

**Des Moines Independent Community
School District, Des Moines, Iowa**

Comprehensive Annual Financial Report

Year Ended June 30, 2007

**Des Moines Independent Community
School District, Des Moines, Iowa**

Year Ended June 30, 2007

Official Issuing Report:

**Patti Schroeder
Chief Financial Officer**

**Office Issuing Report:
Business and Finance Department**

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November 16, 2007

The Board of Education and Residents
Des Moines Independent Community School District

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Des Moines Independent Community School District (the District) for the fiscal year ended June 30, 2007.

The District operates in compliance with generally accepted accounting principles (GAAP) and prepares its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34. The report has been prepared to conform to guidelines recommended by the Association of School Business Officials (ASBO) International and the Government Finance Officers Association (GFOA) of the United States and Canada.

McGladrey & Pullen, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the District's financial statements for the year ended June 30, 2007. The independent auditor's report is located at the front of the financial section of this report.

The responsibility for the accuracy and completeness of the presentation, including all disclosures, rests with management of the District. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. We believe that the data herein is accurately presented, in all material respects; that the data is presented to fairly set forth the financial position and results of operations of the District as measured by the financial activity of the various funds; and that all necessary disclosures have been included in order to enable the reader to gain the maximum understanding of the District's financial affairs.

The CAFR is presented in four sections: introductory, financial, statistical and single audit compliance. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal District officials. The financial section includes the independent auditor's report, the Management's Discussion and Analysis, the basic financial statements, and the combining and individual fund financial statements and schedules. This report includes all funds of the Des Moines Independent Community School District. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

As is the case every year, the District was required to undergo a single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U. S. Office of Management and Budget Circular A-133, Audits of States and Local Governments and Nonprofit Organizations. Information related to this single audit, including a schedule of expenditures of federal awards, summary schedule of prior audit findings, the independent auditor's report on internal control over financial reporting and on compliance and other matters, independent auditor's report on compliance with requirements applicable to each major program and internal control over compliance, a schedule of findings and questioned costs and corrective action plan are included in the single audit compliance section of this report.

Profile of the Government

In Iowa, school districts operate in accordance with Dillon's Rule (ability to do that which is expressly authorized by the Code of Iowa) with local control and have fiscal independence from other governmental entities. The District is a political subdivision of the State of Iowa and as such operates public schools and supporting programs for children in preschool through grade twelve.

The District is governed by a seven member Board of Education whose members serve three year terms and are elected on a nonpartisan basis. The Board of Education is a policymaking and planning body whose decisions are carried out by the Superintendent.

The District serves more than 200,000 people who live in Polk and Warren Counties. Covering nearly 86 square miles, the District has developed in the heart of the Des Moines city center, east into Pleasant Hill, west into Windsor Heights and south into Warren County. The District benefits from having strong and diverse neighborhoods and a citizenry deeply involved in its public education. The District's enrollment for 2007 was 31,549, making it by far the largest public school district in Iowa.

The District provides a full range of programs and services including instructional, preschool, student services, school building administration, maintenance of sites and facilities, transportation, food service, child care, custodial, extra-curricular and athletic activities and community education. The District provides a comprehensive educational program appropriate to students in early childhood, pre-school through grade twelve. These services include basic, regular and enriched academic education, special education, vocational education and numerous individualized programs such as instruction for students at-risk, gifted and talented or extended learning language (ELL).

The District operates 38 elementary schools, including early education centers; 10 middle schools; 5 high schools; a career and technical institute and central academy; an alternative high school; and other special schools and programs. The District also maintains a maintenance/warehouse facility, a print shop, a wellness center and athletic complexes.

Economic Condition and Outlook

The Des Moines Independent Community School District is located in the center of Iowa, primarily in the city of Des Moines (City). The City is the industrial, commercial, financial, trade, transportation and governmental center of Iowa. The City's insurance industry is one of the largest in the world. Insurance activities are part of a strong local economy that is also based in agriculture, manufacturing, technology, education, health care and other services. Principal Financial Group and MidAmerican Energy are the major employers within the District.

The variety of components contributing to the City's economy creates a stability that is apparent from unemployment figures, 3.8 percent through June 2006. The District has experienced slow but steady increases in its tax base, averaging 2.7% per year over the last five years. The outlook for the local economy is a continuing low unemployment rate and slow but steady increases in total assessed property valuation, based on conservative estimates to be in the 2-4 percent range. At the same time, enrollment is projected to continue to slightly decrease.

However, the strength of the District can best be demonstrated by the diversity of the people and the educational programs offered:

- More than 2,000 students from every District high school and middle school and more than a dozen neighboring districts attend classes at Central Campus. The Advanced Placement program at Central Academy is ranked among the top 1% in the nation, with graduates going onto the world's leading universities.
- Students at the Career and Technical Institute are recognized as the best in the nation in areas ranging from automotive technology to culinary arts to aviation. The World Language program offers more areas of study than any other place in Iowa.

- Three schools, Jefferson and Phillips Elementary Schools and Goodrell Middle School, offer students a traditional curriculum. Four schools, Capitol View, Downtown, Moulton and Riverwoods Elementary Schools provide families the option of an extended (year round) school calendar. Cowles School is Iowa's only public Montessori program.
- The District is also one of the first districts in the nation to help working parents be close to their children during the school day. Two schools, Downtown and Walnut Street School are located in the heart of the city's business district. The Downtown School has been cited as a national example of a modern elementary school.
- The District's new Carver Community School is a model of educational and community programs, like the Boys and Girls Club, joining together to help students achieve their full potential.
- Programs such as Scavo High School and Future Pathways provide alternatives to help students succeed in high school.

The District has a ten year Schools Renovation Program and in fiscal year 2007 completed several construction projects, at South Union and Perkins Elementary Schools and East High early in the fiscal year. In the summer of 2007, Windsor and Garton Elementary Schools were completed, and in October, 2007 Goodrell Middle School was completed.

Other Financial Information

Internal Control. Management of the District is responsible for establishing and maintaining an internal control designed to ensure that its assets are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America. The internal control is designed to provide reasonable, but not absolute, assurances that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

Single Audit. As a recipient of federal, state and county financial assistance, the District also is responsible for ensuring that an adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control is subject to periodic evaluation by management and external auditors.

As a part of the District's single audit, described earlier, tests are made to determine the adequacy of the internal control over financial reporting and its compliance with applicable laws and regulations, including those related to major federal awards programs. The results of the District's single audit for the fiscal year ended June 30, 2007 provided no instances of material weaknesses in the internal control or violations of applicable laws and regulations.

Budgetary Controls. In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Activities of the General Fund, special revenue funds, Debt Service Fund, enterprise funds and Capital Projects Fund are included in the annual appropriated budget by program. Project length financial plans are adopted for the capital projects funds and budgeted accordingly on an annual basis. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the function level for all funds combined rather than at the individual fund level.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Basis of Presentation. The charts and accounts used by the District have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants. In addition, the District's accounting records materially conform to the Uniform Accounting System for Iowa Schools, Chapter 11 of the Code of Iowa and Area Educational Agencies issued by the Department of Education, state of Iowa. The chart of accounts manual is updated annually and the District is materially in compliance with these requirements.

Cash Management. Cash, while temporarily idle during the year, was invested in money market deposit accounts and other short term investments as allowed by law. Interest rates ranged from 5.0 percent to 5.2 percent during the year, comparable to the rates earned in the prior year. This aspect of the District's finances has gained importance in recent years as the District has sought to maximize the yield on its investments in accordance with the Board approved investment policy.

Risk Management. The District carries general liability and auto coverage; property insurance; errors and omission coverage and excess umbrella coverage. The District manages a self-funded insurance plan for its employee medical insurance program. The plan is funded at the maximum expected claim levels and coverage for individual and aggregate stop loss coverage is purchased by the plan. In addition, the District manages a self-funded workers' compensation plan that again, is supplemented by excess workers' compensation coverage.

