the end of the 2012, the Grants and Special Projects Fund balance consisted of \$2.6 million restricted for the purposes specified in the grant awards.



The Capital Projects Fund is used to account for the acquisition, renovation or construction of ACPS facilities. Payments for all capital projects initiated by ACPS, in accordance with the School Board and City Council approved ACPS capital plan, are processed and disbursed by the City. The amounts reflected in the Capital Projects Fund represent those capital projects that were funded by the City without using debt proceeds.

As previously stated, certain school assets and projects may be financed with the City's general obligation bonds and as a result, disbursements for those activities are recorded as part of the primary government. Any capital debt financing activities are reported in the City's financial statements, and are not reflected in ACPS financial statements. According to law, the tenancy in common ends when the associated debt obligation is repaid, at which time; the related assets revert to the School Board. No capital assets reverted to ACPS in 2012, due to the end of the tenancy in common.

The School Nutrition Fund is a nonmajor governmental fund and is used to account for the preparation and serving of student meals. At the end of 2012, the School Nutrition fund balance reflected \$0.1 million in nonspendable fund balance for inventory and prepaid items and \$2.4 million in assigned fund balance for school nutrition operations. This fund is self funded by the revenues earned and does not rely upon the General Fund to support its operations. Currently, the total fund balance represents approximately 5 months of operating costs and reflects the financial stability of this self-funded operation.

### Capital assets

At June 30, 2012, ACPS had \$10.9 million invested in land, buildings and building improvements, and furniture and equipment for governmental activities, net of accumulated depreciation (see Note 5 for additional information on capital assets). This amount represents an increase of \$2.7 million from last year. ACPS student enrollment has steadily increased over the past five years to reach the present enrollment of 12,395. More than 85% of this increase comes from student growth at the elementary level, where we have grown 1,240 students in the past four years. At the current rate of increased enrollment, the building capacity will be exceeded at almost every elementary school within two years.

Major capital asset activities during fiscal year 2012 included the following:

- Additional classrooms constructed on existing school sites
- New school bus replacements
- Activities to begin construction of a new K-8 school on the Jefferson-Houston School site
- Costs associated with ongoing projects remained in construction in progress at fiscal year end.

<b>Capital Assets</b> <b>(net of accumulated depreciation)</b> <b>As of June 30</b>				
	Governmental Activities		Increase (Decrease)	Percentage Change
	2012	2011		
Land and land improvements	\$ 999,381	\$ 999,381	\$ -	- %
Buildings and building improvements	2,896,506	3,003,275	(106,769)	(3.6)
Furniture and equipment	6,965,856	4,181,998	2,783,858	66.6
<b>Totals</b>	<b>\$ 10,861,743</b>	<b>\$ 8,184,654</b>	<b>\$ 2,677,089</b>	<b>32.7 %</b>

## Financial-Management's Discussion &amp; Analysis

Under legislation passed by the General Assembly of Virginia, projects under construction and any school assets funded by the City's long-term debt are carried in the City's financial records until the associated debt has been paid in full. When the bonded debt is retired, the assets and any remaining asset value are transferred to ACPS. The table below reflects only assets that have been transferred to ACPS.

### General Fund Budgetary Highlights

The annual budget is prepared on a basis consistent with accounting principles generally accepted in the United States for the General Fund. All annual unencumbered appropriations lapse at fiscal year-end.

The budget is prepared by fund, organizational unit and account. Certain funding allocations (primarily Federal and General State Aid) are made to schools but are not budgeted by account. During the fiscal year, upon receiving the final allocation from the State, transfers and adjustments are made to the budget allocation.

The following schedule presents a summary of the general operating fund revenues by type and expenditures for the period ended June 30, 2012 compared to the original and final budgets as of June 30, 2012.

**Revenues and Expenditures  
General Fund  
Budget to Actual Comparison**

	FY 2012			
	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
Intergovernmental:				
City of Alexandria	\$ 174,956,420	\$ 174,956,420	\$ 174,956,420	\$ -
State aid	27,608,899	27,608,899	27,984,171	375,272
Federal aid	75,751	75,751	106,599	30,848
Tuition and fees	643,017	643,017	614,996	(28,021)
Other local funds	299,590	299,590	1,463,936	1,164,346
<b>Total Revenues</b>	<b>203,583,677</b>	<b>203,583,677</b>	<b>205,126,122</b>	<b>1,542,445</b>
<b>Expenditures</b>				
Salaries	135,741,568	133,383,174	132,703,464	(679,710)
Benefits	46,154,466	44,879,575	43,841,559	(1,038,016)
Purchased Services	10,541,045	12,348,562	11,478,776	(869,786)
Internal Services	279,821	138,233	12,373	(125,860)
Other Charges	7,599,255	7,540,628	7,028,344	(512,284)
Materials and Supplies	7,841,153	9,089,781	7,667,849	(1,421,932)
Capital Outlay	2,411,844	2,467,391	2,198,171	(269,220)
<b>Total Expenditures</b>	<b>210,569,152</b>	<b>209,847,344</b>	<b>204,930,536</b>	<b>(4,916,808)</b>
<b>Change in Fund Balance</b>	<b>\$ (6,985,475)</b>	<b>\$ (6,263,667)</b>	<b>\$ 195,586</b>	<b>\$ 6,459,253</b>

## Financial-Management's Discussion &amp; Analysis

- Actual General Fund revenues exceeded budget by \$1.5 million, while expenditures came in under budget by \$4.9 million or 2.3%.
- Actual combined salaries and benefits expenditures were less than budget by \$1.7 million, due to cost savings from position vacancies and the corresponding benefits, and lower expenditures for disability insurance, workers compensation and long-term sick leave.
- Actual materials and supplies were less than budget by \$1.4 million, primarily due to lower than planned expenditures for software/online charges, instructional supplies, replacement textbooks and equipment.
- The budget variances above do not include the value of any outstanding encumbrances that remained open at year end. There were outstanding encumbrances for the general fund totaling \$1.8 million, that were carried over into 2013.

### Fiduciary Funds

ACPS is the trustee for its employees' pension plan and other post-employment benefit trust. It is also responsible for an agency fund which covers the student activity fund (SAF) program. All of the fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These activities are excluded from ACPS' government-wide statements because ACPS cannot use these assets to finance its operations. The financial statements for the plan are prepared on the accrual basis of accounting. The student activity monies are also accounted for in this fund type as an agency fund. The School Activity Account Fund is presented in Exhibits V and XIV of this report.

The basic Fiduciary Fund financial statements are presented in Exhibits V and VI, and the combining statements for the Fiduciary Fund are presented in Exhibits XII and XIII of this report.

### Economic Factors and 2013 Fiscal Year Budget

The School division considers many factors when developing the next year's budget. Primary factors include student enrollment compared to the student teacher ratios in each classroom and the number of new staff needed to meet those program goals, employee benefit increases, utility cost and other factors. ACPS is experiencing a huge increase in student enrollment.

Alexandria City Public Schools enrollments have grown from 10,600 in the spring of 2008 to 12,395 (17.4 percent) this spring, while budgets have increased an average of only about 2 percent per year.

Projected enrollment for the 2012-13 school year includes a 3.3 percent growth (about 412 students). ACPS has proudly maintained smaller class sizes for an enhanced learning environment for students. Class size caps remain the smallest in Northern Virginia — 20 for kindergarten, 22 for grades 1 and 2, and 24 for grades 3 to 5 in elementary schools. However, with projected enrollment increases and in an effort to allow students to attend their neighborhood schools, the Alexandria City School Board this year voted to allow the Superintendent of Schools the option to increase kindergarten class size caps by two students if needed.

The significant capacity needs that face ACPS require additional resources of space and staff to serve the needs of students. In 2012, 20 modular classrooms were added to existing school sites. For 2013, at least eight modular classrooms will be completed. The modified enrollment policies currently in

effect for grades K-5 will continue to maximize the use of limited classroom space. The major capacity projects currently underway include the new Jefferson-Houston School and Francis C. Hammond outdoor field and track with artificial turf. Achieving the capacity to serve our growing population of students is a challenge that provides significant spending pressure on our capital projects budget.

ACPS' growing student population continues to reflect very diverse demographics and special needs. Our students represent 110 different countries and speak 138 native languages. The enrollment in the English Language Learners (ELL) program represents 22.8% of total student population for FY2012. Our FY2012 enrollment, reflected 4 schools with ELL enrollment exceeding 30% of the total school enrollment, including William Ramsay ES where 50.3% of the school's enrollment are ELL. The proportion of our students participating in the free-and-reduced price meal program in FY2008 was 48% and this has increased in FY2012 to 55.8%. For FY2012, 13 of our schools had more than 50% of their student population participating in the free-and-reduced price meal program. This includes 3 schools with over 70% in this program, including William Ramsay with over 80%. Our special education population has not increased in comparison to FY2008; however it still represents 12.4% of the total student enrollment.

All of these factors contribute towards increased costs to educate our students and provide significant challenges towards balancing our budget.

In order to meet the changing needs of a rapidly growing student population with fewer and fewer resources available and in order to be respectful of the economic situation, ACPS has looked deeply and analytically on how and where existing resources are being spent and their impact on student learning. Using the School Board approved strategic plan, students' needs and data-driven and evidence-based research as the framework for resources allocation; ACPS has realigned or re-purposed almost \$60 million over the past four years to ensure that each and every student meets the expectations of the 21st century education of excellence. ACPS has developed a budget that builds a stronger bridge to excellence for Alexandria students, families, teachers, leaders, employees and taxpayers while, at the same time, being responsive to and respectful of the difficult economic environment.

As part of the FY2013 budget development, more than \$14 million of the division's operating budget, 6.7%, was re-purposed or reallocated to support the most important goal in the school division strategic plan: higher achievement for each and every student. Despite these very difficult economic times and the financial challenges associated with continued increased student enrollment and more diverse student needs to address, ACPS will continue to put its limited resources where it matters the most: To improve student learning for each and every child in the school division. Through resource realignment, ACPS will maintain small class sizes, dedicate more money to instruction, add more teachers for core classes, physical education, ELL and special education programs, fund school exemplary programs, add time to teacher contract, fund teacher professional development and mentoring program.

Also considered in the development of the budget is the local economy and inflation of the surrounding area.

The approved FY 2013 budget expenditures increased by \$7.1 million or 3.1%, over the fiscal year 2012 approved budget. Approximately 86.9% of the budget is for compensation and benefits. Key items were included in the 2013 budget to reflect our urgency of mission to ensure that each and every student achieves at the highest level and that achievement differences among our students are

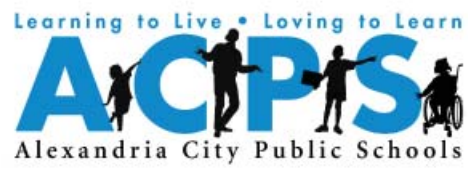
closed.

- \$4 million to fund 55.2 additional FTEs for elementary teachers, paraprofessionals and assistant principals
- \$33.8 million to support over 3,100 ELL and 1,400 special education students using revised staffing formulas to accommodate shifting student populations
- \$71.1 million to support continuation of our small elementary class size ratios, low secondary class sizes and low secondary student/counselor ratios.
- \$6.8 million to fund increases in VRS contributions and health benefits cost sharing between ACPS and employees

In May 2012, the Board adopted a balanced budget for fiscal year 2013 that reflected total resources, including \$6.9 million of available fund balance and appropriations of \$218 million for the General Fund.

### **Contacting the Alexandria City Public Schools Financial Management**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of ACPS' finances and to show ACPS' accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Finance Office at Alexandria City Public Schools, 2000 N. Beauregard Street, Alexandria, Virginia 22311, telephone 703-824-6646 or visit the school's web site at <http://www.acps.k12.va.us/financial-services/finance/>.



# FINANCIAL SECTION

Basic Financial Statements

## ***THE SATURDAY EVENING POLK***

JULY 2, 2011

WE COUNTS THE COPY



**THE FOURTH OF JULY**

ACPS' goal #3 is to create an exceptional learning environment.



## Exhibit I

**Alexandria City Public Schools, Virginia***Statement of Net Assets**June 30, 2012*

	<b>Governmental Activities</b>
<hr/>	
<b>Assets</b>	
Due from the City of Alexandria	\$ 51,227,161
Due from other governments	7,015,877
Other receivables	502,841
Prepaid items and other assets	7,226,823
Inventories	116,829
Capital assets:	
Land	999,381
Other capital assets, net	9,862,362
<b>Total assets</b>	<b>76,951,274</b>
<b>Liabilities</b>	
Accrued personnel services	32,586,476
Accounts payable	3,595,562
Unearned revenue	813,490
Long-term liabilities:	
Due within one year	2,764,303
Due in more than one year	7,640,211
<b>Total liabilities</b>	<b>47,400,042</b>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	9,848,454
Restricted, grant programs	2,562,085
Unrestricted	17,140,693
<b>Total net assets</b>	<b>\$ 29,551,232</b>

See accompanying notes to the basic financial statements.

**Exhibit II**

**Alexandria City Public Schools, Virginia**  
*Statement of Activities*  
*For the Year Ended June 30, 2012*

<b>Functions</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Assets</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>
Instructional:				
General instruction	\$ 172,528,593	\$ 37,515	\$ 17,722,796	\$ (154,768,282)
Adult education	1,263,518	200,935		(1,062,583)
Summer school	1,086,494	66,689		(1,019,805)
Support Services:				-
Administration	17,331,705			(17,331,705)
Attendance and health services	4,587,196			(4,587,196)
Pupil transportation	8,225,165			(8,225,165)
Plant operations and maintenance	16,667,322	329,484		(16,337,838)
Operation of Noninstructional Services:				-
Food services	6,407,033	1,893,970	4,620,540	107,477
Community services	-			-
Capital Improvement Services	3,219,204		-	(3,219,204)
<i>Total governmental activities</i>	<u>\$ 231,316,230</u>	<u>\$ 2,528,593</u>	<u>\$ 22,343,336</u>	<u>(206,444,301)</u>
General revenues:				
Intergovernmental:				
City of Alexandria				178,449,148
Commonwealth of Virginia				27,984,171
Other				2,222,167
<i>Total general revenues</i>				<u>208,655,486</u>
Change in net assets				2,211,185
<i>Net assets-July 1, 2011</i>				<u>27,340,047</u>
<i>Net assets-June 30, 2012</i>				<u>\$ 29,551,232</u>

See accompanying notes to the basic financial statements.

## Alexandria City Public Schools, Virginia

*Balance Sheet*  
*Governmental Funds*  
*June 30, 2012*

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue Fund</u>	(Nonmajor) <u>School Nutrition Fund</u>	<u>Total</u>
<b>Assets</b>					
Due from the City of Alexandria	\$ 50,156,378	\$ 1,070,783	\$ -	\$ -	\$ 51,227,161
Due from other governments	813,739	-	5,904,815	297,323	7,015,877
Due from other funds	1,380,417	-	-	2,726,257	4,106,674
Other receivables	919	-	501,644	278	502,841
Prepaid items and other assets	972,328	-	20,901	17,743	1,010,972
Inventories	-	-	-	116,829	116,829
<i>Total assets</i>	<u>\$ 53,323,781</u>	<u>\$ 1,070,783</u>	<u>\$ 6,427,360</u>	<u>\$ 3,158,430</u>	<u>\$ 63,980,354</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accrued personnel services	\$ 31,428,150	\$ -	\$ 1,366,150	\$ 326,342	\$ 33,120,642
Accrued compensated absences	726,538	-	-	-	726,538
Accounts payable	2,265,700	758,466	409,697	161,699	3,595,562
Due to other funds	2,726,257	-	1,380,417	-	4,106,674
Deferred revenue	3,690	-	709,011	100,789	813,490
<i>Total liabilities</i>	<u>37,150,335</u>	<u>758,466</u>	<u>3,865,275</u>	<u>588,830</u>	<u>42,362,906</u>
<b>Fund balances</b>					
Nonspendable	959,252	-	-	132,732	1,091,984
Restricted	-	-	2,562,085	-	2,562,085
Committed	-	-	-	-	-
Assigned	8,544,730	312,317	-	2,436,868	11,293,915
Unassigned	6,669,464	-	-	-	6,669,464
<i>Total fund balances</i>	<u>16,173,446</u>	<u>312,317</u>	<u>2,562,085</u>	<u>2,569,600</u>	<u>21,617,448</u>
<i>Total liabilities and fund balances</i>	<u>\$ 53,323,781</u>	<u>\$ 1,070,783</u>	<u>\$ 6,427,360</u>	<u>\$ 3,158,430</u>	<u>\$ 63,980,354</u>

See accompanying notes to the basic financial statements.

