

Comprehensive Annual Financial Report

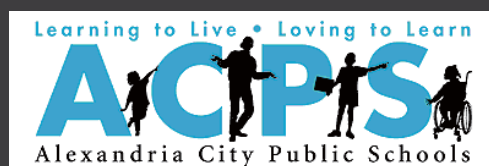
For the Fiscal Year Ended June 30, 2011

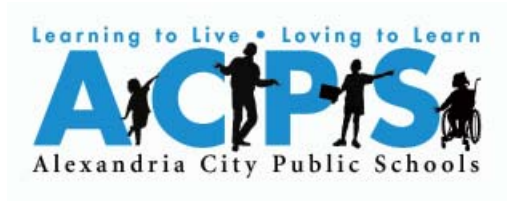
Our Mission...

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, 2011

Prepared by:

Financial Services Department

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Artwork presented were created by Alexandria City Public Schools' students.

<u>Introductory Section</u>	Page
Letter of Transmittal.....	3
Principal Officials.....	10
Alexandria City Public Schools Organizational Chart.....	11
2010 ASBO Certificate of Excellence in Financial Reporting.....	12
2010 GFOA Certificate of Achievement for Excellence in Financial Reporting.....	13
 <u>Financial Section</u>	
Independent Auditors' Report.....	17
Management's Discussion and Analysis.....	19
Basic Financial Statements:	
Government-wide Financial Statements	
Exhibit I Statement of Net Assets.....	34
Exhibit II Statement of Activities.....	35
Fund Financial Statements	
Governmental Funds	
Exhibit III Balance Sheet.....	36
Exhibit III-1 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	37
Exhibit IV Statement of Revenues, Expenditures, and Changes in Fund Balances.....	38
Exhibit IV-1 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	39
Fiduciary Funds	
Exhibit V Statement of Fiduciary Net Assets.....	40
Exhibit VI Statement of Changes in Fiduciary Net Assets - Pensions and Other Employee Benefits Trust Funds.....	41
Notes to the Basic Financial Statements.....	42
 <u>Required Supplementary Information</u>	
Exhibit VII Budgetary Comparison Schedule - General Fund.....	70
Exhibit VIII Budgetary Comparison Schedule - Grants and Special Project Fund.....	71
Exhibit IX Schedule of Funding Progress-Pension and Other Employee Benefits Trust Funds.....	72

	Page
Exhibit X Schedule of Employer Contributions - Pensions and Other Employee Benefit Trust Funds.....	73
Notes to the Required Supplementary Information.....	74

Other Supplementary Information

Fund Description: Nonmajor Governmental Funds.....	78
Exhibit XI Balance Sheet-Nonmajor Governmental Funds.....	79
Exhibit XII Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	80
Fund Description: Fiduciary Funds.....	81
Exhibit XIII Combining Statement of Fiduciary Net Assets.....	82
Exhibit XIV Combining Statement of Changes in Fiduciary Net Assets - Pension and Other Employee Benefit Trust Funds.....	83
Exhibit XV Statement of Changes in Assets and Liabilities - Student Activity Fund.....	84
Exhibit XVI Budgetary Comparison Schedule - School Nutrition Fund.....	85

Statistical Section (unaudited)

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

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

INTRODUCTORY SECTION



Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

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



Superintendent
Morton Sherman, Ed.D.

**School Board
Chairman**
Sheryl Gorsuch

Vice Chairman
Helen Morris

Members
Ronnie Campbell
Mimi Carter
Yvonne A. Folkerts
Blanche D. Maness
Arthur E. Peabody, Jr.
Marc Williams
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The Alexandria City
Public Schools will:

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



November 25, 2011

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

We hereby submit the *Comprehensive Annual Financial Report* (CAFR) of the Alexandria City Public Schools (ACPS) for the fiscal year ended June 30, 2011. It has been prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applicable to local government entities. Responsibility for the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and is reported in a manner designed to fairly present the financial position as well as the financial condition of ACPS for the fiscal year ended June 30, 2011. 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, 2011, 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, 2011, are fairly presented in conformity with U.S. generally accepted accounting principles (GAAP).

The independent audit of the financial statements of the school division was part of the broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single

Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal control and legal requirements involving the administration of federal awards. The independent auditors' report is available in the Other Supplementary Information section of the CAFR.

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

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

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

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

Profile of the Alexandria City Public Schools

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

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

ACPS is a small school system but large enough to command the resources for state-of-the-art teaching and learning. ACPS is the 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 11,999–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 four 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-7) school and twelve (K-5) elementary schools. ACPS also operates a program at the Detention Center and an alternative education program.

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

Local Economy Outlook

In 2009, our nation entered one of the worst economic and fiscal crises in decades. Although the negative impact of this crisis is still present in the Greater Metropolitan Washington DC area, the City's economy remains relatively strong compared to the national economy. The City of Alexandria and Northern Virginia usually outperform the rest of the Commonwealth. The current unemployment rate for the City and the Commonwealth are 4.8% and 6.5%, respectively, compared to 4.7% and 6.8% in 2010. These rates are significantly lower than the average national unemployment rate of 9.1% and 9.6% for 2011 and 2010, respectively.

After four years of declines, real estate assessments, which generate over half of the City's General Fund revenues, showed signs of recovery. Residential assessments increased by 2.6% of value compared to 2010, while commercial assessments increased by 4.3%. The demand for residential housing in the City has increased by 3.4% compared to 2010 and residential foreclosures have decreased 34% since 2010.

Major Initiatives

The School Board continued its record of initiating exciting new programs and projects for FY 2010-11.

In response to our growing enrollment – ACPS reallocated resources to help our students continue moving forward. Approximately \$20 million was reconfigured in FY2011 to meet the needs of the growing student population and ensure excellent instruction for each and every student. In FY2011, we funded 99.65 additional full-time equivalents (FTE) instructional staff in an effort to keep our class sizes small and help ensure that we are responsive to the changing needs of our students. These additional staff positions included dual language and English Language Learner teachers, kindergarten paraprofessionals, elementary enrichment teachers, special education teachers as well as secondary instructional and administrative staffing.

During FY2011, the School Board and City Council worked collaboratively to authorize four years of CIP funding that addresses ACPS facility needs for expansion, renovation and maintenance. This includes \$80.2 million in funding for two new preK-8 schools.

To champion student achievement – 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 2010-2011 school year. ACPS supported elementary and secondary exemplary programs, K-5 tutoring, Book Buddies and the Writing Project in an effort to improve student achievement and enhance effective teaching skills.

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.

During FY 2011, Jefferson-Houston ES continued on the path of expanding to become a K-8 school, by adding the 7th grade. The 8th grade will be added during the 2011-2012 school year. Jefferson-Houston began implementing the International Baccalaureate Primary Years Programme in 2011 and will phasing in this program in 2012.

The school division received approval from the International Baccalaureate Organization to become a “Candidacy School” for the Middle Years Programme (MYP) in grades sixth through tenth and has begun implementing this program in all of the middle schools and high schools.

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

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 2011, five teachers received NBPTS certificate, bringing the total number of ACPS National Board Certified Teachers to 36.

Identified efficiencies and accountabilities – We realigned and restructured several departments including middle school support staff and central office staffing to reduce expenditures by \$1.6 million and FTEs by 22.04 positions. Through the use of “green” technologies with our heating and cooling systems we continued to look for ways to promote energy efficiencies and reduce our operating costs. We also completed the final phases of HVAC systems replacement at two of our schools with eco-friendly solar assisted ground source heat pump systems.

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

Financial Information

ACPS ended the fiscal year in good financial condition, with revenues exceeding expenditures in the General Fund by \$1.5 million, using the modified accrual basis of accounting. The year began with uncertain economic conditions, so ACPS budgeted prudently and instituted fiscal controls. The FY 2011 comprehensive annual financial report reflects continued strong and fiscally prudent management practices. Using the full accrual basis of accounting, ACPS has total assets of over \$71.2 million, an increase of \$8.4 million from fiscal year 2010.

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 financial controls should not exceed the benefits expected to be derived from their implementation. For operating fund, school nutrition program and grants and special revenues, ACPS utilizes a fully automated accounting system as well as an automated system of controls for fixed assets and payroll. These systems, coupled with the manual review of each voucher before payment, ensure that the financial information generated is both accurate and reliable.

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 the grants and special projects fund (special revenue fund) and the school nutrition fund (nonmajor governmental 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 for the school division. 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 proposed budget are held in January and are followed by a series of budget 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 department level within each fund. ACPS also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances outstanding at the end of the fiscal year in the general fund and the school food services fund are reappropriated as part of the following fiscal year's budget.

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

As a recipient of state, federal and local financial assistance, certain controls are exercised on the Grants and Special Projects Fund (a Special Revenue Fund) and School Nutrition Fund. ACPS is included within the City's single audit. The audit for the year ended June 30, 2011, 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. All budget and expenditures related to the capital projects fund are currently tracked through and housed in the city financial system.

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

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

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

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

Awards

Certificate of Excellence (ASBO)

The Association of School Business Officials International (ASBO) awarded the Alexandria City Public Schools a Certificate of Excellence in Financial Reporting for the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. This prestigious international certificate award is the highest form of recognition in school financial reporting and is valid for a period of one year only. This is the ninth consecutive year that ACPS has achieved this prestigious award.

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

Certificate of Achievement (GFOA)

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to ACPS for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This was the first year ACPS has achieved this prestigious award. In order to be awarded a Certificate of Achievement by the GFOA, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

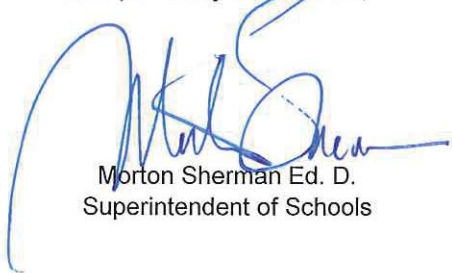
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet GFOA's Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition to these two awards for excellence in financial reporting above, ACPS has also earned the *Meritorious Budget Award* from the ASBO and the *Distinguished Budget Presentation Award* from the GFOA for the fiscal year ended June 30, 2011. These awards are valid for one period only and we believe that our budget report continues to conform to the program requirements of both organizations. We will be submitting our budget to ASBO and GFOA for fiscal year 2012 to determine the School Board's eligibility for another certificate award.

