

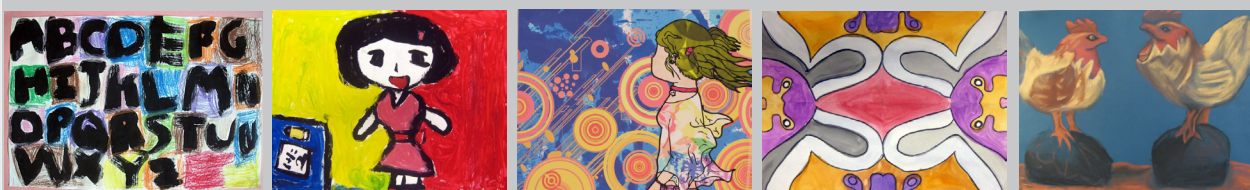
Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010



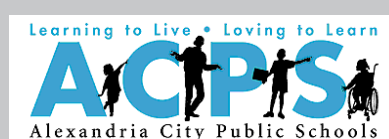
Our Mission

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





Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010

Prepared by:

Financial Services Department

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Artwork presented were created by Alexandria City Public Schools students.

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INTRODUCTORY SECTION



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.





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November 24, 2010

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

Superintendent of Schools
Morton Sherman, Ed.D.

School Board

Chairman
Yvonne A. Folkerts

Vice Chairman
Sheryl Gorsuch

Members
Mimi Carter
Ronnie Campbell
Blanche D. Maness
Helen Morris
Arthur E. Peabody Jr.
Marc Williams
Charles H. Wilson

We hereby submit the *Comprehensive Annual Financial Report* (CAFR) of the Alexandria City Public Schools (ACPS) for the fiscal year ended June 30, 2010. 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. 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 KPMG 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, 2010, 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, 2010, are fairly presented in conformity with 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 and creditors. 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.

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 24th 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 the broad diversity of our City. ACPS is one of the most diverse school systems in the country and we celebrate and embrace this rich diversity. It serves a student population of approximately 11,623—students who come from more than 128 different countries, speak more than 75 languages and represent a rainbow of ethnic and cultural groups. Our students are not only ethnically diverse, but also economically diverse and all are welcomed at ACPS. The City of Alexandria and the Alexandria City Public Schools are dedicated to ensuring academic success for each and every student.

After six years of declining enrollment, ACPS has experienced significant enrollment increases over the past three years and forecasters estimate that this growth trend will continue in the upcoming years. Currently, the school division operates one high school with two campuses (9th grade campus and a separate campus for 10-12 grades), five middle schools (6-8 grades), one elementary (K-6) school and twelve (K-5) elementary schools. ACPS also operates a program at the Detention Center and an interim education program.

Local Economy Outlook

In fiscal year 2010, our nation entered one of the worst economic and fiscal crises in decades. Housing foreclosures increased, the gross domestic product was declining, consumer confidence was down, jobs were being lost, and personal income was declining. The City of Alexandria experienced similar trends: decline in assessed values, lower tax revenues, higher unemployment rate, lower consumer confidence, etc. Although there are some positive signs of a mild economic recovery, the negative impact of this economic crisis is still present. Northern Virginia, and the City of Alexandria, usually outperforms the rest of the state. Although the unemployment rate is higher than in previous years, it nevertheless remains lower than the national average. Because of the economic crisis, the local jobless rate has increased from 2.8% in 2009 to 4.7% in 2010 which is still lower than the national average of approximately 9.5%.

The real estate market, which is the principal source of tax revenue for the City, had essentially no growth in FY 2010. Total real property assessments decreased in calendar year 2010 by 3.3 percent, or \$1.2 billion.

Major Initiatives

The School Board continued its record of initiating exciting new programs and projects for FY 2009-10. Jefferson-Houston ES was established as a K-6 school for the 2009-10 school year, a K-7 for the 2010-2011 school year, and a K-8 school for the 2011-12 school year and beyond. Jefferson-Houston will implement the International Baccalaureate Primary Years Programme, to be phased in over the next three years. The school division's two middle schools, George Washington and Francis C. Hammond were reorganized into five autonomous middle schools. Each of the five middle schools will implement the International Baccalaureate Middle Years Programme, phased in during the next three years.

Teachers are encouraged 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 2010, six teachers received NBPTS certificate, bringing the total number of ACPS National Board Certified Teachers to 30.

Student learning and achievement continues to be a priority for the school division. 18 of our schools were fully accredited and 7 met adequate yearly progress during the 2009-10 school year. With the development of the strategic plan, a philosophical shift in how this school does business is in process. In order to ensure higher achievement for each and every student, staff is required to develop new strategies and key measures that reflect student learning and achievement.

Teacher training and professional development opportunities continue to be of primary importance. Through the establishment of Alliance for Learning and Leading, ACPS will afford educators opportunities to learn research-based instructional model and promising practices that can be incorporated into their daily teaching and leadership roles. Strategies learned through the Alliance will be modeled and supported by the coaches, curriculum specialists, and instructional teams.

ACPS continues ongoing efforts to improve teacher quality by actively recruiting from a diverse group of top universities and streamlining the hiring process. We are seeing more applications with our recruiting effort. We believe that our emphasis on high standards has led us to be more attractive to high-quality candidates, and an earlier hiring timeline has enabled us to make offers to the best as soon as possible.

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 has been to close the learning and achievement gaps among student groups, with specific focus on each and every student.

ACPS is continuing with the "Greenovation" modernization program to replace building infrastructure at several schools. In addition, a new Early Childhood Education Center was constructed at John Adams ES using modular construction units in the courtyards of the original school. The HVAC replacement project at John Adams is now complete. Two phases of HVAC systems upgrades have been completed at James Polk, as well as ADA accessibility and a new gymnasium addition. A third phase still remains to be completed. The HVAC replacement/upgrade is also complete at Minnie Howard.

Financial Information

ACPS ended the fiscal year in good financial condition, with revenues slightly higher than expenditures in the General Fund, using the modified accrual basis of accounting. The year began with uncertain economic conditions, so ACPS budgeted prudently and instituted fiscal controls. The FY 2010 comprehensive annual financial report reflects continued strong management practices. Using the full accrual basis of accounting, ACPS has total assets of over \$62.8 million, an increase of \$4.8 million from fiscal year 2009.

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 Controls: 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 accounting controls should not exceed the benefits expected to be derived from

their implementation. 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.

Budgetary Control: ACPS maintains extensive budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget. Budgets are also prepared annually for nonmajor governmental funds, which represent the grants, and special projects fund and the school nutrition 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 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.

The annual budget serves as the foundation for ACPS' financial planning and control. By October of each year, schools and departments are required to submit their budget requests to the Budget Office, which compiles all requests into a comprehensive budget. The Superintendent and his executive staff use these requests as the starting point for developing a proposed budget. A preliminary budget forecast is presented to the Board in November/December. Then, the Superintendent's proposed budget for the following fiscal year is presented to the Board in January. Public hearings on the Board's proposed budget are held in January and are followed by a series of work sessions. In February, the Board, in turn submits its request to the Council for its annual appropriation during which preliminary funding decisions are reached. Under Virginia law, the City must adopt a School Board budget no later than the end of May of the current fiscal year.

The Board maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. All activities over which the Board exercises financial accountability have been incorporated to form the Board reporting entity. Such activities include the general operations and support services of the school division and its school food services.

Management control is exercised over the budget at the budgetary line item 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 administrator and school principal is furnished a monthly financial activity report showing the status of the budget accounts for which they are responsible. They are also provided a report listing outstanding encumbrances for the current and prior years and a report on overtime usage.

As a recipient of state, federal and local financial assistance, certain controls are exercised on the Grants and Special Projects Fund and School Nutrition Fund. ACPS is included within the City's single audit. The audit for the year ended June 30, 2010, disclosed no material internal control weaknesses or material instances of noncompliance or other violations of laws, regulations, contracts and grant agreements.

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.

Cash Management: 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 composed of State Treasurer's Local Government Investment Pool (LGIP). All investments are stated at fair value.

Cash held at the school level for student activities 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 is a self-insured point of service program and health maintenance organization.

Award and Acknowledgements


The Association of School Business Officials International (ASBO) awarded the Alexandria City Public Schools a Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2009. This award is granted only after an intensive review of the Comprehensive Annual Financial Report (CAFR) by a panel of expert certified public accountants and practicing school business officials. A Certificate of Achievement is valid for a period of one year only. We believe that the current CAFR also conforms to the ASBO Certificate of Excellence program requirements, and we are therefore submitting it to ASBO to confirm our compliance and to obtain another ASBO certificate.

The preparation of this report would not have been possible without the efficient and dedicated services 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. Appreciation is also extended to the Board and ACPS leadership team whose continuing support is vital to the financial health of the school division.


Respectfully submitted,



Morton Sherman Ed. D.
Superintendent of Schools



Margaret B. Byess
Deputy Superintendent
Planning and Support Operations



Jean B. Sina
Chief Financial Officer



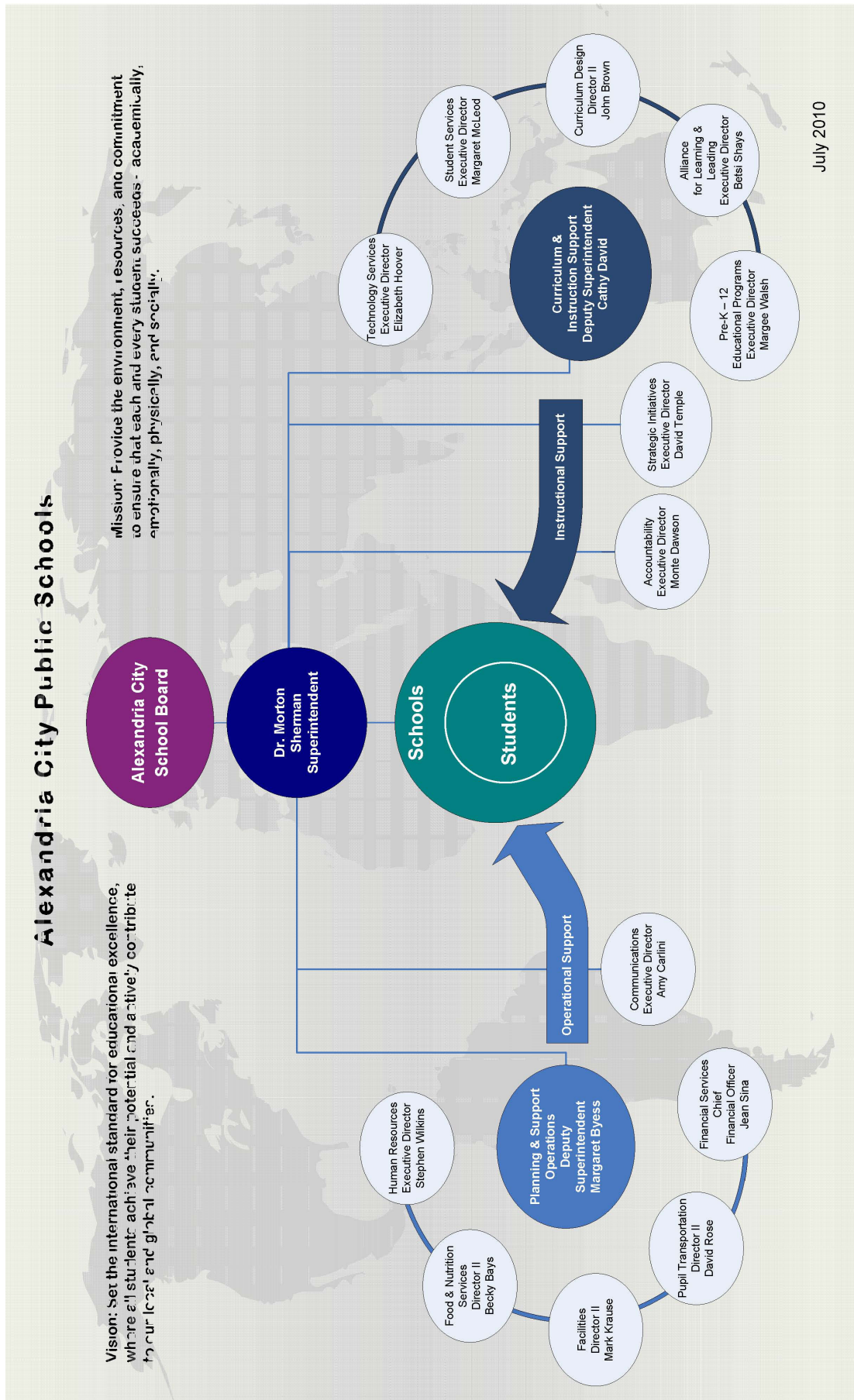
School Board

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

Ms. Rosemary Webb.....	Clerk of the Board
------------------------	--------------------

Executive Staff

Morton Sherman, Ed.D.....	Superintendent of Schools
Cathy David	Deputy Superintendent, Curriculum and Instructional Support
Margaret B. Byess.....	Deputy Superintendent, Planning and Support Operations
Amy Carlini	Executive Director, Communications
Monte Dawson	Executive Director, Accountability
Elizabeth Hoover	Executive Director, Technology Services
Sandra Hudnall.....	Executive Assistant to the Superintendent
Margaret McLeod	Executive Director, Student Services
Betsi Shays	Executive Director, Alliance for Learning and Leading
David Temple	Executive Director, Strategic Initiative
Margaret Walsh	Executive Director, Pre-K - 12 Educational Programs
Steve Wilkins	Executive Director, Human Resources



July 2010

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

ALEXANDRIA CITY PUBLIC SCHOOLS

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2009

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

Evin Green

President

John D. Mueser

Executive Director

FINANCIAL SECTION



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



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KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Auditors' 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 the Alexandria City Public Schools (ACPS), a component unit of the City of Alexandria, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the ACPS' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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; 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ACPS internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, 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 the Alexandria City Public Schools, as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2010, on our consideration of the 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.