**Alexandria City Public Schools, Virginia**  
*Reconciliation of the Governmental Funds Balance Sheet to  
the Statement of Net Assets  
June 30, 2012*

---

<b>Total fund balances-governmental funds</b>	<b>\$ 21,617,448</b>
---	----------------------

Amounts reported for governmental activities in the statement of net assets  
are different from amounts reported for governmental funds because:

Capital assets used in governmental activities are not current financial resources  
and therefore are not reported in the governmental funds. (Note 5)

Non-depreciable assets	\$ 999,381	
Depreciable assets	53,275,052	
Less: Accumulated depreciation	<u>(43,412,690)</u>	10,861,743

Amount of pension contribution to the School Supplement Retirement  
Plan is greater than the pension cost and is recorded as a prepaid  
item in the Statement of Net Assets. (Note 7)

6,215,851

Liabilities applicable to the ACPS' governmental activities are not  
due and payable in the current period and accordingly are not  
reported as fund liabilities. Long-term obligations are not recorded in  
the governmental funds but they are reported in the Statement of  
Net Assets. All liabilities, both current and long-term, are reported  
in the Statement of Net Assets. (Notes 6, 8 & 9)

Compensated absences, long term	\$ (5,491,373)	
Compensated absences, current increase	(490,309)	
Workers' compensation claims	(228,928)	
Capital leases	(1,013,289)	
Other postemployment benefits	<u>(1,919,910)</u>	<u>(9,143,810)</u>

**Total net assets of governmental activities in the Statement  
of Net Assets**

**\$ 29,551,232**

See accompanying notes to the basic financial statements.

**Alexandria City Public Schools, Virginia**  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended June 30, 2012*

	General	Capital Projects	Special Revenue Fund	(Nonmajor) School Nutrition Fund	Total
<b>Revenues</b>					
Intergovernmental:					
City of Alexandria	\$ 174,956,420	\$ 3,492,728	\$ -	\$ -	\$ 178,449,148
State aid	27,984,171	-	3,405,313	107,670	31,497,154
Federal aid	106,599	-	14,210,885	4,512,869	18,830,353
Tuition and fees	614,996	-	19,627	-	634,623
Food sales	-	-	-	1,701,929	1,701,929
Other	1,463,936	-	758,231	192,041	2,414,208
<i>Total revenues</i>	<u>205,126,122</u>	<u>3,492,728</u>	<u>18,394,056</u>	<u>6,514,509</u>	<u>233,527,415</u>
<b>Expenditures</b>					
Current:					
General instruction	156,267,587	-	16,861,937	-	173,129,524
Adult education	939,268	-	324,249	-	1,263,517
Summer school	1,086,494	-	-	-	1,086,494
Administration	15,744,590	-	816,192	-	16,560,782
Attendance and health services	4,519,655	-	67,541	-	4,587,196
Pupil transportation	9,062,813	-	-	-	9,062,813
Plant operations and maintenance	15,821,967	-	515,366	-	16,337,333
Food services	429,225	-	-	5,992,413	6,421,638
Capital improvement services	-	3,219,204	-	-	3,219,204
Debt Service					
Principal	1,045,511	-	-	-	1,045,511
Interest	13,426	-	-	-	13,426
<i>Total expenditures</i>	<u>204,930,536</u>	<u>3,219,204</u>	<u>18,585,285</u>	<u>5,992,413</u>	<u>232,727,438</u>
<i>Net change in fund balances</i>	<u>195,586</u>	<u>273,524</u>	<u>(191,229)</u>	<u>522,096</u>	<u>799,977</u>
<i>Fund Balances-July 1, 2011</i>	<u>15,977,860</u>	<u>38,793</u>	<u>2,753,314</u>	<u>2,047,504</u>	<u>20,817,471</u>
<i>Fund Balances-June 30, 2012</i>	<u>\$ 16,173,446</u>	<u>\$ 312,317</u>	<u>\$ 2,562,085</u>	<u>\$ 2,569,600</u>	<u>\$ 21,617,448</u>

See accompanying notes to the basic financial statements.

**Exhibit IV-1**

**Alexandria City Public Schools, Virginia**  
*Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2012*

---

<b>Net change in fund balances-total governmental funds</b>	<b>\$</b>	<b>799,977</b>
---	-----------	----------------

Amounts reported for governmental activities in the Statement of Activities are different because:

Amount of pension contribution is greater than the pension cost. This is the net increase in the pension asset in the current period. (Note 7)		(1,510,771)
--	--	-------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded new capital outlays in the current period. (Note 5)		2,677,089
--	--	-----------

In the Statement of Activities, sick pay, vacation pay, workers' compensation, capital leases and other postemployment benefits are measured by the amount accrued during the year. In governmental funds, expenditures for these items are measured by the amount actually paid. (Notes 5,6, 8 & 9)

Compensated absences, long term decrease	\$ 1,117,041	
Compensated absences, current increase	(490,309)	
Workers' compensation	(8,292)	
Capital leases	(1,013,289)	
Other postemployment benefits	639,739	244,890

<b>Change in net assets of governmental activities in the Statement of Activities</b>	<b>\$</b>	<b><u>2,211,185</u></b>
---	-----------	-------------------------

See accompanying notes to the basic financial statements.

**Alexandria City Public Schools, Virginia***Statement of Fiduciary Net Assets**Fiduciary Funds**June 30, 2012*

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Agency Fund- Student Activity</b>
<b>Assets</b>		
Cash held on behalf of student activity fund	\$ -	\$ 629,324
Investments, at fair value:		
Bonds	64,170,772	-
Stocks	4,638,595	-
Mutual funds	28,532,759	-
Real estate	2,222,539	-
Global asset allocation	8,605,827	-
Cash	125,872	-
<i>Total assets</i>	<u>108,296,364</u>	<u>629,324</u>
<b>Liabilities</b>		
Due to student groups	-	629,324
<i>Total liabilities</i>	<u>-</u>	<u>\$ 629,324</u>
<b>Net Assets</b>		
Investments held in trust for pension and other employee benefits	<u>108,296,364</u>	
<i>Total net assets</i>	<u>\$ 108,296,364</u>	

See accompanying notes to the basic financial statements.



**Alexandria City Public Schools, Virginia**  
*Statement of Changes in Fiduciary Net Assets*  
*Pension and Other Employee Benefit Trust Funds*  
*For the Year Ended June 30, 2012*

	<b>Pension and Other Employee Benefit Trust Funds</b>
<b>Additions</b>	
Employer contributions	\$ 4,427,818
Net appreciation in investments	<u>3,408,688</u>
Total additions	<u>7,836,506</u>
<b>Deductions</b>	
Benefit payments	4,984,700
Administrative expenses	<u>180,201</u>
Total deductions	<u>5,164,901</u>
Change in net assets	2,671,605
Net assets-July 1, 2011	<u>105,624,759</u>
Net assets-June 30, 2012	<u><u>\$ 108,296,364</u></u>

See accompanying notes to the basic financial statements.

**NOTE 1. Summary of Significant Accounting Policies****a) Reporting Entity**

The School Board of the City of Alexandria is a separately-elected governing body operating under the Constitution of Virginia and the Code of Virginia. Since FY 1995, the members of the School Board (Board) have been elected by the citizens of the City of Alexandria (City) to serve three-year terms. The Board determines educational policies and appoints a superintendent of schools to implement the Board's policies. The superintendent is also responsible to the Board for administering the operations of the school system, supervising personnel and advising the Board on all educational matters for the welfare of the students. The mission of Alexandria City Public Schools (ACPS) is to deliver high-quality instruction to a highly-diverse student population so that all students achieve at their highest potential.

The City Council (Council) annually approves the Board's total annual General Fund budget appropriation, levies taxes, and issues debt for school projects. The legal liability for the general obligation debt issued for school capital assets remains with the City. Funds also are received from state and federal sources for general school aid and specific grant purposes, respectively. The Council is prohibited from exercising any control over specific appropriations within the operating budget of the Board. ACPS is considered to be a discretely presented component unit of the City because ACPS is fiscally dependent on the City and its operations are funded primarily by payments from the City's general fund. The Board has the discretionary authority to expend the amount appropriated to it by the Council.

**Basis of Financial Statement Presentation and Fund Accounting**

The financial statements of ACPS have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing local governmental accounting and financial reporting principles. The reporting model was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes:

**Management's Discussion and Analysis (MD&A)** The purpose of the MD&A is to provide an analysis of ACPS' overall financial strength and operating results. It also includes a description of currently known facts, decisions, or conditions expected to have a significant effect on the future financial position of the school division.

**Government-wide financial statements** These include financial statements prepared using full accrual accounting for all of the government's activities. Under the accrual basis, all revenues and costs of providing services are reported, not just those received or paid in the current year or soon thereafter. This approach includes not just current assets and liabilities, but also capital assets and long-term liabilities.

**Fund financial statements** GASB Statement No. 34 requires governmental entities to present financial statements with information about funds with a focus on ACPS major funds.

**Budgetary comparison schedule** The budgetary comparison schedule requires the presentation of both the original budget and final budget and comparison to the actual results.

**b) Basis of Presentation**

**Government-wide Financial Statements** The Statement of Net Assets and the Statement of Activities report information on all the activities of ACPS, except for fiduciary funds. The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The fund statements are presented on a current financial resources measurement focus and use the modified accrual basis of accounting, except the fiduciary fund statements which use the accrual basis. Governmental fund financial statements, therefore, includes a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program within ACPS' governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore are clearly identifiable to a particular function. Revenues which are not classified as program revenues are presented as general revenues of ACPS. The comparison of direct expenses with program revenues identifies the extent to which the governmental function is self-financing or draws from the general revenues of ACPS.

Program revenues are financed by those who use the services of the program or from grants and contributions from parties outside ACPS which are restricted for use in the specific program. These revenues reduce the cost of the functions to be financed from ACPS' general revenues. Charges for services include general and adult education tuition, cafeteria sales, lease of facilities and summer school tuition. Program-specific operating grants and contribution revenues include the Federal School Lunch program and other federal grants and reimbursements.

Expenses are grouped in four broad categories: instructional, support services, operation of non-instructional services and capital improvement services. Some functions classified under support services include expenses that are, in essence, indirect expenses of instructional functions. However, ACPS does not allocate those indirect expenses to the instructional programs. Depreciation expense is specifically identified by function and is included in the direct expense of each applicable function.

The government-wide financial statements report information on all the activities of ACPS. The effect of interfund activity has been removed from these statements to minimize the "grossing-up" of assets and liabilities.

**Fund Financial Statements** Fund financial statements report detailed information about ACPS. The focus of governmental fund financial statements is on reporting major funds rather than on reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds include the pension and other employee benefit trust funds and agency funds.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current resources measurement focus. The financial statements for governmental funds consist of a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

ACPS uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain ACPS functions and activities. A fund is defined as a fiscal and accounting entity with a self-balancing set

of accounts.

ACPS has two categories of funds: governmental funds and fiduciary funds.

**Governmental funds** Governmental funds are those through which most governmental functions of the Board are financed. The acquisition, use and balances of ACPS' expendable financial resources and the related liabilities are accounted for through governmental funds. ACPS' main operating fund is reported as a major fund. Major funds are determined based on the ratio of each fund compared to the fund category total. The following are ACPS' major governmental funds:

- **General Fund** – the General Fund is the general operating fund of ACPS. It is used to account for all financial resources, except those required to be accounted for in another fund.
- **Capital Projects Fund** – the Capital Projects Fund is used to account for financial resources used in the acquisition, construction or renovation of major facilities of ACPS.
- **Special Revenue Funds** – the Special Revenue Fund is used to account for Federal, State, non-profit, and private industry grants that support instructional programs.
- **School Nutrition Fund** is a nonmajor, special revenue fund used to account for revenues internally restricted to expenditures for certain purposes, specifically for the procurement, preparation, and serving of student meals.

**Fiduciary funds** – Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of those funds are not available to support the Board's programs. The following are ACPS fiduciary funds.

- **Pension and Other Employee Benefit Trust Funds** – Pension and other employee benefit trust funds are fiduciary funds used to account for assets held in a trustee capacity for the members and beneficiaries of the School Supplemental Retirement Plan and for the School Other Post-employment Benefits (OPEB) Trust Fund.
- **Agency Fund** – the Student Activity Fund accounts for student activity monies held by the school principals of the twenty schools.

#### c) Budgetary Comparison Schedule

ACPS is required to present certain required supplementary information (RSI) within its basic financial statements. Demonstrating compliance with the legally-adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the school's annual operating budget and have a keen interest in following the actual financial progress over the course of the year. The budgetary information presents the original budget, the final budget and actual results.

#### d) Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds are reported using the accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are both “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Federal and State reimbursement-type grants revenues are considered to be measurable and available as revenue when reimbursements for related eligible expenditures are collected within a year of the date the expenditure was incurred. ACPS considers all non-reimbursement type revenues available if they are collectible within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences and workers’ compensation. Liabilities for compensated absences and workers compensation are recognized as fund liabilities and expenditures when amounts are due and payable.

State aid is recorded at the time of receipt or earlier if the “susceptible to accrual” criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met.

Under the accrual basis of accounting, revenues are recognized when earned. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grant proceeds received before the eligibility requirements are met are recorded as deferred revenue. Revenue from the United States Department of Agriculture in the form of commodities is considered earned when the commodities are used. The value of unused commodities is reported as deferred revenue.

The pension trust fund is accounted for on a flow of economic resources measurement focus. With this focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Member and employer contributions are recognized in the period when due and ACPS has made a formal commitment to fund employees’ contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Agency funds are custodial in nature and do not involve measurement of results of operations.

#### **e) Encumbrance Accounting**

Encumbrance accounting, which is the recording of purchase orders, contracts and other monetary commitments in order to reserve applicable portions of an appropriation, is used as an extension of formal budgetary control.

Encumbrances outstanding at year-end are classified as committed or assigned in the General Fund, as restricted fund balance in the Grants and Special Projects Special Revenue Fund and as assigned in the School Nutrition Fund, non-major fund. Annual appropriations that are not spent, encumbered or classified as committed or assigned, lapse at year-end.

#### **f) Cash and Investments**

ACPS cash balances in all funds, except for fiduciary funds, are held by the City and are invested to the extent available by the City Treasurer. These balances are invested in repurchase agreements and obligations of the federal government and are recorded at fair value. The fair value of investments is based on quoted market prices. These balances are reflected as amounts due from the City in the financial statements. The cash in the Agency Fund represents the student activity fund cash balances in the separate bank accounts maintained by the individual schools. Due to the fact that these funds are accounted for on the cash basis of accounting, accrued interest on certificate of deposits with a term of maturity longer than 1 year is not reflected in the cash balance.

**g) Due from Other Governments and the City**

The amount due from other governments consists primarily of receivables from state entitlements and federal and state reimbursement of grants expenditures. Amounts due from the City consist of ACPS' share of the pooled cash invested by the City to maximize interest earnings.

**h) Interfund Receivables and Payables**

The composition of interfund receivables and payables balances as of June 30, 2012 was as follows:

Fund	Interfund Receivables	Interfund Payables
General fund	\$ 1,380,417	\$ 2,726,257
Special Revenue fund	-	1,380,417
Nonmajor governmental funds	2,726,257	-
Total	<u>\$ 4,106,674</u>	<u>\$ 4,106,674</u>

The purpose of interfund balances is to present transactions that are to be repaid between major programs at year end. Cash for the non-major governmental funds is held by the City in the General Fund.

**i) Inventories**

Inventories consist of various consumable supplies and commodities maintained by the Food and Nutrition Services office. The School Nutrition Fund values and carries its inventory on a cost basis using the weighted-average method. The purchase method of accounting is used in the governmental funds. Reported inventories in the governmental funds are equally offset by a reservation of fund balance. Food commodities received from the United States Department of Agriculture (USDA) are stated at fair market value and the amount consumed is recognized as revenue. The amount of unused food commodities is reported as inventory and deferred revenue. Beginning with the school year 2007-2008, ACPS elected to participate in the single food inventory record keeping system which allows the combination of USDA commodity and commercial inventory records. This program was approved jointly by the USDA and Commonwealth of Virginia FNS Child Nutrition and Food Distribution Divisions.

**j) Capital Assets**

Capital outlays are recorded as expenditures in the governmental funds and as assets in the government-wide financial statements to the extent the ACPS capitalization threshold is met.