Independent Audit. The accounting firm of McGladrey & Pullen, LLP was selected to perform the annual audit in accordance with Chapter 11 of the Code of Iowa. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditor's report on the basic financial statements, combining and individual fund statements and other schedules is included in the financial section of this report. The Comprehensive Annual Financial Report also includes a statistical section which is unaudited.

Acknowledgment

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated efforts of the District's accounting staff and our auditors, McGladrey & Pullen, LLP. We would like to express our appreciation to all staff members who assisted and contributed to this report as well as members of city and county governments. Also, appreciation is expressed for the interest and support of the Board of Education in conducting the financial operations of the District in a most responsible and progressive manner.

Respectfully submitted,



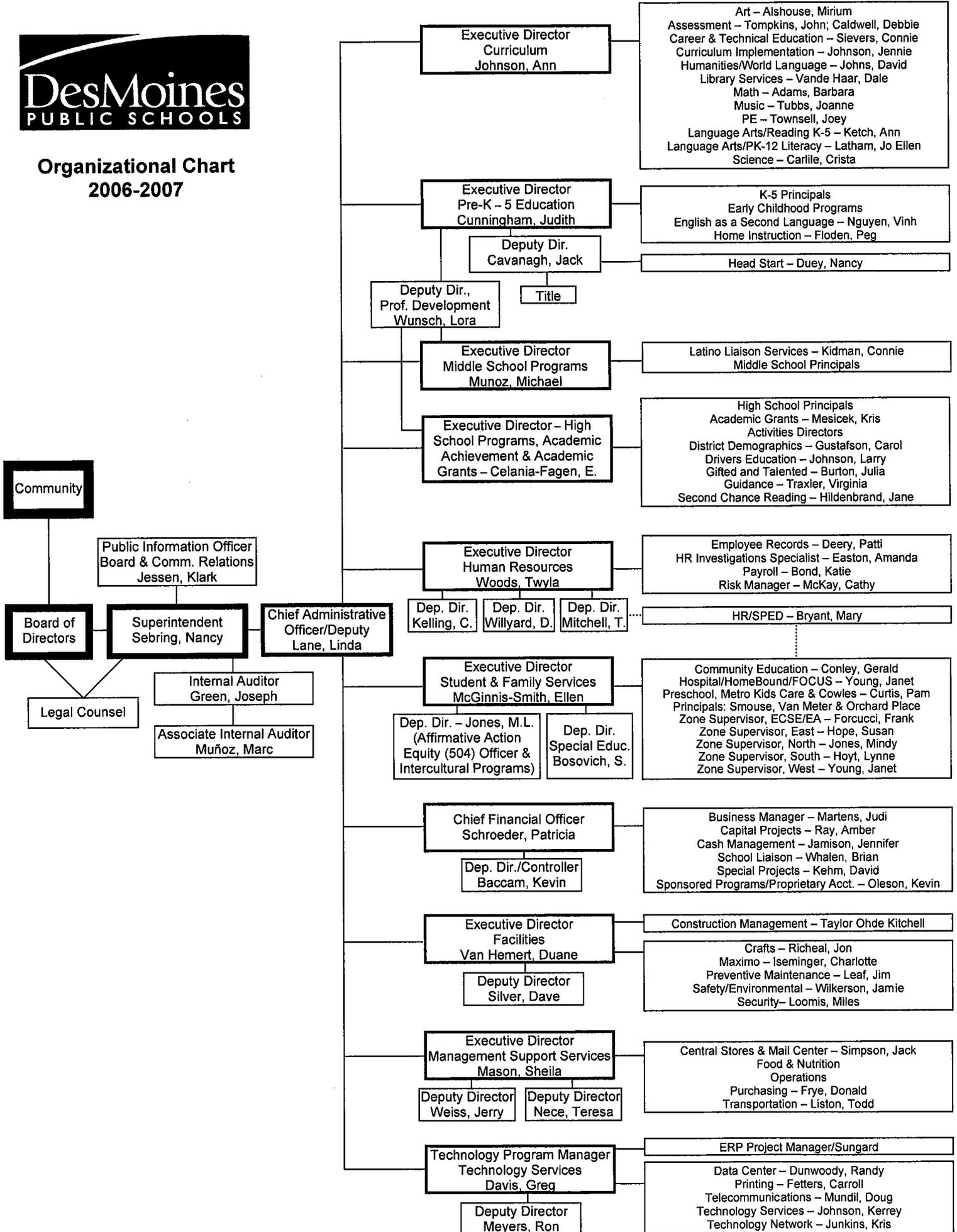
Dr. Nancy Sebring
Superintendent



Patricia L. Schroeder, CPA
Chief Financial Officer



**Organizational Chart
2006-2007**



Des Moines Independent Community School District

Board of Education and School District Officials

Year Ended June 30, 2007

Name	Title	Term Expires
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Board of Education

Before September 2006 election:

Phil Roeder	President	2007
Ako Abdul-Samad	Vice President	2006
Connie Boesen	Board Member	2006
Richard Murphy	Board Member	2008
Ginny Strong	Board Member	2008
Marc Ward	Board Member	2007
Jeanette Woods	Board Member	2008

After September 2006 election:

Marc Ward	President	2007
Ginny Strong	Vice President	2008
Connie Boesen	Board Member	2009
Teree Caldwell-Johnson	Board Member	2009
Richard Murphy	Board Member	2008
Phil Roeder	Board Member	2007
Jeanette Woods	Board Member	2008

School District Officials

Dr. Nancy Sebring	Superintendent	
Patricia Schroeder	Secretary and Treasurer	Appointed
Elizabeth Nigut	Attorney	Appointed

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Board of Education
Des Moines Independent Community School District
Des Moines, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Des Moines Independent Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Des Moines Independent Community School District as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2007 on our consideration of the District's internal control over financial reporting and 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 on pages 3 through 13 and the Budgetary Comparison Schedule on pages 50 through 52 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor fund financial statements and individual fund statements as well as the accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget A-133, *Audits of States, Local Governments and Nonprofit Organizations*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Davenport, Iowa
December 7, 2007

Des Moines Independent Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

This Management's Discussion and Analysis is provided by the management of the Des Moines Independent Community School District (District) to offer readers an overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2007. We encourage readers to consider this Discussion and Analysis presented here in conjunction with the financial statements, which follow.

Financial Highlights

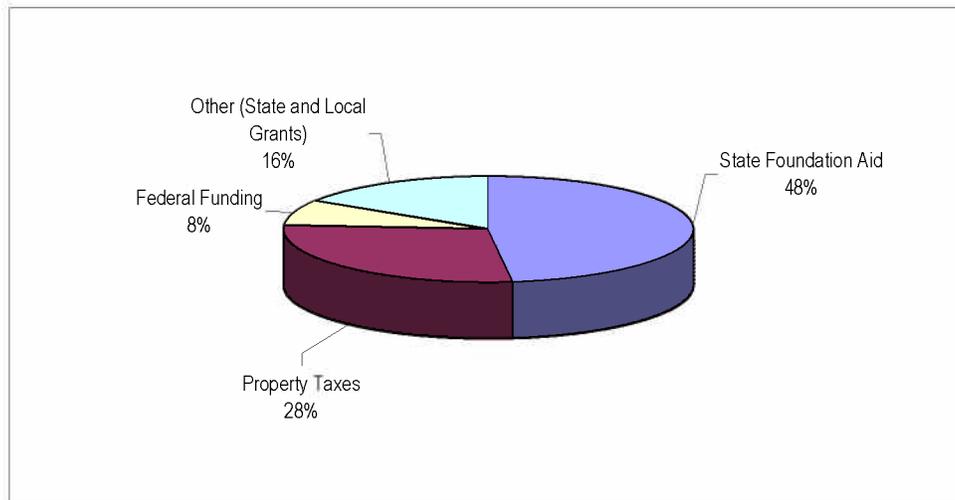
- **Budget:** The State of Iowa legislatively approved an allowable growth factor of 4 percent from fiscal year 2006 to fiscal year 2007, the same growth that the legislature approved from fiscal year 2005 to fiscal year 2006 for the District's General Fund. This resulted in \$4.6 million of new regular program funding.