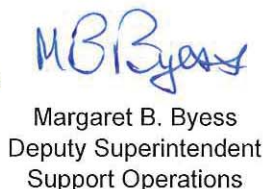
Acknowledgements

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

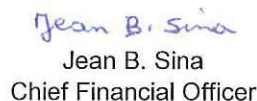
Respectfully submitted,



Morton Sherman Ed. D.
Superintendent of Schools



Margaret B. Byess
Deputy Superintendent
Support Operations



Jean B. Sina
Chief Financial Officer

School Board

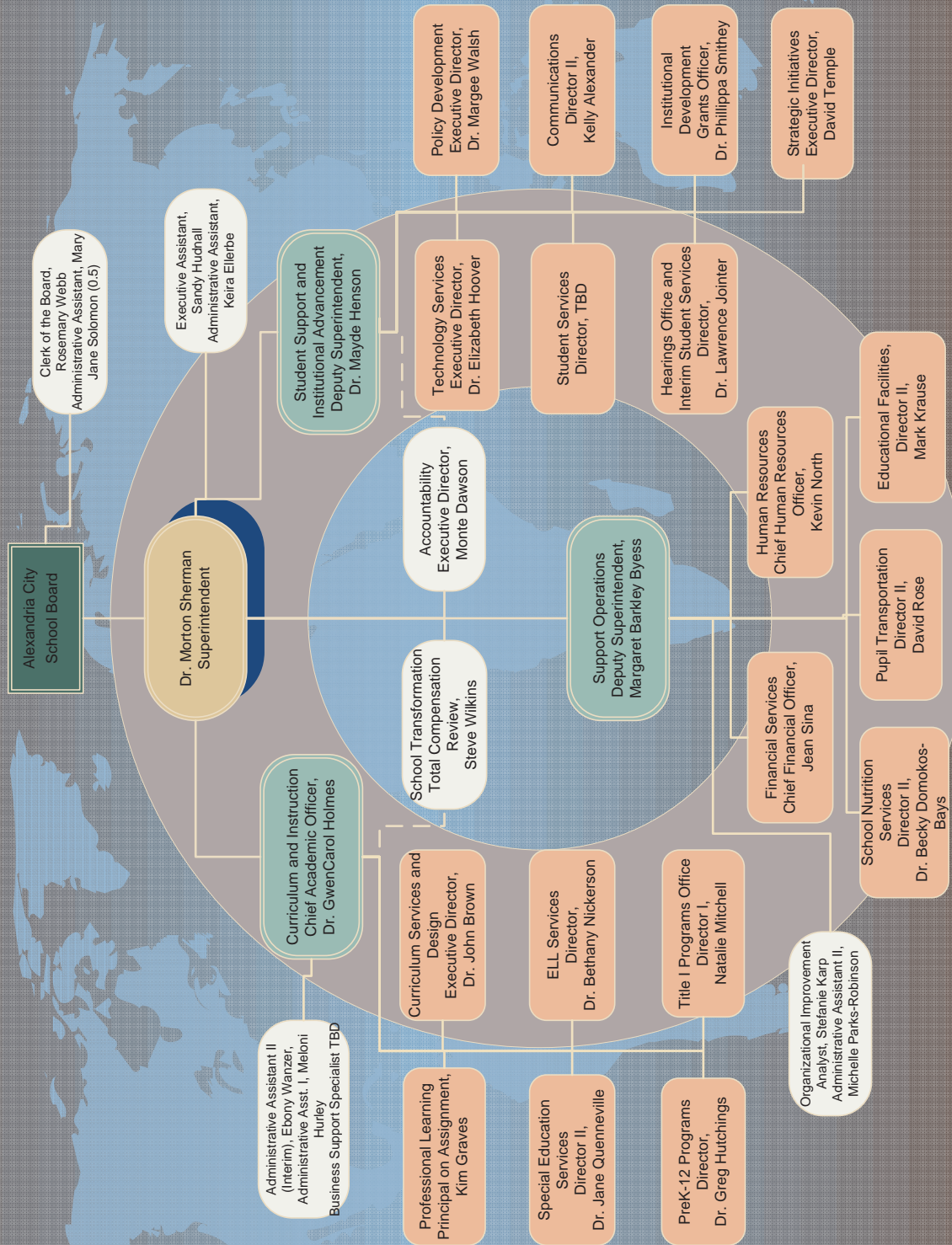
Ms. Sheryl Gorsuch	Chairman
Ms. Helen Morris	Vice-Chairman
Ms. Ronnie Campbell	Member
Ms. Mimi Carter	Member
Ms. Yvonne A. Folkerts	Member
Mrs. Blanche D. Maness	Member
Mr. Arthur E. Peabody, Jr.	Member
Mr. Marc Williams	Member
Mr. Charles Wilson	Member

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

Morton Sherman, Ed.D.....	Superintendent of Schools
GwenCarol Holmes	Chief Academic Officer, Curriculum & Instruction
Madye G. Henson	Deputy Superintendent, Student Support & Institutional Advancement
Margaret B. Byess	Deputy Superintendent, Support Operations
John Brown	Executive Director, Curriculum Services & Design
Monte Dawson	Executive Director, Accountability
Elizabeth Hoover	Executive Director, Technology Services
Sandra Hudnall	Executive Assistant to the Superintendent
Kevin North	Chief Human Resources Officer, Human Resources
Jean Sina	Chief Financial Officer, Financial Services Department
Margaret Walsh	Executive Director, Policy Development

Alexandria City Public Schools Central Office Organizational Chart





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, 2010

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

President

Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Alexandria City Public Schools
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



President

Executive Director



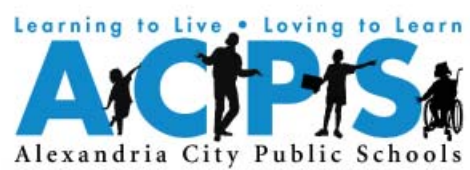
FINANCIAL SECTION



Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

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





KPMG LLP
2001 M Street, NW
Washington, DC 20036-3389

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, 2011, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia (Specifications). Those standards and Specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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, 2011, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 12, ACPS adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2011 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 19 through 31 and 67 through 70 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, 2011

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, 2011. The intent of this management discussion and analysis is to consider ACPS' financial performance as a whole. Readers should also review the letter of transmittal, basic financial statements, notes to the basic financial statements, and supplementary information to enhance their understanding of ACPS' financial performance.

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

Financial Highlights

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The assets of ACPS exceeded its liabilities by \$27.3 million at June 30, 2011. Of this amount, \$8.2 million is invested in capital assets, \$3.7 million is restricted for grants and special projects, and \$15.4 million (unrestricted net assets) may be used to meet ACPS' ongoing needs.

On a government-wide basis for governmental activities, ACPS' revenues of \$222.6 million exceeded expenses of \$215.5 million by \$7.1 million.

FUND FINANCIAL STATEMENTS

As of the close of the current fiscal year, ACPS' governmental funds reported combined ending fund balances of \$20.8 million, an increase of \$1.9 million in comparison with the prior year. Of this \$20.8 million combined fund balance, \$2.9 million is available for spending at the Board's discretion (unassigned fund balance).

At June 30, 2011, the General Fund reported an ending fund balance of \$15.9 million, an increase of \$1.5 million from June 30, 2010.

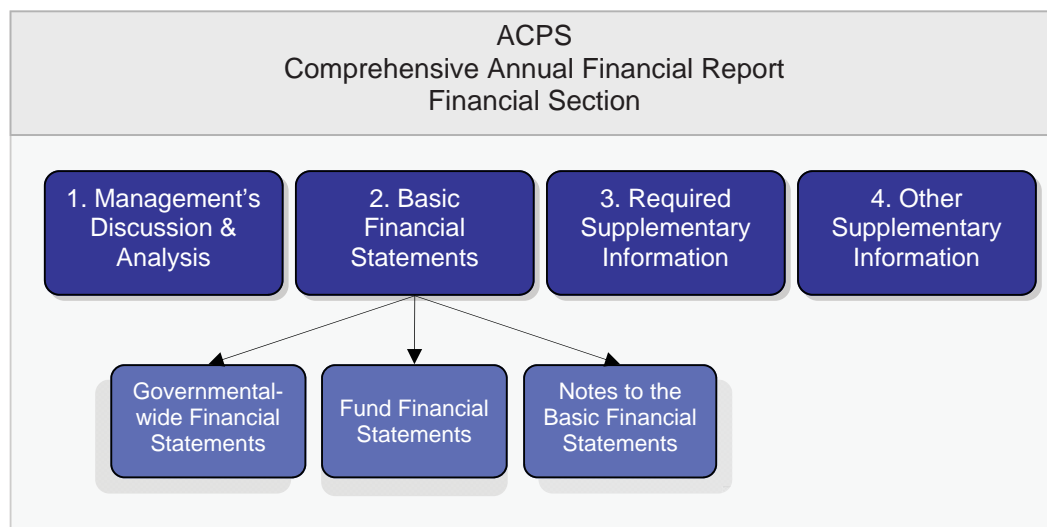
Overview of the Financial Statements

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

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

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

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



Government-wide Financial Statements

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

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

The Statement of Activities presents information on ACPS' costs of providing services and the resources obtained to finance those services. This statement also highlights to what extent 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. The table below provides a summary of ACPS' net assets as of June 30, 2011 compared to June 30, 2010.

Summary of Net Assets As of June 30				
	Governmental Activities Activities			Percentage Change
	2011	2010	Variance	2011-2010
ASSETS				
Current and other assets	\$ 62,979,406	\$ 55,707,359	\$ 7,272,047	13.05%
Capital assets, net	8,184,654	7,085,154	1,099,500	15.52%
Total Assets	<u>71,164,060</u>	<u>62,792,513</u>	<u>8,371,547</u>	13.33%
LIABILITIES				
Current liabilities	33,179,395	29,389,678	3,789,717	12.89%
Long-term liabilities	10,644,618	13,171,746	(2,527,128)	-19.19%
Total liabilities	<u>43,824,013</u>	<u>42,561,424</u>	<u>1,262,589</u>	2.97%
NET ASSETS				
Invested in capital assets, net of related debt	8,184,654	7,085,154	1,099,500	15.52%
Restricted	3,763,533	2,395,138	1,368,395	57.13%
Unrestricted	15,391,860	10,750,797	4,641,063	43.17%
Total net assets	<u>\$ 27,340,047</u>	<u>\$ 20,231,089</u>	<u>\$ 7,108,958</u>	35.14%

- **Capital assets, net of depreciation** increased by \$1.1 million or 15.5 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 \$7.3 million and \$3.8 million from fiscal year 2010. The increase in the current and other assets category was attributed to increased federal grant activity and growth in net plan assets of the supplemental retirement plan. The increase in the current liabilities category was primarily due to increased year-end payroll accruals.
- **Long-term liabilities** including the current portion decreased to \$10.6 million in fiscal year 2011 from \$13.2 million in fiscal year 2010, a decrease of \$2.5 million or 19.1 percent. The year-end balance reflects continued decreases in accrued sick leave, vacation leave, workers' compensation and the OPEB obligation.

Changes in net assets. The following table presents the changes in net assets from fiscal year 2010 to 2011:

Changes in Net Assets For the fiscal years ending, June 30				
<u>Governmental Activities</u>				
	<u>2011</u>	<u>2010</u>	<u>Variance</u>	<u>% Change</u>
Revenues				
Program revenues:				
Charges for services	\$ 2,569,290	\$ 2,750,977	\$ (181,687)	-6.6%
Operating grants and contributions	21,446,298	15,643,254	5,803,044	37.1%
General revenues:				
City appropriation	170,134,763	166,506,350	3,628,413	2.2%
State aid	25,716,362	26,511,976	(795,614)	-3.0%
Grants not restricted to specific programs	1,043,535	1,708,057	(664,522)	-38.9%
Other local funds	1,751,150	1,798,288	(47,138)	-2.6%
Total revenues	<u>222,661,398</u>	<u>214,918,902</u>	<u>7,742,496</u>	3.6%
Expenses				
Instructional:				
General instruction	162,012,612	157,444,723	4,567,889	2.9%
Adult education	1,406,505	1,378,268	28,237	2.0%
Summer school	1,488,236	1,936,304	(448,068)	-23.1%
Support Services:				
Administration	12,715,266	14,685,291	(1,970,025)	-13.4%
Attendance and health services	4,683,823	4,888,721	(204,898)	-4.2%
Pupil transportation	8,201,645	8,285,171	(83,526)	-1.0%
Plant operations and maintenance	16,076,092	14,048,738	2,027,354	14.4%
Operation of Noninstructional Services:				
Food services	6,156,504	5,784,936	371,568	6.4%
Community Services	99,664	98,636	1,028	1.0%
Capital improvement services	2,712,093	2,143,870	568,223	26.5%
Total expenses	<u>215,552,440</u>	<u>210,694,658</u>	<u>4,857,782</u>	2.3%
Change in net assets	<u>7,108,958</u>	<u>4,224,244</u>	<u>2,884,714</u>	68.3%
Net Assets-beginning balance	<u>20,231,089</u>	<u>16,006,845</u>	<u>4,224,244</u>	26.4%
Net Assets-ending balance	<u>\$ 27,340,047</u>	<u>\$ 20,231,089</u>	<u>\$ 7,108,958</u>	35.1%

- **Net Assets** increased to \$27.3 million in fiscal year 2011 from \$20.2 million in fiscal year 2010, an increase of \$7.1 million or 35.1 percent. Total revenues increased by \$7.7 million, or 3.6 percent from fiscal year 2010, while expenditures increased by \$4.8 million or 2.3 percent. The increase in expenditures is primarily due to increased instructional program costs funded by federal grants, and continued increased efficiency and 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, and 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 be 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. For fiscal year 2011, the Grants and Special Projects Fund (Special Revenue Fund) has been designated as a major governmental fund, along with the General and Capital Projects Funds. The budgetary comparison schedules for the General and Grants and Special Projects funds have been provided in the Required Supplementary Information section of this report (Exhibits VII and VIII, respectively). The budgetary comparison schedule for the School Nutrition Fund (nonmajor) has been provided in the Other Supplementary Information section (Exhibit XVI) to demonstrate compliance with this budget.

The following schedules present a summary of the General Fund by type of revenue and expenditures by function for the period ended June 30, 2011 as compared to June 30, 2010. 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 XV 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 XIII and XIV 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 \$195.2 million for Fiscal Year 2011, which was \$2.9 million or approximately 1.5 percent higher than revenues received in Fiscal Year 2010. The largest source of revenue (other than the City of Alexandria) came from the Commonwealth of Virginia. Although ACPS experienced increases in student enrollment, the revenue received from the Commonwealth of Virginia decreased substantially this year due to 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 decreased by 22.6 percent due to lower school building rental collections, while other local revenue sources increased by 172.2 percent due to increases in the indirect cost recoveries from federal grants.