Capital assets are defined by ACPS as assets with an initial, individual cost of more than \$5,000. Major additions, including those that significantly prolong a capital asset's economic life or expand its usefulness, are capitalized. Normal repairs that merely maintain the asset in its present condition are recorded as expenses and are not capitalized. Depreciation expense for capital assets is identified with a specific function and is included as a direct expense on the statement of activities.

All capital assets are capitalized at historical cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at estimated value at the date of donation. ACPS does not own any infrastructure. Upon sale or retirement of equipment, the cost and related accumulated depreciation, if applicable, are eliminated from their respective accounts and any resulting gain or loss is included in the results of operations.



All reported capital assets other than land are depreciated. Building improvements are depreciated over the shorter of ten years or the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	40 years
Building improvements	10 years
Furniture and equipment	5-10 years

### **k) Compensated Absences**

ACPS accrues compensated absences when vested. All annual and vested sick leave benefits are accrued as a liability when earned by the employees and are reported in the government-wide financial statements. The only portion of the accrued compensated absences liability that is reported in the governmental fund is that which pertains to those employees who retired or resigned at June 30, 2012, and who have not received payment for their accrued compensatory leave as of June 30, 2012.

Annual Leave: Eligible ACPS employees are granted annual leave in varying amounts, based on length of service. Employees who have accrued more than 45 annual leave days by June 30 of any year shall forfeit the excess leave. Upon retirement, resignation, termination, or death, employees may be compensated for accrued leave at their current per diem rate of pay. Annual leave is accrued as it is earned.

Sick Leave: Sick leave eligibility and accumulation is specified in the employee handbooks. Upon retirement, resignation, or death, employees receive a lump-sum payment based on daily rates approved by the Board. ACPS does not compensate terminating employees for unused sick leave unless they have completed three consecutive years of employment. Sick leave is accrued for the amount earned and vested.

Personal Leave: Full-time employees are granted four personal leave days per year and may accumulate up to eight days per year. Unused personal leave accumulated in excess of the eight days may be carried forward at the end of the year as accumulated sick leave. Personal leave is credited to each employee at the beginning of each contract year.

### **l) Net Assets**

Net assets represent the difference between assets and liabilities on the government-wide statements. In the government-wide fund financial statements, ACPS' net assets fall into three categories: invested in capital assets, net of related debt; restricted and unrestricted. The first category represents the portion of net assets related to capital assets, net of accumulated depreciation and any related debt or capital lease obligations. The restricted category represents assets with constraints placed upon their use. The constraints are either: (1) externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or (2) imposed by law or through constitutional provisions or enabling legislation.



The unrestricted category represents the remaining amount of net assets that may be used to meet ACPS' ongoing programs. In the fiduciary fund financial statements, ACPS' net assets are categorized as held in trust for pension benefits, which represent the amount of assets accumulated for the payment of benefits to the beneficiaries of the ACPS Supplemental Retirement Plan. When both restricted and unrestricted net assets are available for an expense, ACPS applies restricted resources first.

#### **m) Fund Balance**

Fund balance is categorized within one of the five classifications listed below based primarily on the extent to which the School Board is bound to observe constraints imposed upon the use of resources on the governmental funds. ACPS classifies governmental fund balances as follows:

**Nonspendable** - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. Criteria include items that are not expected to be converted into cash, for example inventories or prepaid items.

##### **Spendable Fund Balance**

**Restricted** – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

**Committed** – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the division through formal action by the School Board, the highest level of decision making authority. Committed balances are classified as such as a result of the School Board taking formal action and adopting a resolution which can only be modified or rescinded by a subsequent formal action.

**Assigned** – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The Chief Financial Officer and Director of Accounting are authorized by the School Board to assign Fund Balance amounts for specific purposes.

**Unassigned** - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

ACPS uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements. Additionally, ACPS would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Board approved a resolution to delegate the authority to assign fund balance to the Chief Financial Officer and Director of Accounting.

ACPS does not have a formal minimum fund balance policy, since the division is fiscally dependent upon the City and the City maintains an adequate fund balance.

For further details of the various fund balance classifications, refer to Note 12.

**n) Use of Estimates**

The preparation of the accompanying financial statements required management to make estimates and assumptions about certain amounts included in the financial statements. Actual results will invariably differ from these estimates.

**o) Pension Trust Fund**

A trust fund is used to account for assets held in a trustee capacity. The pension trust fund is used to account for the Supplemental Retirement System of Alexandria City Public Schools, a single-employer defined benefit pension plan. The Other Post-employment Benefit Trust Fund accounts for accumulating and investing for post-employment health benefit subsidies.

**p) Accrued Personnel Services**

At the discretion of ACPS, teachers' payroll is prorated over 12 months rather than over the 10- month school year in an effort to assist employees in financial planning. Consequently, accrued personnel services at June 30, 2012 include salaries earned prior to year-end but not distributed until the months of July and August 2012.

**q) Income Tax**

ACPS, as a component unit of the City of Alexandria, is exempt from all income taxes imposed by any governing body, and, accordingly, no provision for income taxes is recorded.

**NOTE 2. Deposits and Investments**

ACPS cash balances from all funds are combined and invested to the extent available by the City Treasurer. ACPS maintains a controlled disbursement account by which funds are automatically transferred from the City's pooled account to pay ACPS checks drawn on the ACPS account. Since ACPS' cash and investments are maintained and controlled by the City, ACPS' equity in pooled cash held in the City treasury is presented in the financial statements as due from the City of Alexandria.

**A. Deposits**

As of June 30, 2012, the carrying value of ACPS' deposits held by the City was \$ 879,764 in overdraft, of which the City will guarantee payment. ACPS's balances for student activity agency funds was \$629,324 and the carrying amount of deposits held by area financial institutions was \$704,303. The entire bank balance for each of these accounts was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the Act). The Act provides for the pooling of collateral pledged with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for one public depositor and public depositors are prohibited from holding collateral in their name as security for deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loan associations. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. Funds deposited in accordance with the requirements of the Act are considered fully secured. The City maintains all ACPS funds except for those of the agency fund, which are maintained by school principals, and the pension trust fund, which is maintained by the pension administrator.

**B. Investments**

The City Treasurer's investment policies apply to the ACPS investments controlled by the City. The Treasurer's investment policy addresses custodial risk, interest rate risk, and credit risk, in which instruments are to be diversified and maturities timed according to anticipated needs in order to minimize any exposure. There is no foreign currency risk since the City's investment policy limits investments to obligations of the United States and agencies thereof, commercial paper and repurchase agreements fully collateralized in obligations of the United States and agencies thereof and the State Treasurer's Local Government Investment Pool (LGIP), CDARS (the Certificate of Deposit Account Registry Service) and NOW accounts (Negotiable Order of Withdrawal).

During fiscal year 2012, most of the City investments were placed in the State Treasurer's Local Government Investment Pool (LGIP). The LGIP is under the supervision of the Virginia Treasury Board and audited by the Auditor of Public Accounts. However, some investments were made in CDARS and NOW accounts where deposits are eligible for FDIC insurance. The LGIP is rated 'AAAm' by Standard & Poor's Rating Services. This rating is the highest principal stability fund rating assigned by Standard & Poor.

The City and its discretely presented components units' investments are subject to interest rate, credit and custodial risk as described below.

- **Interest Rate Risk-** As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits at least half of the City's investment portfolio to maturities of less than one year.
- **Credit Risk** – State Statutes authorize the City to invest in obligations of the US or agencies thereof, obligations of the Commonwealth of Virginia or political subdivision thereof, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements and Virginia Local Government Investment Pool. The City's current investment policy limits investments to obligations of the US and agencies thereof, commercial paper and repurchase agreements fully collateralized in the Obligations of the United States and agencies thereof and the State Treasurer's Local Government Investment Pool (LGIP), CDARS (the Certificate of Deposit Account Registry Service, is a service that allows FDIC insured institutions to provide their customers with access to full FDIC insurance on CD investments up to \$50 million) and NOW accounts (Negotiable Order of Withdrawal, an interest bearing bank account with which the customer is permitted to write drafts against money held on deposit). During the fiscal year, the City held its investments in (LGIP), CDARS and NOW accounts.
- **Custodial Risk** – For an investment, custodial risk is the risk that in the event of the failure of the counter party the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Currently all City investments are held in LGIP, CDARS and NOW accounts. In the event the City has to invest in a local bank, the City requires a designated portfolio manager and that at the time funds are invested, collateral for repurchase agreements be held in the City's name by a custodial agent for the term of the agreement and investments in obligations of the United States or its agencies be held by the Federal Reserve in a custodial account.

As of June 30, 2012, the fair value of the City's investment in the LGIP was equal to the value of the shares the City owns in the pool.

ACPS participates in three pension plans, see Note 7. Two of these plans are part of the Virginia Retirement System (VRS) and are managed by the Commonwealth of Virginia. The Board has directed Prudential, a company with an A (Excellent) rating, one of the top three, by A.M. Best rating agency, to invest funds for the School Supplemental Retirement defined benefit pension plan. Assets of the pension plans are invested by the pension carriers in accordance with the provisions of the Code of the Commonwealth of Virginia. The Board requires the pension carrier to invest the funds in a manner that fully guarantees the principal amount of the plan's assets.

At June 30, 2012, the cash and investment balances for ACPS were as follows:

INVESTMENT MATURITIES (in years)				
	Fair Value	Less than 1 yr.	1-5 years	Long Term
State Treasurer's Local Government Investment Pool (LGIP)	\$ 27,576,621	\$ 27,576,621	\$ -	\$ -
CDARS	19,760,302	19,760,302		
Insured Cash Sweeps	4,641,936	4,641,936		
NOW Accounts	128,067	128,067		
Total Investments Controlled by the City	52,106,926	52,106,926	-	-
OPEB Trust Investments	5,993,885	-	-	5,993,885
Pension Plan Investments	102,302,479	-	-	102,302,479
Total Trust and Pension Plan Investments	108,296,364	-	-	108,296,364
Total Investments	\$ 160,403,290	\$ 52,106,926	\$ -	\$ 108,296,364

The pension plan investments consist of unallocated insurance contracts which are valued at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less refunds used to purchase annuities or pay administrative expenses. Funds under the contract that have been allocated and applied to purchase annuities are excluded from the pension plan's assets.

The following is a reconciliation of total deposits and investments to the government-wide financial statements and statement of fiduciary net assets at June 30, 2012.

Investments (controlled by the City)	\$ 52,106,926
Excess of outstanding checks over bank balance	(879,764)
Investments held in trust for retirement benefits	108,296,364
	159,523,526
Cash held on behalf of student activity funds	629,324
Total	\$ 160,152,850

**C. ACPS OPEB Trust Fund**

## Deposit and Investment Policies

The authority to establish the trust fund is set forth in Section 15.2-1244 of the Code, which provides for the purchase of investments that meet the standard of judgment and care set forth in Section 51.1-803 of the Code. The Alexandria City Public Schools (ACPS) in accordance with this election has joined the Virginia Pooled OPEB Trust Fund. Deposits to this trust are irrevocable and are held solely for the payment of OPEB benefits for ACPS.

ACPS invests the OPEB Trust Fund's assets with the Virginia Pooled OPEB Trust Fund (Pooled Trust) sponsored by the Virginia Municipal League and the Virginia Association of Counties (VML/VACo). The Pooled Trust is a pooled investment vehicle for participating local governments, school districts, and authorities in the State to accumulate and invest assets to fund other post-employment benefits. Investment decisions are made by the Board of Trustees (Trustees) of the Pooled Trust.

The ACPS OPEB Trust Fund's investment as of June 30, 2012, is summarized at market below:

Investment Type	Market Value
Cash	\$ 125,872
Bonds	1,930,031
Mutual Funds	3,152,783
Real Estate	203,792
Global Asset Funds	581,407
Total Investments	<u>\$ 5,993,885</u>

**NOTE 3. Prepaid Items and Net Pension Assets**

Prepaid items represent payments to certain health providers and other vendors applicable to future accounting periods. Net pension assets represent ACPS' prepaid pension benefits as described in Note 7.

Net pension assets	\$ 6,215,851
Prepaid insurance	309,257
Prepaid other	701,715
Total	<u>\$ 7,226,823</u>

**NOTE 4. Due from Other Governments**

Amounts due from other governments at June 30, 2012 were:

**A. Federal Government**

The following revenues were due from various federal agencies at June 30, 2012

National School Meal Program	\$	297,323
JROTC		9,800
Adult Basic Education		58,686
Corrections & Institutions		7,756
Carl Perkins		47,114
Title I Part A		1,615,916
Title I Part D		23,424
ARRA Title I		18,036
Title II-Part A		97,227
ARRA Title II-Part D		5,326
ARRA Title II D Competitive		5,148
Title II-Part D Competitive		1,209
Title III		148,998
Title VI		1,466,393
Preschool Incentive		46,640
ARRA Ed Jobs		580,867
McKinney Vento		6,090
ARRA School Improvement 1003G		1,106,024
School Improvement 1003A		178,582
Misc Federal		9,000
Total due from the Federal Government	\$	<u>5,729,562</u>

**B. Commonwealth of Virginia**

The following revenues were due from the Commonwealth of Virginia at June 30, 2012

Medicaid	\$	29,201
ISAEF		2,641
Juvenile Detention		421,334
QRIS		9,817
Technology		544,000
State Sales Tax		259,939
Total due from the Commonwealth of Virginia	\$	<u>1,266,932</u>

**C. City of Alexandria**

The following revenues were due from the City of Alexandria at June 30, 2012

Miscellaneous	\$	<u>19,383</u>
Total due from the City of Alexandria	\$	<u>19,383</u>

**NOTE 5. Capital Assets**

The following is a summary of the changes in capital assets for the year ended June 30, 2012.

**Governmental activities**

	<b>Balance July 1, 2011</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2012</b>
Capital assets not depreciated				
Land and land improvements	\$ 999,381	\$ -	\$ -	\$ 999,381
Total capital assets not depreciated	999,381	-	-	999,381
Other capital assets:				
Buildings and building improvements	38,538,139	223,220		38,761,359
Furniture and equipment	12,066,646	4,238,734	1,791,687	14,513,693
Total other capital assets	50,604,785	4,461,954	1,791,687	53,275,052
Less accumulated depreciation for:				
Buildings and building improvements	35,534,864	329,989		35,864,853
Furniture and other equipment	7,884,648	1,454,876	1,791,687	7,547,837
Total accumulated depreciation	43,419,512	1,784,865	1,791,687	43,412,690
Total other capital assets, net	7,185,273	2,677,089	-	9,862,362
Total Capital Assets, net	\$ 8,184,654	\$ 2,677,089	\$ -	\$ 10,861,743

\* Depreciation expense was charged to governmental functions as follows:

General instruction	\$ 741,420
Pupil transportation	509,612
Administration	133,061
Plant operations and maintenance	329,989
Food services	70,783
Total governmental activities depreciation expense	<u>\$ 1,784,865</u>

In response to GASB Statement No. 34, the Virginia General Assembly passed a law that establishes local option of creating, for financial reporting purposes, a tenancy in common between the city and the local school board when a city issues bonds for financing school construction. The sole purpose of the law is to allow cities and counties the ability to match the recording of school assets and related liabilities. As a result, certain school assets financed with the City's general obligation bonds are recorded as part of the primary government rather than as part of ACPS. As of June 30, 2012, the City holds approximately \$222.9 million in gross assets used by ACPS.

According to the law, the tenancy in common ends when the associated obligation is repaid; therefore, the assets will revert to the ACPS when the bonds are repaid. Capital debt financing activities are not reported in the ACPS', but in the City's financial statements. No capital assets reverted to ACPS in 2012, due to the end of the tenancy in common.



## Financial Section-Notes to the Basic Financial Statements

Capital outlays are reported as expenditures in the governmental funds; however, in the statement of activities, the cost of capital assets is allocated over their useful lives as depreciation expense. The adjustment from governmental funds to the government-wide statements is summarized as follows:

Capital outlay	\$ 3,219,206
Other assets	2,903,924
Depreciation expense	(1,784,865)
Capital outlay not capitalizable	(1,661,176)
Total adjustments	<u>\$ 2,677,089</u>

**NOTE 6. Lease Obligations****Operating Leases**

ACPS leases office equipment and office space under various long-term leases expiring at various dates. Certain leases contain provisions for possible future increased rentals based on changes in the Consumer Price Index. Total costs for such leases were \$ 1,676,466 for the year ended June 30, 2012.