The management's discussion and analysis and supplementary information on pages 17 through 29 and 60 through 64 are not a required part of the basic financial statements but are supplementary information



required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

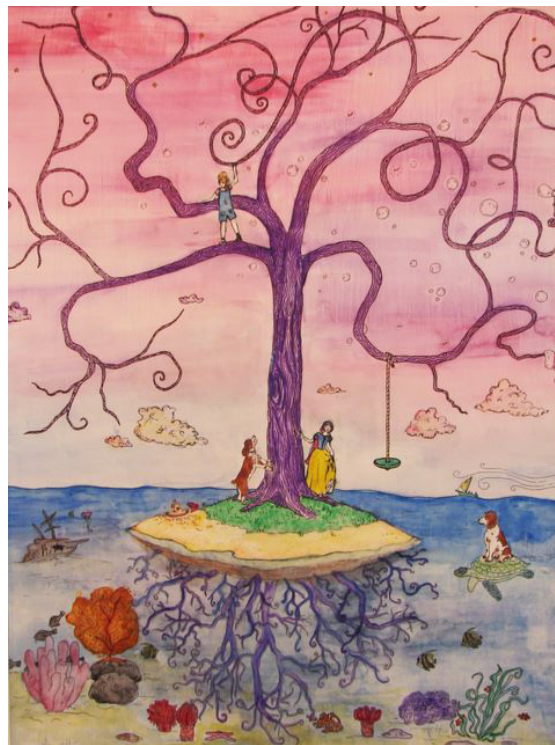
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ACPS' basic financial statements. The introductory section, other supplementary information, and statistical section, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section 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.

KPMG LLP

November 23, 2010

FINANCIAL SECTION

Management's Discussion & Analysis



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, 2010. 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 and notes to the basic financial statements 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 \$20.2 million at June 30, 2010. Of this amount, \$7.1 million is invested in capital assets, and \$13.1 million (unrestricted net assets) may be used to meet ACPS' ongoing needs.

On a government-wide basis for governmental activities, ACPS' revenues of \$214.9 million exceeded expenses of \$210.7 million by \$4.2 million.

FUND FINANCIAL STATEMENTS

As of the close of the current fiscal year, ACPS' governmental funds reported combined ending fund balances of \$18.9 million, an increase of \$2.1 million in comparison with the prior year. Of this amount, \$16.7 million is available for spending at the Board's discretion (unreserved, undesignated fund balance).

At June 30, 2010, the General Fund reported an ending fund balance of \$14.4 million, an increase of \$1.3 million from June 30, 2009.

Overview of the Financial Statements

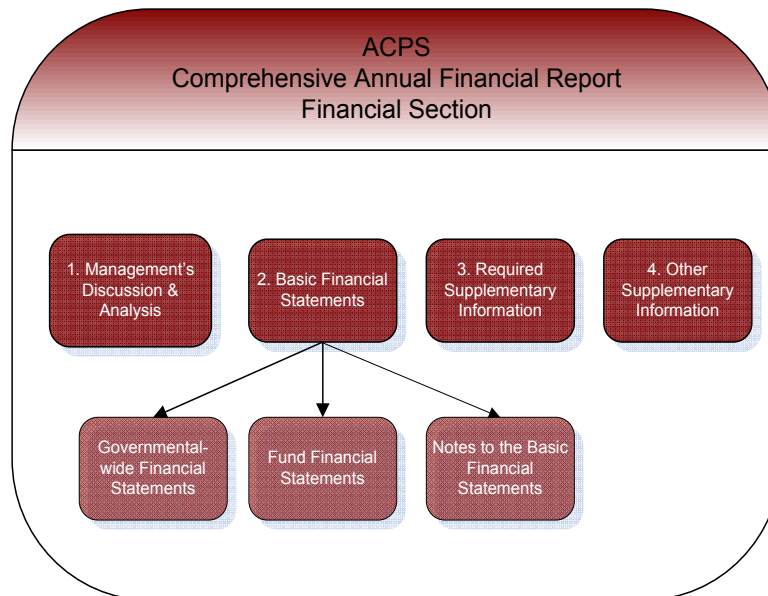
This section of the Comprehensive Annual Financial Report consists of four parts: 1) Management's Discussion and Analysis, 2) basic financial statements (government-wide and fund statements) including notes to the financial statements, 3) required supplementary information, and 4) other supplementary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

Financial-Management's Discussion & Analysis

- The statement of net assets and statement of activities provide information on a government-wide basis. These statements present an aggregate view of ACPS' finances. 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 financial statements are designed to provide readers with a broad view of the school division's finances in a manner similar to a private sector business. 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 finances. 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 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 those services 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, food services and community services. These governmental activities are principally supported by the City, State aid and intergovernmental revenues.

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 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 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, 2010 compared to June 30, 2009.

Summary of Net Assets As of June 30				
	Governmental Activities			Percentage Change
	2010	2009	Variance	2010-2009
ASSETS				
Current and other assets	\$55,707,359	\$50,472,456	\$ 5,234,903	10.37 %
Capital assets, net	7,085,154	7,567,843	(482,689)	(6.38) %
Total assets	62,792,513	58,040,299	4,752,214	8.19 %
LIABILITIES				
Current liabilities	29,389,678	26,106,426	3,283,252	12.58 %
Long-term liabilities	13,171,746	15,927,028	(2,755,282)	(17.30) %
Total liabilities	42,561,424	42,033,454	527,970	1.26 %
NET ASSETS				
Invested in capital assets, net of related debt	7,085,154	7,567,843	(482,689)	(6.38) %
Unrestricted	13,145,935	8,439,002	4,706,933	55.78 %
Total net assets	\$20,231,089	\$16,006,845	\$ 4,224,244	26.39 %

- **Capital assets, net of depreciation** decreased by \$0.5 million or 6.4 percent over the prior year. 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.
- **Current and other assets and current liabilities** increased respectively by \$5.2 million and \$3.3 million from fiscal year 2009. The increase in the current and other assets category was attributed to the cost savings related to the Virginia Retirement System (VRS) reduced fourth quarter rate, as enacted by the State, and an increased efficiency and better control of non-personnel spending such as utilities, contracted services, rents, materials and supplies which resulted in a significant amount of cash to remain on hand. The increase in the current liabilities category was mainly attributed to accounts payable.
- **Long-term liabilities** including the current portion decreased to \$13.2 million in fiscal year 2010 from \$15.9 million in fiscal year 2009, a decrease of \$2.7 million or 17.0 percent. The year-end balance reflects decreases in accrued sick leave, vacation leave, workers' compensation and decreases in the OPEB obligation.

Changes in net assets. The following table presents the changes in net assets from fiscal year 2009 to 2010:

Changes in Net Assets For the fiscal years ending, June 30				
<u>Governmental Activities</u>				
	<u>2010</u>	<u>2009</u>	<u>Variance</u>	<u>% Change</u>
Revenues				
Program revenues:				
Charges for services	\$ 2,750,977	\$ 2,863,639	\$ (112,662)	-3.9%
Operating grants and contributions	17,342,988	13,028,821	4,314,167	33.1%
General revenues:				
City appropriation	166,506,350	171,851,307	(5,344,957)	-3.1%
State aid	26,511,976	29,862,535	(3,350,559)	-11.2%
Grants not restricted to specific programs	8,323	28,780	(20,457)	-71.1%
Other local funds	1,798,288	738,028	1,060,260	143.7%
Total revenues	\$ 214,918,902	\$ 218,373,110	\$ (3,454,208)	-1.6%
Expenses				
Instructional:				
General instruction	\$ 157,444,723	\$ 158,147,184	(702,461)	-0.4%
Adult education	1,378,268	1,347,001	31,267	2.3%
Summer school	1,936,304	2,113,576	(177,272)	-8.4%
Support Services:				
Administration	14,685,291	15,648,631	(963,340)	-6.2%
Attendance and health services	4,888,721	4,983,770	(95,049)	-1.9%
Pupil transportation	8,285,171	6,849,868	1,435,303	21.0%
Plant operations and maintenance	14,048,738	15,657,789	(1,609,051)	-10.3%
Operation of Noninstructional Services:				
Food services	5,784,936	5,766,168	18,768	0.3%
Community Services	98,636	98,863	(227)	-0.2%
Capital improvement services	2,143,870	3,240,363	(1,096,493)	-33.8%
Total expenses	\$ 210,694,658	\$ 213,853,213	\$ (3,158,555)	-1.5%
Change in net assets	4,224,244	4,519,897	(295,653)	-6.5%
Net Assets-beginning balance	16,006,845	11,486,948	4,519,897	39.3%
Net Assets-ending balance	\$ 20,231,089	\$ 16,006,845	\$ 4,224,244	26.4%

- Net Assets increased to \$20.2 million in fiscal year 2010 from \$16.0 million in fiscal year 2009, an increase of \$4.2 million or 26.0 percent. Total revenues decreased by \$3.4 million, or 1.6 percent from fiscal year 2009, while expenditures decreased by \$3.1 million or 1.5 percent. The decrease in expenditures is primarily due to the Virginia Retirement System (VRS) reduced fourth quarter rate, as enacted by the State, and an increased efficiency and better control of non-personnel spending such as utilities, contracted services, rents, materials and supplies.

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.

These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can easily be converted to cash. These statements provide a detailed short-term view of the school division's operations and services it provides.

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.

The ACPS' fund financial statements provide detail information about the most significant funds not the ACPS as a whole. The 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 readily converted to cash. The governmental fund statements provide a detailed short-term view of the ACPS' operations and the services it provides.

The Board adopts an annual appropriated budget for all of its major and nonmajor governmental funds. The budgetary comparison schedule for the General fund has been provided in the Required Supplementary Information section of this report (Exhibit VII). The Nonmajor funds budgetary comparison schedules have been provided in the Other Supplementary Information section (Exhibits XV and XVI) to demonstrate compliance with this budget.

ACPS maintains one major governmental fund: General Fund. The following schedules present a summary of the general fund by type of revenue and expenditures by function for the period ended June 30, 2010 as compared to June 30, 2009. They also depict the amount and percentage increases and decreases in relation to prior year amounts reported.

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.

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 \$192.4 million for Fiscal Year 2010, which was \$6.5 million or approximately 3.3 percent lower than revenues received in Fiscal Year 2009. The largest source of revenue (other than the City of Alexandria) came from the Commonwealth of Virginia. Although ACPS experienced a student enrollment growth, the revenue received from the Commonwealth of Virginia however decreased substantially this year due to the state budget cuts. This source includes funding for state sales tax, basic aid, remedial education, class size initiative, vocational education and other purposes.

Tuition and fees and other local funds sources increased by 11.7 percent and 39.1 percent respectively due to increases in the collection of school buildings rentals and indirect cost recoveries from federal grants.