General Fund Revenues by Source						
Source	FY 2011		FY 2010		Increase (Decrease) from FY 2010	
	Amount (thousands)	Percent of Total	Amount (thousands)	Percent of Total	Amount (thousands)	Percentage Change
City of Alexandria	\$ 167,887	86.0 %	\$ 164,595	85.6 %	\$ 3,292	2.0 %
State Aid	25,716	13.2	26,512	13.8	(796)	(3.0)
Federal Aid	78	0.0	76	0.0	2	2.6
Tuition and Fees	631	0.3	815	0.4	(184)	(22.6)
Other Local Funds	958	0.5	352	0.2	606	172.2
Total Revenue	<u>\$ 195,270</u>	<u>100.0 %</u>	<u>\$ 192,350</u>	<u>100.0 %</u>	<u>\$ 2,920</u>	<u>1.5 %</u>

Amounts may not add due to rounding

General Fund Expenditures

General Fund expenditures totaled \$193.7 million for fiscal year 2011, which was an increase of \$2.7 million, or 1.4 percent from fiscal year 2010. 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 2011		FY 2010		Increase (decrease) From FY 2010	
	Amount (thousands)	Percent of Total	Amount (thousands)	Percent of Total	Amount (thousands)	Percent Change
General instruction	\$ 146,331	75.5 %	\$ 144,100	75.4 %	\$ 2,231	1.5 %
Adult education	1,084	0.5	1,036	0.5	48	4.6
Summer school	1,325	0.7	1,929	1.0	(604)	(31.3)
Administration	16,591	8.5	17,022	8.9	(431)	(2.5)
Attendance and health	4,604	2.4	4,769	2.5	(165)	(3.5)
Pupil transportation	8,251	4.3	7,910	4.1	341	4.3
Plant operations and maintenance	15,160	7.8	13,890	7.3	1,270	9.1
Food services	292	0.2	290	0.2	2	0.7
Community services	99	0.1	98	0.1	1	1.0
Total Expenditures	<u>\$ 193,737</u>	<u>100.0 %</u>	<u>\$ 191,044</u>	<u>100.0 %</u>	<u>\$ 2,693</u>	<u>1.4 %</u>

Amounts may not add due to rounding

The increased costs in general instruction were primarily due to costs associated with additional instruction-based positions driven by the student enrollment growth and the student needs. The increased cost in general instruction is also due to the salary increase associated with the additional time added to contract for all teachers and the corresponding increased instruction payroll and benefits costs. Plant operations and maintenance expenditures increased due to higher costs incurred for utilities, equipment and facilities maintenance and increased reserves for worker compensation.

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

Fund Balances

The general fund is the primary operating fund of ACPS. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$2.9 million, while total fund balance reached \$15.9 million. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance, the spendable fund balance and total fund balance to total fund expenditures. As of June 30, 2011, the unassigned and the spendable fund balances represent respectively 1.5 percent and 5.8 percent of total general fund expenditures, while total fund balance represents 8.2 percent of that same amount.

Capital Assets

At June 30, 2011, ACPS had \$8.2 million invested in land, buildings and building improvements, and furniture and equipment for governmental activities, net of accumulated depreciation (see Note 5). This amount represents an increase of \$1.1 million from last year. ACPS student enrollment has steadily increased over the past four years to reach the present enrollment of 11,999. More than 85% of this increase comes from student growth at the elementary level. 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 2011 included the following:

- Modular classroom expansion at Patrick Henry, Charles Barrett and James Polk elementary schools
- Cafeteria expansion at several elementary schools
- Ground source heat pumps at James Polk
- New school bus replacements
- John Adams early childhood center
- Costs associated with ongoing projects remained in construction in progress at fiscal year end.

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
	2011	2010		
Land and land improvements	\$ 999,381	\$ 999,381	\$ -	- %
Buildings and building improvements	3,003,275	1,572,924	1,430,351	90.9
Furniture and equipment	4,181,998	4,512,849	(330,851)	(7.3)
Totals	\$ 8,184,654	\$ 7,085,154	\$ 1,099,500	15.5 %

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, 2011 compared to the original and final budgets as of June 30, 2011.

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

	FY 2011			
	Original Budget	Final Budget	Actual	Variance
Revenues				
Intergovernmental:				
City of Alexandria	\$ 167,886,567	\$ 167,886,567	\$ 167,886,567	\$ -
State aid	25,383,882	25,624,516	25,716,362	91,846
Federal aid	66,154	75,400	78,385	2,985
Tuition and fees	686,770	587,673	631,289	43,616
Other local funds	478,418	478,418	957,783	479,365
Total Revenues	194,501,791	194,652,574	195,270,386	617,812
Expenditures				
Salaries	127,074,276	124,750,266	124,375,781	(374,485)
Benefits	42,337,328	41,373,130	41,338,213	(34,917)
Purchased Services	10,346,755	11,471,294	11,327,757	(143,537)
Internal Services	95,488	103,954	89,599	(14,355)
Other Charges	7,833,142	8,182,635	8,204,404	21,769
Materials and Supplies	6,363,863	6,233,775	6,235,651	1,876
Capital Outlay	2,174,625	2,251,349	2,166,190	(85,159)
Total Expenditures	196,225,477	194,366,403	193,737,595	(628,808)
Change in Fund Balance	<u>\$ (1,723,686)</u>	<u>\$ 286,171</u>	<u>\$ 1,532,791</u>	<u>\$ 1,246,620</u>

Actual General Operating Fund revenues exceeded budget by \$0.6 million, while expenditures came in under budget by \$0.6 million, eliminating the need to draw upon the existing fund balance.

Actual General Fund expenditures were substantially in line with the Budgeted amounts with a variance of \$0.6 million. Cost savings were realized primarily through reductions in contracted services and enhanced management of staffing vacancies and salary lapses.

Economic Factors and 2012 Fiscal Year Budget

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

Since FY2008, the cumulative enrollment has grown approximately 1,450 students or 13.7%, from 10,557 to 11,999. ACPS' student population continues to reflect very diverse demographics and special needs. Our students represent 128 different countries and speak 75 native languages. The enrollment in the English Language Learners (ELL) program has significantly increased and now represents 28.2% of our students compared to 22% in FY2008. Our FY2011 enrollment, reflected 4 schools with ELL enrollment exceeding 40% of the total school enrollment, including William Ramsey ES where 60.4% of the school's enrollment are ELL. The proportion of our students participating in the free-and-reduced price meal program in FY2008 was 48% and this has increased in FY2011 to 52%. For FY2011, 13 of our schools had more than 50% of their student population participating in the free-and-reduced price meal program. This includes 2 schools with over 70% in this program, and William Ramsey with over 80%. Our special education population has not increased in comparison to FY2008; however it still represents 13.6% of the total student enrollment.

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

In order to meet the changing needs of a rapidly growing student population with fewer and fewer resources available and in order to be respectful of the economic situation, ACPS has looked deeply and analytically on how and where existing resources are being spent and their impact on student learning. Using the School Board approved strategic plan, students' needs and data-driven and evidence-based research as the framework for resources allocation, ACPS has realigned or re-purposed almost \$50 million over the past three years to ensure that each and every student meets the expectations of the 21st century education of excellence. ACPS has developed a budget that builds a stronger bridge to excellence for Alexandria students, families, teachers, leaders, employees and taxpayers while, at the same time, being responsive to and respectful of the difficult economic environment.

As part of the FY2012 budget development, more than \$9 million of the division's budget (almost 4%) was re-purposed or reallocated to support the most important goal in the school division strategic plan: higher achievement for each and every student. Despite these very difficult economic times and the financial challenges associated with continued increased student enrollment and more diverse student needs to address, ACPS will continue to put its limited resources where it matters the most: To improve student learning for each and every child in the school division. Through resource realignment, ACPS will maintain small class sizes, dedicate more money to instruction, add more teachers for core classes, physical education, ELL and special education programs, fund school exemplary programs, add time to teacher contract, fund teacher professional development and mentoring program.

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

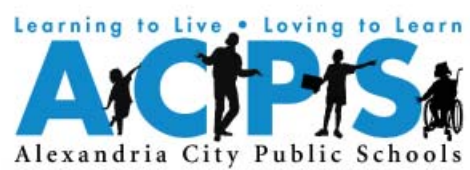
The approved FY 2012 budget expenditures increased by \$15.12 million or 6.9 percent, over the fiscal year 2011 approved budget. Approximately 86.4 percent of the budget is for compensation and benefits. The changes (increases and decreases) from FY2011 approved budget to FY2012 final budgeted expenditures are in the following areas.

- \$5.1 million to respond to enrollment growth and the changing needs of students.
- \$2.0 million to champion student achievement and teacher effectiveness.
- \$10.4 million to share responsibility and accountability.
- -\$3.6 million to eliminate funding for the one-time expenditures.

During the current fiscal year, the spendable fund balance in the general fund increased to \$15.1 million. The Board has committed \$3.9 million of that amount to cover the cost of future VRS rate increases and \$6.9 million has been assigned for spending in the FY2012 fiscal year budget as the beginning fund balance. In May 2011, the Board adopted a balanced budget for fiscal year 2012 that reflected total resources, including \$6.9 million of available fund balance and appropriations of \$210.6 million for the General Fund.

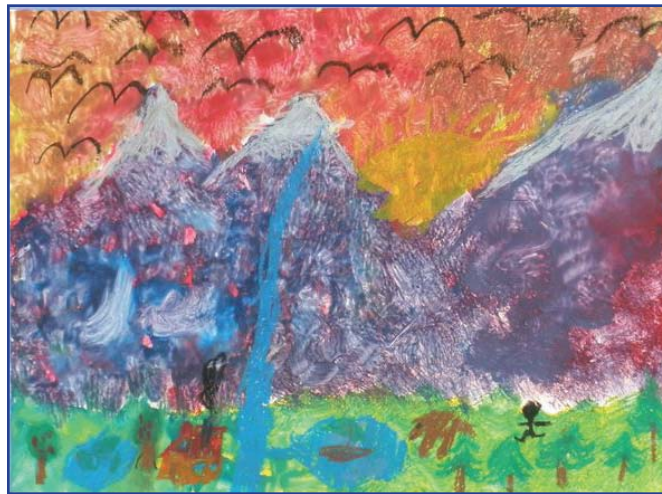
Contacting the Alexandria City Public Schools Financial Management

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, 2011

	Governmental Activities
Assets	
Due from the City of Alexandria	\$ 43,670,021
Due from other governments	9,991,876
Other receivables	576,829
Prepaid items and other assets	8,608,755
Inventories	131,925
Capital assets:	
Land	999,381
Other capital assets, net	7,185,273
Total assets	71,164,060
Liabilities	
Accrued personnel services	28,470,409
Accounts payable	4,351,863
Unearned revenue	357,123
Long-term liabilities:	
Due within one year	1,255,919
Due in more than one year	9,388,699
Total liabilities	43,824,013
Net Assets	
Invested in capital assets	8,184,654
Restricted	3,763,533
Unrestricted	15,391,860
Total net assets	\$ 27,340,047

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, 2011

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Instructional:				
General instruction	\$ 162,012,612	\$ 70,534	\$ 17,172,427	\$ (144,769,651)
Adult education	1,406,505	216,018	-	(1,190,487)
Summer school	1,488,236	81,367	-	(1,406,869)
Support Services:				
Administration	12,715,266	-	-	(12,715,266)
Attendance and health services	4,683,823	-	-	(4,683,823)
Pupil transportation	8,201,645	-	-	(8,201,645)
Plant operations and maintenance	16,076,092	299,672	-	(15,776,420)
Operation of Noninstructional Services:				
Food services	6,156,504	1,901,699	4,273,871	19,067
Community services	99,664	-	-	(99,664)
Capital Improvement Services	2,712,093	-	-	(2,712,093)
<i>Total governmental activities</i>	<u>\$ 215,552,440</u>	<u>\$ 2,569,290</u>	<u>\$ 21,446,298</u>	<u>(191,536,852)</u>
General revenues:				
Intergovernmental:				
City of Alexandria				170,134,763
Commonwealth of Virginia				25,716,362
Grants not restricted to specific programs				
Federal Government				1,043,535
Other				1,751,150
<i>Total general revenues</i>				<u>198,645,810</u>
Change in net assets				7,108,958
<i>Net assets-July 1, 2010</i>				<u>20,231,089</u>
<i>Net assets-June 30, 2011</i>				<u>\$ 27,340,047</u>

See accompanying notes to the basic financial statements.