Scheduled minimum lease payments for succeeding fiscal years ending June 30 are as follows:

Fiscal Year	Real Estate	Equipment
2013	\$ 1,124,105	\$ 739,527
2014	904,923	729,776
2015	882,226	729,776
2016	-	729,776
2017	-	-
Total	<u>\$ 2,911,254</u>	<u>\$ 2,928,855</u>

**Capitalized Leases**

In September 2011, ACPS renewed a noncancelable capital lease for computer laptops with Hewlett Packard to cover fiscal years 2012 and 2013. This capital lease was recorded at the present value of their future minimum lease payments, as of the inception date, and expires August 31, 2013.

The scheduled minimum lease payment for fiscal year 2013 is as follows:

	Principal
FY 2013 minimum obligation	\$ 1,045,511
Portion represents interest	(32,222)
Present value of minimum obligation	<u>\$ 1,013,289</u>

**NOTE 7. Retirement Plans**

ACPS participates in three public employee retirement systems (PERS). Two of these systems, a cost-sharing multiple-employer plan (professional) and an agent multiple-employer plan (non-professional), are administered by the Virginia Retirement System (VRS) and are, therefore, not reflected as ACPS pension trust funds. The third plan (School Supplemental) is a single-employer defined benefit plan, where a stated methodology for determining pension benefits is provided. This plan is part of ACPS' reporting entity and, as such, is reflected as a Pension Trust Fund.

The actuarial valuation for the School Supplemental Retirement Plan is performed annually. The actuarial valuation for VRS is performed biennially; however, an actuarial update is performed in the interim year.

In the cost-sharing multiple-employer pension plan, the Commonwealth of Virginia values the benefits of all school professional employees in the aggregate; therefore, individual school net plan assets and pension benefit obligation information is not available.

In the School Supplemental Retirement Plan, no changes occurred in the actuarial valuation assumptions, plan benefits, actuarial cost method or procedures affecting the comparability of costs.

**A. Virginia Retirement System****Plan Descriptions**

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhance coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, A Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements are required supplementary information for the plans administered by VRS. A copy of the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2010-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

#### Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. During 2012, all of the 5.00% member contribution was paid by ACPS employees. In addition, the ACPS is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The ACPS non-professional contribution rate for the fiscal year ended June 30, 2012 was 5.26% of the annual covered payroll.

The ACPS professional contribution rate for the year ended June 30, 2012 was 11.33%. Contributions to the VRS state-wide teacher pool for fiscal year 2012 were \$13,909,469 while contributions for fiscal years 2011 and 2010 were \$10,254,336 and \$12,799,619 respectively, equal to the required contribution for each year.

## Annual Pension Cost

For the fiscal year ended June 30, 2012, the ACPS annual pension cost of \$409,627 for VRS was equal to the required and actual contributions.

## Three-Year Trend Information for Alexandria City Public Schools

Fiscal Year Ending	Annual Pension Cost (APC)		Percentage of APC Contributed	Net Pension Obligation (NPO)
	Employer Portion	Employee Portion		
June 30, 2010	\$ 32,584	\$ 362,047	100.0%	\$ -
June 30, 2011	19,674	378,343	100.0%	-
June 30, 2012	20,248	389,379	100.0%	-

The FY 2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (1) an investment rate of return (net of administrative expenses) of 7.50% (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases also include an inflation component of 2.50%. The actuarial value of the ACPS assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. ACPS's unfunded actuarial accrued liability is being amortized as level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued liability (UAAL) was 20 years.

## Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was 98.7% funded. The actuarial accrued liability for benefits was \$38,176,485, and the actuarial value of assets was \$37,681,185, resulting in an unfunded actuarial accrued liability (UAAL) of \$495,300. The covered payroll (annual payroll of active employees covered by the plan) was \$7,630,704 and the ratio of the UAAL to the covered payroll was 6.49%.

The schedule of funding progress, presented as required supplemental information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

**B. Employees' Supplemental Retirement Plan****Plan Description**

The Employees' Supplemental Retirement Plan (the Plan) is a single-employer defined benefit plan sponsored by ACPS. The Plan is governed by ACPS, which is responsible for the management of plan assets. ACPS has delegated the authority to manage certain plan assets to a third party.

All full-time employees are eligible to participate in the Plan as of July 1, 1961, if classified as a twelve-month employee. Ten-month employees were eligible to participate in the Plan as of July 1, 1971. The Plan provides disability and death benefits. Benefits at retirement are based upon years of service and the average earnable compensation of an eligible employee during any three years that provide the highest average earnable compensation and are adjusted for inflation after retirement. Benefits at early retirement are reduced by an early retirement factor. Employees are considered vested on or after completing five years of service, or on or after attaining age 60. Employees who retire at or after age 65 or after age 50 with 30 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 0.40 percent of effective compensation multiplied by credited future service on and after September 1, 1984, and 1.625 percent of effective compensation not to exceed \$100 plus 0.25 percent of the amount by which effective compensation exceeds \$100 multiplied by credited past service before September 1, 1984, and 1.625 percent of past service compensation in excess of \$100 plus 0.25 percent of past service compensation in excess of \$100 times credited past service.

The Plan's policy is to prepare its financial statements on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment has been made to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The Plan does not issue a separate, publicly-available financial report.

The following is a summary of fiduciary net assets of the Plan as of June 30, 2012.

<b>Summary of Fiduciary Net Assets</b>	
<b>Employees' Supplementary Retirement Plan</b>	
<b>As of June 30, 2012</b>	
<b>ASSETS</b>	
Bonds	\$ 62,240,741
Mutual funds	25,379,976
Other Investments	14,681,762
Total assets	<u>102,302,479</u>
<b>LIABILITIES</b>	
Accounts Payable	-
Total liabilities	<u>-</u>
<b>NET ASSETS</b>	
Held in trust for pension benefits	<u>\$ 102,302,479</u>

The following is a summary of changes in fiduciary net assets of the Plan for the year ended June 30, 2012.

<b>Summary of Changes in Fiduciary Net Assets Employees' Supplementary Retirement Plan For the Year Ended June 30, 2012</b>	
<b>ADDITIONS</b>	
Contributions	\$ 3,107,818
Investment Income	3,406,397
Total Additions	<u>6,514,215</u>
<b>DEDUCTIONS</b>	
Benefit payments	4,984,700
Administrative expenses	173,620
Total Deductions	<u>5,158,320</u>
Change in net assets	1,355,895
<b>NET ASSETS, beginning of year</b>	<u>100,946,584</u>
<b>NET ASSETS, end of year</b>	<u><u>\$ 102,302,479</u></u>

#### Funding Policy and Pension Cost

The funding policy of the Plan provides for monthly contributions at actuarially-determined rates, which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. Contribution rates are determined as part of an actuarial valuation performed as of September 1, 2011 using the aggregate actuarial cost method. Contributions are made to the Plan at the rate of 2.25% of covered payroll. During FY 2012, only ACPS employees contributed to the Plan. These contributions totaled \$3,107,818 for the fiscal year ended June 30, 2012. Administrative costs of the Plan are paid from the Plan's investment earnings. The total normal cost decreased as a percentage of covered payroll from 1.57% to 1.00% with a net decrease in cost of \$550,706.

<b><u>Calculation of Net Pension Assets (NPA)</u></b>	
Annual Required Contributions (ARC )	\$ 1,221,971
Interest on Net Pension Asset (NPA )	(502,230)
Adjustment to Annual Required Contribution	<u>791,030</u>
Annual Pension Cost (APC)	1,510,771
Actual Deposit	<u>-</u>
Change in NPA	1,510,771
NPA Beginning of year (July 1, 2011)	<u>(7,726,622)</u>
NPA End of year ( June 30, 2012)	<u><u>\$ (6,215,851)</u></u>

<b>Employees' Supplemental Single-employer defined benefit plan</b>			
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of Contributions to APC	Net Pension (Assets)
9/1/2009	\$ 1,542,826	114.4%	\$ (6,657,275)
9/1/2010	\$ 1,685,065	163.5%	\$ (7,726,621)
9/1/2011	\$ 1,510,771	0.0%	\$ (6,215,851)

**MEMBERSHIP AND PLAN PROVISIONS (Employees' Supplemental)**

Active participants	1,950
Retirees and beneficiaries	1,057
Inactive and active, vested	946
Normal retirement	65
Benefits age	50 (30 yrs)
Benefits vesting years	5 years
Disability and death benefits	Yes

**SIGNIFICANT ACTUARIAL ASSUMPTIONS**

Investment earnings	6.50%
Projected salary increase attributed to:	
Inflation	2.25%
Seniority /merit	4.88 -8.10%
Retirement increases	-
Actuarial cost method	Aggregate cost method
Open/closed	Open
Remaining amortization period	18 years
Asset valuation method	Contract Basis

**PERCENTAGE OF COVERED PAYROLL CONTRIBUTION**

Employer contribution percentage	0.00%
Employee contribution percentage	2.25%
Employee contribution	\$ 3,107,818
Employer contribution	-
Total amount contributed	<u>\$ 3,107,818</u>
Covered payroll	\$ 114,441,064
Legally-required reserves	None
Long-term contribution contracts	None



### Funded Status and Funding Progress

As of September 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$87,439,645 and the actuarial value of assets was \$97,594,611, resulting in assets in excess of actuarial accrued liability (UAAL) of \$10,154,966. The covered payroll of participating employees was \$114,441,064 and the ratio of actuarial value of assets to the actuarial accrued liability was 111.61%.

The Plan uses the aggregate actuarial cost method, because this method does not identify or separately amortize unfunded actuarial liabilities, information about the funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose and that the information presented is intended to serve as a surrogate for the funded status and funding progress of the Plan.

The schedule of funding progress, presented as required supplementary information following the Notes to the Financial Statements, presents trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### **NOTE 8. Other Post Employment Benefits (OPEB)**

#### Plan Description

The School Board administers a single-employer defined benefits healthcare plan. It provides medical insurance benefits to eligible retired school employees and beneficiaries. In May 2009, the School Board authorized the establishment of a trust for the purpose of accumulating and investing assets to fund Other Postemployment Benefits.

ACPS invests the OPEB Trust Fund's assets with the Virginia Pooled OPEB Trust Fund (Pooled Trust) sponsored by the Virginia Association of Counties and the Virginia Municipal League (VACo/VML). The Pooled Trust is an investment pooling vehicle created to allow participating local governments, school divisions, and authorities in the State to accumulate and invest assets to fund other post-employment benefits. Funds of participating jurisdictions are pooled and invested in the name of the Pooled Trust. ACPS' respective shares in the Pooled Trust are reported in the OPEB Trust Fund's financial statements. Investment decisions are made by the Board of Trustees (Board) of the Pooled Trust.

Participants in the ACPS Plan must meet the eligibility requirements based on service earned with ACPS and prior service earned from other Virginia agencies to be eligible to receive benefits upon retirement. Participants who do not retire directly from active service are not eligible for the benefits. In addition, participants must meet one of the following criteria:

- Attained the age of 50 with at least 30 years of service for unreduced pension retirement benefits.
- Attained the age of 50 with at least 10 years of service for reduced pension retirement benefits.
- Attained the age of 65 with at least 5 years of service.

Program participants may continue medical coverage by paying the appropriate subsidized premium which range from \$0.00 to \$1,775.60 based on the medical plan under which the retiree is covered. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the program on average than those of active employees. The subsidies in this program are accounted for in the ACPS OPEB Trust Fund. In FY 2012, ACPS contributed up to \$265.00 for each participant.

For employees hired after July 1, 2008, the following requirements must be met:

- Non-Medicare eligible retirees and spouses (Under age 65) - The retiree must complete 5 years of vesting service with ACPS to receive a contribution. ACPS contributes a pro-rated amount of \$265.00 equal to 5% per year of service with ACPS (including the 5 vesting years) and other VRS employers for retiree medical coverage. A maximum of 20 years of service will be credited toward the contribution made by ACPS. The retiree and spouse/dependent pay the remainder of the premium.
- Medicare eligible retirees and spouses (Age 65+) – The retiree must complete 5 years of vesting service with ACPS to receive a contribution. ACPS contributes a pro-rated amount of \$265.00 equal to 5 % per year of service with ACPS (including the 5 vesting years) and other VRS employers for retiree medical coverage. A maximum of 20 years of service will be credited toward the contribution made by ACPS. The contribution will not exceed the premium for the elected coverage. The retiree and spouse/dependent pay the remainder of the premium.

At January 1, 2012, the date of the most recent actuarial valuation, plan membership consisted of:

Retirees and spouses	484
Active plan members	<u>1,784</u>
Total	<u><u>2,268</u></u>

The ACPS OPEB Trust does not issue a stand-alone financial report and is not included in the report of another entity.

The following is a summary of fiduciary net assets of the ACPS OPEB Trust as of June 30, 2012:

<b>Summary of Fiduciary Net Assets</b>	
<b>ACPS Other Post Employment Benefits Trust</b>	
<b>As of June 30, 2012</b>	
<b>ASSETS</b>	
Bonds	\$ 1,930,031
Mutual Funds	3,152,783
Other Investments	<u>911,071</u>
Total assets	<u><u>5,993,885</u></u>
<b>LIABILITIES</b>	
Accounts Payable	<u>-</u>
Total liabilities	<u><u>-</u></u>
<b>NET ASSETS</b>	
Held in trust for pension benefits	<u><u>\$ 5,993,885</u></u>

The following is a summary of the changes in fiduciary assets of the ACPS OPEB Trust as of June 30, 2012:

<b>Summary of Changes in Fiduciary Net Assets ACPS Other Post Employment Benefits Trust For the Year Ended June 30, 2012</b>	
<b>ADDITIONS</b>	
Contributions	\$ 1,320,000
Investment Income	2,291
Total Additions	<u>1,322,291</u>
<b>DEDUCTIONS</b>	
Administrative expenses	<u>6,581</u>
Total Deductions	<u>6,581</u>
Change in net assets	1,315,710
<b>NET ASSETS, beginning of year</b>	4,678,175
<b>NET ASSETS, end of year</b>	<u><u>\$ 5,993,885</u></u>

#### Funding Policy

Contribution requirements of ACPS are established and may be amended by the Board. The required contributions were actuarially-determined and are based upon projected pay-as-you go financing requirements with additional amount to prefund benefits. The costs of administering the plan are paid for by the OPEB Trust Fund through the use of investment income and employer contribution. For the period ending June 30, 2012, ACPS contributed \$ 1.26 million for current costs and an additional \$ 1.32 million to prefund benefits.

#### Annual OPEB Cost

ACPS' annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially-determined in accordance with the parameters of GASB statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. GASB Statement No. 45 requires recognition of the current program expense based on each ARC, but it does not require funding of the related liability. The current ARC rate is 1.98% of annual covered payroll. The following table shows the components of ACPS' annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation.

**Calculation of Net OPEB Obligation (NOO)**

Annual Required Contributions (ARC)	\$	1,963,129
Interest on Net OPEB Obligation		153,577
Adjustment to Annual Required Contribution		(180,616)
Annual OPEB Cost	\$	1,936,090
Contributions made		2,575,829
Decrease in net OPEB obligation (asset)	\$	(639,739)
Net OPEB obligation -July 1, 2011		2,559,649
Net OPEB obligation -June 30, 2012	\$	1,919,910

## Trend Information

ACPS' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three year period ended June 30, 2012 were as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$1,423,737	190.1%	\$4,296,791
June 30, 2011	1,369,662	226.8%	2,559,649
June 30, 2012	1,936,090	133.0%	1,919,910

## Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially-determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective and, consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the January 1, 2012 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 6.0 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 7.0 percent and 17.0% initially, for non-medicare eligible and medicare eligible claims, respectively, reduced by decrements to an ultimate rate of medical inflation of 5.10 percent. Unfunded actuarial accrued liability is being amortized as an open level dollar amount over a period of 30 years.

## Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$18,232,604 and the actuarial value of assets was \$4,382,643, resulting in an unfunded actuarial accrued liability (UAAL) of \$13,849,961. The covered payroll of active participating employees was \$99,260,162 and the ratio of the UAAL to covered payroll was 13.95%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the Notes to the Financial Statements, presents trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**NOTE 9. Long-term Liabilities**

The change in long-term liabilities within the government-wide financial statements during the year consists of the following:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Amount Due Within One Year
Compensated absences	\$ 7,349,515	\$ 9,888,350	\$ (10,529,645)	\$ 6,708,220	\$ 1,216,847
Capital Leases	-	2,058,800	(1,045,511)	1,013,289	1,013,289
Workers' Compensation Claims	735,454	559,592	(531,951)	763,095	534,167
Net OPEB Obligation	2,559,649	-	(639,739)	1,919,910	-
Total	<u>\$ 10,644,618</u>	<u>\$ 12,506,742</u>	<u>\$ (12,746,846)</u>	<u>\$ 10,404,514</u>	<u>\$ 2,764,303</u>

Under the modified accrual basis of accounting used in the fund financial statements for the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. For compensated absences, the General Fund reflects a liability of \$726,538 for amounts due to terminated or retired employees as of June 30, 2012. In the government-wide statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. The adjustment from modified accrual to full accrual is composed of the items in the table below.