General Fund Revenues by Source						
Source	FY 2010		FY 2009		Increase (Decrease) from FY 2009	
	Amount (thousands)	Percent of Total	Amount (thousands)	Percent of Total	Amount (thousands)	Percentage Change
City of Alexandria	\$ 164,595	85.6 %	\$ 167,954	84.5 %	\$ (3,359)	(2.0) %
State aid	26,512	13.8	29,863	15.0	(3,351)	(11.2)
Federal aid	76	0.0	66	0.0	10	14.8
Tuition and fees	815	0.4	730	0.4	85	11.7
Other local funds	352	0.2	253	0.1	99	39.1
Total Revenue	\$ 192,350	100.0 %	\$ 198,865	100.0 %	\$ (6,515)	(3.3) %

Amounts may not add due to rounding

General Fund Expenditures

General Fund expenditures totaled \$191.0 million for fiscal year 2010, which was a decrease of \$2.6 million, or 1.3 percent from fiscal year 2009. Some of these programs costs were paid with fee and tuitions or subsidized by grants and 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 2010		FY 2009		Increase (decrease) From FY 2009	
	Amount (thousands)	Percent of Total	Amount (thousands)	Percent of Total	Amount (thousands)	Percent Change
General instruction	\$ 144,100	75.4 %	\$ 146,387	75.6 %	\$ (2,287)	(1.6) %
Adult education	1,036	0.5	1,024	0.5	12	1.2
Summer school	1,929	1.0	2,002	1.0	(73)	(3.6)
Administration	17,022	8.9	15,947	8.2	1,075	6.7
Attendance and health	4,769	2.5	4,859	2.5	(90)	(1.9)
Pupil transportation	7,910	4.1	7,462	3.9	448	6.0
Plant operations and maintenance	13,890	7.3	15,523	8.0	(1,633)	(10.5)
Food services	290	0.2	311	0.2	(21)	(6.9)
Community services	98	0.1	99	0.1	(1)	(1.0)
Total Expenditures	<u>\$ 191,044</u>	<u>100.0 %</u>	<u>\$ 193,613</u>	<u>100.0 %</u>	<u>\$ (2,569)</u>	<u>(1.3) %</u>

Amounts may not add due to rounding

The decrease in each function is due primarily to cost savings related to the reduced fourth quarter rate, as enacted by the State, in the Virginia Retirement System (VRS). These savings were partially offset by increased costs in employee benefits especially medical insurance.

ACPS continues to fund the Supplementary Retirement Trust and the Other Post-Employment Benefits (OPEB) Trust.

Fund Balances

The general fund is the chief operating fund of ACPS. At the end of the current fiscal year, the unreserved, undesignated fund balance of the general fund was \$5.9 million, while total fund balance reached \$14.4 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved-designated and undesignated fund balances represent 6.5 percent of total general fund expenditures, while total fund balance represents 7.5 percent of that same amount.

Capital Assets

At June 30, 2010, ACPS had \$7.1 million invested in land, buildings and building improvements, and furniture and equipment for governmental activities (see Note 5). This amount represents a slight net decrease (including additions, deductions and depreciation) from last year. ACPS student enrollment has steadily increased over the past four years to reach the present enrollment of 11,623. 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 2010 included the following:

- Additional classroom space to accommodate enrollment growth, especially at the elementary level
- School enhancements to comply with the American Disabilities Act requirements
- School renovations to modify classroom layouts and upgrade facilities
- Upgraded stadium bleachers
- Costs associated with ongoing projects remained in construction in progress at fiscal year's end. These projects include construction expenditures at James Polk and Johns Adams (\$6.7 million) and Minnie Howard (\$4.7 million).

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.

Capital Assets (net of accumulated depreciation) As of June 30				
	Governmental Activities		Increase (Decrease)	Percentage Change
	2010	2009		
Land and land improvements	\$ 999,381	\$ 999,381	\$ -	- %
Buildings and building improvements	1,572,924	1,244,083	328,841	26.4
Furniture and equipment	4,512,849	5,324,379	(811,530)	(15.2)
Totals	<u>\$7,085,154</u>	<u>\$7,567,843</u>	<u>\$ (482,689)</u>	(6.4) %

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, 2010 compared to the original and final budgets as of June 30, 2010.

Revenues and Expenditures General Operating Fund Budget to Actual Comparison

	FY 2010			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Intergovernmental:				
City of Alexandria	\$ 164,594,674	\$ 164,594,674	\$ 164,594,674	\$ -
State aid	27,008,107	27,008,107	26,511,976	(496,131)
Federal aid	102,050	105,050	75,752	(29,298)
Tuition and fees	1,015,616	1,015,616	815,627	(199,989)
Other local funds	469,697	469,697	352,150	(117,547)
Total Revenues	193,190,144	193,193,144	192,350,179	(842,965)
Expenditures				
Salaries	122,996,656	122,962,298	122,642,742	319,556
Benefits	47,207,879	47,076,341	44,120,346	2,955,995
Purchased Services	9,274,347	10,798,992	9,352,455	1,446,537
Internal Services	71,387	116,203	101,263	14,940
Other Charges	8,314,050	8,171,762	6,690,523	1,481,239
Materials and Supplies	7,029,270	6,767,473	5,701,755	1,065,718
Capital Outlay	2,652,491	2,575,061	2,426,022	149,039
Other Uses of Funds	-	352,367	9,011	343,356
Total Expenditures	197,546,080	198,820,496	191,044,116	7,776,380
Change in Fund Balance	<u>\$ (4,355,936)</u>	<u>\$ (5,627,352)</u>	<u>\$ 1,306,063</u>	<u>\$ 6,933,415</u>

Actual General Operating Fund revenues came in slightly under budget by \$0.8 million, while expenditures came in under budget by \$7.8 million, eliminating the need to draw upon the existing fund balance.

The variance between Actual and Budgeted General Fund expenditures of \$7.8 million is primarily due to:

- Cost savings from the reduction in VRS benefits rates of approximately \$ 4.3 million,
- Reductions in contracted services and special education tuition paid to other districts of approximately \$1.4 million,
- Increased efficiency, better control of non-personnel spending, and savings in utilities costs through the implementation of state-of-the art green technology for heating and cooling systems for approximately \$2.1 million.

All expenditure categories were under budget and the net effect of the total savings is 3.9 percent of the total expenditure budget.

Economic Factors and 2010 Fiscal Year Budget

The School division considers many factors when developing the next year's budget. Primary factor includes 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.

Since FY2008, the cumulative enrollment has grown from 10,557 to 12,070, which represents approximately 1,500 or 14%. This is the equivalent of approximately three new elementary schools. At the same time that ACPS is experiencing continued enrollment growth, its students' needs are also changing. The free-and-reduced price meal program has seen a surge in the number of students' participation from 51% in FY2008 to 55% currently. The enrollment in the English Language Learners (ELL) program has also significantly increased by approximately 24% since FY2008. Although the special education population has not increased compared to FY2008, it still represents 13% to 14% of the total school division enrollment. Because the cost of educating a special education student or an ELL student is much higher than for regular education, ACPS has additional challenges for balancing its budget.

In order to meet the changing needs of a rapidly growing student population with fewer and fewer resources available, ACPS has looked deeply and analytically on how and where existing resources are spent and their impact on student achievement. Using the strategic plan, students' needs and data-driven and evidence-based research as the framework for resources allocation, ACPS has realigned almost \$40 million over the past two 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 the difficult economic environment.

As part of the FY2011 budget development, more than \$20 million of the division's budget (almost 10%) 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 financial challenges, ACPS will continue to maintain small class sizes, dedicate more money to instruction by adding more teachers for core classes, physical education, ELL and special education programs.

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

The approved FY 2011 budget expenditures decreased by \$1.32 million or 0.7 percent, over the fiscal year 2010 approved budget. Approximately 86.3 percent of the budget is for compensation and benefits. The changes (increases and decreases) from FY2010 approved budget to FY2011 final budgeted expenditures are in the following areas.

- \$6.1 million to respond to enrollment growth and the changing needs of students.
- \$0.8 million to champion student achievement and teacher effectiveness.
- -\$2.1 million for restructuring to meet organizational changes, and identify efficiencies and savings.
- -\$2.8 million to share responsibility and accountability.
- -\$3.3 million to eliminate funding for the one-time expenditures.

During the current fiscal year, unreserved fund balance in the general fund increased to \$12.5 million. The Board has appropriated \$6.6 million of that amount for spending in the 2011 fiscal year budget. In May 2010, the Board adopted a balanced budget for fiscal year 2011 that reflected total resources, including \$6.6 million of available fund balance, and appropriations of \$196.2 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



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

Alexandria City Public Schools, Virginia
Statement of Net Assets
June 30, 2010

	Governmental Activities
<hr/>	
Assets	
Due from the City of Alexandria	\$ 42,605,229
Due from other governments	5,384,581
Other receivables	300,376
Prepaid items and other assets	7,302,506
Inventories	114,667
Capital assets:	
Land	999,381
Other capital assets, net of depreciation	6,085,773
Total assets	62,792,513
<hr/>	
Liabilities	
Accrued personnel services	22,949,786
Accounts payable	5,908,810
Unclaimed property	1,011
Unearned revenue	530,071
Net OPEB obligation	4,296,791
Long-term liabilities:	
Due within one year	1,917,108
Due in more than one year	6,957,847
Total liabilities	42,561,424
<hr/>	
Net Assets	
Invested in capital assets, net of related debt	7,085,154
Unrestricted	13,145,935
Total net assets	\$ 20,231,089
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See accompanying notes to the basic financial statements.

Alexandria City Public Schools, Virginia
Financial Section-Basic Financial Statements

Exhibit II

Alexandria City Public Schools, Virginia
Statement of Activities
For the Year Ended June 30, 2010

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Instructional:				
General instruction	\$ 157,444,723	\$ 124,652	\$ 13,499,170	\$ (143,820,901)
Adult education	1,378,268	268,416	-	(1,109,852)
Summer school	1,936,304	187,559	-	(1,748,745)
Support Services:				
Administration	14,685,291	-	-	(14,685,291)
Attendance and health services	4,888,721	-	-	(4,888,721)
Pupil transportation	8,285,171	-	-	(8,285,171)
Plant operations and maintenance	14,048,738	306,428	-	(13,742,310)
Operation of Noninstructional Services:				
Food services	5,784,936	1,863,922	3,843,818	(77,196)
Community services	98,636	-	-	(98,636)
Capital Improvement Services	2,143,870	-	-	(2,143,870)
<i>Total governmental activities</i>	<u>\$ 210,694,658</u>	<u>\$ 2,750,977</u>	<u>\$ 17,342,988</u>	<u>(190,600,693)</u>
General revenues:				
Intergovernmental:				
City of Alexandria				166,506,350
State aid				26,511,976
Grants not restricted to specific programs				8,323
Other				1,798,288
<i>Total general revenues</i>				<u>194,824,937</u>
Change in net assets				4,224,244
<i>Net assets-July 1, 2009</i>				<u>16,006,845</u>
<i>Net assets-June 30, 2010</i>				<u>\$ 20,231,089</u>

See accompanying notes to the basic financial statements.

Exhibit III

Alexandria City Public Schools, Virginia

Balance Sheet
Governmental Funds
June 30, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Assets				
Due from the City of Alexandria	\$ 39,788,101	\$ 2,817,128	\$ -	\$ 42,605,229
Due from other governments	6,480	-	5,378,101	5,384,581
Due from other funds	-	-	190,078	190,078
Other receivables	21,795	-	278,581	300,376
Prepaid items and other assets	630,071	-	15,160	645,231
Inventories	-	-	114,667	114,667
<i>Total assets</i>	<u>\$ 40,446,447</u>	<u>\$ 2,817,128</u>	<u>\$ 5,976,587</u>	<u>\$ 49,240,162</u>
Liabilities and Fund Balances				
Liabilities				
Accrued personnel services	\$ 22,008,166	\$ -	\$ 1,193,921	\$ 23,202,087
Accrued compensated absences	532,828	-	-	532,828
Accounts payable	3,044,343	2,314,439	550,028	5,908,810
Due to other funds	190,078	-	-	190,078
Deferred revenue	225,963	-	304,108	530,071
<i>Total liabilities</i>	<u>\$ 26,001,378</u>	<u>\$ 2,314,439</u>	<u>\$ 2,048,057</u>	<u>\$ 30,363,874</u>
Fund balances				
Reserved for:				
Inventories	\$ -	\$ -	\$ 114,667	\$ 114,667
Encumbrances	1,244,459	-	199,253	1,443,712
Prepaid items	628,070	-	13,323	641,393
Unreserved:				
Designated for:				
Subsequent year's budget	6,647,199	-	-	6,647,199
Capital Projects Fund	-	502,689	-	502,689
Undesignated	5,925,341	-	3,601,287	9,526,628
<i>Total fund balances</i>	<u>\$ 14,445,069</u>	<u>\$ 502,689</u>	<u>\$ 3,928,530</u>	<u>\$ 18,876,288</u>
<i>Total liabilities and fund balances</i>	<u>\$ 40,446,447</u>	<u>\$ 2,817,128</u>	<u>\$ 5,976,587</u>	<u>\$ 49,240,162</u>

See accompanying notes to the basic financial statements.

Exhibit III-1

Alexandria City Public Schools, Virginia
*Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Assets
June 30, 2010*

Total fund balances-governmental funds	\$ 18,876,288
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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	48,467,894	
Less: Accumulated depreciation	<u>(42,382,121)</u>	7,085,154

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)

6,657,275

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	\$ (6,850,151)	
Workers' compensation claims	(107,696)	
Capital leases	(1,132,990)	
Other postemployment benefits	<u>(4,296,791)</u>	<u>(12,387,628)</u>

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

\$ 20,231,089

See accompanying notes to the basic financial statements.