In April 2006, the board approved an expenditure budget for fiscal year 2007 for all funds of \$399.8 million (including transfers). In May 2007, the board approved a budget amendment to expenditures of \$9.7 million for all funds, primarily to recognize increased spending due to increased federal funds, state teacher compensation funding and interest income received during the fiscal year that were not anticipated when the original budget was adopted.

As in past years, the District continued to operate within its total statutory budgetary parameters. That is, expenditures (without transfers) for all funds by major function were less than anticipated, 95.9 percent of budget, except for the support services function which exceeded that function's budget by 0.8 percent.

- **Revenue:** District-wide revenues (without the proceeds from the issuance of revenue bonds) were \$381.6 million, which primarily consisted of state aid, property taxes, federal grants and sales taxes. General Fund revenues accounted for 80 percent of the District-wide revenue. Program specific revenues in the form of charges for services and grants, and contributions accounted for 25 percent of total fiscal year 2007 revenues.

The General Fund had \$303.8 million in revenues for fiscal year 2007, which primarily consisted of state aid and property taxes. General Fund revenues increased from \$295.3 million in fiscal year 2006 to \$303.8 million in fiscal year 2007. The 2.9 percent increase in General Fund revenues was primarily attributable to increases in state aid and property taxes as a result of higher allowable growth and increases in interest income in fiscal year 2007, tempered by a reduction in the recognition of federal revenue.

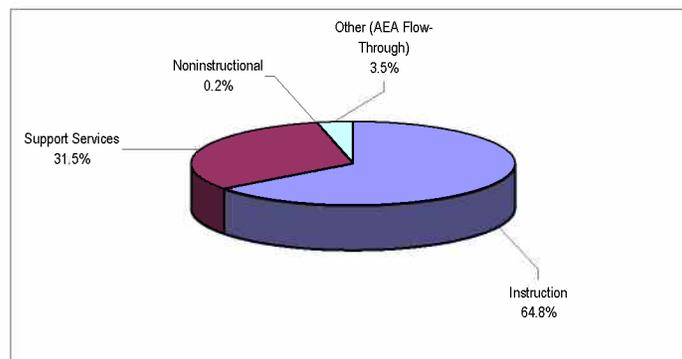


Des Moines Independent Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

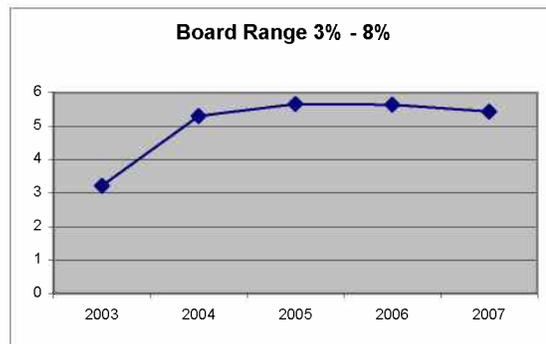
- **Expenses:** District-wide expenses were \$323.0 million related to governmental activities, of which \$77.8 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$286.1 million provided for the remaining costs of these programs.

The General Fund had \$301.6 million in fiscal year 2007 expenses, which primarily consisted of instructional expenses. General Fund expenses increased from \$288.7 million in fiscal year 2006 to \$301.6 million in fiscal year 2007. The increase of 4.5 percent in General Fund expenses was primarily because of increased spending on compensation, which comprises 83 percent of General Fund expenses.



- **General Fund Balance and Solvency Ratio:** The District's overall General Fund balance increased from \$27.2 million as of June 30, 2006 to \$29.4 million as of June 30, 2007. Correspondingly, the General Fund undesignated and unreserved portion of fund balance declined slightly from \$16.6 million as of June 30, 2006 to \$16.3 million as of June 30, 2007.

The District's solvency ratio (unreserved-undesignated fund balance/General Fund revenues) also decreased slightly from 5.6 percent as of June 30, 2006 to 5.4 percent as of June 30, 2007.



The Board guidelines set a range of 3 percent – 8 percent for the District's solvency ratio. The Iowa Association of School Boards (IASB) considers a solvency ratio to be within "target" or "good" if it is within 5 percent – 10 percent and, therefore, "can handle the unexpected." Additionally, the IASB believes a solvency ratio of 10 percent – 15 percent to be "excellent."

Des Moines Independent Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

- **Debt:** The District's total long-term debt increased by a net of \$19.4 million during the current fiscal year. The total outstanding bond and notes debt at the end of the fiscal year is approximately \$22.96 million. In June, 2006 the board authorized the sale in July, 2006 of \$20.7 million in School Infrastructure Local Option Sales and Services Tax Revenue Bonds, Series 2006, resulting in the increase in debt from 2006 to 2007.
- **Capital Projects and Schools First Plan:** Revenues from sales taxes decreased \$3.2 million from fiscal year 2006 to 2007. This decrease is due to a change in accounting estimate in the recognition of sales taxes receivable. Had the change in accounting estimate not taken place, revenues from sales taxes would have only decreased an estimated \$0.7 million from 2006 to 2007. Expenses increased by \$20.3 million from fiscal year 2006 to 2007 because of increased Schools First Renovation program spending using the proceeds from the sale of Revenue Bonds received in early 2007.

Overview of the Financial Statements

This Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) District-wide financial statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

District-wide financial statements: The District-wide financial statements (also sometimes called "government-wide" financial statements) are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements provide both short-term and long-term information about the District's overall financial status. That is, all of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when the cash is received or paid.

Over time, increases or decreases in the District's net assets are an indicator of whether the financial position is improving or deteriorating, respectively. However, to assess the District's overall financial health, nonfinancial factors should also be considered, such as changes in the District's property tax base and the condition of District school buildings.

In the District-wide financial statements, the District's activities are divided into two categories:

- **Governmental activities:** These are activities primarily supported by property taxes and intergovernmental revenues such as state aid or federal funding, and expenditures are classified by function such as instruction, support services, operation and maintenance of plant, student transportation, operation of noninstructional services and capital construction.
- **Business-type activities:** These are supported by fees charged by the District to help cover the costs of services such as food services, childcare services, home remodeling, automotive and a wellness center.

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. These statements focus on individual parts (funds) of the District, reporting the District's operations in more detail than the District-wide statements. Some funds are required by state law or bond covenants; some are established to control and manage money for particular purposes.

Des Moines Independent Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. These statements explain how basic services, such as regular program and special education, were financed in the short-term as well as what remains for future spending.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund and the Sales Tax Funds, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. This aggregated information includes the Special Revenue Funds of Student Activity, Management, Physical Plant and Equipment Levy (PPEL), Public Education and Recreation Levy (PERL); Expendable Trust Funds; Permanent Funds and the Debt Service Fund.

- **Proprietary funds:** Proprietary funds offer short-term and long-term financial information about the activities the District operates like businesses, i.e. fees are charged to cover the cost of services rendered.

These funds include activities defined as enterprise funds and internal service funds. The District's enterprise funds are all considered nonmajor and include School Nutrition, Child Care, Preschool, Home Remodeling, Automotive and Wellness Center. In prior years, Preschool and Child Care funds were considered one fund.

The District has four internal service funds, Self Insurance, Risk Management, Collage and Print Shop. Because all of these services predominately benefit the District's governmental activities, rather than the business-type activities, they have been included in the governmental activities in the District-wide financial statements.

- **Fiduciary funds:** Fiduciary funds provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not reflected in the District-wide financial statements because the resources of those funds are not available to support the District's own programs. These funds include Pension Trust, Private Purpose Trust and Agency Funds.

Notes to basic financial statements: The financial statements also include notes that provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

Des Moines Independent Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

Major features of the District-wide and fund financial statements:

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	Activities that are not proprietary or fiduciary, such as instruction, administration, and building maintenance	Activities the District operates similar to private businesses such as school nutrition	Activities that the District administers resources on behalf of someone else, such as scholarships
Required financial statements	Statement of Net Assets	Balance Sheet	Statement of Net Assets	Statement of Fiduciary Net Assets
	Statement of Activities	Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Revenues, Expenses, and Changes in Net Assets	Statement of Changes in Fiduciary Net Assets
Accounting basis	Accrual accounting	Modified accrual accounting	Statement of Cash Flows Accrual accounting	Accrual accounting
Measurement focus	Economic resources focus	Current financial focus	Economic resources focus	Economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital and short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or within specified periods after year-end of the year; expenditures when goods or services are received and liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual budget for all budgeted governmental funds, enterprise and trust funds in total. A budgetary comparison schedule has been provided.