Alexandria City Public Schools, Virginia

Balance Sheet

Governmental Funds

June 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue Fund</u>	<u>Nonmajor</u>	<u>Total</u>
Assets					
Due from the City of Alexandria	\$ 41,545,681	\$ 2,124,340	\$ -	\$ -	\$ 43,670,021
Due from other governments	49,951	-	9,669,126	272,799	9,991,876
Due from other funds	3,287,603	-	-	2,126,830	5,414,433
Other receivables	34,116	-	499,660	43,053	576,829
Prepaid items and other assets	867,782	-	-	14,352	882,134
Inventories	-	-	-	131,925	131,925
<i>Total assets</i>	<u>\$ 45,785,133</u>	<u>\$ 2,124,340</u>	<u>\$ 10,168,786</u>	<u>\$ 2,588,959</u>	<u>\$ 60,667,218</u>
Liabilities and Fund Balances					
Liabilities					
Accrued personnel services	\$ 27,217,575	\$ -	\$ 1,485,987	\$ 281,665	\$ 28,985,227
Accrued compensated absences	741,101	-	-	-	741,101
Accounts payable	1,848,597	2,085,547	264,786	152,933	4,351,863
Due to other funds	-	-	5,414,433	-	5,414,433
Deferred revenue	-	-	250,266	106,857	357,123
<i>Total liabilities</i>	<u>29,807,273</u>	<u>2,085,547</u>	<u>7,415,472</u>	<u>541,455</u>	<u>39,849,747</u>
Fund balances					
Nonspendable	865,782	-	-	144,437	1,010,219
Restricted	-	-	2,753,314	-	2,753,314
Committed	3,900,000	-	-	-	3,900,000
Assigned	8,333,243	38,793	-	1,903,067	10,275,103
Unassigned	2,878,835	-	-	-	2,878,835
<i>Total fund balances</i>	<u>15,977,860</u>	<u>38,793</u>	<u>2,753,314</u>	<u>2,047,504</u>	<u>20,817,471</u>
<i>Total liabilities and fund balances</i>	<u>\$ 45,785,133</u>	<u>\$ 2,124,340</u>	<u>\$ 10,168,786</u>	<u>\$ 2,588,959</u>	<u>\$ 60,667,218</u>

See accompanying notes to the basic financial statements.

Alexandria City Public Schools, Virginia
*Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Assets
June 30, 2011*

Total fund balances-governmental funds	\$ 20,817,471
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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	50,604,785	
Less: Accumulated depreciation	<u>(43,419,512)</u>	8,184,654

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)

7,726,621

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	\$ (6,608,414)	
Workers' compensation claims	(220,636)	
Capital leases	-	
Other postemployment benefits	<u>(2,559,649)</u>	<u>(9,388,699)</u>

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

\$ 27,340,047

See accompanying notes to the basic financial statements.

Alexandria City Public Schools, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue Fund</u>	<u>Nonmajor</u>	<u>Total</u>
Revenues					
Intergovernmental:					
City of Alexandria	\$ 167,886,567	\$ 2,248,196	\$ -	\$ -	\$ 170,134,763
State aid	25,716,362	-	2,694,102	62,817	28,473,281
Federal aid	78,385	-	15,443,475	4,210,980	19,732,840
Tuition and fees	631,289	-	36,302		667,591
Food sales	-	-	-	1,693,935	1,693,935
Gifts and donations	-	-	-		-
Other	957,783	-	793,443	207,763	1,958,989
<i>Total revenues</i>	<u>195,270,386</u>	<u>2,248,196</u>	<u>18,967,322</u>	<u>6,175,495</u>	<u>222,661,399</u>
Expenditures					
Current:					
General instruction	146,330,577	-	17,069,043	-	163,399,620
Adult education	1,083,938	-	322,567	-	1,406,505
Summer school	1,325,289	-	162,947	-	1,488,236
Administration	16,590,891	-	182,790	-	16,773,681
Attendance and health services	4,604,307	-	79,516	-	4,683,823
Pupil transportation	8,251,496	-	-	-	8,251,496
Plant operations and maintenance	15,159,533	-	664,293	-	15,823,826
Food services	291,900	-	-	5,789,373	6,081,273
Community services	99,664	-	-	-	99,664
Capital improvement services	-	2,712,092	-	-	2,712,092
<i>Total expenditures</i>	<u>193,737,595</u>	<u>2,712,092</u>	<u>18,481,156</u>	<u>5,789,373</u>	<u>220,720,216</u>
<i>Net change in fund balances</i>	<u>1,532,791</u>	<u>(463,896)</u>	<u>486,166</u>	<u>386,122</u>	<u>1,941,183</u>
<i>Fund Balances-July 1, 2010</i>	<u>14,445,069</u>	<u>502,689</u>	<u>2,267,148</u>	<u>1,661,382</u>	<u>18,876,288</u>
<i>Fund Balances-June 30, 2011</i>	<u>\$ 15,977,860</u>	<u>\$ 38,793</u>	<u>\$ 2,753,314</u>	<u>\$ 2,047,504</u>	<u>\$ 20,817,471</u>

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, 2011*

Net change in fund balances-total governmental funds	\$ 1,941,183
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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)	1,069,346
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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 5)	1,099,500
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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 5,6, 8 & 9)

Compensated absences	\$ 241,737	
Workers' compensation	(112,940)	
Capital leases	1,132,990	
Other postemployment benefits	<u>1,737,142</u>	<u>2,998,929</u>

Change in net assets of governmental activities in the Statement of Activities	<u>\$ 7,108,958</u>
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See accompanying notes to the basic financial statements.

Alexandria City Public Schools, Virginia*Statement of Fiduciary Net Assets**Fiduciary Funds**June 30, 2011*

	Pension and Other Employee Benefit Trust Funds	Agency Fund- Student Activity
Assets		
Cash held on behalf of student activity fund	\$ -	\$ 634,345
Investments, at fair value:		
Bonds	57,737,620	
Stocks	5,346,475	
Mutual funds	30,593,045	
Real estate	2,172,034	
US government obligation	-	
Global asset allocation	9,761,550	
Cash	14,035	
<i>Total assets</i>	<u>105,624,759</u>	<u>634,345</u>
Liabilities		
Due to student groups	-	634,345
<i>Total liabilities</i>	<u>-</u>	<u>\$ 634,345</u>
Net Assets		
Investments held in trust for pension and other employee benefits	<u>105,624,759</u>	
<i>Total net assets</i>	<u>\$ 105,624,759</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, 2011

	Pension and Other Employee Benefit Trust Funds
Additions	
Employer contributions	\$ 5,144,937
Net appreciation in investments	<u>16,015,373</u>
Total contributions	<u>21,160,310</u>
Deductions	
Benefit payments	4,326,097
Administrative expenses	<u>147,671</u>
Total deductions	<u>4,473,768</u>
Change in net assets	16,686,542
Net assets-July 1, 2010	<u>88,938,217</u>
Net assets-June 30, 2011	<u><u>\$ 105,624,759</u></u>

See accompanying notes to the basic financial statements.

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

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

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

Basis of Financial Statement Presentation and Fund Accounting

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

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

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

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

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

b) Basis of Presentation

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

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

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

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

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

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

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

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

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

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

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

Capital Projects Fund – the Capital Projects Fund is used to account for financial resources used in the acquisition, construction or renovation of major facilities of ACPS.

Special Revenue Funds – the Special Revenue Fund is used to account for Federal, State, non-profit, and private industry grants that support instructional programs.

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. Agency funds are custodial in nature and do not involve measurement of results of operations.

e) Encumbrance Accounting

Encumbrance accounting, which is the recording of purchase orders, contracts and other monetary commitments in order to reserve applicable portions of an appropriation, is used as an extension of formal budgetary control. Encumbrances outstanding at year-end in the General Fund and School Nutrition Fund

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

f) Cash and Investments

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

g) Due from Other Governments and the City

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

h) Interfund Receivables and Payables

The composition of interfund receivables and payables balances as of June 30, 2011 was as follows:

Fund	Interfund Receivables	Interfund Payables
General fund	\$ 3,287,603	\$ -
Special Revenue fund	-	5,414,433
Nonmajor governmental funds	2,126,830	-
Total	<u>\$ 5,414,433</u>	<u>\$ 5,414,433</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, 2011, and who have not received payment for their accrued compensatory leave as of June 30, 2011. 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 three categories: invested in capital assets, net of related debt; restricted and unrestricted. The first category represents the portion of net assets related to capital assets, net of accumulated depreciation and any related debt or capital lease obligations. The restricted category represents assets with constraints placed upon their use. The constraints are either: (1) externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or (2) imposed by law or through constitutional provisions or enabling legislation.

The unrestricted category represents the remaining amount of net assets that may be used to meet ACPS' ongoing programs. In the fiduciary fund financial statements, ACPS' net assets are categorized as held in trust for pension benefits, which represent the amount of assets accumulated for the payment of benefits to the beneficiaries of the 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 has implemented GASB 54. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications refer to Note 12.

n) Use of Estimates

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

o) Pension Trust Fund

A trust fund is used to account for assets held in a trustee capacity. The pension trust fund is used to account for the 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, 2011 include salaries earned prior to year-end but not distributed until the months of July and August 2011.

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, 2011, the carrying value of ACPS' deposits held by the City was \$ 2,191,707 in overdraft, of which the City will guarantee payment. ACPS's balances for student activity agency funds was \$634,345 and the carrying amount of deposits held by area financial institutions was \$726,079. 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

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

ACPS participates in three pension plans, see Note 7. Two of these plans are part of the Virginia Retirement System (VRS) and are managed by the Commonwealth of Virginia. The Board has directed 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, 2011, the cash and investment balances for ACPS were as follows:

	INVESTMENT MATURITIES (in years)			
	Fair Value	Less than 1 yr.	1-5 years	Long Term
State Treasurer's Local Government Investment Pool (LGIP)	\$ 26,197,926	\$ 26,197,926	\$ -	\$ -
CDARS	19,540,777	19,540,777		
NOW Accounts	123,025	123,025		
Total Investments Controlled by the City	45,861,728	45,861,728	-	-
OPEB Trust Investments	4,678,175	-	-	4,678,175
Pension Plan Investments	100,946,584	-	-	100,946,584
Total Trust and Pension Plan Investments	105,624,759	-	-	105,624,759
Total Investments	\$ 151,486,487	\$ 45,861,728	\$ -	\$ 105,624,759

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, 2011.

Investments (controlled by the City)	\$ 45,861,728
Excess of outstanding checks over bank balance	(2,191,707)
Investments held in trust for retirement benefits	<u>105,624,759</u>
	149,294,780
Cash held on behalf of student activity funds	<u>634,345</u>
Total	<u>\$ 149,929,125</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, 2011, is summarized at market below:

Investment Type	Market Value
Cash	\$ 14,035
Bonds	1,426,843
Mutual Funds	2,563,640
Real Estate	163,736
Global Asset Funds	<u>509,921</u>
Total Investments	<u>\$ 4,678,175</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	\$ 7,726,621
Prepaid insurance	207,654
Prepaid other	<u>674,480</u>
Total	<u>\$ 8,608,755</u>

NOTE 4. Due from Other Governments

Amounts due from other governments at June 30, 2011 were:

A. Federal Government

The following revenues were due from various federal agencies at June 30, 2011

National School Meal Program	\$	272,799
JROTC		6,584
EMS		170,824
REMS		36,184
DOT STEM		37,217
Carl Perkins		106,726
Title I Part A		1,665,853
Title I Part D		27,725
ARRA Title I		570,389
Title II-Part A		979,259
Title II-Part D		9,923
ARRA Title II D Competitive		502,311
Title II-Part D Competitive		215,636
Title III		77,657
Title IV		15,531
Title VI		695,709
Preschool Incentive		40,244
ARRA SFSF		588,758
ARRA Ed Jobs		116,980
ARRA IDEA		471,285
ARRA McKinney Vento		25,753
ARRA School Improvement 1003G		1,518,154
School Improvement 1003A		1,208,609
Total due from the Federal Government	\$	<u>9,360,110</u>

B. Commonwealth of Virginia

The following revenues were due from the Commonwealth of Virginia at June 30, 2011

Adult Basic Education	\$	28,416
EMS		57,186
ISAEF		3,151
Juvenile Detention		460,790
QRIS		20,037
State Sales Tax		43,367
Total due from the Commonwealth of Virginia	\$	<u>612,947</u>

C. City of Alexandria

The following revenues were due from the City of Alexandria at June 30, 2011

Miscellaneous	\$	<u>18,819</u>
Total due from the City of Alexandria	\$	<u>18,819</u>

NOTE 5. Capital Assets

The following is a summary of the changes in capital assets for the year ended June 30, 2011.