Exhibit IV

Alexandria City Public Schools, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Revenues				
Intergovernmental:				
City of Alexandria	\$ 164,594,674	\$ 1,911,676	\$ -	\$ 166,506,350
State aid	26,511,976	-	2,674,640	29,186,616
Federal aid	75,752	-	14,592,596	14,668,348
Tuition and fees	815,627	-	71,427	887,054
Food sales	-	-	1,673,573	1,673,573
Gifts and donations	-	-	8,323	8,323
Other	352,150	-	1,636,488	1,988,638
<i>Total revenues</i>	<u>192,350,179</u>	<u>1,911,676</u>	<u>20,657,047</u>	<u>214,918,902</u>
Expenditures				
Current:				
General instruction	\$ 144,100,514	\$ -	\$13,427,952	\$ 157,528,466
Adult education	1,036,125	-	342,143	1,378,268
Summer school	1,928,663	-	7,641	1,936,304
Administration	17,021,987	-	318,751	17,340,738
Attendance and health services	4,768,627	-	120,094	4,888,721
Pupil transportation	7,909,539	-	2,475	7,912,014
Plant operations and maintenance	13,889,873	-	-	13,889,873
Food services	290,152	-	5,416,547	5,706,699
Community services	98,636	-	-	98,636
Capital improvement services	-	2,143,870	-	2,143,870
<i>Total expenditures</i>	<u>\$ 191,044,116</u>	<u>\$ 2,143,870</u>	<u>\$19,635,603</u>	<u>\$ 212,823,589</u>
<i>Net change in fund balances</i>	<u>\$ 1,306,063</u>	<u>\$ (232,194)</u>	<u>\$ 1,021,444</u>	<u>\$ 2,095,313</u>
<i>Fund Balances-July 1, 2009</i>	<u>13,139,006</u>	<u>734,883</u>	<u>2,907,086</u>	<u>16,780,975</u>
<i>Fund Balances-June 30, 2010</i>	<u>\$ 14,445,069</u>	<u>\$ 502,689</u>	<u>\$ 3,928,530</u>	<u>\$ 18,876,288</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, 2010*

Net change in fund balances-total governmental funds	\$ 2,095,313
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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)	222,128
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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 7)	(482,689)
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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 6, 8 & 9)

Compensated absences	\$ (119,870)	
Workers' compensation	93,977	
Capital leases	1,132,990	
Other postemployment benefits	<u>1,282,395</u>	<u>2,389,492</u>

Change in net assets of governmental activities in the Statement of Activities	<u>\$ 4,224,244</u>
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See accompanying notes to the basic financial statements.

Exhibit V

Alexandria City Public Schools, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Pension and Other Employee Benefit Trust Funds	Agency Fund- Student Activity
Assets		
Cash held on behalf of student activity fund	\$ -	\$ 648,934
Investments, at fair value:		
Bonds	51,334,670	
Stocks	4,415,763	
Mutual funds	24,242,262	
Real estate	1,055,751	
US government obligation	689,689	
Global asset allocation	7,197,733	
Cash	2,349	
<i>Total assets</i>	<u>88,938,217</u>	<u>648,934</u>
Liabilities		
Due to student groups	-	648,934
<i>Total liabilities</i>	<u>-</u>	<u>\$ 648,934</u>
Net Assets		
Investments held in trust for pension and other employee benefits	<u>88,938,217</u>	
<i>Total net assets</i>	<u>\$ 88,938,217</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, 2010

	Pension and Other Employee Benefit Trust Funds
Additions	
Employer contributions	\$ 4,458,114
Net appreciation in investments	9,452,828
Total contributions	<u>\$ 13,910,942</u>
Deductions	
Benefit payments	\$ 4,014,325
Other expenses	-
Administrative expenses	88,576
Total deductions	<u>\$ 4,102,901</u>
Change in net assets	\$ 9,808,041
Net assets-July 1, 2009	<u>79,130,176</u>
Net assets-June 30, 2010	<u><u>\$ 88,938,217</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 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.

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.

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 is a fiduciary fund, which accounts for student activity monies held by the school principals of the seventeen 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 use the accrual basis of accounting for the pension trust fund and the student activity funds.

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, along with the related share of the employer's social security taxes, and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable financial resources.

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.

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 in the General Fund and School Nutrition Fund, a nonmajor fund, are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. Annual appropriations that are not spent, encumbered, or designated 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, 2010 was as follows:

Fund	Interfund Receivables	Interfund Payables
General fund	\$ -	\$ 190,078
Nonmajor governmental funds	190,078	-
Total	<u>\$ 190,078</u>	<u>\$ 190,078</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 current portion of the accrued compensated absences liability is that which pertains to those employees who retired or resigned at June 30, 2010, and who have not received payment for their accrued compensatory leave as of June 30, 2010. This portion of the accrued compensated absences is reported in both the governmental fund statements and government-wide financial statements.

Annual Leave: 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 two categories: invested in capital assets, net of related debt; and unrestricted. The first category represents the portion of net assets related to capital assets, net of accumulated depreciation. 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 School Supplemental Retirement Plan. When both restricted and unrestricted net assets are available for an expense, ACPS applies restricted resources first.

m) Fund Balance

ACPS reserves those portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances, prepaid items, and inventories. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

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 School 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, 2010 include salaries earned prior to year-end but not distributed until the months of July and August 2010.

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, 2010, the carrying value of ACPS' deposits held by the City was \$ 1,496,761 in overdraft, of which the City will guarantee payment. ACPS's balances for student activity agency funds was \$648,934 and the carrying amount of deposits held by area financial institutions was \$643,521. 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. 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. 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.

B. Investments

ACPS participates in three pension plans. Two of these plans are part of the Virginia Retirement System (VRS) and are managed by the Commonwealth of Virginia. The Board has directed a financial advisor 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, 2010, the cash and investment balances for ACPS were as follows:

	<u>Investment Maturities (in years)</u>			
	<u>Fair Value</u>	<u>Less than 1 yr.</u>	<u>1-5 years</u>	<u>Long Term</u>
State Treasurer's Local Government Investment Pool (LGIP)	\$ 39,788,101	\$ 39,788,101	\$ -	\$ -
Total Investments Controlled by the City	\$ 39,788,101	\$ 39,788,101	\$ -	\$ -
OPEB Trust Investments	\$ 2,348,812	\$ -	\$ -	\$ 2,348,812
Pension Plan Investments	86,589,405	-	-	86,589,405
Total Trust and Pension Plan Investments	\$ 88,938,217	\$ -	\$ -	\$ 88,938,217
Total Investments	<u>\$ 128,726,318</u>	<u>\$ 39,788,101</u>	<u>\$ -</u>	<u>\$ 88,938,217</u>

Financial Section-Notes to the Basic Financial Statements

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, 2010.

Investments (controlled by the City)	\$ 39,788,101
Excess of outstanding checks over bank balance	(1,496,761)
Investments held in trust for retirement benefits	<u>88,938,217</u>
	127,229,557
Cash held on behalf of student activity funds	<u>648,934</u>
Total	<u>\$ 127,878,491</u>

C. School 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 School 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 School OPEB Trust Fund's investment as of June 30, 2010, is summarized at market below:

<u>Investment Type</u>	<u>Market Value</u>
Cash	\$ 2,349
Bonds	803,294
Mutual Funds	1,200,243
Real Estate	75,162
Global Asset Funds	<u>267,764</u>
Total Investments	<u>\$ 2,348,812</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	\$ 6,657,275
Prepaid insurance	204,925
Prepaid other	<u>440,306</u>
Total	<u>\$ 7,302,506</u>

NOTE 4. Due from Other Governments

Amounts due from other governments at June 30, 2010 were:

A. Federal Government

The following revenues were due from various federal agencies at June 30, 2010

National School Meal Program	\$ 271,932
JROTC	6,480
REMS	47,298
EMS	357,409
Carl Perkins	232,071
Title I	850,721
ARRA Title I	133,838
Title II-Part A	228,499
Title II-Part D	11,810
ARRA Title II D	6,454
Title II-Part D Competitive	9,564
Title III	213,691
Title IV	35,349
Title VI	1,361,809
Preschool Incentive	47,093
ARRA Preschool Grant	3,402
ARRA SFSF	257,772
ARRA IDEA	472,866
ARRA McKinney Vento	24,949
School Improvement 1003G	128,672
School Improvement 1003A	177,262
Total due from the Federal Government	<u>\$ 4,878,941</u>

B. Commonwealth of Virginia

The following revenues were due from the Commonwealth of Virginia at June 30, 2010

Adult Basic Education	\$ 42,945
Industry Certification Exam	460
Juvenile Detention	360,684
EMS	57,185
QRIS	4,910
Total due from the Commonwealth of Virginia	<u>\$ 466,184</u>

C. City of Alexandria

The following revenues were due from the City of Alexandria at June 30, 2010

Miscellaneous	<u>\$ 39,456</u>
Total due from the City of Alexandria	<u>\$ 39,456</u>

NOTE 5. Capital Assets

The following is a summary of the changes in capital assets for the year ended June 30, 2010.

Governmental activities

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Capital assets not being depreciated				
Land and land improvements	\$ 999,381	\$ -	\$ -	\$ 999,381
Total land and land improvements	\$ 999,381	\$ -	\$ -	\$ 999,381
Other capital assets:				
Buildings and building improvements	\$ 36,364,241	\$ 491,281	\$ -	\$ 36,855,522
Furniture and equipment	11,307,456	304,916	-	11,612,372
Total other capital assets	\$ 47,671,697	\$ 796,197	\$ -	\$ 48,467,894
Less accumulated depreciation for:				
Buildings and building improvements	\$ 35,120,158	\$ 162,440	\$ -	\$ 35,282,598
Furniture and other equipment	5,983,077	1,116,446	-	7,099,523
Total accumulated depreciation	\$ 41,103,235	\$ 1,278,886	\$ -	\$ 42,382,121
Other capital assets, net	\$ 6,568,462	\$ (482,689)	\$ -	\$ 6,085,773
Totals	\$ 7,567,843	\$ (482,689)	\$ -	\$ 7,085,154

* Depreciation expense was charged to governmental functions as follows:

General instruction	\$ 502,209
Pupil transportation	411,844
Administration	124,160
Plant operations and maintenance	162,440
Food services	78,233
Total governmental activities depreciation expense	<u>\$ 1,278,886</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, 2010 the City holds approximately \$189.3 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.

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	\$ 2,143,869
Other assets	218,758
Depreciation expense	(1,278,886)
Capital outlay not capitalizable	(1,566,430)
Total adjustments	<u>\$ (482,689)</u>

NOTE 6. Lease Obligations**Operating Leases**

ACPS leases 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. ACPS also renewed a long-term lease for copy machines which extended the expiration date to May 31, 2015. Total costs for such leases were \$ 3,214,380 for the year ended June 30, 2010.

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

Fiscal Year	Real Estate	Equipment
2011	\$ 1,030,510	\$ 785,115
2012	1,057,510	785,115
2013	1,062,752	785,115
2014	862,643	785,115
2015	895,262	719,689
Total	<u>\$ 4,908,678</u>	<u>\$ 3,860,148</u>

Capitalized Leases

In FY 2008, ACPS renewed and amended the capitalized lease agreement with Dell Inc. that provided for the second lease period from FY 2008 to FY 2011. The capitalized lease with Hewlett Packard was also renewed to cover the period FY 2008 to FY 2011. ACPS entered into non-cancelable capital lease agreements as lessee for computer laptops. These capital leases were recorded at the present value of their future minimum lease payments as of the inception date and expire at June 30, 2011.

The scheduled minimum lease payments for fiscal year 2011 is as follows:

Fiscal Year	Principal
FY 2011 minimum obligations	\$ 1,148,628
Portion represents interest	(15,638)
Present value of minimum obligations	<u>\$ 1,132,990</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 employees of ACPS are automatically covered under VRS. Professional employees participate in a VRS statewide teacher cost-sharing multiple-employer plan and non-professional employees participate as a separate group in the agent multiple-employer plan. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 if they have five years of service or at age 50 with at least thirty years of service. The annual benefit is equal to 1.70% of the average final salary (AFS) for each year of credited service. VRS also provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

VRS issues a publicly-available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their web site at <http://www.varetire.org/Publications/Index.asp> or obtained by writing to the Virginia Retirement System, P.O. Box 2500, Richmond, VA 23218-2500.