Compensated Absences, long term decrease	\$ (1,117,041)
Compensated Absences, current increase	490,309
Workers' Compensation	8,292
Other Postemployment Benefits	(639,739)
Total	<u>\$ (1,258,179)</u>

The General Fund is used to liquidate the long-term liabilities for compensated absences, capital leases, workers compensation and the net OPEB obligation.

## NOTE 10. Risk Management

ACPS is exposed to various losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of ACPS to retain risks of losses in those areas where it believes it is more economical to manage risks internally and account for any claims settlement in the General Fund.

ACPS carries commercial insurance on all other risks of loss, including property, theft, auto liability, physical damage and general liability insurance through the Virginia Municipal League. Settled claims resulting from these risks have not exceeded commercial reinsurance coverage for the past three years. There were no material reductions in insurance coverage from coverage in the prior fiscal year nor did settlements exceed coverage for any of the past three fiscal years. ACPS also carries catastrophic medical insurance for Virginia High School League Student participants.

### Self-Insurance

ACPS is self-insured for workers' compensation. Claims are processed by a third-party administrator under contract with ACPS per statutory requirements of the Virginia Workers' Compensation Act. The current portion is recorded as an accrued liability in the General Fund and the government-wide financial statements. There were no material reductions in insurance coverage from the prior fiscal year nor did settlements exceed coverage for any of the past three fiscal years.

ACPS is also self-insured for one of the two health insurance plans offered to employees. At June 30, 2012, the employee health insurance liability was \$9,302,021. This liability includes an estimate of health insurance claims that have been incurred but not reported and are reflected in accrued personnel services on the government-wide and governmental statements. The amount of expenditures did not exceed funds that are available to pay the claims.

Liabilities for workers compensation and self-insured health plan are reported when it is probable that losses have occurred and the amounts of the losses can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported to date. Liabilities are determined using a combination of actual historical claims experience and actuarially determined amounts and include incremental claim adjustment expenses and estimated recoveries. ACPS uses independent contractors to process workers compensation and health claims and records a provision and liability in the government-wide statements and General Fund (current portion only) which includes an estimate of incurred but not reported claims.

Exceptions to the self-insurance program are made when insurance coverage is available and when premiums are cost effective.

Changes in the estimated claims payable for worker's compensation and self-insured health plan during the fiscal years ended June 30, 2012 and 2011 were as follows:

	Health Insurance	Workers Compensation
Liability Balances, July 1, 2010	\$ 4,671,375	\$ 358,986
Claims and changes in estimates	17,725,888	688,230
Claims payments	<u>(15,671,565)</u>	<u>(311,762)</u>
Liability Balances, June 30, 2011	\$ 6,725,698	\$ 735,454
Claims and changes in estimates	18,394,823	559,592
Claims payments	<u>(15,818,500)</u>	<u>(531,951)</u>
Liability Balances, June 30, 2012	<u>\$ 9,302,021</u>	<u>\$ 763,095</u>

**NOTE 11. Contingent Liabilities**

ACPS receives financial assistance from numerous federal, state and local government agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements. Certain expenditures of these funds are subject to audit by the grantors. ACPS is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of management, no material refunds (if any) will be required as a result of expenditures disallowed by the grantor agencies.

**NOTE 12. Fund Balance Disclosure**

The constraints placed upon fund balance for the governmental funds are presented below: ACPS' governmental fund balances, as of June 30, 2012, were classified as follows:

**Governmental Fund Balances**

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>School Nutrition</u>
<b>FUND BALANCES:</b>				
<b>Nonspendable:</b>				
Prepaid Items	\$ 959,252	\$ -	\$ -	\$ 116,829
Inventories	-	-	-	15,903
<i>Total Nonspendable</i>	<u>959,252</u>	<u>-</u>	<u>-</u>	<u>132,732</u>
<b>Spendable</b>				
<b>Restricted for:</b>				
Grant Funded Programs	-	-	2,562,085	-
<i>Total Restricted</i>	<u>-</u>	<u>-</u>	<u>2,562,085</u>	<u>-</u>
<b>Committed for:</b>				
<i>Total Committed</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Assigned for:</b>				
Program Encumbrances	1,765,895	312,317	-	-
School Nutrition Programs	-	-	-	2,436,868
Subsequent Year Fund Balance Reserve	6,778,835	-	-	-
<i>Total Assigned</i>	<u>8,544,730</u>	<u>312,317</u>	<u>-</u>	<u>2,436,868</u>
<b>Unassigned:</b>				
Unassigned	6,669,464	-	-	-
<i>Total Unassigned</i>	<u>6,669,464</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCES</b>	<u><u>\$ 16,173,446</u></u>	<u><u>\$ 312,317</u></u>	<u><u>\$ 2,562,085</u></u>	<u><u>\$ 2,569,600</u></u>



# REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

The Required Supplementary Information subsection includes:

- Budgetary comparison schedule for the General Fund
- Budgetary comparison schedule for the Special Revenue Fund
- Schedule of funding progress for the VRS pension and other employee benefit trust funds
- Schedule of employer contributions for the pension and other employee benefit trust funds

## ***THE SATURDAY EVENING POLK***

APRIL 2, 2011

FIVE CENTS THE COPY



**GIRLS WILL BE GIRLS**

## Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

ACPS' goal #4 is to implement a focused, transparent governance model that incorporates effective communication and evidence-based decision making.

## Exhibit VII

## Alexandria City Public Schools, Virginia

## Budgetary Comparison Schedule

## General Fund

For the Year Ended June 30, 2012

	Budget		Actual	Variance from final budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental:				
City of Alexandria	\$ 174,956,420	\$ 174,956,420	\$ 174,956,420	\$ -
State aid	27,608,899	27,608,899	27,984,171	375,272
Federal aid	75,751	75,751	106,599	30,848
Tuition and fees	643,017	643,017	614,996	(28,021)
Other local funds	299,590	299,590	1,463,936	1,164,346
<b>Total Revenues</b>	<b>203,583,677</b>	<b>203,583,677</b>	<b>205,126,122</b>	<b>1,542,445</b>
<b>Expenditures</b>				
Current:				
General instruction	161,980,779	158,319,990	156,267,587	2,052,403
Adult education	987,544	955,019	939,268	15,751
Summer school	1,227,792	1,202,333	1,086,494	115,839
Administration	17,236,356	17,953,783	15,744,590	2,209,193
Attendance and health services	4,968,117	4,694,048	4,519,655	174,393
Pupil transportation	7,522,061	9,151,812	9,062,813	88,999
Plants operations and maintenance	15,068,445	16,001,463	15,821,967	179,496
Food services	519,121	509,959	429,225	80,734
Capital lease debt service				
Principal	1,045,511	1,045,511	1,045,511	-
Interest	13,426	13,426	13,426	-
<b>Total Expenditures</b>	<b>210,569,152</b>	<b>209,847,344</b>	<b>204,930,536</b>	<b>4,916,808</b>
Revenue over (under) expenditures	(6,985,475)	(6,263,667)	195,586	6,459,253
Fund Balance-July 1, 2011	15,977,860	15,977,860	15,977,860	
Fund Balances-June 30, 2012	<b>\$ 8,992,385</b>	<b>\$ 9,714,193</b>	<b>\$ 16,173,446</b>	<b>\$ 6,459,253</b>

See accompanying note to the budgetary comparison schedule.

**Exhibit VIII**

**Alexandria City Public Schools, Virginia**  
*Budgetary Comparison Schedule*  
*Special Revenue Fund*  
*Grants and Special Projects*  
*For the Year Ended June 30, 2012*

	Budget		Actual	Variance from final budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental:				
State aid	\$ 2,748,405	\$ 3,499,013	\$ 3,405,313	\$ (93,700)
Federal aid	11,259,191	16,610,622	14,210,885	(2,399,737)
Fees	41,000	26,385	19,627	(6,758)
Other local revenue	376,500	879,575	758,231	(121,344)
<b>Total Revenues</b>	<u>14,425,096</u>	<u>21,015,595</u>	<u>18,394,056</u>	<u>(2,621,539)</u>
<b>Expenditures</b>				
Current:				
General instruction	13,846,663	19,674,364	16,861,937	2,812,427
Adult education	273,772	337,753	324,249	13,504
Administration	582,000	844,829	816,192	28,637
Plants operations and maintenance	250,000	548,197	515,366	32,831
Attendance and health services	54,660	89,160	67,541	21,619
Food services	-	23,137	-	23,137
<b>Total Expenditures</b>	<u>15,007,095</u>	<u>21,517,440</u>	<u>18,585,285</u>	<u>2,932,155</u>
Revenue over (under) expenditures	(581,999)	(501,845)	(191,229)	310,616
Fund Balance-July 1, 2011	<u>2,753,314</u>	<u>2,753,314</u>	<u>2,753,314</u>	
Fund Balances-June 30, 2012	<u>\$ 2,171,315</u>	<u>\$ 2,251,469</u>	<u>\$ 2,562,085</u>	<u>\$ 310,616</u>

See accompanying note to the budgetary comparison schedule.

## Exhibit IX

**Alexandria City Public Schools, Virginia**  
*Schedule of Funding Progress*  
*Pension and Other Employee Benefit Trust Funds*  
*For the Fiscal Year Ended June 30, 2012*

**VRS-Non-Professional Employees Plan**

	[1]	[2]	[3]	[4]	[5]	[6]
Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Overfunded) Unfunded AAL (UAAL) [2-1]	Assets as % of AAL [1/2]	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll [3/5]
6/30/2006	33,996,673	30,111,785	(3,884,888)	112.90%	7,393,105	-52.55%
6/30/2007	37,120,774	32,770,071	(4,350,703)	113.28%	7,771,269	-52.98%
6/30/2008	39,865,352	34,400,783	(5,464,590)	115.89%	7,956,248	-68.68%
6/30/2009	39,070,547	35,393,745	(3,676,802)	110.39%	7,914,115	-46.46%
6/30/2010	37,999,323	37,500,614	(498,709)	101.33%	7,893,328	-6.32%
6/30/2011	37,681,185	38,176,485	495,300	98.70%	7,630,704	6.49%

**ACPS Supplemental Retirement Plan**

	[1]	[2]	[3]	[4]	[5]	[6]
Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Overfunded) Unfunded AAL (UAAL) [2-1]	Assets as % of AAL [1/2]	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll [3/5]
9/1/2006	\$ 71,798,935	\$ 71,798,935	\$ -	100.00%	\$ 92,747,873	0.00%
9/1/2007	74,412,533	73,202,779	(1,209,754)	101.65%	96,105,960	-1.26%
9/1/2008	77,664,362	77,829,556	165,194	99.79%	108,298,351	0.15%
9/1/2009	83,251,454	81,867,000	(1,384,454)	101.69%	112,969,077	-1.23%
9/1/2010	88,966,654	84,792,592	(4,174,062)	104.92%	108,108,425	-3.86%
9/1/2011	97,594,611	87,439,645	(10,154,966)	111.61%	114,441,064	-8.87%

**Exhibit IX**  
**(continued)**

**Alexandria City Public Schools, Virginia**  
*Schedule of Funding Progress*  
*Pension and Other Employee Benefit Trust Funds*  
*For the Fiscal Year Ended June 30, 2012*

**Other Post-Employment Benefits**

	[1]	[2]	[3]	[4]	[5]	[6]
Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)*	Unfunded AAL (UAAL) [2-1]	Assets as % of AAL [1/2]	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll [3/5]
1/1/2009	-	13,460,400	13,460,400	0.00%	88,738,000	15.17%
1/1/2011	2,858,322	14,147,966	11,289,644	20.20%	98,855,235	11.42%
1/1/2012	4,382,643	18,232,604	13,849,961	24.04%	99,260,162	13.95%

\* Using the Unit Credit Method

Note: The first OPEB actuarial valuation was conducted as of June 30, 2006. There is no data available prior to the first valuation. This will be expanded when information becomes available.

## Exhibit X

**Alexandria City Public Schools, Virginia**  
*Schedule of Employer Contributions*  
*Pension and Other Employee Benefit Trust Funds*  
*For the Fiscal year Ended June 30, 2012*

ACPS Supplemental Retirement Plan			ACPS Other Post-employment Benefit Trust Fund		
Fiscal Year Ended	Annual Required Contribution	Percentage Contributed	Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
2007	934,347	83.2%			
2008	1,109,811	167.8%			
2009	1,412,472	115.0%			
2010	1,344,275	131.3%	2010	1,706,791	158.6%
2011	1,479,660	186.2%	2011	1,415,049	219.5%
2012	1,221,971	0.0%	2012	1,963,129	131.2%

**A. Budgetary information**

The following presents the procedures by the School Board in establishing the budgetary data reflected in the financial statements and other budget information:

The Superintendent is required by Section 22.1-92 of the Code of Virginia to prepare, with the approval of the Board, and submit to the City Council a General Fund budget request of the amount needed during the next fiscal year. The Board holds at least two public hearings before it gives final approval for the requested budget. The City Council is also required by City Charter to hold a public hearing on the General Fund budget at which time all interested persons are given an opportunity to comment. The legal level of budgetary control for the General Fund is at the department level (i.e., Office of the Superintendent, Adult Education, Pupil Transportation, Board of Education Office, and the individual schools).

Formal budgetary integration, including encumbrance accounting, is employed as a management control device during the year for governmental funds. The budget is presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedule presents GAAP expenditures. Management is authorized to transfer funds within major categories of expenditure (i.e., administration, instruction, salaries, benefits, etc.) up to \$15,000. Transfers in excess of \$15,000 require the approval of the superintendent; however, revisions that alter the total expenditures of the General Fund must be approved by the City Council. The legally-adopted budget cannot be exceeded.

**B. Pension and Other Employee Benefits**

Multiple year trend information for the ACPS Supplemental Retirement Plan and Other Post-Employment Benefit (OPEB) Trust Fund is presented as required supplementary information. This information is intended to help user assess the funding status on a going concern basis, progress made in accumulating assets to pay benefits when due.

Analysis of the dollar amounts of plan assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing plan assets as a percentage of the actuarial accrued liability provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.

Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage, the stronger the plan.

Information pertaining to the Supplemental Retirement Plan and the OPEB Trust Fund can be found in notes 7 and 8, respectively, in the notes to the financial statements.





# OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

The Other Supplementary Information subsections include the following:

- Statements for nonmajor governmental funds
- Combining statements for the pension and other employee benefit trust funds
- Statement of changes in assets and liabilities for the student activity fund
- Budgetary comparison schedule for the school nutrition fund

## ***THE SATURDAY EVENING POLK***

APRIL 2, 2011

FIVE CENTS THE COPY



**GIRLS ROCK**

## Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

ACPS' goal #5 is to provide clean, safe, and conducive learning environments that utilize best practices for energy efficiency and environmental sustainability.

## **FUND DESCRIPTION**

### **School Nutrition Fund (Nonmajor Special Revenue Fund)**

This fund is used to account for the financial operations of the food services program provided by the School Board. This program is funded by various federal and state subsidies and user charges.

**Exhibit XI**

**Alexandria City Public Schools, Virginia**  
*Balance Sheet*  
*Nonmajor Governmental Fund*  
*School Nutrition Fund*  
*June 30, 2012*

	<b>School Nutrition Fund</b>
<hr/>	
<b>Assets</b>	
Due from other governments	\$ 297,323
Due from other funds	2,726,257
Other receivables	278
Prepaid items and other assets	17,743
Inventories	116,829
	<hr/>
<i>Total assets</i>	<u><u>\$ 3,158,430</u></u>
 <b>Liabilities and Fund Balances</b>	
<b>Liabilities:</b>	
Accrued personnel services	\$ 326,342
Accounts payable	161,699
Deferred revenue	100,789
	<hr/>
<i>Total liabilities</i>	<u>588,830</u>
 <b>Fund balances:</b>	
Nonspendable	132,732
Assigned	2,436,868
	<hr/>
<i>Total fund balances</i>	<u>2,569,600</u>
 <i>Total liabilities and fund balances</i>	<u><u>\$ 3,158,430</u></u>

## Exhibit XII

**Alexandria City Public Schools, Virginia**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Fund*  
*School Nutrition Fund*  
*For the Year Ended June 30, 2012*

	<b>School Nutrition Fund</b>
<b>Revenue:</b>	
Intergovernmental:	
State aid	\$ 107,670
Federal aid	4,512,869
Food sales	1,701,929
Other local funds	192,041
	<hr/>
<i>Total revenues</i>	6,514,509
	<hr/>
<b>Expenditures:</b>	
Current:	
Food services	5,992,413
	<hr/>
<i>Total expenditures</i>	5,992,413
	<hr/>
<i>Net change in fund balances</i>	522,096
<i>Fund Balance-July 1, 2011</i>	2,047,504
	<hr/>
<i>Fund Balances-June 30, 2012</i>	\$ 2,569,600
	<hr/> <hr/>

## **FIDUCIARY FUNDS**

Pension and Other Employee Benefits Trust Funds are used to account for assets held by Alexandria City Public Schools (ACPS) in a trustee capacity under terms of a formal trust agreement.