Governmental activities

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets not depreciated				
Land and land improvements	\$ 999,381	\$ -	\$ -	\$ 999,381
Total capital assets not depreciated	999,381	-	-	999,381
Other capital assets:				
Buildings and building improvements	36,855,522	1,682,617	-	38,538,139
Furniture and equipment	11,612,372	807,192	352,918	12,066,646
Total other capital assets	48,467,894	2,489,809	352,918	50,604,785
Less accumulated depreciation for:				
Buildings and building improvements	35,282,598	252,266	-	35,534,864
Furniture and other equipment	7,099,523	1,138,043	352,918	7,884,648
Total accumulated depreciation	42,382,121	1,390,309	352,918	43,419,512
Total other capital assets, net	6,085,773	1,099,500	-	7,185,273
Total Capital Assets, net	\$ 7,085,154	\$ 1,099,500	\$ -	\$ 8,184,654

* Depreciation expense was charged to governmental functions as follows:

General instruction	\$ 526,928
Pupil transportation	427,206
Administration	108,678
Plant operations and maintenance	252,266
Food services	75,231
Total governmental activities depreciation expense	<u>\$ 1,390,309</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, 2011 the City holds approximately \$207.3 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	\$ 2,712,100
Other assets	231,015
Depreciation expense	(1,390,309)
Capital outlay not capitalizable	(453,306)
Total adjustments	<u>\$ 1,099,500</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 \$ 3,014,194 for the year ended June 30, 2011.

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

Fiscal Year	Real Estate	Equipment
2012	\$ 1,065,854	\$ 744,436
2013	1,071,305	739,527
2014	852,123	729,776
2015	873,426	729,776
2016	-	729,776
Total	<u>\$ 3,862,708</u>	<u>\$ 3,673,291</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. Both of these capital leases expired in FY 2011.

In September 2011, ACPS renewed a capital lease with Hewlett Packard to cover fiscal years 2012 and 2013.

NOTE 7. Retirement Plans

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

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

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

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

A. Virginia Retirement System**Plan Descriptions**

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

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

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

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

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

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

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

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the ACPS is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The ACPS contribution rate for the fiscal year ended June 30, 2011 was 5.26% of the annual covered payroll.

The ACPS professional contribution rate for the year ended June 30, 2011 was 8.93%. Contributions to the VRS state-wide teacher pool for fiscal year 2011 were \$10,254,336 while contributions for fiscal years 2010 and 2009 were \$12,799,619 and \$14,994,837 respectively, equal to the required contribution for each year.

Annual Pension Cost

For the fiscal year ended June 30, 2011, the ACPS annual pension cost of \$398,016 for VRS was equal to the required and actual contributions.

Three-Year Trend Information for Alexandria City Public Schools

Fiscal Year Ending	Annual Pension Cost (APC)		Percentage of APC Contributed	Net Pension Obligation (NPO)
	Employer Portion	Employee Portion		
June 30, 2009	\$ 36,018	\$ 400,202	100.0%	\$ -
June 30, 2010	32,584	362,047	100.0%	-
June 30, 2011	19,674	378,343	100.0%	-

The FY 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (1) an investment rate of return (net of administrative expenses) of 7.50% (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases also include an inflation component of 2.50%. The actuarial value of the ACPS assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. ACPS's unfunded actuarial accrued liability is being amortized as level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued liability (UAAL) was 20 years.

Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the plan was 101.3% funded. The actuarial accrued liability for benefits was \$37,500,614, and the actuarial value of assets was \$37,999,323, resulting in assets in excess of unfunded actuarial accrued liability (UAAL) of \$498,709. The covered payroll (annual payroll of active employees covered by the plan) was \$7,893,328 and the ratio of the UAAL to the covered payroll was -6.32%.

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

B. Employees' Supplemental Retirement Plan

Plan Description

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

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

The following is a summary of fiduciary net assets of the Plan as of June 30, 2011.

Summary of Fiduciary Net Assets	
Employees' Supplementary Retirement Plan	
As of June 30, 2011	
ASSETS	
Bonds	\$ 56,310,777
Mutual funds	28,029,405
Other Investments	16,606,402
Total assets	<u>100,946,584</u>
LIABILITIES	
Accounts Payable	-
Total liabilities	<u>-</u>
NET ASSETS	
Held in trust for pension benefits	<u><u>\$ 100,946,584</u></u>

The following is a summary of changes in fiduciary net assets of the Plan for the year ended June 30, 2011.

Summary of Changes in Fiduciary Net Assets Employees' Supplementary Retirement Plan For the Year Ended June 30, 2011	
ADDITIONS	
Contributions	\$ 3,366,504
Investment Income	15,459,958
Total Additions	<u>18,826,462</u>
DEDUCTIONS	
Benefit payments	4,326,097
Administrative expenses	143,186
Total Deductions	<u>4,469,283</u>
Change in net assets	14,357,179
NET ASSETS, beginning of year	86,589,405
NET ASSETS, end of year	<u><u>\$ 100,946,584</u></u>

Funding Policy and Pension Cost

The funding policy of the Plan provides for monthly contributions at actuarially-determined rates, which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. Contribution rates are determined as part of an actuarial valuation performed as of September 1, 2010 using the aggregate actuarial cost method. The ACPS and its employees are required to make contributions to the Plan at the rate of 2.25% and 0.50% of covered payroll, respectively. ACPS contributed \$2,754,411 for the fiscal year ended June 30, 2011, 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 1.89% to 1.57% with a net decrease in cost of \$441,276.

<u>Calculation of Net Pension Assets (NPA)</u>	
Annual Required Contributions (ARC)	\$ 1,479,660
Interest on Net Pension Asset (NPA)	(432,723)
Adjustment to Annual Required Contribution	<u>638,128</u>
Annual Pension Cost (APC)	1,685,065
Actual Deposit	<u>2,754,411</u>
Change in NPA	(1,069,346)
NPA Beginning of year (July 1, 2010)	<u>(6,657,275)</u>
NPA End of year (June 30, 2011)	<u><u>\$ (7,726,621)</u></u>

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

Employees' Supplemental Single-employer defined benefit plan			
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension (Assets)
9/1/2008	\$ 1,610,586	101.0%	\$ (6,435,147)
9/1/2009	\$ 1,542,826	114.4%	\$ (6,657,275)
9/1/2010	\$ 1,685,065	163.5%	\$ (7,726,621)

MEMBERSHIP AND PLAN PROVISIONS (Employees' Supplemental)

Active participants	1,878
Retirees and beneficiaries	1,037
Inactive and active, vested	711
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	2.25%
Employee contribution	\$ 612,092
Employer contribution	2,754,411
Total amount contributed	<u>\$ 3,366,503</u>
Covered payroll	\$ 108,108,425
Legally-required reserves	None
Long-term contribution contracts	None

Funded Status and Funding Progress

As of September 1, 2010, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$84,792,592 and the actuarial value of assets was \$88,966,654, resulting in assets in excess of actuarial accrued liability (UAAL) of \$4,174,062. The covered payroll of participating employees was \$108,108,425 and the ratio of actuarial value of assets to the actuarial accrued liability was 104.92%.

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

NOTE 8. Other Post Employment Benefits (OPEB)

Plan Description

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.

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

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

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

Program participants may continue medical coverage by paying the appropriate subsidized premium which range from \$0.00 to \$1,239.87 based on the retirement plan under which the retiree is covered. In FY 2011, ACPS contributed up to \$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, 2011, the date of the most recent actuarial valuation, plan membership consisted of:

Retirees and spouses	522
Active plan members	<u>1,793</u>
Total	<u><u>2,315</u></u>

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

The following is an summary of fiduciary net assets of the ACPS OPEB Trust as of June 30, 2011:

Summary of Fiduciary Net Assets	
School Other Post Employment Benefits Trust	
As of June 30, 2011	
ASSETS	
Bonds	\$ 1,426,843
Mutual funds	2,563,640
Other Investments	<u>687,692</u>
Total assets	<u><u>4,678,175</u></u>
LIABILITIES	
Accounts Payable	<u>-</u>
Total liabilities	<u><u>-</u></u>
NET ASSETS	
Held in trust for pension benefits	<u><u>\$ 4,678,175</u></u>

The following is a summary of the changes in fiduciary assets of the ACPS OPEB Trust as of June 30, 2011:

Summary of Changes in Fiduciary Net Assets School Other Post Employment Benefits Trust For the Year Ended June 30, 2011	
ADDITIONS	
Contributions	\$ 1,778,433
Investment Income	555,415
Total Additions	<u>2,333,848</u>
DEDUCTIONS	
Administrative expenses	<u>4,485</u>
Total Deductions	<u>4,485</u>
Change in net assets	2,329,363
NET ASSETS, beginning of year	<u>2,348,812</u>
NET ASSETS, end of year	<u><u>\$ 4,678,175</u></u>

Funding Policy

Contribution requirements of ACPS are established and may be amended by the Board. The required contributions were actuarially-determined and are based upon projected pay-as-you go financing requirements with additional amount to prefund benefits. The costs of administering the plan are paid for by the OPEB Trust Fund through the use of investment income and employer contribution. For the period ending June 30, 2011, ACPS contributed \$ 1.33 million for current costs and an additional \$ 1.78 million to prefund benefits.

Annual OPEB Cost

ACPS' annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially-determined in accordance with the parameters of GASB statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. GASB Statement No. 45 requires recognition of the current program expense based on each ARC, but it does not require funding of the related liability. The current ARC rate is 1.43 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.

Calculation of Net OPEB Obligations (NOO)

Annual Required Contributions (ARC)	\$	1,415,049
Interest on Net OPEB Obligations (NOO)		257,807
Adjustment to annual required contribution		(303,194)
Annual OPEB Cost (NOO)	\$	1,369,662
Contributions made		3,106,804
Decrease in net OPEB obligation (asset)	\$	(1,737,142)
Net OPEB obligation -July 1, 2010		4,296,791
Net OPEB obligation -June 30, 2011	\$	2,559,649

Trend Information

ACPS' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three year period ended June 30, 2011 were as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$1,605,884	119.0%	\$5,579,186
June 30, 2010	1,423,737	190.1%	4,296,791
June 30, 2011	1,369,662	226.8%	2,559,649

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, 2011 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 6.0 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 12.0 percent initially, reduced by decrements to an ultimate rate of 5.10 percent after 16 years. Both rates include a 2.5 percent inflation assumption. Unfunded actuarial accrued liability is being amortized as an open level dollar amount over a period of 30 years.

Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$14,147,966 and the actuarial value of assets was \$2,858,322, resulting in an unfunded actuarial accrued liability (UAAL) of \$11,289,644. The covered payroll of active participating employees was \$98,855,235 and the ratio of the UAAL to covered payroll was 11.42%.

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

NOTE 9. Long-term Liabilities

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

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Amount Due Within One Year
Compensated absences	\$ 7,382,979	\$ 7,431,920	\$ 7,465,384	\$ 7,349,515	\$ 741,101
Capital Leases	1,132,990	-	1,132,990	-	-
Workers' Compensation Claims	358,986	688,230	311,762	735,454	514,818
Net OPEB Obligation	4,296,791	-	1,737,142	2,559,649	-
Total	<u>\$ 13,171,746</u>	<u>\$ 8,120,150</u>	<u>\$ 10,647,278</u>	<u>\$ 10,644,618</u>	<u>\$ 1,255,919</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	\$ (241,737)
Workers' Compensation	112,940
Other Postemployment Benefits	(1,737,142)
Total	<u>\$ (1,865,939)</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 \$220,636 as of June 30, 2011. 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.

Changes in the estimated claims payable for worker's compensation during the fiscal years ended June 30, 2011 and 2010 were as follows:

	FY 2011	FY 2010
Estimated claims payable at beginning of fiscal year	\$ 358,986	\$ 672,245
Current fiscal year claims and changes in estimates	688,230	227,956
Claims payments	<u>(311,762)</u>	<u>(541,215)</u>
Estimated claims payable at end of fiscal year	<u><u>\$ 735,454</u></u>	<u><u>\$ 358,986</u></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.