Funding Policy and Annual Pension Cost

Plan members are required by state statutes to contribute 5% of their annual covered payroll to the VRS. ACPS has elected to assume the responsibility for the employee share for both VRS plans. In addition, ACPS is required to contribute the remaining amounts necessary to fund its participation in VRS using the actuarial basis specified by statute and approved by the VRS Board of Trustees. If a plan member covered under this plan leaves employment, the accumulated contributions plus interest earned may be refunded. The professional contribution rate for the year ended June 30, 2010 was 13.81% and the non-professional contribution rate for the year was 5.45% of annual covered payroll. Both rates include the employee share paid by ACPS.

Financial Section-Notes to the Basic Financial Statements

ACPS' contributions to the VRS state-wide teacher pool for fiscal year 2010 were \$12,799,619.32 while contributions for fiscal years 2009 and 2008 were \$14,994,837 and \$15,917,570 respectively, equal to the required contribution for each year.

There were no changes in actuarial assumptions, benefits provisions, or funding methods for the VRS Non-Professional Employees Plan (the agent multiple-employer plan). See additional required disclosures in the following section for the agent multiple-employer plan.

MEMBERSHIP AND PLAN PROVISIONS (non-professional)

Active participants	311
Retirees and beneficiaries	179
Terminated vested and non-vested	91
Normal retirement age	65
Benefits age	50 (30 years of services)
Benefits vesting years	5
Disability and death benefits	Yes

SIGNIFICANT ACTUARIAL ASSUMPTIONS

Investment earnings	7.5%
Projected salary increases attributable to:	
Inflation	2.5%
Seniority/merit	1.00-3.10%
Retirement increases	2.5%
Actuarial method	Entry age normal cost
Amortization method	Level percentage
Open/closed	Open
Remaining amortization period	20
Asset valuation method	Modified market

FUNDING POLICY AND ANNUAL PENSION COST

Percentage of covered payroll contribution:	
Employee percentage	5.00%
Employer percentage	0.45%
Amount contributed:	
Employee	\$ 362,047
Employer	32,584
Total amount contributed	<u>\$ 394,631</u>

COVERED PAYROLL

Amount	\$ 7,240,932
Legally-required reserves	None
Long-term contribution contracts	None

B. School Supplemental Retirement Plan

Plan description:

The School 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 .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 .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 .25 percent of past service compensation in excess of \$100 times credited past service. The Plan does not issue a publicly-available financial report.

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, 2009 using the aggregate actuarial cost method. The ACPS and its employees are required to make contributions to the Plan at the rate of 1.25% and 1.00% of covered payroll, respectively. ACPS elected to assume the cost of the employees' contributions. ACPS contributed \$1,764,954 for the fiscal year ended June 30, 2010, which represented the employer contribution. 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 2.08% to 1.89% with a net decrease in cost of \$108,534.

Calculation of Net Pension Assets (NPA)

Annual Required Contributions (ARC)	\$ 1,344,275
Interest on Net Pension Asset (NPA)	(418,285)
Adjustment to annual required contribution	<u>616,836</u>
Annual Pension Cost (APC)	\$ 1,542,826
Actual Deposit	<u>1,764,954</u>
Change in NPA	\$ (222,128)
NPA Beginning of year (July 1, 2009)	<u>(6,435,147)</u>
NPA End of year (June 30, 2010)	<u><u>\$ (6,657,275)</u></u>

Financial Section-Notes to the Basic Financial Statements

The Plan uses the aggregate actuarial cost method that does not identify or separately amortize unfunded actuarial liabilities.

School Supplemental Single-employer defined benefit plan			
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension (Assets)
9/1/2007	1,308,734	142.3%	(6,420,946)
9/1/2008	1,610,586	101.0%	(6,435,147)
9/1/2009	1,542,826	114.4%	(6,657,275)

MEMBERSHIP AND PLAN PROVISIONS (School Supplemental)

Active participants	1,936
Retirees and beneficiaries	1,001
Inactive and active, vested	641
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	3.00%
Seniority /merit	1.88-5.10%
Retirement increases	-
Actuarial cost method	Aggregate actuarial method
Open/closed	Open
Remaining amortization period	18 years
Asset valuation method	Contract Basis

PERCENTAGE OF COVERED PAYROLL CONTRIBUTION

Employer percentage	1.25%
Employer contribution	\$ 1,764,954
Total amount contributed	<u>\$ 1,764,954</u>
Covered payroll	\$ 112,969,077
Legally-required reserves	None
Long-term contribution contracts	None

NOTE 8. Other Post Employment Benefits (OPEB)**1. Plan Description**

In May 2009, the Board authorized the establishment of a trust for the purpose of accumulating and investing assets to fund Other Postemployment Benefits and to provide medical benefits to eligible retired school employees and beneficiaries.

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 \$1,239.87 based on the retirement plan under which the retiree is covered. In FY 2010, ACPS contributed \$265.00 for each participant. 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 School OPEB Trust Fund.

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, 2009, the date of the most recent actuarial valuation, plan membership consisted of:

Retirees and spouses	416
Active plan members	1,581
Total	<u>1,997</u>

2. 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, 2009, ACPS contributed \$ 1.24 million for current costs and an additional \$ 1.47 million to prefund benefits.

3. 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 amortized 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 1.85 percent 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.

<u>Calculation of Net OPEB Obligations (NOO)</u>	
Annual Required Contributions (ARC)	\$ 1,706,791
Interest on Net OPEB Obligations (NOO)	418,439
Adjustment to annual required contribution	(701,493)
Annual OPEB Cost (NOO)	\$ 1,423,737
Contributions made	2,706,132
Decrease in net OPEB obligation (asset)	\$ (1,282,395)
Net OPEB obligation -July 1, 2009	5,579,186
Net OPEB obligation -July 30, 2010	\$ 4,296,791

4. 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, 2009 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 10.6 percent initially, reduced by decrements to an ultimate rate of 5.10 percent after 79 years. Both rates include a 2.5 percent inflation assumption. Unfunded actuarial accrued liability is being amortized as a level dollar amount over a period of 30 years.

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, 2009	Additions	Reductions	Balance June 30, 2010	Amount Due Within One Year
Compensated absences	\$ 7,409,617	\$ 11,624,518	\$ 11,651,156	\$ 7,382,979	\$ 532,828
Capital Leases	2,265,980	-	1,132,990	1,132,990	1,132,990
Workers' Compensation Claims	672,245	227,956	541,215	358,986	251,290
Total	<u>\$ 10,347,842</u>	<u>\$ 11,852,474</u>	<u>\$ 13,325,361</u>	<u>\$ 8,874,955</u>	<u>\$ 1,917,108</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. 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 following Items. The long-term liabilities will be paid from the general fund.

Compensated Absences	\$ 119,870
Workers' Compensation	(93,977)
Other Postemployment Benefits	(1,282,395)
Total	<u>\$ (1,256,502)</u>

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

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 non-current portion of unpaid claims is approximately \$107,696 as of June 30, 2010. The current portion is recorded as an accrued liability in the General Fund and the government-wide financial statements. Liabilities are determined using actual claims experience and estimated recoveries. The settled claims resulting from these risks have not exceeded commercial reinsurance coverage. 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. An independent contractor processes claims and ACPS records a provision and liability in the government-wide statements and General Fund (current portion only) for an estimate incurred but not reported claims.

Financial Section-Notes to the Basic Financial Statements

Changes in the estimated claims payable for worker's compensation during the fiscal years ended June 30, 2010 and 2009 were as follows:

	<u>FY 2010</u>	<u>FY 2009</u>
Estimated claims payable at beginning of fiscal year	\$ 672,245	\$ 574,956
Current fiscal year claims and changes in estimates	227,956	848,831
Claims payments	<u>(541,215)</u>	<u>(751,542)</u>
Estimated claims payable at end of fiscal year	<u>\$ 358,986</u>	<u>\$ 672,245</u>

Other insurance

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.

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.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

The Required Supplementary Information subsection includes:

- Budgetary comparison schedule for the General 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



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, 2010

	Budget			Variance from final budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental:				
City of Alexandria	\$ 164,594,674	\$ 164,594,674	\$ 164,594,674	\$ -
State aid	27,008,107	27,008,107	26,511,976	(496,131)
Federal aid	102,050	105,050	75,752	(29,298)
Tuition and fees	1,015,616	1,015,616	815,627	(199,989)
Other local funds	469,697	469,697	352,150	(117,547)
Total Revenues	193,190,144	193,193,144	192,350,179	(842,965)
Expenditures				
Current:				
General instruction	149,072,116	150,102,906	144,100,514	6,002,392
Summer school	2,125,832	2,069,208	1,928,663	140,545
Adult education	946,718	983,080	1,036,125	(53,045)
Administration	17,489,860	18,245,424	17,021,987	1,223,437
Attendance and health services	4,846,127	4,830,940	4,768,627	62,313
Pupil transportation	7,133,180	7,183,151	7,909,539	(726,388)
Plants operations and maintenance	15,538,310	14,996,385	13,889,873	1,106,512
Food services	291,545	306,984	290,152	16,832
Community services	102,392	102,418	98,636	3,782
Total Expenditures	197,546,080	198,820,496	191,044,116	7,776,380
Revenue over (under) expenditures	(4,355,936)	(5,627,352)	1,306,063	6,933,415
Fund Balance-July 1, 2009	13,139,006	13,139,006	13,139,006	-
Fund Balances-June 30, 2010	\$ 8,783,070	\$ 7,511,654	\$ 14,445,069	\$ 6,933,415

See accompanying note to the budgetary comparison schedule.

Exhibit VIII

Alexandria City Public Schools, Virginia
Schedule of Funding Progress
Pension and Other Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2010

VRS-Non-Professional Employees Plan

	[1]	[2]	[3] (Overfunded)	[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]
6/30/2003	\$ 32,954,429	\$ 23,870,548	\$ (9,083,881)	138.05%	\$ 5,661,850	-160.44%
6/30/2004	32,779,367	26,171,980	(6,607,477)	125.25%	6,399,299	-103.25%
6/30/2005	32,808,237	29,672,094	(3,136,143)	110.57%	7,321,211	-42.84%
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%
6/30/2010	39,070,547	35,393,745	(3,676,802)	110.39%	7,914,115	-46.46%

Other Post-employment Benefits

	[1]	[2]	[3] (Overfunded)	[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]
6/30/2007	-	65,987,068	65,987,068	0.00%	86,104,892	76.60%
1/1/2009	-	13,460,400	13,460,400	0.00%	88,738,000	15.17%

* 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 IX

Alexandria City Public Schools, Virginia
Schedule of Employer Contributions
Pension and Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2010

School Supplemental Retirement Plan			School Other Post-employment Benefit Trust Fund		
<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2004	522,762	154.6%			
2005	642,857	196.1%			
2006	741,611	203.9%			
2007	934,347	83.2%			
2008	1,109,811	167.8%	2008	\$ 7,097,334	17.1% *
2009	1,412,472	115%	2009	1,645,100	116.2%
2010	1,344,275	131.3%	2010	1,706,791	158.6%

* School Other Post-employment Benefit Trust Fund was established during fiscal year 2009.

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

Six-year trend information about the School Supplemental Retirement Plan is presented as required supplementary information. Two-year trend information is presented about the School Other Post-employment Benefit (OPEB) Trust Fund. 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.

A Schedule of Funding Progress for the School Supplemental Retirement System is not required because it uses the aggregate actuarial cost method where actuarial accrued liabilities are not identified or separately amortized. They are amortized through normal cost.

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.

OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

The Other Supplementary Information sub-sections include the following:

- Combining 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
- Budgetary comparison schedule for the grants and special projects fund



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

FUND DESCRIPTION

Nonmajor governmental funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are primarily legally restricted to expenditures incurred in accordance with the purposes and terms established by the respective grantors. Below are the descriptions of ACPS' nonmajor governmental funds.

Grants and Special Projects Fund

This fund was established to account for the direct financial assistance received by the School Board through categorical grants from federal, state and city agencies, corporations and other private groups. The expenditures of these funds are restricted to the purposes set forth in the grant programs through which the funds were received.