Des Moines Independent Community School District

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007**

District-Wide Financial Analysis

Net assets: The following table presents a summary of the District's net assets for the year ended June 30, 2007 with comparison totals as of June 30, 2006.

	Governmental Activities 2007	Governmental Activities 2006	Business-Type Activities 2007	Business-Type Activities 2006	Total 2007	Total 2006
Current assets	\$ 216,264,789	\$ 202,912,984	\$ 535,761	\$ 1,282,971	\$ 216,800,550	\$ 204,195,955
Capital assets, net	246,819,071	197,065,925	2,320,931	2,391,487	249,140,002	199,457,412
Other noncurrent assets	3,964,167	285,629	-	-	3,964,167	285,629
Total assets	467,048,027	400,264,538	2,856,692	3,674,458	469,904,719	403,938,996
Current liabilities	155,879,972	147,332,438	779,631	571,202	156,659,603	147,903,640
Long-term liabilities	30,928,822	13,640,167	44,735	35,927	30,973,557	13,676,094
	186,808,794	160,972,605	824,366	607,129	187,633,160	161,579,734
Net assets:						
Invested in capital assets, net of debt	223,847,057	193,522,406	2,320,931	2,391,487	226,167,988	195,913,893
Restricted	35,019,609	31,370,418	-	-	35,019,609	31,370,418
Unrestricted	21,372,567	14,399,109	(288,605)	675,842	21,083,962	15,074,951
Total net assets	\$ 280,239,233	\$ 239,291,933	\$ 2,032,326	\$ 3,067,329	\$ 282,271,559	\$ 242,359,262

The District's combined net assets were significantly greater as of June 30, 2007 than June 30, 2006. The increase occurred primarily in the governmental funds net capital assets as a result of the aggressive activities relative to the District's capital project spending as part of the District's Schools First Renovation Plan. It should be noted that the District uses these capital assets to provide educational services; consequently, these assets are not available for future spending. Unrestricted net assets also increased primarily due to less than expected spending in the General and Capital Projects Fund.

At the end of the current fiscal year, the District is able to report a positive balance in total net assets. The same held true for the prior year.

Des Moines Independent Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

Changes in net assets: The following schedule shows the changes in net assets for the year ended June 30, 2007 with comparison totals for the year ended June 30, 2006. The difference between revenues and expenditures represents the change in net assets.

	Governmental Activities 2007	Governmental Activities 2006	Business-Type Activities 2007	Business-Type Activities 2006	Total 2007	Total 2006
Revenues:						
Program revenues:						
Charges for services	\$ 23,334,489	\$ 22,276,927	\$ 8,448,645	\$ 8,579,576	\$ 31,783,134	\$ 30,856,503
Operating grants and contributions	50,812,813	48,330,052	9,239,846	8,639,090	60,052,659	56,969,142
Capital grants and contributions	3,652,164	1,771,836	-	-	3,652,164	1,771,836
General revenues:						
Property taxes	100,724,916	96,704,119	-	-	100,724,916	96,704,119
Sales tax, capital projects	30,872,838	31,448,902	-	-	30,872,838	31,448,902
Investment earnings	5,284,862	2,719,950	-	-	5,284,862	2,719,950
State aid and other state sources	148,019,865	144,337,954	-	-	148,019,865	144,337,954
Other including transfers from fiduciary fund	1,230,586	997,253	-	-	1,230,586	997,253
Total revenues	363,932,533	348,586,993	17,688,491	17,218,666	381,621,024	365,805,659
Expenses:						
Instruction	210,863,364	206,822,872	-	-	210,863,364	206,822,872
Support services	98,828,184	92,364,205	-	-	98,828,184	92,364,205
Noninstructional	1,943,137	1,367,676	-	-	1,943,137	1,367,676
Other expenses	11,350,548	9,957,051	18,723,494	17,426,850	30,074,042	27,383,901
Total expenses	322,985,233	310,511,804	18,723,494	17,426,850	341,708,727	327,938,654
Change in net assets	40,947,300	38,075,189	(1,035,003)	(208,184)	39,912,297	37,867,005
Beginning, net assets	239,291,933	201,216,744	3,067,329	3,275,513	242,359,262	204,492,257
Ending, net assets	\$ 280,239,233	\$ 239,291,933	\$ 2,032,326	\$ 3,067,329	\$ 282,271,559	\$ 242,359,262

- The main revenue sources of state aid and other state sources, property and sales taxes account for 73.3 percent of total revenue.
- The District's expenses primarily relate to instruction and support services which account for 90.6 percent of the total expenses.

Des Moines Independent Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

Governmental Activities

- State foundation aid and other state sources, property taxes and sales taxes are the primary sources of revenue for the District, 40 percent, 28 percent and 9 percent, respectively, of total governmental activities revenues. Instruction constitutes the largest portion of expenditures at \$210.9 million or 65 percent of governmental activities expenses. The District offers a wide array of programs including general and special education, vocational and college preparatory classes.
- The noninstructional and other expenses of the District accounted for 4.1 percent of total costs.
- 83 percent of the District's expenditures are for salaries and benefits.

Net Cost: The following table presents the total and net cost of the District's major governmental activities including instruction, other support services, noninstructional programs and other expenses, with comparative totals for 2006:

	2007		2006	
	Total Expenses	Net (Expense)	Total Expenses	Net (Expense)
		Revenue		Revenue
Instruction	\$ 210,863,364	\$ (145,256,269)	\$ 206,822,872	\$ (147,590,789)
Other support services	98,828,184	(97,136,765)	92,364,205	(89,144,546)
Noninstructional programs	1,943,137	(1,897,833)	1,367,676	(1,296,401)
Other expenses	11,350,548	(894,900)	9,957,051	(101,253)
Total expenses	\$ 322,985,233	\$ (245,185,767)	\$ 310,511,804	\$ (238,132,989)

Net cost of governmental activities was financed by general revenues, which are made up of primarily property taxes and state aid. Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$77.8 million or 24.1 percent of total governmental activities expenses.

Business-Type Activities – Change in Net Assets:

- The School Nutrition, Child Care and Preschool programs constitute the majority of the business-type activities.
- The School Nutrition's primary sources of revenue are federal revenue and student fees and the primary expenses are staff and commodities. The District's free and reduced participation continued to increase during the fiscal year, therefore the amount of federal revenue continued to increase, while the amount of student fees decreased. The School Nutrition Fund had a negative change in net assets of approximately \$(0.7) million for fiscal year 2007.
- The primary source of revenue for the Child Care program is child care fees and the primary expense is staff. The Child Care Fund had a positive change in increase in net assets of \$24,887.
- The primary source of revenue for the Preschool program is preschool fees and the primary expense is staff. The Preschool Fund had a change in net assets of \$(0.3) million. In April, 2007, the legislature passed a Four Year Old Voluntary Preschool program to begin in Fiscal Year 2008. The district will receive \$3.5 million for this program.

Des Moines Independent Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

Financial Analysis of the District's Funds

Governmental Funds Highlights

General Fund:

- The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$2.2 million, primarily because revenues exceeded expenditures; expenditures were less than budget expectations and cash reserves increased. The District's solvency ratio (unreserved-undesignated fund balance/General Fund revenues) decreased slightly from 5.6 percent to 5.4 percent. This is because the portion of fund balance reserved-designated for specific purposes increased \$2.5 million from June 30, 2006 to June 30, 2007 primarily due to the board approved designation of fund balance to fund the District's literacy adoption in Fiscal Year 2008.
- The increase in General Fund revenues over fiscal year 2006 was primarily attributable to increases in state aid and property taxes as a result of higher allowable growth, and increases in other state and local resources in fiscal year 2007.
- The increase in General Fund expenditures compared to fiscal year 2006 was primarily because of increased spending on compensation which comprises 83 percent of General Fund expenses.