NOTE 12. Fund Balance Disclosure

In accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, ACPS classifies governmental fund balances as follows:

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

Spendable Fund Balance

- **Restricted** – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- **Committed** – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the division through formal action by the School Board, the highest level of decision making authority. Committed balances are classified as such as a result of the ACPS School Board (the Board) taking formal action and adopting a resolution which can only be modified or rescinded by a subsequent formal action.
- **Assigned** – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The Chief Financial Officer and Director of Accounting are authorized by the School Board to assign Fund Balance amounts for a specific purpose.
- **Unassigned** - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The School Board adopted a resolution in June 2011 to commit at least \$3.9 million of fund balance to fund potential future increases to the VRS contributions rates. Usage of any portion of this committed fund balance requires Board approval of a separate resolution.

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

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

Financial Section-Notes to the Basic Financial Statements

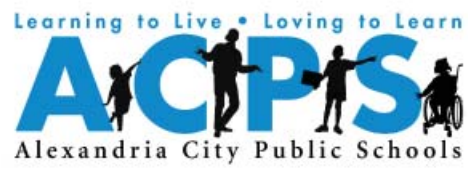
ACPS' governmental fund balances, as of June 30, 2011, were classified as follows:

Governmental Fund Balances

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>School Nutrition</u>
FUND BALANCES:				
Nonspendable:				
Prepaid Items	\$ 865,782	\$ -	\$ -	\$ 12,512
Inventories	-	-	-	131,925
<i>Total Nonspendable</i>	<u>865,782</u>	<u>-</u>	<u>-</u>	<u>144,437</u>
Spendable				
Restricted for:				
Grant Funded Programs	-	-	2,753,314	-
<i>Total Restricted</i>	<u>-</u>	<u>-</u>	<u>2,753,314</u>	<u>-</u>
Committed for:				
Future VRS Rate Increases	3,900,000	-	-	-
<i>Total Committed</i>	<u>3,900,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned for:				
Program Encumbrances	1,347,768	38,793	-	21,582
School Nutrition Programs	-	-	-	1,881,485
Subsequent Year Fund Balance Reserve	6,985,475	-	-	-
<i>Total Assigned</i>	<u>8,333,243</u>	<u>38,793</u>	<u>-</u>	<u>1,903,067</u>
Unassigned:				
Unassigned	2,878,835	-	-	-
<i>Total Unassigned</i>	<u>2,878,835</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u><u>\$ 15,977,860</u></u>	<u><u>\$ 38,793</u></u>	<u><u>\$ 2,753,314</u></u>	<u><u>\$ 2,047,504</u></u>

NOTE 13. Subsequent Event

In September 2011, ACPS renewed a capital lease with Hewlett Packard for fiscal years 2012 and 2013. This was a noncancelable lease agreement to provide computer laptops, primarily, to our high school students. The present value of the future minimum lease payments is \$2,058,800 at the inception date. The minimum annual lease payments are \$1,045,511 for each fiscal year.



REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

The Required Supplementary Information subsection includes:

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



Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

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

Exhibit VII

Alexandria City Public Schools, Virginia

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2011

	Budget			Variance from final budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental:				
City of Alexandria	\$ 167,886,567	\$ 167,886,567	\$ 167,886,567	\$ -
State aid	25,383,882	25,624,516	25,716,362	91,846
Federal aid	66,154	75,400	78,385	2,985
Tuition and fees	686,770	587,673	631,289	43,616
Other local funds	478,418	478,418	957,783	479,365
Total Revenues	194,501,791	194,652,574	195,270,386	617,812
Expenditures				
Current:				
General instruction	149,391,767	146,744,364	146,330,577	413,787
Summer school	1,640,129	1,325,289	1,325,289	-
Adult education	968,369	1,084,187	1,083,938	249
Administration	16,991,660	16,737,687	16,590,891	146,796
Attendance and health services	4,754,767	4,621,554	4,604,307	17,247
Pupil transportation	7,127,794	8,258,414	8,251,496	6,918
Plants operations and maintenance	15,058,955	15,179,745	15,159,533	20,212
Food services	292,036	313,544	291,900	21,644
Community services	-	101,619	99,664	1,955
Total Expenditures	196,225,477	194,366,403	193,737,595	628,808
Revenue over (under) expenditures	(1,723,686)	286,171	1,532,791	1,246,620
Fund Balance-July 1, 2010	14,445,069	14,445,069	14,445,069	
Fund Balances-June 30, 2011	\$ 12,721,383	\$ 14,731,240	\$ 15,977,860	\$ 1,246,620

See accompanying note to the budgetary comparison schedule.

Exhibit VIII

Alexandria City Public Schools, Virginia
Budgetary Comparison Schedule
Special Revenue Fund
Grants and Special Projects
For the Year Ended June 30, 2011

	Budget		Actual	Variance from final budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
State aid	\$ 1,671,090	\$ 2,694,102	\$ 2,694,102	\$ -
Federal aid	11,852,848	15,443,475	15,443,475	-
Fees	61,186	36,302	36,302	-
Other local funds	911,509	793,443	793,443	-
Total Revenues	<u>14,496,633</u>	<u>18,967,322</u>	<u>18,967,322</u>	<u>-</u>
Expenditures				
Current:				
General instruction	14,100,204	17,069,043	17,069,043	-
Summer school	-	162,947	162,947	-
Adult education	342,636	322,567	322,567	-
Administration	-	182,790	182,790	-
Plants operations and maintenance	200,000	664,293	664,293	-
Attendance and health services	53,793	79,516	79,516	-
Total Expenditures	<u>14,696,633</u>	<u>18,481,156</u>	<u>18,481,156</u>	<u>-</u>
Revenue over (under) expenditures	(200,000)	486,166	486,166	-
Fund Balance-July 1, 2010	<u>2,267,148</u>	<u>2,267,148</u>	<u>2,267,148</u>	
Fund Balances-June 30, 2011	<u>\$ 2,067,148</u>	<u>\$ 2,753,314</u>	<u>\$ 2,753,314</u>	<u>\$ -</u>

See accompanying note to the budgetary comparison schedule.

Exhibit IX

Alexandria City Public Schools, Virginia
Schedule of Funding Progress
Pension and Other Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2011

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%
6/30/2009	39,070,547	35,393,745	(3,676,802)	110.39%	7,914,115	-46.46%
6/30/2010	37,999,323	37,500,614	(498,709)	101.33%	7,893,328	-6.32%

Other Post-employment Benefits

	[1]	[2]	[3]	[4]	[5]	[6]
Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)*	Unfunded AAL (UAAL) [2-1]	Assets as % of AAL [1/2]	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll [3/5]
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%
1/1/2011	2,858,322	14,147,966	11,289,644	20.20%	98,855,235	11.42%

* Using the Unit Credit Method

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

Exhibit X

Alexandria City Public Schools, Virginia
Schedule of Employer Contributions
Pension and Other Employee Benefit Trust Funds
For the Fiscal year Ended June 30, 2011

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%
2011	1,479,660	186.2%	2011	1,415,049	219.5%

* 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 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 Superintendent is also required by School Board policy to prepare and submit to the Board budget requests for the Grants and Special Projects Fund and the School Nutrition Fund of the amount needed during the next fiscal year. In conjunction with the General Fund budget request, the Board holds public hearings before it gives final approval for the requested budget. The Grants and Special Projects Fund and the School Nutrition Fund budgets are legally enacted through passage of formal resolutions by the Board.

The legal level of budgetary control for all ACPS funds is at the department level (i.e., Office of Superintendent, Curriculum and Instruction, Pupil Transportation, 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 in accordance with generally accepted accounting principles. Accordingly, the accompanying Budgetary Comparison Schedule presents GAAP expenditures. Management is authorized to transfer funds within major categories of expenditure (i.e., professional services, supplies, 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 budgets cannot be exceeded.

B. 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.

C. 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 subsections include the following:

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



Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

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

FUND DESCRIPTION

School Nutrition Fund (Nonmajor Fund)

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

Exhibit XI

Alexandria City Public Schools, Virginia
Balance Sheet
Nonmajor Governmental Fund
School Nutrition Fund
June 30, 2011

	School Nutrition Fund
<hr/>	
Assets	
Due from other governments	\$ 272,799
Due from other funds	2,126,830
Other receivables	43,053
Prepaid items and other assets	14,352
Inventories	131,925
	<hr/>
<i>Total assets</i>	<u><u>\$ 2,588,959</u></u>
 Liabilities and Fund Balances	
Liabilities:	
Accrued personnel services	\$ 281,665
Accounts payable	152,933
Deferred revenue	106,857
	<hr/>
<i>Total liabilities</i>	<u>541,455</u>
 Fund balances:	
Nonspendable	144,437
Assigned	1,903,067
	<hr/>
<i>Total fund balances</i>	<u>2,047,504</u>
 <i>Total liabilities and fund balances</i>	<u><u>\$ 2,588,959</u></u>

Exhibit XII

Alexandria City Public Schools, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Fund
School Nutrition Fund
For the Year Ended June 30, 2011

	School Nutrition Fund
Revenue:	
Intergovernmental:	
State aid	\$ 62,817
Federal aid	4,210,980
Tuition and fees	-
Food sales	1,693,935
Gifts and donations	-
Other local funds	207,763
	<u>6,175,495</u>
<i>Total revenues</i>	
	<u>6,175,495</u>
Expenditures:	
Current:	
General instruction	-
Adult education	-
Summer school	-
Administration	-
Attendance and health services	-
Pupil Transportation	-
Food services	5,789,373
	<u>5,789,373</u>
<i>Total expenditures</i>	
	<u>5,789,373</u>
<i>Net change in fund balances</i>	386,122
<i>Fund Balance-July 1, 2010</i>	<u>1,661,382</u>
<i>Fund Balances-June 30, 2011</i>	<u><u>\$ 2,047,504</u></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 XIII

Alexandria City Public Schools, Virginia
Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
June 30, 2011

	Employees' Supplementary Retirement Plan	School Other Post- Employment Benefit Trust	Total Pension and Other Employee Benefit Trust Funds
Assets			
Investments, at fair value			
Bonds	\$ 56,310,777	\$ 1,426,843	\$ 57,737,620
Stocks	5,346,475	-	5,346,475
Mutual funds	28,029,405	2,563,640	30,593,045
Real estate	2,008,298	163,736	2,172,034
US government obligation	-	-	-
Global asset allocation	9,251,629	509,921	9,761,550
Cash	-	14,035	14,035
<i>Total assets</i>	<u>100,946,584</u>	<u>4,678,175</u>	<u>105,624,759</u>
Liabilities			
	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets			
Investments held in trust for pension and other employee benefits	<u>100,946,584</u>	<u>4,678,175</u>	<u>105,624,759</u>
<i>Total net assets</i>	<u>\$ 100,946,584</u>	<u>\$ 4,678,175</u>	<u>\$ 105,624,759</u>

Exhibit XIV

Alexandria City Public Schools, Virginia
Combining Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2011

	Employees' Supplementary Retirement Plan	School Other Post Employment Benefits Trust	Total Pension and Other Employee Benefit Trust Funds
Additions			
Employer/employee contributions	\$ 3,366,504	\$ 1,778,433	\$ 5,144,937
Income from investing activities	15,459,958	555,415	16,015,373
Total contributions	18,826,462	2,333,848	21,160,310
Deductions			
Benefit payments	4,326,097	-	4,326,097
Administrative expenses	143,186	4,485	147,671
Total deductions	4,469,283	4,485	4,473,768
Change in net assets	14,357,179	2,329,363	16,686,542
Net assets-July 1, 2010	86,589,405	2,348,812	88,938,217
Net assets-June 30, 2011	\$ 100,946,584	\$ 4,678,175	\$ 105,624,759

Exhibit XV

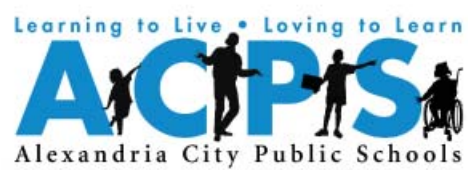
Alexandria City Public Schools, Virginia
Statement of Changes in Assets and Liabilities
Student Activity Fund
For the Year Ended June 30, 2011

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
Assets				
Cash held on behalf of student activity fund	\$ 648,934	1,329,898	1,344,487	\$ 634,345
Total assets	<u>\$ 648,934</u>	<u>1,329,898</u>	<u>1,344,487</u>	<u>\$ 634,345</u>
Liabilities				
Due to student groups	\$ 648,934	1,329,898	1,344,487	\$ 634,345
Total liabilities	<u>\$ 648,934</u>	<u>1,329,898</u>	<u>1,344,487</u>	<u>\$ 634,345</u>

Exhibit XVI

Alexandria City Public Schools, Virginia
Budgetary Comparison Schedule
School Nutrition Fund
For the Year Ended June 30, 2011

	Budget			Variance from final budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental:				
State aid	\$ 96,438	\$ 62,817	\$ 62,817	\$ -
Federal aid	3,937,140	3,973,827	4,210,980	237,153
Other local funds	2,189,817	1,860,005	1,901,698	41,693
Total Revenues	6,223,395	5,896,649	6,175,495	278,846
Expenditures				
Current:				
Food services	6,223,395	6,563,435	5,789,373	774,062
Total Expenditures	6,223,395	6,563,435	5,789,373	774,062
Revenue over (under) expenditures	-	(666,786)	386,122	1,052,908
Fund Balance-July 1, 2010	1,661,382	1,661,382	1,661,382	-
Fund Balances-June 30, 2011	\$ 1,661,382	\$ 994,596	\$ 2,047,504	\$ 1,052,908



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



Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

ACPS believes in higher achievement for all.