School Nutrition 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 X

Alexandria City Public Schools, Virginia

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2010

	Grants and Special Projects Fund	School Nutrition Fund	Total Nonmajor Funds
Assets			
Due from other governments	\$ 5,106,169	\$ 271,932	\$ 5,378,101
Due from other funds	(1,446,850)	1,636,928	190,078
Other receivables	247,521	31,060	278,581
Prepaid items and other assets	-	15,160	15,160
Inventories	-	114,667	114,667
<i>Total assets</i>	<u><u>\$ 3,906,840</u></u>	<u><u>\$ 2,069,747</u></u>	<u><u>\$ 5,976,587</u></u>
Liabilities and Fund Balances			
Liabilities:			
Accrued personnel services	\$ 917,185	\$ 276,736	\$ 1,193,921
Accounts payable	469,056	80,972	550,028
Deferred revenue	253,451	50,657	304,108
<i>Total liabilities</i>	<u>1,639,692</u>	<u>408,365</u>	<u>2,048,057</u>
Fund balances:			
Reserved for:			
Inventories	-	114,667	114,667
Encumbrances	-	199,253	199,253
Prepaid items	-	13,323	13,323
Unreserved:			
Subsequent year's budget	-	-	-
Undesignated	2,267,148	1,334,139	3,601,287
<i>Total fund balances</i>	<u>2,267,148</u>	<u>1,661,382</u>	<u>3,928,530</u>
<i>Total liabilities and fund balances</i>	<u><u>\$ 3,906,840</u></u>	<u><u>\$ 2,069,747</u></u>	<u><u>\$ 5,976,587</u></u>

Exhibit XI

Alexandria City Public Schools, Virginia

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2010

	Grants and Special Projects Fund	School Nutrition Fund	Total Nonmajor Funds
Revenue:			
Intergovernmental:			
State aid	\$ 2,611,768	\$ 62,872	\$ 2,674,640
Federal aid	10,811,650	3,780,946	14,592,596
Tuition and fees	71,427	-	71,427
Food sales	-	1,673,573	1,673,573
Gifts and donations	8,323	-	8,323
Other local funds	1,446,139	190,349	1,636,488
<i>Total revenues</i>	<u>14,949,307</u>	<u>5,707,740</u>	<u>20,657,047</u>
Expenditures:			
Current:			
General instruction	13,427,952	-	13,427,952
Adult education	342,143	-	342,143
Summer school	7,641	-	7,641
Administration	318,751	-	318,751
Attendance and health services	120,094	-	120,094
Pupil Transportation	2,475	-	2,475
Food services	-	5,416,547	5,416,547
<i>Total expenditures</i>	<u>14,219,056</u>	<u>5,416,547</u>	<u>19,635,603</u>
<i>Net change in fund balances</i>	730,251	291,193	1,021,444
<i>Fund Balance-July 1, 2009</i>	<u>1,536,897</u>	<u>1,370,189</u>	<u>2,907,086</u>
<i>Fund Balances-June 30, 2010</i>	<u>\$ 2,267,148</u>	<u>\$ 1,661,382</u>	<u>\$ 3,928,530</u>

FIDUCIARY FUNDS

Pension and Other Employee Benefit 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.

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

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 XII

Alexandria City Public Schools, Virginia
Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
June 30, 2010

	Employees' Supplementary Retirement Plan	School Other Post- Employment Benefit Trust	Total Pension and Other Employee Benefit Trust Funds
Assets			
Investment, at fair value			
Bonds	\$ 50,531,376	\$ 803,294	\$ 51,334,670
Stocks	4,415,763		4,415,763
Mutual funds	23,042,019	1,200,243	24,242,262
Real estate	980,589	75,162	1,055,751
US government obligation	689,689		689,689
Global asset allocation	6,929,969	267,764	7,197,733
Cash		2,349	2,349
	<u>\$ 86,589,405</u>	<u>\$ 2,348,812</u>	<u>\$ 88,938,217</u>
Total assets	\$ 86,589,405	\$ 2,348,812	\$ 88,938,217
Liabilities			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	\$ -	\$ -	\$ -
Net Assets			
Investments held in trust for pension and other employee benefits	<u>86,589,405</u>	<u>2,348,812</u>	<u>88,938,217</u>
Total net assets	<u>\$ 86,589,405</u>	<u>\$ 2,348,812</u>	<u>\$ 88,938,217</u>

Exhibit XIII

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, 2010

	Employees' Supplementary Retirement Plan	School Other Post Employment Benefits Trust	Total Pension and Other Employee Benefit Trust Funds
Additions			
Employer contributions	\$ 2,991,447	\$ 1,466,667	\$ 4,458,114
Income from investing activities	9,368,897	83,931	9,452,828
Total contributions	<u>\$ 12,360,344</u>	<u>\$ 1,550,598</u>	<u>\$ 13,910,942</u>
Deductions			
Benefit payments	\$ 4,014,325	\$ -	\$ 4,014,325
Other expenses	-	-	-
Administrative expenses	86,278	2,298	88,576
Total deductions	<u>\$ 4,100,603</u>	<u>\$ 2,298</u>	<u>\$ 4,102,901</u>
Change in net assets	\$ 8,259,741	\$ 1,548,300	\$ 9,808,041
Net assets-July 1, 2009	<u>78,329,664</u>	<u>800,512</u>	<u>79,130,176</u>
Net assets-June 30, 2010	<u><u>\$ 86,589,405</u></u>	<u><u>\$ 2,348,812</u></u>	<u><u>\$ 88,938,217</u></u>

Exhibit XIV

Alexandria City Public Schools, Virginia
Statement of Changes in Assets and Liabilities
Student Activity Fund
For the Year Ended June 30, 2010

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Assets				
Cash held on behalf of student activity fund	\$ 729,361	1,137,047	1,217,474	\$ 648,934
Total assets	<u>\$ 729,361</u>	<u>1,137,047</u>	<u>1,217,474</u>	<u>\$ 648,934</u>
Liabilities				
Due to student groups	\$ 729,361	1,137,047	1,217,474	\$ 648,934
Total liabilities	<u>\$ 729,361</u>	<u>1,137,047</u>	<u>1,217,474</u>	<u>\$ 648,934</u>

Exhibit XV

Alexandria City Public Schools, Virginia
Budgetary Comparison Schedule
School Nutrition Fund
For the Year Ended June 30, 2010

	Budget			Variance from final budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental:				
State aid	\$ 58,000	\$ 58,000	\$ 62,872	\$ 4,872
Federal aid	3,187,070	3,187,070	3,780,946	593,876
Other local funds	2,330,262	2,330,262	1,863,922	(466,340)
Total Revenues	<u>5,575,332</u>	<u>5,575,332</u>	<u>5,707,740</u>	<u>132,408</u>
Expenditures				
Current:				
Food services	<u>5,575,332</u>	<u>5,620,244</u>	<u>5,416,547</u>	<u>203,697</u>
Total Expenditures	<u>5,575,332</u>	<u>5,620,244</u>	<u>5,416,547</u>	<u>203,697</u>
Revenue over (under) expenditures	-	(44,912)	291,193	336,105
Fund Balance-July 1, 2009	<u>1,370,189</u>	<u>1,370,189</u>	<u>1,370,189</u>	-
Fund Balances-June 30, 2010	<u>\$ 1,370,189</u>	<u>\$ 1,325,277</u>	<u>\$ 1,661,382</u>	<u>\$ 336,105</u>

Exhibit XVI

Alexandria City Public Schools, Virginia

Budgetary Comparison Schedule

Grants and Special Projects Fund

For the Year Ended June 30, 2010

	Budget			Variance from final budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental:				
State aid	\$ 2,261,460	\$ 2,783,947	\$ 2,611,768	\$ (172,179)
Federal aid	11,007,579	16,496,187	10,811,650	(5,684,537)
Tuition and fees	20,000	59,694	71,427	11,733
Other local funds	267,200	2,014,620	1,454,462	(560,158)
Total Revenues	13,556,239	21,354,448	14,949,307	(6,405,141)
Expenditures				
Current:				
General instruction	13,083,065	17,862,261	10,515,470	7,346,791
Summer school	10,173	10,173	7,641	2,532
Adult education	335,147	347,122	342,143	4,979
Administration	255,795	533,495	318,751	214,744
Attendance and health services	126,644	158,552	120,094	38,458
Pupil transportation	18,700	24,200	2,475	21,725
Plants operations and maintenance	600,000	3,244,998	2,912,482	332,516
Total Expenditures	14,429,524	22,180,801	14,219,056	7,961,745
Revenue over (under) expenditures	(873,285)	(826,353)	730,251	1,556,604
Fund Balance-July 1, 2009	1,536,897	1,536,897	1,536,897	-
Fund Balances-June 30, 2010	\$ 663,612	\$ 710,544	\$ 2,267,148	\$ 1,556,604

STATISTICAL SECTION

The statistical tables reflect financial trends, student and personnel data, demographic, and other information. Many of these tables are required by Section 2800. 103 of the Governmental Accounting Standards Board codification. Some of these tables are deemed not applicable because the school division does not have bonded debt nor does it levy special assessments. Therefore, the following tables (included in the Comprehensive Annual Financial Report of the City of Alexandria) are not included:

- Tax Revenues by Source-Last Ten Fiscal Years
- Assessment and Estimate Actual Value of Taxable Property-Last Ten Calendar Years
- General Property Tax Rates per \$100 of Assessed Values-Last Ten Calendar Years
- Computation of Legal Debt Margin
- Ratio of Net General Debt Assessed Value and Net Debt per Capita
-Last Ten Fiscal Years
- Ratio of Annual Debt Service for General Bonded Debt to Total General Expenditures
-Last Ten Fiscal Years
- Overlapping Debt and Debt History
- Property Valued, Construction, and Bank Deposits-Last Ten Calendar Years



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>Total net assets</u>
2001	\$21,314,760	\$4,604,132	\$25,918,892
2002	6,361,600 (2)	2,729,407	9,091,007
2003	6,036,133	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

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.

Source: Alexandria City Public Schools Comprehensive Annual Financial Report

Table 2

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA

Changes in Net Assets
Last ten fiscal years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses										
General instruction	\$ 98,326,133	\$ 104,308,640	\$ 108,263,912	\$ 115,250,660	\$ 123,558,235	\$ 133,599,425	\$ 147,024,098	\$ 148,046,049	\$ 158,147,184	\$ 157,444,723
Adult education	1,170,004	1,140,167	1,104,014	1,074,317	1,081,890	1,104,184	1,150,506	1,250,546	1,347,001	1,378,268
Summer school	1,129,437	1,473,244	1,735,207	1,849,382	1,980,461	1,964,061	1,902,445	2,046,501	2,113,576	1,936,304
Administration	7,719,465	8,476,897	10,368,422	11,376,580	11,952,499	11,726,347	14,242,151	18,882,108	15,648,631	14,685,291
Attendance and health services	2,948,045	3,110,612	3,283,164	3,411,917	3,674,326	4,171,692	4,779,220	5,055,413	4,983,770	4,888,721
Pupil transportation	4,334,287	4,357,440	4,387,374	4,588,701	4,155,942	5,168,493	6,345,873	7,008,642	6,849,868	8,285,171
Plant operations and maintenance	11,875,518	11,821,797	13,022,522	13,100,476	13,797,503	15,051,848	15,876,284	16,343,026	15,657,789	14,048,738
Food services	3,700,671	4,113,646	4,274,090	4,408,860	4,907,089	4,371,644	4,837,436	5,426,369	5,766,168	5,784,936
Community services	334,527	83,152	149,421	91,543	98,935	103,633	88,172	216,086	98,862	98,636
Capital Improvement Services	4,817,159	4,491,615	4,540,666	5,052,418	5,067,286	5,738,798	3,259,996	3,875,624	3,240,363	2,143,870
Total governmental expenses	\$ 136,355,246	\$ 143,377,210	\$ 151,128,792	\$ 160,204,854	\$ 170,274,166	\$ 183,000,125	\$ 199,506,181	\$ 208,150,364	\$ 213,853,212	\$ 210,694,658
Program revenues										
Charges for services										
Instruction	\$ 480,275	\$ 564,463	\$ 475,933	\$ 482,994	\$ 402,343	\$ 298,024	\$ 302,813	\$ 340,414	\$ 400,238	\$ 580,627
Plant operations and maintenance	234,894	150,199	210,734	219,187	240,006	269,074	264,588	371,854	398,298	306,428
Food services	1,336,857	1,341,435	1,238,335	1,246,436	1,444,606	1,557,650	1,676,770	1,985,718	2,065,103	1,863,922
Operating grants and contributions	7,025,836	7,946,256	8,818,765	10,342,944	12,028,924	13,097,186	14,779,561	11,263,558	13,028,821	17,342,988
Total program revenues	\$ 9,077,862	\$ 10,002,353	\$ 10,743,767	\$ 12,291,561	\$ 14,115,879	\$ 15,221,934	\$ 17,023,732	\$ 13,961,544	\$ 15,892,460	\$ 20,093,965
Net (expenses)	\$(127,277,384)	\$(133,374,857)	\$(140,385,025)	\$(147,913,293)	\$(156,158,287)	\$(167,778,191)	\$(182,482,449)	\$(194,188,820)	\$(197,960,752)	\$(190,600,693)
General revenues										
Intergovernmental:										
City of Alexandria	\$ 116,420,378	\$ 110,070,994	\$ 122,881,707	\$ 128,016,091	\$ 141,688,238	\$ 139,340,097	\$ 150,719,166	\$ 164,165,802	\$ 171,851,307	\$ 166,506,350
State aid	20,954,582	20,562,178	20,229,183	21,051,474	23,410,871	24,075,496	26,950,438	26,626,964	29,862,535	26,511,976
Grants not restricted to specific programs	376,529	269,050	132,520	279,354	57,456	77,769	19,362	56,623	28,780	8,323
Other local funds	18,458	12,093	45,450	12,572	61,168	42,816	559,094	802,296	738,026	1,798,288
Total general revenues	\$ 137,769,947	\$ 130,914,315	\$ 143,288,860	\$ 149,359,491	\$ 165,217,733	\$ 163,536,178	\$ 178,248,060	\$ 191,651,685	\$ 202,480,648	\$ 194,824,937
Change in net assets	\$ 10,492,563	\$ (2,460,542)	\$ 2,903,835	\$ 1,446,198	\$ 9,059,446	\$ (4,242,013)	\$ (4,234,389)	\$ (2,537,135)	\$ 4,519,896	\$ 4,224,244