Sales Tax Fund:

- The Sales Tax Fund has a total fund balance of \$21.2 million for 2007 and \$19.1 million for 2006. The net increase in the Sales Tax Fund for the fiscal year was primarily due to the receipt of the proceeds from the sale of Revenue Bonds to offset the increased spending on the Schools First Renovation program.

Proprietary Fund Highlights

There are no major enterprise funds. The School Nutrition Fund represents 74 percent of the expenditures of total enterprise funds. The District's percent of students eligible for free and reduced meals continued to increase from fiscal year 2006 to 2007 as in past years, resulting in increased nonoperating revenue from the federal government to cover these meals and a decrease operating revenues from meal charges.

Budgetary Highlights

In accordance with state law, the School Board annually adopts a budget following the public notice and hearing requirements. Although the budget documents presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared in accordance with accounting principles generally accepted in the United States of America. As is the District's practice, the District modified its adopted budget once during fiscal year 2007.

- Differences between the original and the final amended budget for the District can be summarized as follows:
 - ✓ The total original revenue budget of \$392.9 million, including other financing sources, was increased to \$402.8 million (an increase of \$9.9 million).
 - ✓ The total original expenditure budget of \$399.8 million, including other financing uses, was increased to \$409.5 million (an increase of 9.7 million).

Des Moines Independent Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

- ✓ The above changes are primarily due to increases in spending because of increases in federal funds and state teacher compensation funding received during the fiscal year, but not known at the time the original budget was adopted.
- ✓ As in past years, the District continued to operate within its total statutory budgetary parameters. That is, expenditures (without transfers) for all funds by major function were less than anticipated, 95.9 percent of budget, except for the support services function which exceeded that function's budget by 0.8 percent.
- The District's General Fund, its principal operating fund, continues to remain financially solvent.
 - ✓ The District received 99.7 percent of budgeted General Fund revenues. Overall General Fund revenue increased 3 percent over the prior year primarily due to allowable growth, increases in other revenues, such as tuition and transportation fess, interest income and revenue from local sources, tempered by a decrease in federal revenue recognition.
 - ✓ The District spent 97.8 percent of budgeted General Fund expenditures. Expenditures were less than anticipated because spending on certain programs and certain line items were less than anticipated. Overall General Fund expenditures increased 4 percent primarily because compensation increased 4.7 percent over the prior year.
- At the end of fiscal year 2007, the Unspent Authorized Budget ratio for the General Fund was 9.5 percent of the total maximum budget compared to 10.5 percent at the end of fiscal year 2006.

Capital Assets and Debt Administration

Capital Assets: As of June 30, 2007, the District had invested \$249.1 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers and other equipment. This amount represents a net increase of \$49.7 million from last year, primarily due to the accelerated spending on the District's ten-year Schools First Renovation Plan given the receipt of the proceeds from the sale of revenue bonds early in the fiscal year.

The following schedule presents capital asset balances, net of accumulated depreciation, for the fiscal year ended June 30, 2007, compared with balances as of June 30, 2006:

	Governmental Activities 2007	Governmental Activities 2006	Business-Type Activities 2007	Business-Type Activities 2006	Total 2007	Total 2006
Land	\$ 3,144,569	\$ 3,027,849	\$ -	\$ -	\$ 3,144,569	\$ 3,027,849
Construction-in-progress	63,488,707	56,928,211	127,839	95,707	63,616,546	57,023,918
Land improvements	1,970,933	2,200,106	-	-	1,970,933	2,200,106
Buildings and improvements	172,273,567	129,934,645	-	-	172,273,567	129,934,645
Vehicles, furniture and equipment	5,941,295	4,975,114	2,193,092	2,295,780	8,134,387	7,270,894
Total	\$ 246,819,071	\$ 197,065,925	\$ 2,320,931	\$ 2,391,487	\$ 249,140,002	\$ 199,457,412

Additional information on the District's capital assets can be found in Note 5 to the basic financial statements.

Des Moines Independent Community School District

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2007

Debt Administration: As of June 30, 2007, the District had \$22.96 million in bonds and notes outstanding, of which \$2.09 million is due within one year. The following table presents a summary of the District's outstanding long-term debt for the year ended June 30, 2007, with comparative information as of June 30, 2006:

	2007	2006
Capital loan notes	\$ 2,060,000	\$ 2,545,000
Qualified zone academy bonds	1,000,000	1,000,000
Sales tax revenue	19,900,000	-
Total	\$ 22,960,000	\$ 3,545,000

State statutes currently limit the amount of debt a district may issue to five percent of its total assessed valuation. The current debt limitation for the District is \$486.8 million which is substantially more than the District's outstanding debt.

Additional information about the District's debt can be found in Note 6 to the basic financial statements.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstance that could affect its financial health in the future:

- District enrollment slightly declined from September 2006 to September 2007 by 0.3 percent. Therefore, the total combined District cost for fiscal year 2008 will slightly decline by approximately \$0.5 million.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Des Moines Independent Community School District, 901 Walnut Street, Des Moines, Iowa 50309.

Des Moines Independent Community School District

Statement of Net Assets

June 30, 2007

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and investments	\$ 87,451,480	\$ 50	\$ 87,451,530
Restricted cash and investments	7,922	-	7,922
Property taxes receivable - current year	1,635,730	-	1,635,730
Property taxes receivable - succeeding year	102,277,730	-	102,277,730
Interest receivable	536,819	-	536,819
Other receivables, net of allowances for uncollectible of \$45,336	2,588,006	172,129	2,760,135
Due from other governments	21,044,474	184,687	21,229,161
Internal balances	21,090	(21,090)	-
Assets held for sale	-	63,492	63,492
Inventories	501,354	136,493	637,847
Prepaid expenses	200,184	-	200,184
Total current assets	216,264,789	535,761	216,800,550
Noncurrent assets:			
Investments	3,492,681	-	3,492,681
Restricted investments	411,665	-	411,665
Bond issuance costs	59,821	-	59,821
Capital assets:			
Capital assets - nondepreciable	66,633,276	127,839	66,761,115
Capital assets - depreciable, net	180,185,795	2,193,092	182,378,887
Total capital assets	246,819,071	2,320,931	249,140,002
Total noncurrent assets	250,783,238	2,320,931	253,104,169
Total assets	\$ 467,048,027	\$ 2,856,692	\$ 469,904,719

See Notes to Basic Financial Statements.

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	\$ 7,465,312	\$ 264,103	\$ 7,729,415
Claims payable	3,703,643	-	3,703,643
General obligation bonds and notes	490,000	-	490,000
Sales tax revenue bonds	1,600,000	-	1,600,000
Accrued payroll	22,684,995	271,480	22,956,475
Accrued interest expense	69,845	-	69,845
Other current liabilities	4,418,842	-	4,418,842
Due to other governments	5,486,128	15,338	5,501,466
Unearned, succeeding year property taxes	102,277,730	-	102,277,730
Unearned revenue	1,094,781	103,483	1,198,264
Compensated absences	2,126,438	125,227	2,251,665
Special termination benefits	4,462,258	-	4,462,258
Total current liabilities	155,879,972	779,631	156,659,603
Noncurrent liabilities:			
Retrospective insurance rating plan	634,608	-	634,608
Compensated absences	981,141	44,735	1,025,876
Special termination benefits	8,431,059	-	8,431,059
Bond premiums	12,014	-	12,014
General obligation bonds and notes	2,570,000	-	2,570,000
Sales tax revenue bonds	18,300,000	-	18,300,000
Total noncurrent liabilities	30,928,822	44,735	30,973,557
Total liabilities	186,808,794	824,366	187,633,160
Net Assets			
Invested in capital assets, net of related debt	223,847,057	2,320,931	226,167,988
Restricted for:			
Debt service	411,665	-	411,665
Donor-restricted purposes	3,006,015	-	3,006,015
Purpose restricted	5,786,725	-	5,786,725
Management levy	1,550,999	-	1,550,999
Physical plant and equipment levy	2,892,512	-	2,892,512
Public education and recreation levy	161,099	-	161,099
Sales tax levy	21,210,594	-	21,210,594
Unrestricted	21,372,567	(288,605)	21,083,962
Total net assets	280,239,233	2,032,326	282,271,559
Total net assets and liabilities	\$ 467,048,027	\$ 2,856,692	\$ 469,904,719