- ACPS Supplemental Retirement Plan is a single-employer defined benefit plan for eligible full-time employees. It accounts for assets held by ACPS.
- ACPS Other Post-Employment Benefits Trust (OPEB) accounts for accumulating and investing assets for ACPS' post-employment health benefit subsidies for eligible retirees and their surviving spouses.

The Student Activity Fund is used to account for funds held by a school in a trustee capacity or as an agent for students, club organizations, teachers and the general administration of the school.

## Exhibit XIII

**Alexandria City Public Schools, Virginia**  
*Combining Statement of Fiduciary Net Assets*  
*Pension and Other Post-Employment Benefit Trust Funds*  
*June 30, 2012*

	<b>Employees' Supplementary Retirement Plan</b>	<b>ACPS Other Post- Employment Benefit Trust</b>	<b>Total Pension and Other Employee Benefit Trust Funds</b>
<b>Assets</b>			
Investments, at fair value			
Bonds	\$ 62,240,741	\$ 1,930,031	\$ 64,170,772
Stocks	4,638,595	-	4,638,595
Mutual funds	25,379,976	3,152,783	28,532,759
Real estate	2,018,747	203,792	2,222,539
Global asset allocation	8,024,420	581,407	8,605,827
Cash	-	125,872	125,872
<i>Total assets</i>	<u>102,302,479</u>	<u>5,993,885</u>	<u>108,296,364</u>
<b>Liabilities</b>			
Accounts Payable	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Assets</b>			
Investments held in trust for pension and other employee benefits	<u>102,302,479</u>	<u>5,993,885</u>	<u>108,296,364</u>
<i>Total net assets</i>	<u><u>\$ 102,302,479</u></u>	<u><u>\$ 5,993,885</u></u>	<u><u>\$ 108,296,364</u></u>



**Exhibit XIV**

**Alexandria City Public Schools, Virginia**  
*Combining Statement of Changes in Fiduciary Net Assets*  
*Pension and Other Employee Benefit Trust Funds*  
*For the Year Ended June 30, 2012*

	<b>Employees' Supplementary Retirement Plan</b>	<b>ACPS Other Post Employment Benefits Trust</b>	<b>Total Pension and Other Employee Benefit Trust Funds</b>
<b>Additions</b>			
Employer/employee contributions	\$ 3,107,818	\$ 1,320,000	\$ 4,427,818
Income from investing activities	3,406,397	2,291	3,408,688
Total contributions	6,514,215	1,322,291	7,836,506
<b>Deductions</b>			
Benefit payments	4,984,700	-	4,984,700
Administrative expenses	173,620	6,581	180,201
Total deductions	5,158,320	6,581	5,164,901
Change in net assets	1,355,895	1,315,710	2,671,605
Net assets-July 1, 2011	100,946,584	4,678,175	105,624,759
Net assets-June 30, 2012	\$ 102,302,479	\$ 5,993,885	\$ 108,296,364

## Exhibit XV

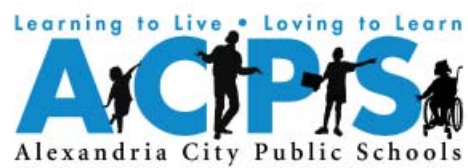
**Alexandria City Public Schools, Virginia**  
*Statement of Changes in Assets and Liabilities*  
*Student Activity Fund*  
*For the Year Ended June 30, 2012*

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Assets				
Cash held on behalf of student activity fund	\$ 634,345	1,261,378	1,266,399	\$ 629,324
Total assets	<u>\$ 634,345</u>	<u>1,261,378</u>	<u>1,266,399</u>	<u>\$ 629,324</u>
Liabilities				
Due to student groups	\$ 634,345	1,261,378	1,266,399	\$ 629,324
Total liabilities	<u>\$ 634,345</u>	<u>1,261,378</u>	<u>1,266,399</u>	<u>\$ 629,324</u>

**Exhibit XVI**

**Alexandria City Public Schools, Virginia**  
*Budgetary Comparison Schedule*  
*School Nutrition Fund*  
*For the Year Ended June 30, 2012*

	Budget		Actual	Variance from final budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental:				
State aid	\$ 95,000	\$ 95,000	\$ 107,671	\$ 12,671
Federal aid	4,127,708	4,127,708	4,512,869	385,161
Other local funds	2,285,497	2,285,497	1,893,970	(391,527)
<b>Total Revenues</b>	6,508,205	6,508,205	6,514,510	6,305
<b>Expenditures</b>				
Current:				
Food services	6,493,205	6,493,205	5,992,413	500,792
<b>Total Expenditures</b>	6,493,205	6,493,205	5,992,413	500,792
Revenue over (under) expenditures	15,000	15,000	522,096	507,097
Fund Balance-July 1, 2011	2,047,504	2,047,504	2,047,504	-
Fund Balances-June 30, 2012	\$ 2,062,504	\$ 2,062,504	\$ 2,569,600	\$ 507,097



# STATISTICAL SECTION

This part of the Alexandria City Public Schools Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and require supplementary information says about the School System's overall financial health.

## **Financial Trends**

These schedules contain trend information to help the reader comprehend how the School System's financial performance and well-being have changed over time.

## **Revenue Capacity**

These schedules contain information to help the reader assess the School System's most significant local revenue source, food service sales.

## **Debt Capacity**

This schedule presents information to help the reader assess the affordability of the School System's current level of outstanding capital lease debt.

## **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School System's financial activities take place.

## **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the School System's financial report relates to the services the School System provides and the activities it performs.

### **Source:**

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.

## ***THE SATURDAY EVENING POLK***

APRIL 2, 2011

FIVE CENTS THE COPY



**BOYS WILL BE BOYS**

## **Alexandria City Public Schools**

A Component Unit of the City of Alexandria, Virginia

ACPS believes in higher achievement for all.

Each and every student can learn.

Students will show respect and responsibility for oneself and others, and shall become self-reliant advocates for their learning.

Educational outcomes are not presumed by income, race, disability, gender, language or family background.

We value, respect, and embrace diversity and have high expectations of all students and employees.

We strive to diversify our staff to reflect varied cultural backgrounds and serve as positive role models for our students.

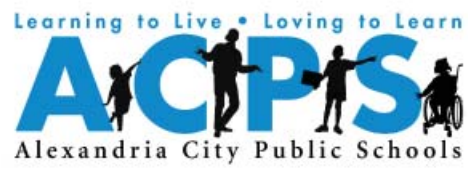


Table 1

**ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA**  
**Net Assets**  
**Last ten fiscal years**

**Governmental Activities:**

	<u>Invested in capital assets (1)</u>		<u>Unrestricted</u>	<u>Restricted (3)</u>	<u>Total net assets</u>
2003	6,036,133	(2)	5,958,709	-	11,994,842
2004	6,052,346		7,388,694	-	13,441,040
2005	5,988,353		16,512,133	-	22,500,486
2006	6,541,535		11,716,938	-	18,258,473
2007	6,766,066		7,258,018	-	14,024,084
2008	7,280,285		4,206,663	-	11,486,948
2009	7,567,843		8,439,002	-	16,006,845
2010	7,085,154		13,145,935	-	20,231,089
2011	8,184,654		15,391,860	3,763,533	27,340,047
2012	9,848,454		17,140,693	2,562,085	29,551,232

1) Amounts shown are net of any related debt.

2) In response to GASB Statement No. 34, the Virginia Assembly passed a law that establishes local option of creating for financial reporting purposes, a tenancy in common between the city and the school board when the city issues bond for financing school construction. The sole purpose of the law is to allow cities and counties the ability to match the recording of school assets and related liabilities. As a result, certain school assets financed with the City's general obligation bonds are recorded as part of the primary government rather than as part of ACPS.

3) Starting with fiscal year 2011, fund balance classifications reflect the implementation of the Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.



Table 2

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA

Changes in Net Assets  
Last ten fiscal years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
General instruction	\$ 108,413,333	\$ 115,342,203	\$ 123,657,170	\$ 133,703,058	\$ 147,112,270	\$ 148,262,135	\$ 158,246,046	\$ 157,543,359	\$ 162,112,276	\$ 172,528,593
Adult education	1,104,014	1,074,317	1,081,890	1,104,184	1,150,506	1,250,546	1,347,001	1,378,268	1,406,505	1,263,518
Summer school	1,735,207	1,849,382	1,980,461	1,964,061	1,902,445	2,046,501	2,113,576	1,936,304	1,488,236	1,086,494
Administration	10,368,422	11,376,580	11,952,499	11,726,347	14,242,151	18,882,108	15,648,631	14,685,291	12,715,266	17,331,705
Attendance and health services	3,283,164	3,411,917	3,674,326	4,171,692	4,779,220	5,055,413	4,983,770	4,888,721	4,683,823	4,587,196
Pupil transportation	4,387,374	4,588,701	4,155,942	5,168,493	6,345,873	7,008,642	6,849,868	8,285,171	8,201,645	8,225,165
Plant operations and maintenance	13,022,522	13,100,476	13,797,503	15,051,848	15,876,284	16,343,026	15,657,789	14,048,738	16,076,092	16,667,322
Food services	4,274,090	4,408,860	4,907,089	4,371,644	4,837,436	5,426,369	5,766,168	5,784,936	6,156,504	6,407,033
Capital Improvement Services	4,540,666	5,052,418	5,067,286	5,738,798	3,259,996	3,875,624	3,240,363	2,143,870	2,712,093	3,219,204
<b>Total governmental expenses</b>	<b>151,128,792</b>	<b>160,204,854</b>	<b>170,274,166</b>	<b>183,000,125</b>	<b>199,506,181</b>	<b>208,150,364</b>	<b>213,853,212</b>	<b>210,694,658</b>	<b>215,552,440</b>	<b>231,316,230</b>
<b>Program revenues</b>										
Charges for services										
Instruction	475,933	482,994	402,343	298,024	302,813	340,414	400,238	580,627	367,919	305,139
Plant operations and maintenance	210,734	219,187	240,006	269,074	264,588	371,854	398,298	306,428	299,672	329,484
Food services	1,238,335	1,246,436	1,444,606	1,557,650	1,676,770	1,985,718	2,065,103	1,863,922	1,901,699	1,893,970
Operating grants and contributions	8,818,765	10,342,944	12,028,924	13,097,186	14,779,561	11,263,558	13,028,821	17,342,988	21,376,623	22,343,336
<b>Total program revenues</b>	<b>10,743,767</b>	<b>12,291,561</b>	<b>14,115,879</b>	<b>15,221,934</b>	<b>17,023,732</b>	<b>13,961,544</b>	<b>15,892,460</b>	<b>20,093,965</b>	<b>23,945,913</b>	<b>24,871,929</b>
<b>Net (expenses)</b>	<b>(140,385,025)</b>	<b>(147,913,293)</b>	<b>(156,158,287)</b>	<b>(167,778,191)</b>	<b>(182,482,449)</b>	<b>(194,188,820)</b>	<b>(197,960,752)</b>	<b>(190,600,693)</b>	<b>(191,606,527)</b>	<b>(206,444,301)</b>
<b>General revenues</b>										
Intergovernmental:										
City of Alexandria	122,881,707	128,016,091	141,688,238	139,340,097	150,719,166	164,165,802	171,851,307	166,506,350	170,134,763	178,449,148
State aid	20,229,183	21,051,474	23,410,871	24,075,496	26,950,438	26,626,964	29,862,535	26,511,976	25,786,037	27,984,171
Grants not restricted to specific programs	132,520	279,354	57,456	77,769	19,362	56,623	28,780	8,323	1,043,535	-
Other local funds	45,450	12,572	61,168	42,816	559,094	802,296	738,026	1,798,288	1,751,150	2,222,167
<b>Total general revenues</b>	<b>143,288,860</b>	<b>149,359,491</b>	<b>165,217,733</b>	<b>163,536,178</b>	<b>178,248,060</b>	<b>191,651,685</b>	<b>202,480,648</b>	<b>194,824,937</b>	<b>198,715,485</b>	<b>208,655,486</b>
<b>Change in net assets</b>	<b>\$ 2,903,835</b>	<b>\$ 1,446,198</b>	<b>\$ 9,059,446</b>	<b>\$ (4,242,013)</b>	<b>\$ (4,234,389)</b>	<b>\$ (2,537,135)</b>	<b>\$ 4,519,896</b>	<b>\$ 4,224,244</b>	<b>\$ 7,108,958</b>	<b>\$ 2,211,185</b>

Source: Alexandria City Public Schools Comprehensive Annual Financial Report  
Amounts prior to FY2012 have been changed to provide a consistent comparison to FY2012.

Table 3

**ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA**

**Fund Balances-Governmental Funds**

**Last ten fiscal years**

**(In thousands)**

Pre-GASB 54							
	2003	2004	2005	2006	2007	2008	2009
<b>General Fund</b>							
Reserved for:							
Encumbrances	\$ 929.1	\$ 809.0	\$ 976.6	\$ 1,291.8	\$ 720.2	\$ 734.1	\$ 959.5
Prepaid items	581.5	601.9	722.6	963.7	834.3	537.0	676.4
Unreserved	3,954.2	4,702.4	6,645.8	6,086.7	3,367.6	6,615.1	11,503.1
<b>Total general fund</b>	<b>\$ 5,464.8</b>	<b>\$ 6,113.3</b>	<b>\$ 8,345.0</b>	<b>\$ 8,342.2</b>	<b>\$ 4,922.1</b>	<b>\$ 7,886.2</b>	<b>\$ 13,139.0</b>
<b>All Other Governmental Funds</b>							
Reserved for:							
Inventories	\$ 217.2	\$ 399.0	\$ 119.5	\$ 205.4	\$ 142.4	\$ 87.3	\$ 158.6
Encumbrances	153.6	246.5	185.5	195.7	3.7	67.4	31.1
Prepaid items	-	-	-	-	23.7	13.4	13.8
Unreserved, reported in:							
Capital projects funds	(736.6)	680.8	7,593.5	2,441.7	27.2	77.7	-
Non major governmental funds	982.4	401.0	635.4	629.0	2,844.5	2,424.2	2,703.6
<b>Total all other governmental funds</b>	<b>\$ 616.6</b>	<b>\$ 1,727.3</b>	<b>\$ 8,533.9</b>	<b>\$ 3,471.8</b>	<b>\$ 3,041.5</b>	<b>\$ 2,670.0</b>	<b>\$ 2,907.1</b>
<b>Post-GASB 54</b>							
	2010	2011	2012				
<b>General Fund</b>							
Non Spendable:							
Non Spendable	\$ 628.1	\$ 865.8	\$ 959.3				
Spendable:							
Restricted	-	-	-				
Committed	-	3,900.0	-				
Assigned	7,891.7	8,333.2	8,544.7				
Unassigned	5,925.3	2,878.8	6,669.4				
<b>Total general fund</b>	<b>\$ 14,445.1</b>	<b>\$ 15,977.8</b>	<b>\$ 16,173.4</b>				
<b>All Other Governmental Funds</b>							
Non Spendable:							
Nonmajor Fund	\$ 128.0	\$ 144.4	\$ 132.7				
Spendable:							
Restricted							
Special Revenue Fund	2,267.1	2,753.3	2,562.1				
Committed	-	-	-				
Assigned							
Capital Projects	502.7	38.8	312.3				
Nonmajor Fund	1,533.4	1,903.1	2,436.9				
Unassigned	-	-	-				
<b>Total all other governmental funds</b>	<b>\$ 4,431.2</b>	<b>\$ 4,839.6</b>	<b>\$ 5,444.0</b>				

Note: Eight years of data available for GASB 34 compliance  
 Three years of data available for GASB 54 compliance which was adopted in 2011.  
 2010 data was restated for GASB 54 comparable presentation