Each and every student can learn.

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

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

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

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

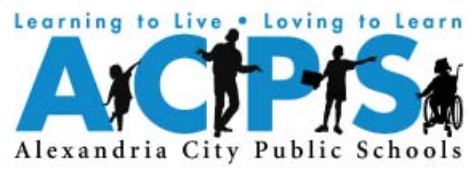


Table 1

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

Governmental Activities:

	<u>Invested in capital assets (1)</u>		<u>Unrestricted</u>	<u>Restricted (3)</u>	<u>Total net assets</u>
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
2011	8,184,654		15,391,860	3,763,533	27,340,047

1) Amounts shown are net of any related debt.

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

3) Fiscal year 2011 fund balance classifications have been revised due to the implementation of the Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Source: Alexandria City Public Schools Comprehensive Annual Financial Report

Table 2

ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA

Changes in Net Assets

Last ten fiscal years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
General instruction	\$ 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	\$ 162,012,612
Adult education	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	1,406,505
Summer school	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	1,488,236
Administration	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	12,715,266
Attendance and health services	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	4,683,823
Pupil transportation	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	8,201,645
Plant operations and maintenance	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	16,076,092
Food services	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	6,156,504
Community services	83,152	149,421	91,543	98,935	103,633	88,172	216,086	98,862	98,636	99,664
Capital Improvement Services	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	2,712,093
<i>Total governmental expenses</i>	\$ 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	\$ 215,552,440
Program revenues										
Charges for services										
Instruction	\$ 564,463	\$ 475,933	\$ 482,994	\$ 402,343	\$ 298,024	\$ 302,813	\$ 340,414	\$ 400,238	\$ 580,627	\$ 367,919
Plant operations and maintenance	150,199	210,734	219,187	240,006	269,074	264,588	371,854	398,298	306,428	299,672
Food services	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	1,901,699
Operating grants and contributions	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	21,376,623
<i>Total program revenues</i>	\$ 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	\$ 23,945,913
Net (expenses)	\$ (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)	\$ (191,606,527)
General revenues										
Intergovernmental:										
City of Alexandria	\$ 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	\$ 170,134,763
State aid	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	25,786,037
Grants not restricted to specific programs	269,050	132,520	279,354	57,456	77,769	19,362	56,623	28,780	8,323	1,043,535
Other local funds	12,093	45,450	12,572	61,168	42,816	559,094	802,296	738,026	1,798,288	1,751,150
<i>Total general revenues</i>	\$ 130,914,315	\$ 143,288,860	\$ 149,359,491	\$ 165,217,733	\$ 163,536,178	\$ 176,248,060	\$ 191,651,685	\$ 202,480,648	\$ 194,824,937	\$ 198,715,485
Change in net assets	\$ (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	\$ 7,108,958

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)

Pre-GASB 54								
	2002	2003	2004	2005	2006	2007	2008	2009
General Fund								
Reserved for:								
Encumbrances	\$ 1,754.2	\$ 929.1	\$ 809.0	\$ 976.6	\$ 1,291.8	\$ 720.2	\$ 734.1	\$ 959.5
Prepaid items	466.0	581.5	601.9	722.6	963.7	834.3	537.0	676.4
Unreserved	2,310.4	3,954.2	4,702.4	6,645.8	6,086.7	3,367.6	6,615.1	11,503.1
Total general fund	\$ 4,530.6	\$ 5,464.8	\$ 6,113.3	\$ 8,345.0	\$ 8,342.2	\$ 4,922.1	\$ 7,886.2	\$ 13,139.0
All Other Governmental Funds								
Reserved for:								
Inventories	\$ 190.1	\$ 217.2	\$ 399.0	\$ 119.5	\$ 205.4	\$ 142.4	\$ 87.3	\$ 158.6
Encumbrances	289.7	153.6	246.5	185.5	195.7	3.7	67.4	31.1
Prepaid items	23.1	-	-	-	-	23.7	13.4	13.8
Unreserved, reported in:								
Capital projects funds	(4,358.5)	(736.6)	680.8	7,593.5	2,441.7	27.2	77.7	-
Non major governmental funds	1,389.4	982.4	401.0	635.4	629.0	2,844.5	2,424.2	2,703.6
Total all other governmental funds	\$ (2,466.2)	\$ 616.6	\$ 1,727.3	\$ 8,533.9	\$ 3,471.8	\$ 3,041.5	\$ 2,670.0	\$ 2,907.1
Post-GASB 54								
	2010	2011						
General Fund								
Non Spendable:								
Non Spendable	\$ 628.1	\$ 865.8						
Spendable:								
Restricted	-	-						
Committed	-	3,900.0						
Assigned	7,891.7	8,333.2						
Unassigned	5,925.3	2,878.8						
Total general fund	\$ 14,445.1	\$ 15,977.8						
All Other Governmental Funds								
Non Spendable:								
Nonmajor Fund	\$ 128.0	\$ 144.4						
Spendable:								
Restricted								
Special Revenue Fund	2,267.1	2,753.3						
Committed	-	-						
Assigned								
Capital Projects	502.7	38.8						
Nonmajor Fund	1,533.4	1,903.1						
Unassigned	-	-						
Total all other governmental funds	\$ 4,431.2	\$ 4,839.6						

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

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Intergovernmental:										
City of Alexandria	\$ 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	\$ 170,134,763
State aid	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	28,473,281
Federal aid	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	19,732,840
Tuition and fees	714,663	686,667	702,181	642,349	567,099	567,401	692,734	797,537	887,054	667,591
Food sales	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	1,693,935
Gift and donations	56,683	65,951	47,834	57,456	42,816	19,362	56,623	28,780	8,323	-
Other local funds	638,691	313,890	239,130	352,757	553,684	790,281	1,091,450	1,043,389	1,988,638	1,958,989
Total Revenues	\$ 140,916,668	\$ 154,032,627	\$ 161,651,052	\$ 179,333,612	\$ 178,758,112	\$ 195,271,792	\$ 205,613,229	\$ 214,475,551	\$ 214,919,902	\$ 222,661,399
Expenditures										
General instruction	\$ 103,848,923	\$ 108,483,359	\$ 115,241,419	\$ 123,505,469	\$ 133,789,361	\$ 147,228,311	\$ 149,974,527	\$ 155,564,320	\$ 157,528,466	\$ 163,399,620
Adult education	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	1,406,505
Summer school	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	1,488,236
Administration	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	16,773,681
Attendance and health services	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	4,683,823
Pupil transportation	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	8,251,496
Operation of plants and maintenance	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	15,823,826
Food services	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	6,081,273
Community services	83,152	149,421	91,543	98,935	103,633	88,172	216,086	98,862	98,636	99,664
Capital improvement services	4,491,615	3,930,058	5,407,420	4,665,779	5,738,798	3,259,996	3,875,624	-	2,143,870	2,712,092
Total Expenditures	\$ 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	\$ 220,720,216
Net change in fund balances	\$ (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	\$ 1,941,183

Source: Alexandria City Public Schools Comprehensive Annual Financial Report

Table 5

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

	2007	2008	2009	2010	2011
<u>PERSONNEL SERVICES</u>					
Personnel services	\$ 115,268,038	\$ 116,586,533	\$ 122,861,904	\$ 122,642,742	\$ 124,375,779
Benefits	40,580,867	43,103,596	45,615,300	44,120,346	41,338,213
Total Personnel Services	155,848,905	159,690,129	168,477,204	166,763,088	165,713,992
<u>NON-PERSONNEL SERVICES</u>					
Professional services	2,560,821	2,926,602	3,260,212	3,148,080	4,273,545
Temporary help service fees	695,608	851,782	1,041,777	1,055,076	1,623,562
Maintenance services and contracts	2,505,266	2,490,311	2,886,637	3,587,639	3,800,347
Transportation	877,588	691,861	904,163	1,007,425	1,179,986
Printing and binding	267,505	215,942	206,223	163,385	197,130
Purchase of services from other govt. entities	1,526,329	1,233,851	1,050,084	712,917	509,934
Other purchased services	59,845	58,060	53,004	57,033	53,357
Internal services	124,576	82,882	90,154	101,263	89,599
Utilities	2,748,445	3,041,355	3,052,269	1,691,991	2,293,175
Communications	808,646	692,365	640,400	739,419	820,685
Insurance	378,069	408,630	365,365	387,114	339,081
Leases and rentals	3,756,201	3,630,369	3,189,449	3,239,017	3,956,231
Travel	565,535	369,735	436,791	419,366	561,331
Awards and grants	-	-	-	-	1,180
Miscellaneous	176,114	165,676	196,715	213,616	232,722
Educational and recreational supplies	1,669,931	1,563,509	1,583,593	1,662,459	1,899,576
Textbooks	808,919	745,905	659,945	819,702	800,589
Books and subscriptions	258,682	282,301	252,633	277,824	313,765
Food supplies and food service supplies	118,911	72,123	82,883	57,954	61,244
Technology	948,084	983,743	1,034,923	856,002	999,503
Medical and laboratory supplies	21,122	19,176	17,386	14,937	78,528
Repair and maintenance supplies	357,558	424,822	-	-	-
Laundry, housekeeping and janitorial supplies	432,020	394,586	438,602	415,701	410,780
Vehicle and power equipment fuel	365,248	453,857	397,915	404,963	378,342
Vehicle and power equipment supplies	272,842	300,377	263,103	328,938	478,374
Other operating supplies	212,223	148,896	185,628	484,175	504,846
Capital outlay	2,613,595	2,287,111	2,965,402	2,426,022	2,166,190
Other uses of funds	36,492	580,778	(119,825)	9,011	-
Total Non-personnel Services	25,166,175	25,116,605	25,135,430	24,281,029	28,023,603
GRAND TOTAL	\$ 181,015,080	\$ 184,806,734	\$ 193,612,634	\$ 191,044,116	\$ 193,737,595

Source: Alexandria City Public School Finance Office

Table 6

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

	<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>2011</u>	<u>Total</u>
John Adams	197	-	31	614	1,093	355	488	33	-	-	\$ 2,811
Charles Barrett	54	314	1,512	117	-	1	-	-	-	84	\$ 2,082
Patrick Henry	666	717	-	-	-	23	278	2	-	-	\$ 1,686
Jefferson-Houston	-	214	309	-	-	332	-	-	-	-	\$ 855
Cora Kelly	5	-	-	-	-	-	-	-	-	-	\$ 5
Lyles-Crouch	70	48	134	-	20	-	61	90	-	-	\$ 423
Douglas MacArthur	36	15	-	-	128	-	212	-	-	64	\$ 455
George Mason	10	346	868	73	-	10	141	143	47	365	\$ 2,003
Maury	1,010	77	-	-	-	-	-	-	-	-	\$ 1,087
Mount Vernon	25	419	-	393	15	18	-	-	-	-	\$ 870
James Polk	-	-	6	14	383	-	-	-	-	13	\$ 416
William Ramsay	118	-	20	826	1,611	79	15	-	-	-	\$ 2,669
F.C. Hammond	-	50	-	898	-	239	13	162	109	241	\$ 1,712
George Washington	-	-	-	-	70	411	-	23	7	183	\$ 694
T.C. Williams	390	-	-	-	-	-	-	-	-	3	\$ 393
Minnie Howard	30	6	-	-	-	47	248	-	-	28	\$ 359
Rowing Facility	-	-	-	35	245	-	290	32	-	-	\$ 602
System Wide	1,881	1,724	2,527	1,696	2,174	1,745	2,129	2,755	1,981	1,731	\$ 20,343
GRAND TOTAL	\$ 4,492	\$ 3,930	\$ 5,407	\$ 4,666	\$ 5,739	\$ 3,260	\$ 3,875	\$ 3,240	\$ 2,144	\$ 2,712	\$ 39,465