Des Moines Independent Community School District

Statement of Activities
Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Instructional	\$ 210,863,364	\$ 12,002,157	\$ 49,952,774	\$ 3,652,164
Student services	17,565,934	-	213,732	-
Instructional support services	7,784,381	-	226,594	-
General administration	3,862,718	-	50,000	-
Building administration	17,965,958	-	-	-
Business and central administration	9,116,886	516,101	-	-
Plant operation and maintenance	31,675,467	-	-	-
Student transportation	10,856,840	315,279	369,713	-
Noninstructional	1,943,137	45,304	-	-
AEA support	10,455,648	10,455,648	-	-
Interest on long-term debt	894,900	-	-	-
Total governmental activities	322,985,233	23,334,489	50,812,813	3,652,164
Business-type activities:				
School nutrition	13,856,434	3,904,411	9,205,267	-
Child care	2,530,578	2,555,465	-	-
Preschool	2,224,190	1,909,835	-	-
Other	112,292	78,934	34,579	-
Total business-type activities	18,723,494	8,448,645	9,239,846	-
Total primary government	\$ 341,708,727	\$ 31,783,134	\$ 60,052,659	\$ 3,652,164

General revenues:

- Property taxes:
 - Levied for general purposes
 - Levied for management
 - Levied for property, plant, and equipment
 - Levied for playground
- Sales tax, for capital projects
- State foundation aid
- Investment earnings
- Other local sources
- State sources

Total general revenues

Changes in net assets
Net assets, beginning of year
Net assets, end of year

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Totals
\$ (145,256,269)	\$ -	\$ (145,256,269)
(17,352,202)	-	(17,352,202)
(7,557,787)	-	(7,557,787)
(3,812,718)	-	(3,812,718)
(17,965,958)	-	(17,965,958)
(8,600,785)	-	(8,600,785)
(31,675,467)	-	(31,675,467)
(10,171,848)	-	(10,171,848)
(1,897,833)	-	(1,897,833)
-	-	-
(894,900)	-	(894,900)
(245,185,767)	-	(245,185,767)
-	(746,756)	(746,756)
-	24,887	24,887
-	(314,355)	(314,355)
-	1,221	1,221
-	(1,035,003)	(1,035,003)
(245,185,767)	(1,035,003)	(246,220,770)
85,406,700	-	85,406,700
8,641,311	-	8,641,311
5,921,615	-	5,921,615
755,290	-	755,290
30,872,838	-	30,872,838
146,594,229	-	146,594,229
5,284,862	-	5,284,862
1,230,586	-	1,230,586
1,425,636	-	1,425,636
286,133,067	-	286,133,067
40,947,300	(1,035,003)	39,912,297
239,291,933	3,067,329	242,359,262
\$ 280,239,233	\$ 2,032,326	\$ 282,271,559

Des Moines Independent Community School District

Balance Sheet
Governmental Funds
June 30, 2007

	General	Sales Tax	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 48,720,816	\$ 21,409,967	\$ 13,263,823	\$ 83,394,606
Restricted cash and investments	-	7,922	411,665	419,587
Property taxes receivable - current year	1,395,903	-	239,827	1,635,730
Property taxes receivable - succeeding year	86,669,162	-	15,608,568	102,277,730
Interest receivable	536,819	-	-	536,819
Other receivables	66,279	2,500,000	21,727	2,588,006
Due from other funds	21,090	-	-	21,090
Due from other governments	13,768,019	7,276,455	-	21,044,474
Inventories	444,457	-	-	444,457
Prepaid items	121,445	-	7,200	128,645
Total assets	\$ 151,743,990	\$ 31,194,344	\$ 29,552,810	\$ 212,491,144
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 2,160,044	\$ 4,177,368	\$ 776,926	\$ 7,114,338
Accrued payroll	22,654,723	2,433	27,839	22,684,995
Special termination benefits	73,680	-	2,771,316	2,844,996
Other current liabilities	1,704,205	2,593,830	120,807	4,418,842
Due to other governments	5,312,383	49,629	124,116	5,486,128
Deferred revenue	89,138,767	3,152,568	15,620,746	107,912,081
Unearned revenue	1,072,051	-	-	1,072,051
Compensated absences	258,694	-	903	259,597
Total liabilities	122,374,547	9,975,828	19,442,653	151,793,028
Fund balances:				
Reserved for:				
Inventories	444,457	-	-	444,457
Prepaid items	121,445	-	7,200	128,645
Purpose restricted	5,786,725	-	-	5,786,725
Restricted for East High School	-	7,922	-	7,922
Permanent trusts, nonexpendable corpus	-	-	10,994	10,994
Debt service	-	-	411,665	411,665
Unreserved:				
Designated	6,709,852	-	-	6,709,852
Undesignated, reported in:				
General Fund	16,306,964	-	-	16,306,964
Special revenue funds	-	-	9,680,298	9,680,298
Capital Projects Fund	-	21,210,594	-	21,210,594
Total fund balances	29,369,443	21,218,516	10,110,157	60,698,116
Total liabilities and fund balances	\$ 151,743,990	\$ 31,194,344	\$ 29,552,810	\$ 212,491,144

See Notes to Basic Financial Statements.

Des Moines Independent Community School District

**Reconciliation of Total Governmental Fund Balances to Net Assets
of Governmental Activities
June 30, 2007**

Total governmental fund balances		\$ 60,698,116
Amount reported for governmental activities in the statement of net assets are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Land	\$ 3,144,569	
Construction-in-progress	63,488,707	
Land improvements	7,828,588	
Buildings and improvements	247,658,037	
Vehicles, furniture and equipment	13,945,061	
Accumulated depreciation	<u>(89,350,891)</u>	246,714,071
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds		5,634,351
Internal service funds are used by management to charge the costs of certain activities, such as self-insurance benefits for employees and print shop services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		3,686,082
Certain liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. These liabilities at year-end consist of:		
Compensated absences	(2,828,420)	
General obligation bonds and notes payable	(3,060,000)	
Sales tax revenue bonds	(19,900,000)	
Bond issuance costs	59,821	
Bond premiums	(12,014)	
Accrued interest expense	(69,845)	
Retrospective insurance rating plan	(634,608)	
Special termination benefit	<u>(10,048,321)</u>	<u>(36,493,387)</u>
Net assets of governmental activities		<u><u>\$ 280,239,233</u></u>

See Notes to Basic Financial Statements.

Des Moines Independent Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2007

	General	Sales Tax	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 85,406,700	\$ -	\$ 15,318,216	\$ 100,724,916
Other local sources	9,998,078	3,879,862	1,128,074	15,006,014
Sales tax, for capital projects	-	28,220,269	-	28,220,269
Investment earnings	3,228,351	1,281,237	775,274	5,284,862
Intermediate sources	8,184,914	-	-	8,184,914
State foundation aid	146,594,229	-	-	146,594,229
State sources	26,567,153	-	7,903	26,575,056
Federal sources	23,682,244	-	-	23,682,244
Student activities	71,227	-	3,182,808	3,254,035
Total revenues	303,732,896	33,381,368	20,412,275	357,526,539
Expenditures:				
Current:				
Instructional	195,448,587	-	8,884,799	204,333,386
Student services	17,993,709	-	-	17,993,709
Instructional support services	7,631,417	-	53,714	7,685,131
General administration	3,072,376	-	858,128	3,930,504
Building administration	17,313,858	-	799,271	18,113,129
Business and central administration	9,100,426	-	-	9,100,426
Plant operation and maintenance	30,854,276	-	1,058,790	31,913,066
Student transportation	9,097,714	-	1,090,256	10,187,970
Noninstructional	591,738	-	1,360,585	1,952,323
AEA support	10,455,648	-	-	10,455,648
Capital outlay	-	50,414,208	5,670,999	56,085,207
Debt service:				
Principal retirement	-	-	1,285,000	1,285,000
Bond issue costs	-	65,000	-	65,000
Interest	-	-	806,381	806,381
Total expenditures	301,559,749	50,479,208	21,867,923	373,906,880
Excess (deficiency) of revenues over expenditures	2,173,147	(17,097,840)	(1,455,648)	(16,380,341)
Other financing sources (uses):				
Issuance of revenue bonds	-	20,700,000	-	20,700,000
Proceeds from sale of capital assets	24,300	-	-	24,300
Transfers in	-	-	2,091,381	2,091,381
Transfers out	-	(1,519,468)	(571,913)	(2,091,381)
Total other financing sources (uses)	24,300	19,180,532	1,519,468	20,724,300
Net changes in fund balances	2,197,447	2,082,692	63,820	4,343,959
Fund balances, beginning of year	27,171,996	19,135,824	10,046,337	56,354,157
Fund balances, end of year	\$ 29,369,443	\$ 21,218,516	\$ 10,110,157	\$ 60,698,116

See Notes to Basic Financial Statements.