Table 4

**ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA**  
**Changes in Fund Balances-Governmental Funds**  
**Last ten fiscal years**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Intergovernmental:										
City of Alexandria	\$ 122,881,707	\$ 128,016,091	\$ 141,688,238	\$ 139,340,097	\$ 150,719,166	\$ 164,165,802	\$ 167,953,749	\$ 166,506,350	\$ 170,134,763	\$ 178,449,148
State aid	21,286,696	21,994,954	24,361,653	25,235,466	30,676,038	28,496,080	32,413,733	29,186,616	28,473,281	31,497,154
Federal aid	7,745,930	9,538,373	10,923,368	11,651,372	11,053,961	9,394,442	10,477,624	14,668,348	19,732,840	18,830,353
Tuition and fees	686,667	702,181	642,349	567,099	567,401	692,734	797,537	887,054	667,591	634,623
Food sales	1,051,786	1,122,489	1,307,791	1,367,578	1,445,583	1,716,098	1,760,739	1,673,573	1,693,935	1,701,929
Gift and donations	65,951	47,834	57,456	42,816	19,362	56,623	28,780	8,323	-	-
Other local funds	313,890	239,130	352,757	553,684	790,281	1,091,450	1,043,389	1,988,638	1,958,989	2,414,208
<b>Total Revenues</b>	<b>154,032,627</b>	<b>161,651,052</b>	<b>179,333,612</b>	<b>178,758,112</b>	<b>195,271,792</b>	<b>205,613,229</b>	<b>214,475,551</b>	<b>214,918,902</b>	<b>222,661,399</b>	<b>233,527,415</b>
<b>Expenditures</b>										
General instruction	108,632,780	115,332,962	123,604,404	133,892,994	147,316,483	149,190,613	155,663,182	157,627,102	163,499,284	173,129,524
Adult education	1,104,014	1,074,317	1,081,890	1,104,184	1,150,506	1,250,546	1,347,001	1,378,268	1,406,505	1,263,517
Summer school	1,735,207	1,849,382	1,980,461	1,964,061	1,902,445	2,046,501	2,113,576	1,936,304	1,488,236	1,086,494
Administration	9,618,772	11,001,942	12,034,977	12,071,698	13,617,285	13,285,978	16,086,640	17,340,738	16,773,681	16,560,782
Attendance and health services	3,283,164	3,411,917	3,674,326	4,171,692	4,779,220	5,055,413	4,983,770	4,888,721	4,683,823	4,587,196
Pupil transportation	4,233,267	4,400,297	4,650,150	5,426,771	6,691,253	6,804,158	7,531,734	7,912,014	8,251,496	9,062,813
Operation of plants and maintenance	12,922,728	13,039,371	13,708,541	15,090,224	15,613,171	16,168,702	15,522,740	13,889,873	15,823,826	16,337,333
Food services	4,555,503	4,374,162	4,894,889	4,362,564	4,791,958	5,342,989	5,689,337	5,706,699	6,081,273	6,421,638
Capital improvement services	3,930,058	5,407,420	4,665,779	5,738,798	3,259,996	3,875,624	-	2,143,870	2,712,092	3,219,204
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	1,045,511
Interest	-	-	-	-	-	-	-	-	-	13,426
<b>Total Expenditures</b>	<b>150,015,493</b>	<b>159,891,770</b>	<b>170,295,417</b>	<b>183,822,986</b>	<b>199,122,317</b>	<b>203,020,524</b>	<b>208,907,980</b>	<b>212,823,589</b>	<b>220,720,216</b>	<b>232,727,438</b>
<b>Net change in fund balances</b>	<b>\$ 4,017,134</b>	<b>\$ 1,759,282</b>	<b>\$ 9,038,195</b>	<b>\$ (5,064,874)</b>	<b>\$ (3,850,525)</b>	<b>\$ 2,592,705</b>	<b>\$ 5,567,571</b>	<b>\$ 2,095,313</b>	<b>\$ 1,941,183</b>	<b>\$ 799,977</b>

Source: Alexandria City Public Schools Comprehensive Annual Financial Report  
Amounts prior to FY2012 have been changed to provide a consistent comparison to FY2012.

Table 5

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA  
General Fund Expenditures By Detail Object  
Last ten fiscal years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>PERSONNEL SERVICES</b>										
Personnel services	\$ 91,229,036	\$ 96,588,134	\$ 100,039,067	\$ 105,881,953	\$ 115,268,038	\$ 116,586,533	\$ 122,861,904	\$ 122,642,742	\$ 124,375,779	\$ 132,703,464
Benefits	24,467,519	26,826,459	30,201,742	32,109,015	40,580,867	43,103,596	45,615,300	44,120,346	41,338,213	43,841,559
Total Personnel Services	115,696,555	123,414,593	130,240,809	138,000,968	155,848,905	159,690,129	168,477,204	166,763,088	165,713,992	176,545,023
<b>NON-PERSONNEL SERVICES</b>										
Professional services	1,675,885	1,980,823	2,029,046	2,589,519	2,560,821	2,926,602	3,260,212	3,148,080	4,273,545	3,544,539
Temporary help service fees	397,467	244,180	369,640	624,013	695,608	851,782	1,041,777	1,055,076	1,623,562	1,635,059
Maintenance services and contracts	2,206,183	2,279,119	2,434,780	2,602,525	2,505,266	2,490,311	2,886,637	3,587,639	3,800,347	4,300,112
Transportation	118,316	240,268	311,576	502,775	877,588	691,861	904,163	1,007,425	1,179,986	1,349,859
Printing and binding	180,678	221,614	238,805	184,546	267,505	215,942	206,223	163,385	197,130	199,400
Purchase of services from other govt. entities	763,194	851,602	834,541	1,198,124	1,526,329	1,233,851	1,050,084	712,917	509,934	399,802
Other purchased services	42,769	46,494	70,093	59,819	59,845	58,060	53,004	57,033	53,357	50,006
Internal services	50,323	91,354	121,687	110,858	124,576	82,882	90,154	101,263	89,599	12,373
Utilities	2,156,719	2,176,340	2,171,499	2,635,670	2,748,445	3,041,355	3,052,269	1,691,991	2,293,175	2,814,813
Communications	1,131,873	759,924	833,666	866,167	808,646	692,365	640,400	739,419	820,685	804,807
Insurance	269,777	304,544	347,042	375,310	378,069	408,630	365,365	387,114	339,081	300,733
Leases and rentals	1,750,561	1,694,572	1,754,290	2,002,474	3,756,201	3,630,369	3,189,449	3,239,017	3,956,231	2,381,312
Travel	385,099	430,531	436,760	498,379	565,535	369,735	436,791	419,366	561,331	477,103
Awards and grants	84,135	46,301	1,072	3,777	-	-	-	-	1,180	54,200
Miscellaneous	69,880	115,796	161,402	153,134	176,114	165,676	196,715	213,616	232,722	210,466
Educational and recreational supplies	2,149,997	1,742,523	1,588,131	1,761,168	1,669,931	1,563,509	1,583,593	1,662,459	1,899,576	1,940,712
Textbooks	1,228,195	1,512,077	1,696,071	1,755,063	808,919	745,905	659,945	819,702	800,589	1,342,578
Books and subscriptions	137,571	298,331	279,964	287,959	258,682	282,301	252,633	277,824	313,765	-
Food supplies and food service supplies	87,487	98,656	105,199	116,824	118,911	72,123	82,883	57,954	61,244	353,446
Technology	-	346,383	762,397	1,478,500	948,084	983,743	1,034,923	856,002	999,503	1,693,719
Medical and laboratory supplies	15,460	13,317	15,461	20,929	21,122	19,176	17,386	14,937	78,528	19,756
Repair and maintenance supplies	312,494	373,995	301,615	350,369	357,558	424,822	-	-	-	296,935
Laundry, housekeeping and janitorial supplies	371,845	396,568	364,238	413,286	432,020	394,586	438,602	415,701	410,780	429,144
Vehicle and power equipment fuel	185,563	199,917	283,687	466,763	365,248	453,857	397,915	404,963	378,342	744,831
Vehicle and power equipment supplies	272,191	232,890	207,805	232,279	272,842	300,377	263,103	328,938	478,374	199,905
Other operating supplies	129,009	129,714	168,900	247,463	212,223	148,896	185,628	484,175	504,846	631,732
Capital outlay	3,286,302	2,291,347	4,058,545	4,062,450	2,613,595	2,287,111	2,965,402	2,426,022	2,166,190	2,196,171
Other uses of funds	271,293	-	-	-	36,492	580,778	(119,825)	9,011	-	-
Total Non-personnel Services	19,730,266	19,120,180	21,947,912	25,600,143	25,166,175	25,116,605	25,135,430	24,281,029	28,023,603	28,385,513
<b>GRAND TOTAL</b>	<b>\$ 135,426,821</b>	<b>\$ 142,534,773</b>	<b>\$ 152,188,721</b>	<b>\$ 163,601,111</b>	<b>\$ 181,015,080</b>	<b>\$ 184,806,734</b>	<b>\$ 193,612,634</b>	<b>\$ 191,044,116</b>	<b>\$ 193,737,595</b>	<b>\$ 204,930,536</b>

Source: Alexandria City Public School Finance Office

Table 6

**ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA**  
**Capital Improvement Expenditures**  
**Last ten fiscal years**  
**(in thousands)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Total</u>
John Adams	-	31	614	1,093	355	488	33	-	-	6	\$ 2,620
Charles Barrett	314	1,512	117	-	1	-	-	-	84	-	2,028
Patrick Henry	717	-	-	-	23	278	2	-	-	348	1,368
Jefferson-Houston	214	309	-	-	332	-	-	-	-	14	869
Cora Kelly	-	-	-	-	-	-	-	-	-	-	-
Lyles-Crouch	48	134	-	20	-	61	90	-	-	49	402
Douglas MacArthur	15	-	-	128	-	212	-	-	64	-	419
George Mason	346	868	73	-	10	141	143	47	365	-	1,993
Maury	77	-	-	-	-	-	-	-	-	33	110
Mount Vernon	419	-	393	15	18	-	-	-	-	-	845
James Polk	-	6	14	383	-	-	-	-	13	-	416
William Ramsay	-	20	826	1,611	79	15	-	-	-	211	2,762
F.C. Hammond	50	-	898	-	239	13	162	109	241	205	1,917
George Washington	-	-	-	70	411	-	23	7	183	-	694
T.C. Williams	-	-	-	-	-	-	-	-	3	37	40
Minnie Howard	6	-	-	-	47	248	-	-	28	-	329
Rowing Facility	-	-	35	245	-	290	32	-	-	-	602
System Wide	1,724	2,527	1,696	2,174	1,745	2,129	2,755	1,981	1,731	2,316	20,778
<b>GRAND TOTAL</b>	<b>\$ 3,930</b>	<b>\$ 5,407</b>	<b>\$ 4,666</b>	<b>\$ 5,739</b>	<b>\$ 3,260</b>	<b>\$ 3,875</b>	<b>\$ 3,240</b>	<b>\$ 2,144</b>	<b>\$ 2,712</b>	<b>\$ 3,219</b>	<b>\$ 38,192</b>

Source: ACPS Finance Office

Table 7

**ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA**  
**Ratios of Capital Lease Payments to Total General Expenditures <sup>(1)</sup>**  
**Last ten fiscal years**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Capital Lease Payments</b>	<b>General Fund Expenditures <sup>(2)</sup></b>	<b>Ratio</b>
2012	\$ 1,045,511	\$ 13,426	\$ 1,058,937	\$ 204,930,536	0.52%
2011	1,132,990	15,638	1,148,628	193,737,595	0.59%
2010	1,132,990	15,638	1,148,628	191,044,116	0.60%
2009	1,132,991	15,637	1,148,628	193,612,634	0.59%
2008 <sup>(3)</sup>	339,086	2,340	341,426	184,806,734	0.18%
2007	-	-	-		
2006	-	-	-		
2005	-	-	-		
2004	-	-	-		
2003	-	-	-		

(1) See Note 6- Lease Obligations in the notes to the financial statements for additional information on ACPS capital lease obligations

(2) See Table 5 for General Fund expenditure totals for years indicated.

(3) ACPS entered into capital lease agreements in FY2008.

Source: Alexandria City Public Schools Comprehensive Annual Financial Reports

Table 8

**ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA**  
**Cost Per Pupil**  
**Last ten fiscal years**

<u>Fiscal Year</u>	<u>Governmental Funds Expenditures (1)</u>	<u>Actual Enrollment (2)</u>	<u>Per Pupil Cost</u>	<u>Average Daily Attendance [ADA] (3)</u>	<u>Average Daily Membership [ADM] (3)</u>
2003	146,085,435	11,239	\$ 12,998	10,402	10,816
2004	154,484,350	10,995	\$ 14,050	10,267	10,675
2005	165,629,638	10,921	\$ 15,166	9,927	10,266
2006	178,084,188	10,521	\$ 16,927	9,587	10,220
2007	195,862,321	10,332	\$ 18,957	9,446	10,019
2008	199,144,900	10,557	\$ 18,864	9,885	10,488
2009	208,907,980	11,225	\$ 18,611	10,416	11,094
2010	210,679,719	11,623	\$ 18,126	10,936	11,482
2011	218,008,124	11,999	\$ 18,169	11,090	11,677
2012	229,508,234	12,395	\$ 18,516	11,496	12,062

Note: The formula for calculating the cost per pupil is based on Governmental Fund expenditures, less Capital Fund expenditures, divided by the number of student enrolled.

ACPS has revised the actual enrollment data series for FY 2003 through 2007 to include all students. The previous published data series included only students counted in average daily membership (ADM). With this revision students under 5 and over 20 are included, as well as all special placements.

Source: (1) Alexandria City Public Schools Comprehensive Annual Financial Report  
(2) Alexandria City Public Schools Budget Office  
(3) Alexandria City Public Schools Technology Services Office



**Table 9**

**ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA  
DEMOGRAPHIC STATISTICS  
Last ten fiscal years**

Fiscal Year	Personal Income (\$000) <sup>(6)</sup>	Per Capita Personal Income <sup>(6)</sup>	Number Receiving Free or Reduced Price Meals <sup>(1)</sup>	Unemployment Rate <sup>(2)</sup>	Number Receiving Special Education <sup>(3)</sup>	Population <sup>(2)</sup>	Number in English as a Second Language <sup>(4)</sup>	Number in Gifted and Talented <sup>(5)</sup>
2003	7,165,859	53,711	5,243	2.7%	1,949	135,000	2,412	1,618
2004	7,435,257	58,365	5,525	3.2%	1,999	134,000	2,628	1,832
2005	7,776,966	61,147	5,493	3.1%	1,979	135,000	2,018	1,469
2006	8,835,057	65,141	5,237	2.6%	1,900	138,000	1,856	1,421
2007	9,507,531	70,632	4,961	2.2%	1,802	139,000	1,882	1,337
2008	10,204,006	72,220	5,012	2.9%	1,786	140,024	2,083	1,249
2009	10,178,071	70,846	5,866	2.8%	1,830	144,100	2,909	1,225
2010	10,441,443	76,362	6,264	4.7%	1,906	150,006	3,430	1,293
2011	10,627,334	-	6,665	4.8%	1,701	141,287	2,698	1,383
2012	10,758,922	-	6,916	4.6%	1,686	144,301	3,005	1,269

Note: Population count is an estimate for calendar year 2010.

Source: (1) School Nutrition Services  
(2) The City of Alexandria  
(3) Office of Student Services  
(4) Office of English Language Learners  
(5) Office of Curriculum and Instruction  
(6) Personal income and per capita income represent data from the United States Bureau of Economic Analysis (BEA), as revised, that is generally two years old. The most recent years are estimate based on the City of Alexandria estimates of per capita trends

**Table 10**

**ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA  
TOTAL STUDENT MEMBERSHIP BY GRADE  
Last ten fiscal years**

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Elementary										
Pre-K & Kindergarten	1,127	1,147	1,135	1,170	1,226	1,212	1,303	1,352	1,484	1,643
Grades 1-3	2,940	2,833	2,872	2,685	2,679	2,748	3,023	3,276	3,342	3,454
Grades 4-6	2,653	2,553	2,491	2,345	2,211	2,322	2,420	2,455	2,606	2,782
Grades 7-8	1,480	1,526	1,500	1,459	1,428	1,369	1,415	1,478	1,484	1,492
Total Elementary	8,200	8,059	7,998	7,659	7,544	7,651	8,161	8,561	8,916	9,371
Secondary										
9th Grade	756	724	754	763	698	731	751	741	758	784
10th Grade	817	838	763	730	720	720	786	813	769	803
11th Grade	736	674	708	697	691	742	756	766	776	713
12th Grade	585	587	590	600	588	601	656	616	715	655
Total Secondary	2,894	2,823	2,815	2,790	2,697	2,794	2,949	2,936	3,018	2,955
Special Placements- District-wide	145	113	108	72	91	112	115	126	65	69
<b>Grand Total</b>	<b>11,239</b>	<b>10,995</b>	<b>10,921</b>	<b>10,521</b>	<b>10,332</b>	<b>10,557</b>	<b>11,225</b>	<b>11,623</b>	<b>11,999</b>	<b>12,395</b>

Note: This table is based on the September 30 student membership.