Source: Alexandria City Public Schools Comprehensive Annual Financial Report

Table 3

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
Fund Balances-Governmental Funds
Last ten fiscal years
(In thousands)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved for:										
Encumbrances	\$ 1,339.7	\$ 1,754.2	\$ 929.1	\$ 809.0	\$ 976.6	\$ 1,291.8	\$ 720.2	\$ 734.1	\$ 959.5	\$ 1,244.5
Prepaid items	416.1	466.0	581.5	601.9	722.6	963.7	834.3	537.0	676.4	628.1
Unreserved	2,735.8	2,310.4	3,954.2	4,702.4	6,645.8	6,086.7	3,367.6	6,615.1	11,503.1	12,572.5
Total general fund	\$ 4,491.6	\$ 4,530.6	\$ 5,464.8	\$ 6,113.3	\$ 8,345.0	\$ 8,342.2	\$ 4,922.1	\$ 7,886.2	\$ 13,139.0	\$ 14,445.1
All Other Governmental Funds										
Reserved for:										
Inventories	\$ 103.9	\$ 190.1	\$ 217.2	\$ 399.0	\$ 119.5	\$ 205.4	\$ 142.4	\$ 87.3	\$ 158.6	\$ 114.7
Encumbrances	195.9	289.7	153.6	246.5	185.5	195.7	3.7	67.4	31.1	199.2
Prepaid items	19.5	23.1	-	-	-	-	23.7	13.4	13.8	13.3
Unreserved, reported in:										
Capital projects funds	(2,668.7)	(4,358.5)	(736.6)	680.8	7,593.5	2,441.7	27.2	77.7	-	502.7
Non major governmental funds	1,751.7	1,389.4	982.4	401.0	635.4	629.0	2,844.5	2,424.2	2,703.6	3,601.3
Total all other governmental funds	\$ (597.7)	\$ (2,466.2)	\$ 616.6	\$ 1,727.3	\$ 8,533.9	\$ 3,471.8	\$ 3,041.5	\$ 2,670.0	\$ 2,907.1	\$ 4,431.2

Source: Alexandria City Public Schools Comprehensive Annual Financial Report

Table 4

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Intergovernmental:										
City of Alexandria	\$ 116,420,378	\$ 110,070,994	\$ 122,881,707	\$ 128,016,091	\$ 141,688,238	\$ 139,340,097	\$ 150,719,166	\$ 164,165,802	\$ 167,953,749	\$ 166,506,350
State aid	22,102,322	21,746,315	21,286,696	21,984,954	24,361,653	25,235,466	30,676,038	28,496,080	32,413,733	29,186,616
Federal aid	5,801,812	6,538,051	7,745,930	9,538,373	10,923,368	11,651,372	11,053,961	9,394,442	10,477,624	14,668,348
Tuition and fees	715,169	714,663	686,667	702,181	642,349	567,099	567,401	692,734	797,537	887,054
Food sales	1,129,276	1,151,271	1,051,786	1,122,489	1,307,791	1,367,578	1,445,583	1,716,098	1,760,739	1,673,573
Gift and donations	57,976	56,683	65,951	47,834	57,456	42,816	19,362	56,623	28,780	8,323
Other local funds	620,876	638,691	313,890	239,130	352,757	553,684	790,281	1,091,450	1,043,389	1,988,638
Total Revenues	\$ 146,847,809	\$ 140,916,668	\$ 154,032,627	\$ 161,651,052	\$ 179,333,612	\$ 178,758,112	\$ 195,271,792	\$ 205,613,229	\$ 214,475,551	\$ 214,918,902
Expenditures										
General instruction	\$ 97,181,790	\$ 103,848,923	\$ 108,483,359	\$ 115,241,419	\$ 123,505,489	\$ 133,789,361	\$ 147,228,311	\$ 148,974,527	\$ 155,564,320	\$ 157,528,466
Adult education	1,170,004	1,140,167	1,104,014	1,074,317	1,081,890	1,104,184	1,150,506	1,250,546	1,347,001	1,378,268
Summer school	1,129,437	1,473,244	1,735,207	1,849,382	1,980,461	1,964,061	1,902,445	2,046,501	2,113,576	1,936,304
Administration	8,042,992	8,522,960	9,618,772	11,001,942	12,034,977	12,071,698	13,617,285	13,285,978	16,056,640	17,340,738
Attendance and health services	2,948,045	3,110,612	3,283,164	3,411,917	3,674,326	4,171,692	4,779,220	5,055,413	4,983,770	4,888,721
Pupil transportation	4,115,228	4,151,829	4,233,267	4,400,297	4,650,150	5,426,771	6,691,253	6,804,158	7,531,734	7,912,014
Operation of plants and maintenance	11,875,518	11,821,797	12,922,728	13,039,371	13,708,541	15,090,224	15,613,171	16,168,702	15,522,740	13,889,873
Food services	3,924,493	4,101,920	4,555,503	4,374,162	4,894,889	4,362,564	4,791,958	5,342,989	5,689,337	5,706,699
Community services	334,527	83,152	149,421	91,543	98,935	103,633	88,172	216,086	98,862	98,636
Capital improvement services	8,321,192	4,491,615	3,930,058	5,407,420	4,665,779	5,738,798	3,259,996	3,875,624	-	2,143,870
Total Expenditures	\$ 139,043,226	\$ 142,746,219	\$ 150,015,493	\$ 159,891,770	\$ 170,295,417	\$ 183,822,986	\$ 199,122,317	\$ 203,020,524	\$ 208,907,980	\$ 212,823,589
Net change in fund balances	\$ 7,804,583	\$ (1,829,551)	\$ 4,017,134	\$ 1,759,282	\$ 9,038,195	\$ (5,064,874)	\$ (3,850,525)	\$ 2,592,705	\$ 5,567,571	\$ 2,095,313

Source: Alexandria City Public Schools Comprehensive Annual Financial Report

Table 5

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
Last ten fiscal years
(In thousands)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Additions										
Member contributions	\$ 1,790.9	\$ 1,101.6	\$ 2,458.3	\$ 1,455.2	\$ 2,269.4	\$ 2,699.7	\$ 1,389.0	\$ 3,356.4	\$ 3,554.3	\$ 4,458.1
Contract investment earnings	3,411.7	3,574.6	3,577.2	3,612.7	3,546.2	3,490.3	3,669.1	4,138.3	2,629.5	9,452.8
Demutualization compensation	-	5,116.2	-	-	-	-	-	-	-	-
Total additions to plan net assets	\$ 5,202.6	\$ 9,792.4	\$ 6,035.5	\$ 5,067.9	\$ 5,815.6	\$ 6,190.0	\$ 5,058.1	\$ 7,494.7	\$ 6,183.8	\$ 13,910.9
Deductions										
Benefit payments	\$ 1,695.4	\$ 2,305.0	\$ 2,269.4	\$ 2,477.5	\$ 2,682.9	\$ 3,006.8	\$ 3,399.5	\$ 3,611.4	\$ 3,717.5	\$ 4,014.3
Other Expenses	-	-	-	-	-	-	-	-	263.0	-
Administrative expenses	87.7	53.3	70.7	86.4	55.8	73.0	71.4	72.5	91.6	88.6
Total deductions from plan net assets	\$ 1,783.1	\$ 2,358.3	\$ 2,340.1	\$ 2,563.9	\$ 2,738.7	\$ 3,079.8	\$ 3,470.9	\$ 3,683.9	\$ 4,072.1	\$ 4,102.9
Change in net assets	\$ 3,419.5	\$ 7,434.1	\$ 3,695.4	\$ 2,504.0	\$ 3,076.9	\$ 3,110.2	\$ 1,587.2	\$ 3,810.8	\$ 2,111.7	\$ 9,808.0

Source: Alexandria City Public Schools Comprehensive Annual Financial Report

Note: OPEB Trust fund is funded for the first time in FY 2009.

Table 6

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

	2006	2007	2008	2009	2010
<u>PERSONNEL SERVICES</u>					
Personnel services	\$ 105,891,953	\$ 115,268,038	\$ 116,586,533	\$ 122,861,904	\$122,642,742
Benefits	32,109,015	40,580,867	43,103,596	45,615,301	44,120,346
Total Personnel Services	138,000,968	155,848,905	159,690,129	168,477,205	166,763,088
<u>NON-PERSONNEL SERVICES</u>					
Professional services	2,589,519	2,560,821	2,926,602	2,728,673	2,768,980
Temporary help service fees	624,013	695,608	851,782	1,041,777	1,055,076
Maintenance services and contracts	2,602,525	2,505,266	2,490,311	2,886,637	3,587,639
Transportation	502,775	877,588	691,861	904,163	1,007,425
Printing and binding	184,546	267,505	215,942	206,222	163,385
Purchase of services from other govt. entities	1,198,124	1,526,329	1,233,851	1,050,084	712,917
Other purchased services	59,819	59,845	58,060	53,004	57,033
Internal services	110,858	124,576	82,882	90,154	101,263
Utilities	2,635,670	2,748,445	3,041,355	3,052,270	1,691,991
Communications	866,167	808,646	692,365	640,400	739,419
Insurance	375,310	378,069	408,630	365,365	387,114
Leases and rentals	2,002,474	3,756,201	3,630,369	3,189,449	3,239,017
Travel	498,379	565,535	369,735	436,791	419,366
Awards and grants	3,777	-	-	-	-
Miscellaneous	153,134	176,114	165,676	196,715	213,615
Educational and recreational supplies	1,761,168	1,669,931	1,563,509	1,583,593	1,662,459
Textbooks	1,755,063	808,919	745,905	659,945	819,702
Books and subscriptions	287,959	258,682	282,301	252,633	277,824
Food supplies and food service supplies	116,824	118,911	72,123	82,883	57,954
Technology	1,478,500	948,084	983,743	1,034,923	856,002
Medical and laboratory supplies	20,929	21,122	19,176	17,386	14,937
Repair and maintenance supplies	350,369	357,558	424,822	531,538	379,100
Laundry, housekeeping and janitorial supplies	413,286	432,020	394,586	438,602	415,701
Vehicle and power equipment fuel	466,763	365,248	453,857	397,915	404,963
Vehicle and power equipment supplies	232,279	272,842	300,377	263,103	328,938
Other operating supplies	247,463	212,223	148,896	185,628	484,175
Capital outlay	4,062,450	2,613,595	2,287,111	2,965,402	2,426,022
Other uses of funds	-	36,492	580,778	(119,825)	9,011
Total Non-personnel Services	25,600,143	25,166,175	25,116,605	25,135,430	24,281,028
GRAND TOTAL	\$ 163,601,111	\$ 181,015,080	\$ 184,806,734	\$ 193,612,635	\$191,044,116

Source: Alexandria City Public Schools Finance Office

Table 7

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

	<u>2001</u>	<u>2002</u>	<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>Total</u>
John Adams	34	197	-	31	614	1,093	355	488	33	-	\$ 2,845
Charles Barrett	-	54	314	1,512	117	-	1	-	-	-	\$ 1,998
Patrick Henry	-	666	717	-	-	-	23	278	2	-	\$ 1,686
Jefferson-Houston	-	-	214	309	-	-	332	-	-	-	\$ 855
Cora Kelly	1,520	5	-	-	-	-	-	-	-	-	\$ 1,525
Lyles-Crouch	339	70	48	134	-	20	-	61	90	-	\$ 762
Douglas MacArthur	257	36	15	-	-	128	-	212	-	-	\$ 648
George Mason	244	10	346	868	73	-	10	141	143	47	\$ 1,882
Maury	234	1,010	77	-	-	-	-	-	-	-	\$ 1,321
Mount Vernon	-	25	419	-	393	15	18	-	-	-	\$ 870
James Polk	38	-	-	6	14	383	-	-	-	-	\$ 441
William Ramsay	182	118	-	20	826	1,611	79	15	-	-	\$ 2,851
F.C. Hammond	-	-	50	-	898	-	239	13	162	109	\$ 1,471
George Washington	-	-	-	-	-	70	411	-	23	7	\$ 511
T.C. Williams	225	390	-	-	-	-	-	-	-	-	\$ 615
Minnie Howard	-	30	6	-	-	-	47	248	-	-	\$ 331
Rowing Facility	-	-	-	-	35	245	-	290	32	-	\$ 602
System Wide	1,744	1,881	1,724	2,527	1,696	2,174	1,745	2,129	2,755	1,981	\$ 20,356
GRAND TOTAL	\$ 4,817	\$ 4,492	\$ 3,930	\$ 5,407	\$ 4,666	\$ 5,739	\$ 3,260	\$ 3,875	\$ 3,240	\$ 2,144	\$ 41,570