Des Moines Independent Community School District

**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, 2007**

Net change in fund balances - total governmental funds \$ 4,343,959

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 as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:

Capital outlay	\$ 56,005,258	
Depreciation expense	(5,680,252)	
Proceeds from sale of capital assets	(24,300)	
Loss on sale of capital assets	<u>(537,494)</u>	49,763,212

Revenues in statement of activities that do not provide current financial resources are not reported as revenues in the funds, change in deferred revenues 5,634,351

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs and premiums, whereas these amounts are deferred in and amortized in the statement of activities:

Repayment of bond and note principal	1,285,000	
Payment of bond issuance costs	65,000	
Issuance of revenue bonds	(20,700,000)	
Amortization of premiums and bond issuance costs	<u>(18,674)</u>	(19,368,674)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Increase in compensated absences	(139,520)	
Decrease in retrospective insurance rating plan	40,344	
Increase in interest expense	(69,845)	
Decrease in special termination benefits	<u>357,713</u>	188,692

Internal service funds are used by management to charge the costs of certain activities, such as self insurance benefits for employees and print shop services, to individual funds. The change in net assets in the internal service funds is reported with governmental activities in the statement of activities.

		385,760
Change in net assets of governmental activities	\$	<u>40,947,300</u>

See Notes to Basic Financial Statements.

Des Moines Independent Community School District

Statement of Net Assets
 Proprietary Funds
 June 30, 2007

	Nonmajor Enterprise Funds	Internal Service Funds
Assets		
Current assets:		
Cash and cash equivalents	\$ 50	\$ 7,549,555
Other receivables, net of allowances for uncollectible of \$45,336	172,129	-
Due from other governments	184,687	-
Due from other funds	677,536	43,072
Assets held for sale	63,492	-
Inventories	136,493	56,897
Prepaid items	-	71,539
Total current assets	1,234,387	7,721,063
Noncurrent assets, nondepreciable capital assets	127,839	-
Noncurrent assets, depreciable capital assets, net	2,193,092	105,000
Total assets	\$ 3,555,318	\$ 7,826,063
Liabilities		
Current liabilities:		
Accounts payable	\$ 264,103	\$ 350,974
Claims payable	-	3,703,643
Accrued payroll	271,480	-
Due to other funds	698,626	43,072
Due to other governments	15,338	-
Unearned revenue	103,483	22,730
Compensated absences	125,227	9,167
Total current liabilities	1,478,257	4,129,586
Noncurrent liabilities, compensated absences	44,735	10,395
Total liabilities	1,522,992	4,139,981
Net Assets (Deficit)		
Invested in capital assets, net of related debt	2,320,931	105,000
Unrestricted	(288,605)	3,581,082
Total net assets	2,032,326	3,686,082
Total liabilities and net assets	\$ 3,555,318	\$ 7,826,063

See Notes to Basic Financial Statements.

Des Moines Independent Community School District

Statement of Revenues, Expenses and Changes in Net Assets
 Proprietary Funds
 For the Year Ended June 30, 2007

	Nonmajor Enterprise Funds	Internal Service Funds
Operating revenues:		
Student activities	\$ 10,878	\$ -
Charges for services:		
Employee benefits	-	45,328,069
Sale of food	3,903,954	-
Child care	2,554,496	-
Preschool	1,908,829	-
Miscellaneous	70,488	334,967
Total operating revenues	8,448,645	45,663,036
Operating expenses:		
Student services	15,842,202	-
Depreciation	290,294	10,066
Community services	2,589,140	-
Employee benefits	-	44,929,063
Miscellaneous	-	338,147
Total operating expenses	18,721,636	45,277,276
Operating income (loss)	(10,272,991)	385,760
Nonoperating revenues (expenses):		
Other local sources	107,323	-
State sources	145,261	-
Federal sources	8,987,262	-
(Loss) on disposal of capital assets	(1,858)	-
Transfer in	-	233,582
Transfer out	-	(233,582)
Total nonoperating revenues	9,237,988	-
Changes in net assets	(1,035,003)	385,760
Total net assets, beginning of year	3,067,329	3,300,322
Total net assets, end of year	\$ 2,032,326	\$ 3,686,082

See Notes to Basic Financial Statements.

Des Moines Independent Community School District

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2007**

	Nonmajor Enterprise Funds	Internal Service Funds
Cash flows from operating activities:		
Cash received from user charges	\$ 8,164,644	\$ 46,291,793
Cash payments to employees for services	(10,774,482)	(229,854)
Cash payments to suppliers for goods and services	(6,476,470)	(41,211,434)
Net cash provided by (used in) operating activities	(9,086,308)	4,850,505
Cash flows from noncapital financing activities:		
Payments from other funds	84,357	162,214
Payments to other funds	(51,205)	(162,214)
Transfer in	-	233,582
Transfer out	-	(233,582)
Nonoperating grants and donations received	8,469,871	-
Net cash provided by noncapital financing activities	8,503,023	-
Cash flows from capital and related financing activities, acquisition of capital assets		
	(221,596)	-
Net increase (decrease) in cash and cash equivalents	(804,881)	4,850,505
Cash and cash equivalents, beginning of year	804,931	2,699,050
Cash and cash equivalents, end of year	\$ 50	\$ 7,549,555
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (10,272,991)	\$ 385,760
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	290,294	10,066
Commodities used	730,472	-
Changes in assets and liabilities:		
Receivables	(27,396)	660,532
Inventories	(274,670)	(14,755)
Prepaid items	-	(71,539)
Accounts payable and due to other governments	388,915	208,382
Claims payable	-	3,703,643
Unearned revenue	6,203	(31,775)
Accrued liabilities	72,865	191
Net cash provided by (used in) operating activities	\$ (9,086,308)	\$ 4,850,505
Noncash items, noncapital financing activities, commodities received from the U.S. Department of Agriculture		
	\$ 730,472	\$ -

See Notes to Basic Financial Statements.

Des Moines Independent Community School District

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2007

	Pension Trust	Private Purpose Trust	Agency
Assets			
Cash and cash equivalents	\$ -	\$ 512,232	\$ 229,119
Investments:			
Money market	2,383,587	-	-
U.S. government securities	62,614,567	246,070	-
Corporate equities	33,128,107	-	-
Mortgage-backed securities	58,492,542	-	-
Corporate obligations	36,614,668	-	-
Preferred stock	11,779,600	-	-
Municipal bonds	11,608,529	-	-
Interest receivable	2,480,231	737	-
Other receivables	-	1,500	-
Total assets	\$ 219,101,831	\$ 760,539	\$ 229,119
Liabilities			
Accounts payable	\$ -	\$ 7,850	\$ 3,336
Due to other governmental units	-	-	225,783
Total liabilities	-	7,850	\$ 229,119
Net Assets			
Held in trust for:			
Employees' pension benefits	219,101,831	-	
Scholarships	-	752,689	
Total net assets	219,101,831	752,689	
Total liabilities and net assets	\$ 219,101,831	\$ 760,539	

See Notes to Basic Financial Statements.