Source: Alexandria City Public Schools Budget Office

Table 11

**ALEXANDRIA CITY PUBLIC SCHOOLS  
SCHOOL NUTRITION SERVICES MEALS SERVED**  
Last ten fiscal years

	2003	2004	2005	2006	2007	2008	2009	2010 <sup>(1)</sup>	2011	2012	10-year Average
<b>DAYS MEALS SERVED</b>											
National School Lunch Program	180	180	183	183	183	183	183	173	183	182	181
<b>NUMBER OF PUPIL LUNCHES SERVED:</b>											
Paid lunches	341,059	350,355	350,476	334,952	355,876	388,809	387,071	358,600	379,712	360,061	360,697
Reduced price lunches	165,517	159,146	162,295	172,086	176,533	200,207	224,052	200,052	199,665	222,870	188,242
Free lunches	626,636	601,451	618,032	580,966	565,305	629,393	712,383	712,383	830,026	876,088	675,266
Total Pupil Lunches	1,133,212	1,110,952	1,130,803	1,088,004	1,097,714	1,218,409	1,323,506	1,271,035	1,409,403	1,459,019	1,224,206
<b>NUMBER OF PUPIL BREAKFASTS SERVED:</b>											
Paid breakfasts	57,263	54,104	55,855	54,569	55,646	58,438	51,448	46,660	61,791	76,700	57,247
Reduced price breakfasts	55,153	50,691	52,960	60,423	66,085	80,846	89,922	75,621	85,305	95,741	71,275
Free breakfasts	247,913	225,870	251,263	242,961	258,731	296,015	329,858	321,589	397,465	428,969	300,063
Total Pupil Breakfasts	360,329	330,665	360,078	357,953	380,462	435,299	471,228	443,870	544,561	601,410	428,586

Note: (1) Due to the February 2010 snowstorm, ACPS was closed for 10 days. To compensate for the instruction days lost, the school day was lengthened for the remainder of the school year.

Source: School Nutrition Services

Table 12

**ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA**  
**SCHOOL NUTRITION SERVICE REVENUES AND EXPENDITURES**  
Last ten fiscal years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	10-year Total	10-year Average
<b>Revenues</b>												
Federal aid	\$ 2,509,694	\$ 2,516,300	\$ 2,983,808	\$ 2,558,207	\$ 2,661,998	\$ 3,148,929	\$ 3,585,354	\$ 3,780,951	\$ 4,211,055	\$ 4,512,869	\$ 32,469,164	\$ 3,246,916
State aid	56,469	60,229	57,184	61,345	51,993	52,225	57,474	62,872	62,817	107,671	630,279	63,028
Local	1,238,335	1,246,436	1,444,606	1,557,649	1,676,769	1,985,718	2,065,102	1,863,922	1,901,624	1,893,969	16,874,131	1,687,413
Total Revenue	3,804,498	3,822,965	4,485,598	4,177,201	4,390,760	5,186,872	5,707,931	5,707,745	6,175,496	6,514,509	49,973,574	4,997,357
<b>Expenditures</b>												
Salaries	1,514,651	1,578,895	1,572,939	1,629,449	1,709,459	1,829,295	1,884,905	1,888,260	1,946,823	2,049,420	17,604,096	1,760,410
Benefits	511,451	534,202	534,497	610,163	664,485	760,551	790,539	800,823	732,585	808,633	6,747,929	674,793
Purchased services	146,924	159,239	147,601	139,732	246,552	258,666	203,005	212,813	364,693	58,396	1,937,621	193,762
Internal services	1,262	2,706	4,908	4,755	4,554	4,381	2,808	4,558	5,192	8,451	43,575	4,358
Other charges	26,237	37,301	35,036	47,964	35,904	62,649	21,879	17,024	17,305	18,348	319,647	31,965
Food supplies	1,579,972	1,651,190	2,139,579	1,559,261	1,803,241	2,074,105	2,420,184	2,440,852	2,566,743	2,911,883	21,147,010	2,114,701
Capital outlay	362,690	101,962	94,350	25,324	60,302	6,828	54,617	52,221	156,031	137,282	1,051,607	105,161
Other	200,385	64,105	62,902	70,733	-	46,661	-	-	-	-	444,786	44,479
Total Expenditures	4,343,572	4,129,600	4,591,812	4,087,381	4,524,497	5,043,136	5,377,937	5,416,551	5,789,373	5,992,413	49,296,272	4,929,627
Revenues over Expenditures	\$ (539,074)	\$ (306,635)	\$ (106,214)	\$ 89,820	\$ (133,737)	\$ 143,736	\$ 329,994	\$ 291,194	\$ 386,122	\$ 522,096	\$ 677,302	\$ 67,730

Source: Alexandria City Public Schools Comprehensive Annual Financial Report

**Table 13**

**ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA  
School Nutrition Service Sales Price  
Last ten fiscal years**

Fiscal Year	Student Breakfast	Student Lunch			Adult	
		Elementary	Middle	High	Breakfast	Lunch
2003	\$0.50	\$1.60	\$1.85	\$1.85	\$1.50	\$2.50
2004	0.50	1.60	1.85	1.85	1.50	2.50
2005	0.75	1.70	2.00	2.00	1.50	2.50
2006	1.00	2.00	2.30	2.30	1.50	3.10
2007	1.05	2.05	2.35	2.35	1.55	3.10
2008	1.05	2.05	2.35	2.35	1.55	3.10
2009	1.05	2.15	2.45	2.45	1.55	3.10
2010	1.15	2.15	2.45	2.45	1.55	3.25
2011	1.25	2.25	2.50	2.50	1.55	3.25
2012	1.25	2.25	2.50	2.50	1.55	3.30

Source: Alexandria City Public Schools School Nutrition Services

**Table 14**

**ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA  
School Nutrition Services Principal Clients  
Current year and nine years ago**

Client	Current Year			Nine years Ago		
	Sales	Rank	Percentage of Sales	Sales	Rank	Percentage of Sales
Students	\$ 892,528	1	47.3%	\$ 655,422	1	53.9%
A La Carte	632,768	2	33.5%	352,996	2	29.1%
Catering/Other	184,351	3	9.8%	154,614	3	12.7%
Summer School Feeding Program	103,687	4	5.5%	-	4	0.0%
Adult	72,374	5	3.8%	43,367	5	3.6%
Vending	570	6	0.0%	8,476	6	0.7%
Total	<u>\$ 1,886,278</u>		<u>100.0%</u>	<u>\$ 1,214,875</u>		<u>100.0%</u>

Source: Alexandria City Public Schools School Nutrition Services

Table 15

**ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA**  
**Full-time Equivalent By Function-All Funds**  
**Last ten fiscal years**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction	1,625.63	1,600.71	1,595.68	1,625.98	1,625.08	1,595.39	1,628.25	1,663.19	1,761.40	1,770.56
Adult Education	10.00	10.00	10.00	9.00	9.00	7.00	10.00	10.00	10.00	9.11
Administration	62.50	66.50	65.50	70.50	68.50	63.50	73.25	63.00	65.60	69.60
Attendance and Health	54.10	53.10	52.10	54.10	54.10	53.60	55.64	37.44	34.44	34.44
Transportation	117.00	117.00	125.00	125.00	131.00	129.00	135.00	135.00	134.00	134.00
Plant Operations & Maintenance	153.50	156.50	158.50	157.50	156.50	135.40	122.80	111.22	95.84	90.17
School Food Services	75.00	75.00	75.00	75.00	75.00	74.50	79.60	78.60	79.60	87.03
	<b>2,097.73</b>	<b>2,078.81</b>	<b>2,081.78</b>	<b>2,117.08</b>	<b>2,119.18</b>	<b>2,058.39</b>	<b>2,104.54</b>	<b>2,098.45</b>	<b>2,180.88</b>	<b>2,194.91</b>

Source: Alexandria City Public Schools Board's Final Budget and Human Resources Data

Table 16

**ALEXANDRIA CITY PUBLIC SCHOOLS**  
**Capital Assets Information by Function**  
**Last ten fiscal years**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Instructions</u>										
Elementary Schools	13	13	13	13	13	13	13	13	13	13
Middle Schools	3	3	3	3	3	3	3	5	5	5
High Schools	1	1	1	1	1	1	1	1	1	1
<u>Plant Operations and Maintenance</u>										
Vehicle	27	33	40	40	43	40	44	44	45	45
<u>Pupil Transportation</u>										
Buses	63	63	64	66	71	72	74	98	100	101

Source: Alexandria City Public Schools Finance Office



Table 17

**ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA  
TEACHERS' EDUCATION AND EXPERIENCE  
June 30, 2012**

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	304	21.8%
Master's Degree	828	59.3%
Master's + 30	<u>264</u>	<u>18.9%</u>
Total	<u><u>1,396</u></u>	<u><u>100.0%</u></u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	413	29.6%
6 - 10	256	18.3%
11 and over	<u>727</u>	<u>52.1%</u>
Total	<u><u>1,396</u></u>	<u><u>100.0%</u></u>

Source: The Alexandria City Public Schools Human Resources Office

Table 18

**ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA**  
**TEACHERS' BASE SALARIES**  
 (Annual School Year Salary)  
 Last ten fiscal years

<u>Fiscal Year</u>	<u>Minimum Salary (1)</u>	<u>Mean Salary</u>	<u>Maximum Salary (2)</u>	<u>Percentage Change (3)</u>	
2003	33,825	53,589	73,352	2.5%	
2004	34,182	57,057	79,932	2.0%	(4)
2005	34,866	58,198	81,530	2.0%	
2006	35,563	59,362	83,161	2.0%	
2007	42,040	66,837	91,633	2.0%	
2008	42,671	67,839	93,007	1.5%	
2009	42,671	67,839	93,007	0.0%	(5)
2010	42,671	67,839	93,007	0.0%	
2011	42,671	67,839	93,007	0.0%	
2012	43,633	71,349	99,064	0.0%	

## NOTES:

- 1) The minimum salary represents the minimum amount an ACPS teacher with a bachelor's degree may earn for regular classroom instruction during the school year according to the professional salary schedule for teachers and paraprofessionals dependent on educational attainment and years of service.
- 2) The maximum salary represents the maximum amount an ACPS teacher with a masters+30 may earn for regular classroom instruction during the school year according to the professional salary schedule for teachers and paraprofessionals dependent on educational attainment and years of service.
- 3) The percentage change is the official increase for that year as approved by the School Board.
- 4) In FY 2004, the teacher work year increased from 190 to 192 days.
- 5) One-time bonus payments were given in lieu of salary increases.

Source: The Alexandria City Public Schools Human Resources Office and Budget Office

Table 19

**Principal Employers**  
**Current Year (as of July 1, 2012 and Nine Years Ago)**

<b>Current Year</b>	<b>Employees<sup>(1)</sup></b>	<b>Percentage of Total City Employment<sup>(2)</sup></b>	<b>Nine Years Ago</b>	<b>Employees<sup>(1)</sup></b>	<b>Percentage of Total City Employment<sup>(2)</sup></b>
<i>LARGEST PUBLIC EMPLOYERS</i>			<i>LARGEST PUBLIC EMPLOYERS</i>		
U.S. Department of Commerce	1,000 & over	3.34%	U.S. Department of Defense	1,000 & over	3.70%
Northern Virginia Community College	1,000 & over	3.34%	WMATA (Metro)	1,000 & over	3.70%
U.S. Department of Defense	1,000 & over	3.34%	City of Alexandria	2,276	2.81%
City of Alexandria	2,398	2.67%	Alexandria Public Schools	2,089	2.58%
Alexandria Public Schools	2,181	2.43%	U.S. Postal Services	500-999	0.92%
WMATA (Metro)	500-999	0.83%	Northern Virginia Community College	500-999	0.92%
U.S. Department of Agriculture	500-999	0.83%	U.S. Department of Agriculture	500-999	0.92%
		16.79%			15.57%
<i>LARGEST PRIVATE EMPLOYERS</i>			<i>LARGEST PRIVATE EMPLOYERS</i>		
The Alexandria Hospital	1000 & over	3.34%	The Alexandria Hospital	1,000 & over	3.70%
ABM Janitorial Services M Inc	1000 & over	3.34%	Institute for Defense Analysis	500-999	0.92%
Institute for Defense Analysis	1000 & over	3.34%	Panera Bread	500-999	0.92%
CNA Corporation	1000 & over	3.34%	CNA Corporation	500-999	0.92%
Gali Service Industries	1000 & over	3.34%	Boat America Corporation	500-999	0.92%
Oblon Spivak McClelland PC	250-499	0.42%	United Parcel Service, Inc	500-999	0.92%
Grant Thornton LLP	250-499	0.42%	Coleman and Associates Enterprises	250-499	0.46%
		17.54%			8.79%

SOURCE: City of Alexandria

<sup>(1)</sup> Employment ranges are given to ensure confidentiality.

<sup>(2)</sup> Percentages are based on the midpoint of the employment range.

Table 20

**CITY OF ALEXANDRIA, VIRGINIA**  
**Real and Personal Property Tax Assessments and Rates**  
**Last Ten Calendar Years**

Calendar Year	Real Property (\$000)			Personal Property (\$000)			
	Residential	Commercial	Total	Motor Vehicle and Tangibles		Machine and Tools	
				Tax rate per \$100	Assessment	Tax rate per \$100	Assessment
2002	8,889,290	7,243,699	16,132,989	1.080	1,409,955	4.75	16,351
2003	11,191,850	8,034,076	19,225,926	1.035	1,459,886	4.75	20,369
2004	13,224,543	9,532,642	22,757,185	0.995	1,391,110	4.75	17,985
2005	16,272,324	11,087,326	27,359,650	0.915	1,455,520	4.75	15,009
2006	20,205,364	14,037,667	34,243,031	0.815	1,394,947	4.75	14,906
2007	20,143,403	15,411,555	35,554,958	0.830	1,400,114	4.75	11,485
2008	19,255,906	15,123,257	34,379,163	0.845	1,354,932	4.75	17,837
2009	19,152,518	14,811,680	33,964,198	0.903	1,170,972	4.75	14,246
2010	18,270,905	13,378,585	31,649,490	0.993	1,226,896	4.75	14,336
2011	18,430,731	14,201,221	32,631,952	0.998	1,309,164	4.75	10,665
							1,319,829

Note: Property is assessed each year as of January 1. Property is assessed at actual value; therefore assessed values are equal to actual values.

Tax rates are assessed per \$100 of assessed value.

Source: City of Alexandria Comprehensive Annual Financial Report



CliftonLarsonAllen LLP  
[www.cliftonlarsonallen.com](http://www.cliftonlarsonallen.com)

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Governmental Accounting Standards***

The Members of the Alexandria City School Board  
City of Alexandria, Virginia

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Alexandria City Public Schools' (ACPS), a component unit of the City of Alexandria, Virginia, as of and for the year ended June 30, 2012, and have issued our report thereon dated November 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of ACPS is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered ACPS' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ACPS' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of ACPS' internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

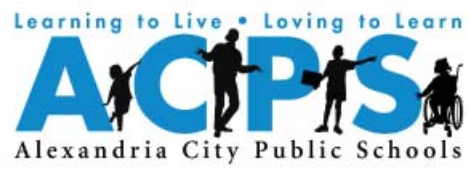
As part of obtaining reasonable assurance about whether ACPS' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of ACPS in a separate letter dated November 13, 2012.

This report is intended solely for the information and use of, management, the members of the Alexandria City School Board, federal and state regulatory agencies, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

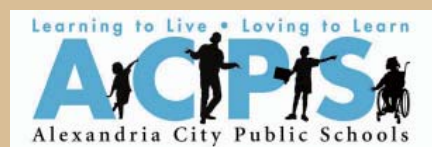
A handwritten signature in black ink that reads "Clifton Larson Allen LLP". The signature is written in a cursive, flowing style.

Alexandria, Virginia  
November 13, 2012









# Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

Alexandria City Public Schools  
Financial Services Department  
2000 North Beauregard Street  
Alexandria, VA 22311  
[www.acps.k12.va.us](http://www.acps.k12.va.us)