Source: The City of Alexandria

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>
2001	\$ 130,722,034	11,345	\$ 11,522	10,632	11,093
2002	138,254,604	11,274	12,263	10,425	10,890
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

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 2001 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) Technology Services Office

Table 9

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

Fiscal Year	Personal Income (\$000)	Per Capita Personal Income (6)	Number Receiving Free or Reduced Price Meals (1)	Unemployment Rate (2)	Number Receiving Special Education (3)	Population (2)	Number in English as a Second Language (4)	Number in Gifted and Talented (5)
2001	6,931,579	52,125	5,567	2.9%	1,928	128,283	1,809	1,558
2002	7,009,871	52,344	5,593	3.5%	1,958	134,000	2,090	1,524
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	-	5,866	2.8%	1,830	144,100	2,909	1,225
2010	10,441,443	-	6,264	4.7%	1,906	150,006	3,430	1,293

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

Source: (1) Food and 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**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Elementary										
Pre-K & Kindergarten	1,247	1,132	1,127	1,147	1,135	1,170	1,226	1,212	1,303	1,352
Grades 1-3	3,105	3,098	2,940	2,833	2,872	2,685	2,679	2,748	3,023	3,276
Grades 4-6	2,621	2,640	2,653	2,553	2,491	2,345	2,211	2,322	2,420	2,455
Grades 7-8	1,460	1,483	1,480	1,526	1,500	1,459	1,428	1,369	1,415	1,478
Total Elementary	8,433	8,353	8,200	8,059	7,998	7,659	7,544	7,651	8,161	8,561
Secondary										
9th Grade	699	720	756	724	754	763	698	731	751	741
10th Grade	911	903	817	838	763	730	720	720	786	813
11th Grade	666	655	736	674	708	697	691	742	756	766
12th Grade	568	562	585	587	590	600	588	601	656	616
Total Secondary	2,844	2,840	2,894	2,823	2,815	2,790	2,697	2,794	2,949	2,936
Special Placements- District-wide	68	81	145	113	108	72	91	112	115	126
Grand Total	11,345	11,274	11,239	10,995	10,921	10,521	10,332	10,557	11,225	11,623

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 FOOD SERVICE MEALS SERVED
Last five fiscal years**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>5-year Average</u>
DAYS MEALS SERVED						
National School Lunch Program	183	183	183	183	173 ⁽¹⁾	183
NUMBER OF PUPIL LUNCHES SERVED:						
Paid lunches	334,952	355,876	388,809	387,071	358,600	363,437
Reduced price lunches	172,086	176,533	200,207	224,052	200,052	187,035
Free lunches	580,966	565,305	629,393	712,383	712,383	621,216
Total Pupil Lunches	<u>1,088,004</u>	<u>1,097,714</u>	<u>1,218,409</u>	<u>1,323,506</u>	<u>1,271,035</u>	<u>1,171,687</u>
NUMBER OF PUPIL BREAKFASTS SERVED:						
Paid breakfasts	54,569	55,646	58,438	51,448	46,660	55,191
Reduced price breakfasts	60,423	66,085	80,846	89,922	75,621	70,047
Free breakfasts	242,961	258,731	296,015	329,858	321,589	275,766
Total Pupil Breakfasts	<u>357,953</u>	<u>380,462</u>	<u>435,299</u>	<u>471,228</u>	<u>443,870</u>	<u>401,004</u>

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: Food and Nutrition Services

Table 12

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
SCHOOL FOOD SERVICE REVENUES AND EXPENDITURES
Last five fiscal years

	2006	2007	2008	2009	2010	5-year Total	5-year Average
Revenues							
Federal aid	\$ 2,558,207	\$ 2,661,998	\$ 3,148,929	\$ 3,585,354	\$ 3,780,946	\$ 15,735,434	\$ 3,147,087
State aid	61,345	51,993	52,225	57,474	62,872	285,909	57,182
Local	1,557,649	1,676,769	1,985,718	2,065,104	1,863,922	9,149,162	1,829,832
Total Revenue	<u>\$ 4,177,201</u>	<u>\$ 4,390,760</u>	<u>\$ 5,186,872</u>	<u>\$ 5,707,932</u>	<u>\$ 5,707,740</u>	<u>\$ 25,170,505</u>	<u>\$ 5,034,101</u>
Expenditures							
Salaries	\$ 1,629,449	\$ 1,709,459	\$ 1,829,295	\$ 1,884,905	\$ 1,888,260	\$ 8,941,368	\$ 1,788,274
Benefits	610,163	664,485	760,551	790,539	800,823	3,626,561	725,312
Purchased services	139,732	246,552	258,666	203,005	212,813	1,060,768	212,154
Internal services	4,755	4,554	4,381	2,808	4,558	21,056	4,211
Other charges	47,964	35,904	62,649	21,879	17,020	185,416	37,083
Food supplies	1,559,261	1,803,241	2,074,105	2,420,184	2,440,852	10,297,643	2,059,529
Capital outlay	25,324	60,302	6,828	54,617	52,221	199,292	39,858
Other	70,733	-	46,661	-	-	117,394	23,479
Total Expenditures	<u>\$ 4,087,381</u>	<u>\$ 4,524,497</u>	<u>\$ 5,043,136</u>	<u>\$ 5,377,937</u>	<u>\$ 5,416,547</u>	<u>\$ 24,449,498</u>	<u>\$ 4,889,900</u>
Revenues over/(under) Expenditures	<u>\$ 89,820</u>	<u>\$ (133,737)</u>	<u>\$ 143,736</u>	<u>\$ 329,995</u>	<u>\$ 291,193</u>	<u>\$ 721,007</u>	<u>\$ 144,201</u>

Source: Alexandria City Public Schools Comprehensive Annual Financial Report

Table 13

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

Fiscal Year	Student Breakfast	Elementary	Student Lunch Middle	High	Adult Breakfast	Lunch
2001	\$ 0.75	\$ 1.60	\$ 1.85	\$ 1.85	\$ 1.50	\$ 2.50
2002	0.50	1.60	1.85	1.85	1.50	2.50
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

Source: Alexandria City Public Schools Food and Nutrition Services

Table 14

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
School Food Service 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	\$ 882,740	1	47.5%	\$ 654,015	1	48.9%
A La Carte	622,602	2	33.5%	426,199	2	31.9%
Catering/Other	182,989	3	9.9%	189,669	3	14.2%
Summer School Feeding Program	89,043	4	4.8%	11,718	4	0.9%
Adult	70,798	5	3.8%	49,063	5	3.7%
Vending	8,390	6	0.5%	6,193	6	0.5%
Total	\$ 1,856,563		100.0%	\$ 1,336,857		100.0%

Source: Alexandria City Public Schools Food and Nutrition Services

Table 15

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction	1,564.60	1,624.83	1,625.63	1,600.71	1,595.68	1,625.98	1,625.08	1,595.39	1,628.25	1,663.19
Adult Education	10.00	10.00	10.00	10.00	10.00	9.00	9.00	7.00	10.00	10.00
Administration	58.00	61.50	62.50	66.50	65.50	70.50	68.50	63.50	73.25	63.00
Attendance and Health	52.60	53.10	54.10	53.10	52.10	54.10	54.10	53.60	55.64	37.44
Transportation	108.00	116.00	117.00	117.00	125.00	125.00	131.00	129.00	135.00	135.00
Plant Operations & Maintenance	150.50	150.50	153.50	156.50	158.50	157.50	156.50	135.40	122.80	111.22
School Food Services	70.25	75.00	75.00	75.00	75.00	75.00	75.00	74.50	79.60	78.60
	2,013.95	2,090.93	2,097.73	2,078.81	2,081.78	2,117.08	2,119.18	2,058.39	2,104.54	2,098.45

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>2001</u>	<u>2002</u>	<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>Instructions</u>										
Elementary Schools	13	13	13	13	13	13	13	13	13	13
Middle Schools	3	3	3	3	3	3	3	3	3	5
High Schools	1	1	1	1	1	1	1	1	1	1
<u>Plant Operations and Maintenance</u>										
Vehicle	29	28	27	33	40	40	43	40	44	44
<u>Pupil Transportation</u>										
Buses	84	72	63	63	64	66	71	72	74	98

Source: Alexandria City Public Schools Finance Office

Table 17

**ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
TEACHERS' EDUCATION AND EXPERIENCE
June 30, 2010**

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	330	24.6%
Master's Degree	759	56.5%
Master's + 30	<u>255</u>	<u>19.0%</u>
Total	<u><u>1,344</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	389	28.9%
6 - 10	301	22.4%
11 and over	<u>654</u>	<u>48.7%</u>
Total	<u><u>1,344</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>	
2001	\$ 31,945	\$ 49,931	\$ 67,916	2.5%	
2002	33,000	51,477	69,954	3.0%	
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%	

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

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
Principal Employers
Current year and nine years ago

<u>Current Year</u>		<u>Nine Years Ago</u>	
LARGEST PUBLIC EMPLOYERS	<u>Employees</u>	LARGEST PUBLIC EMPLOYERS	<u>Employees</u>
U.S. Patent Trademark Office	2000-1000	U.S. Department of Defense	7,545
U.S. Department of Defense	2000-1000	City of Alexandria	2,132
City of Alexandria	2,328	Alexandria City Public Schools	1,837
Alexandria City Public Schools	2,098	WMATA (Metro)	1,369
WMATA	500-2000	U.S. Postal Service	794
Northern Virginia Community College	500-2000	U.S. Department of Agriculture	605
U.S. Attorney's Office	-	Northern Virginia Community College	534
U.S. Postal Service	500-2000		
LARGEST PRIVATE EMPLOYERS		LARGEST PRIVATE EMPLOYERS	
INOVA Alexandria Hospital	500-2000	Alexandria Hospital	1,589
American Building Maintenance Com.	500-2000	Institute for Defense Analysis	792
Institute for Defense Analysis	500-2000	Boat Owners Assoc. of the U.S.	550
Center for Naval Analysis	500-2000	Pentagon Credit Union	538
Gali Services Corporation	500-2000		
Grant Thornton LLP	500-2000		
Oblon Spivak McClelland	200-500		

Source: The City of Alexandria Comprehensive Annual Financial Report



KPMG LLP
2001 M Street, NW
Washington, DC 20036

**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
*Government Auditing 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 the Alexandria City Public Schools (ACPS), a component unit of the City of Alexandria, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the ACPS' basic financial statements, and have issued our report thereon dated November 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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* (the Specifications), issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control over Financial Reporting

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

A deficiency in internal control over financial reporting 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 significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood 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 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 the 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



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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* or the Specifications.

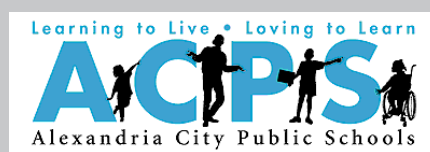
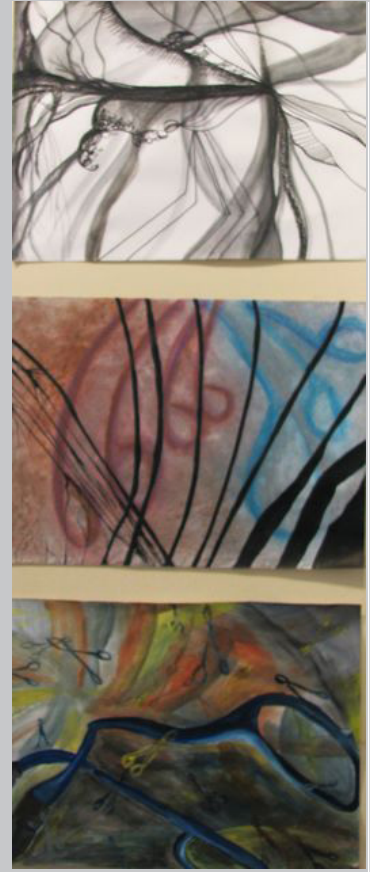
This report is intended solely for the information and use of the Alexandria City School Board, the ACPS' management, City Council, City's management, the Auditor of Public Accounts of the Commonwealth of Virginia, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 23, 2010







Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

Alexandria City Public Schools. Virginia
Financial Services Department
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