Source: The City of Alexandria

Table 7

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

Fiscal Year	Principal	Interest	Total Capital Lease Payments	General Fund Expenditures ⁽²⁾	Ratio
2011	\$ 1,132,990	\$ 15,638	\$ 1,148,628	\$ 193,737,595	0.59%
2010	1,132,990	15,638	1,148,628	191,044,116	0.60%
2009	1,132,991	15,637	1,148,628	193,612,634	0.59%
2008 ⁽³⁾	339,086	2,340	341,426	184,806,734	0.18%
2007	-	-	-		
2006	-	-	-		
2005	-	-	-		
2004	-	-	-		
2003	-	-	-		
2002	-	-	-		

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

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

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

Source: Alexandria City Public Schools Comprehensive Annual Financial Reports

Table 8

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

<u>Fiscal Year</u>	<u>Governmental Funds Expenditures (1)</u>	<u>Actual Enrollment (2)</u>	<u>Per Pupil Cost</u>	<u>Average Daily Attendance [ADA] (3)</u>	<u>Average Daily Membership [ADM] (3)</u>
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
2011	218,008,124	11,999	18,169	11,090	11,677

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)
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	70,846	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
2011	10,627,334	-	6,665	4.8%	1,701	141,287	2,698	1,383

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

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

Table 10

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Elementary										
Pre-K & Kindergarten	1,132	1,127	1,147	1,135	1,170	1,226	1,212	1,303	1,352	1,484
Grades 1-3	3,098	2,940	2,833	2,872	2,685	2,679	2,748	3,023	3,276	3,342
Grades 4-6	2,640	2,653	2,553	2,491	2,345	2,211	2,322	2,420	2,455	2,606
Grades 7-8	1,483	1,480	1,526	1,500	1,459	1,428	1,369	1,415	1,478	1,484
Total Elementary	8,353	8,200	8,059	7,998	7,659	7,544	7,651	8,161	8,561	8,916
Secondary										
9th Grade	720	756	724	754	763	698	731	751	741	758
10th Grade	903	817	838	763	730	720	720	786	813	769
11th Grade	655	736	674	708	697	691	742	756	766	776
12th Grade	562	585	587	590	600	588	601	656	616	715
Total Secondary	2,840	2,894	2,823	2,815	2,790	2,697	2,794	2,949	2,936	3,018
Special Placements- District-wide	81	145	113	108	72	91	112	115	126	65
Grand Total	11,274	11,239	10,995	10,921	10,521	10,332	10,557	11,225	11,623	11,999

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

Source: Alexandria City Public Schools Budget Office

Table 11

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>5-year Average</u>
DAYS MEALS SERVED						
National School Lunch Program	183	183	183	173 ⁽¹⁾	183	183
NUMBER OF PUPIL LUNCHES SERVED:						
Paid lunches	355,876	388,809	387,071	358,600	379,712	374,014
Reduced price lunches	176,533	200,207	224,052	200,052	199,665	200,102
Free lunches	<u>565,305</u>	<u>629,393</u>	<u>712,383</u>	<u>712,383</u>	<u>830,026</u>	<u>689,898</u>
Total Pupil Lunches	<u>1,097,714</u>	<u>1,218,409</u>	<u>1,323,506</u>	<u>1,271,035</u>	<u>1,409,403</u>	<u>1,264,013</u>
NUMBER OF PUPIL BREAKFASTS SERVED:						
Paid breakfasts	55,646	58,438	51,448	46,660	61,791	54,797
Reduced price breakfasts	66,085	80,846	89,922	75,621	85,305	79,556
Free breakfasts	<u>258,731</u>	<u>296,015</u>	<u>329,858</u>	<u>321,589</u>	<u>397,465</u>	<u>320,732</u>
Total Pupil Breakfasts	<u>380,462</u>	<u>435,299</u>	<u>471,228</u>	<u>443,870</u>	<u>544,561</u>	<u>455,084</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: School Nutrition Services

Table 12

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

	2007	2008	2009	2010	2011	5-year Total	5-year Average
Revenues							
Federal aid	\$ 2,661,998	\$ 3,148,929	\$ 3,585,354	\$ 3,780,951	\$ 4,211,055	\$ 17,388,286	\$ 3,477,657
State aid	51,993	52,225	57,474	62,872	62,817	287,381	57,476
Local	1,676,769	1,985,718	2,065,102	1,863,922	1,901,624	9,493,136	1,898,627
Total Revenue	4,390,760	5,186,872	5,707,931	5,707,745	6,175,496	27,168,803	5,433,761
Expenditures							
Salaries	1,709,459	1,829,295	1,884,905	1,888,260	1,946,823	9,258,742	1,851,748
Benefits	664,485	760,551	790,539	800,823	732,585	3,748,983	749,797
Purchased services	246,552	258,666	203,005	212,813	364,693	1,285,729	257,146
Internal services	4,554	4,381	2,808	4,558	5,192	21,493	4,299
Other charges	35,904	62,649	21,879	17,024	17,305	154,761	30,952
Food supplies	1,803,241	2,074,105	2,420,184	2,440,852	2,566,743	11,305,125	2,261,025
Capital outlay	60,302	6,828	54,617	52,221	156,031	329,999	66,000
Other	-	46,661	-	-	-	46,661	9,332
Total Expenditures	4,524,497	5,043,136	5,377,937	5,416,551	5,789,373	26,151,494	5,230,299
Revenues over/(under) Expenditures	\$ (133,737)	\$ 143,736	\$ 329,994	\$ 291,194	\$ 386,122	\$ 1,017,309	\$ 203,462

Source: Alexandria City Public Schools Comprehensive Annual Financial Report

Table 13

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

Fiscal Year	Student Breakfast	Elementary	Student Lunch Middle	High	Adult Breakfast	Lunch
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
2011	1.25	2.25	2.50	2.50	1.55	3.25

Source: Alexandria City Public Schools School Nutrition Services

Table 14

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

Client	Current Year			Nine years Ago		
	Sales	Rank	Percentage of Sales	Sales	Rank	Percentage of Sales
Students	\$ 878,154	1	46.3%	\$ 991,243	1	76.6%
A La Carte	634,007	2	33.5%	143,984	2	11.1%
Catering/Other	201,433	3	10.6%	131,261	3	10.1%
Summer School Feeding Program	98,146	4	5.2%	10,894	4	0.8%
Adult	78,514	5	4.1%	16,425	5	1.3%
Vending	5,113	6	0.3%	856	6	0.1%
Total	<u>\$ 1,895,367</u>		<u>100.0%</u>	<u>\$ 1,294,663</u>		<u>100.0%</u>

Source: Alexandria City Public Schools School Nutrition Services

Table 15

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction	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	1,761.40
Adult Education	10.00	10.00	10.00	10.00	9.00	9.00	7.00	10.00	10.00	10.00
Administration	61.50	62.50	66.50	65.50	70.50	68.50	63.50	73.25	63.00	65.60
Attendance and Health	53.10	54.10	53.10	52.10	54.10	54.10	53.60	55.64	37.44	34.44
Transportation	116.00	117.00	117.00	125.00	125.00	131.00	129.00	135.00	135.00	134.00
Plant Operations & Maintenance	150.50	153.50	156.50	158.50	157.50	156.50	135.40	122.80	111.22	95.84
School Food Services	75.00	75.00	75.00	75.00	75.00	75.00	74.50	79.60	78.60	79.60
	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	2,180.88

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>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>2011</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	5	5
High Schools	1	1	1	1	1	1	1	1	1	1
<u>Plant Operations and Maintenance</u>										
Vehicle	28	27	33	40	40	43	40	44	44	45
<u>Pupil Transportation</u>										
Buses	72	63	63	64	66	71	72	74	98	100

Source: Alexandria City Public Schools Finance Office

Table 17

**ALEXANDRIA CITY PUBLIC SCHOOLS, VIRGINIA
TEACHERS' EDUCATION AND EXPERIENCE
June 30, 2011**

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	319	24.3%
Master's Degree	732	55.8%
Master's + 30	<u>261</u>	<u>19.9%</u>
Total	<u><u>1,312</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	359	27.4%
6 - 10	548	41.8%
11 and over	<u>405</u>	<u>30.9%</u>
Total	<u><u>1,312</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>	
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%	
2011	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

Current Year	Employees	Nine Years Ago	Employees
LARGEST PUBLIC EMPLOYERS		LARGEST PUBLIC EMPLOYERS	
U.S. Department of Commerce	1,000 & over	U.S. Department of Defense	1,000 & over
U.S. Department of Defense	1,000 & over	City of Alexandria	2,173
City of Alexandria	2,341	Alexandria Public Schools	2,008
Alexandria Public Schools	2,115	WMATA (Metro)	1,000 & over
WMATA	1000 & over	U.S. Postal Services	500-999
Northern Virginia Community College	500-999	U.S. Department of Agriculture	500-999
U.S. Army Non-Appropriated Funds	500-999	Northern Virginia Community College	500-999
LARGEST PRIVATE EMPLOYERS		LARGEST PRIVATE EMPLOYERS	
INOVA Alexandria Hospital	1000 & over	Alexandria Hospital	1,000 & over
American Building Maintenance Co	500-999	NOVA Care Employee Services	500-999
Institute of Defense Analysis	500-999	Institute for Defense Analysis	500-999
Gali Services Corporation	500-999	The Home Depot	500-999
CNA Corporation	500-999	United Parcel Service, Inc	500-999
Grant Thornton LLP	500-999	CNA Corporation	500-999
Oblon Spivak McClelland	250-499	Boat America Corporation	500-999

SOURCE: Virginia Employment Commission

Table 20

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

Calendar Year	Real Property (\$000)				Personal Property (\$000)				
	Residential	Commercial	Total	Tax rate per \$100	Motor Vehicle and Tangibles Assessment	Tax rate per \$100	Machine and Tools		
							Assessment	Tax rate per \$100	
2001	7,573,897	7,058,452	14,632,349	1.110	1,386,141	4.75	187,217	4.50	1,573,358
2002	8,889,290	7,243,699	16,132,989	1.080	1,409,955	4.75	16,351	4.50	1,426,306
2003	11,191,850	8,034,076	19,225,926	1.035	1,459,886	4.75	20,369	4.50	1,480,255
2004	13,224,543	9,532,642	22,757,185	0.995	1,391,110	4.75	17,985	4.50	1,409,095
2005	16,272,324	11,087,326	27,359,650	0.915	1,455,520	4.75	15,009	4.50	1,470,529
2006	20,205,364	14,037,667	34,243,031	0.815	1,394,947	4.75	14,906	4.5	1,409,853
2007	20,143,403	15,411,555	35,554,958	0.830	1,400,114	4.75	11,485	4.5	1,411,599
2008	19,255,906	15,123,257	34,379,163	0.845	1,354,932	4.75	17,837	4.5	1,372,769
2009	19,152,518	14,811,680	33,964,198	0.903	1,170,972	4.75	14,246	4.5	1,185,218
2010	18,270,905	13,378,585	31,649,490	0.993	1,226,896	4.75	14,336	4.5	1,241,232

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

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

Source: City of Alexandria Comprehensive Annual Financial Report



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**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, 2011, and have issued our report thereon dated November 23, 2011. Our report referred to the adoption of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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



Compliance and Other Matters

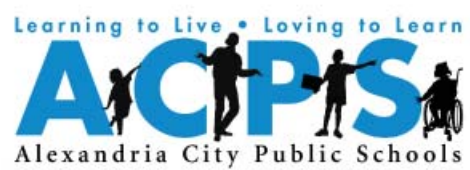
As part of obtaining reasonable assurance about whether ACPS' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on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

We noted certain matters that we reported to management of ACPS in a separate letter dated November 23, 2011.

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

KPMG LLP

November 23, 2011







Alexandria City Public Schools

A Component Unit of the City of Alexandria, Virginia

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