Des Moines Independent Community School District

Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds
 For the Year Ended June 30, 2007

	Pension Trust	Private Purpose Trust
Additions:		
Contributions:		
Employer	\$ 1,824,855	\$ -
Employee	1,628,996	-
Private source	-	14,556
Total contributions	3,453,851	14,556
Investment earnings:		
Net increase in fair value of investments	5,271,602	-
Interest	10,756,209	38,966
Dividends	981,511	-
Total investment earnings	17,009,322	38,966
Less investment expense	129,688	-
Net investment earnings	16,879,634	38,966
Total additions	20,333,485	53,522
Deductions:		
Benefit payments	12,350,662	-
Resignation refunds	115,385	-
Death settlements	627,880	-
Scholarship awarded	-	18,104
Administrative costs	127,228	-
Other	-	8,601
Total deductions	13,221,155	26,705
Changes in net assets	7,112,330	26,817
Net assets, beginning of year	211,989,501	725,872
Net assets, end of year	\$ 219,101,831	\$ 752,689

See Notes to Basic Financial Statements.

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies

The financial statements of the Des Moines Independent Community School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Nature of operations:

The Board of Education (the Board) is organized under the Iowa Code. Management of the District is independent of other state or local governments. The County Treasurer collects taxes for the District, but exercises no control over its expenditures.

The membership of the Board consists of seven members elected by the public. Under existing statutes, the Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools.

The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls. The District's major operations include education, pupil transportation, construction and maintenance of District facilities and food service.

Reporting entity:

The District is a primary government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. The financial statements of the District include all District operations required to be included in accordance with Governmental Accounting Standards Board (GASB) pronouncements concerning the reporting entity. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria are: a) appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District; and b) fiscal dependency. In addition, the GASB issued Statement No. 39, in May 2002, which sets forth additional criteria to determine whether certain organizations for which the District is not financially accountable should be reported as component units based on the nature and significance of their relationship with the District. These criteria include 1) the economic resources being received or held by the separate organization being entirely or almost entirely for the direct benefit of the District, its component units, or its constituents, 2) the District being entitled to, or having the ability to otherwise access, a majority of the economic resources received or held by the District and 3) the economic resources received or held by an individual organization that the District is entitled to, or has the ability to otherwise access, are significant to the District. The District evaluated certain alumni foundations and determined those foundations to not be significant to the District as a whole. Therefore, the District has no component units, which meet the GASB criteria and should be included in these basic financial statements. In addition, the District is not aware of any entity, which would exercise such oversight over it, which would result in the District being considered a component unit of that entity.

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Significant accounting policies:

District-wide financial statements: The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of net assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements: Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Fund accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues and expenditures or expenses, as appropriate. The District has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the District's major governmental funds:

General Fund: The General Fund accounts for all sources used to finance District operation and maintenance, except those required to be accounted for in another fund.

Sales Tax Fund: The Sales Tax Fund accounts for all revenues and expenditures generated through the collection of local option sales tax and expenditures attributable to the Schools First Renovation Program.

The other governmental funds of the District are considered nonmajor and are as follows:

Special Revenue Funds: Accounts for the revenue sources that are legally restricted to expenditures for specific purposes.

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extracurricular or cocurricular activities.

Management Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

Physical Plant and Equipment (PPEL) Levy Fund: This fund is authorized by Iowa Code 298.2 and accounts for transactions related to the improvement of facilities and grounds, construction of school houses, certain equipment expenditures and other expenditures authorized in Iowa Code 298.3.

Public Education and Recreation Levy (PERL) Fund: This fund is authorized by Iowa Code 300.2 and accounts for transactions related to schoolhouse playgrounds and recreational activities within the District. This fund also accounts for community education activity.

DMPS Trust Fund: This fund accounts for transactions that are received in trust in which both the principal and interest earned can be used to support the District.

Debt Service Fund: Accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Permanent Trust Fund: The Permanent Trust Fund accounts for transactions that are received in trust in which only the interest earned, and not the principal itself, can be used to support the District.

Proprietary Fund Types: Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows.

Enterprise Funds: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

The following enterprise funds of the District are considered nonmajor:

School Nutrition Fund: This fund accounts for transactions related to the school lunch, breakfast and summer food programs authorized by Iowa Code 283A.

Child Care Fund: This fund accounts for transactions for before and after school child care and summer child care programs authorized by Iowa Code 298A.12 and 279.49.

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

Preschool Fund: This fund accounts for transactions for preschool programs with an instructional component for children who have not yet met the age requirement for school-aged education.

Home Remodeling Fund: This fund accounts for transactions for the home building/remodeling activity performed by students as part of their instructional or extracurricular program. This fund also accounts for the sale of those homes.

Automotive Fund: This fund accounts for transactions for the service and repair of automobiles performed by students as part of their instructional or extracurricular program.

Wellness Center Fund: This fund accounts for transactions for facilities and services provided for the physical wellness of District employees and outside customers.

Internal Service Funds: The internal service funds are used to account for goods or services provided by one department to other departments of the District on a cost reimbursement basis. The District has the following internal service funds:

Self-Insurance Fund: This fund accounts for transactions for self-insured health insurances including medical, dental, prescription and vision received by District employees in which the District is responsible for paying all claims and administrative costs attributable to the insurances listed above.

Risk Management Fund: This fund accounts for transactions for certain health insurances including life and disability received by District employees in which the District is responsible for paying all premiums as specified attributable to the insurances listed above.

Collage Fund: This fund accounts for transactions for materials for arts and crafts and services such as laminating and other related activities.

Print Shop Fund: This fund accounts for transactions for print shop and copying services.

Fiduciary Funds: Fiduciary funds account for assets held by the District in a trustee or agency capacity for the benefit of others and cannot be used to support District activities.

The District also has the following fiduciary fund types:

Pension Trust Fund: The Pension Trust Fund (DMTRS) accounts for the District's defined contribution retirement plan for teachers. The fund provides pension benefits to eligible District teachers and administrators.

Private Purpose Trust Funds: These funds account for transactions that are received in trust in which both the principal and interest earned can be used to support the individuals or other organizations. The District's Private Purpose Trust Funds are comprised mainly of scholarship funds to benefit students.

Agency Funds: These funds account for assets held in a custodial capacity by the District for individuals, private organizations or other governments. PTAs and PTOs are generally accounted for in these funds. The District only reports assets and liabilities for these funds.

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

The District-wide financial statements and the proprietary, pension trust and private purpose trust financial statements are reported using the "economic resources measurement focus". The proprietary pension trust and private purpose trust fund financial statements are reported using the accrual basis of accounting. The agency funds do not have a measurement focus but are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end. In the prior year, grants and other revenue were considered available if collected within one year.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital financing and capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and the general revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges for services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets and claims. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Investments: The investments are stated at fair value. Short-term investments are reported at cost which approximates fair value. Securities traded in a national or international exchange are valued at the last reported sales price at the current exchange rates. There are no investments in a fund earning income that are recorded in another fund.

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

The District has invested in Guaranteed Interest Contracts (GIC) under the Iowa School Cash Anticipation Program (ISCAP). The ISCAP makes proceeds of short-term ISCAP warrants notes available in anticipation of the receipt of grant funds and ad valorem tax receipts in an amount legally available and sufficient to cover anticipated cash flow needs in the General Fund. As of June 30, 2007, there were no outstanding warrants under this arrangement.

Investment earnings: Investment earnings are composed of interest, dividends and net changes in the fair value of applicable investments.

Receivables: All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles, if applicable.

Property taxes are certified (levied) on July 1 by District governments based on the assessed valuation of property as of each January 1, become a lien against the property on July 1, and are due and collectible in installments on September 30 and March 31. Property taxes become delinquent on October 1 and April 1. Current year delinquent property taxes receivable represent the estimated amounts remaining to be collected on taxes levied through June 30. The succeeding year property taxes receivable represent taxes certified by the Board of Education to be collected in the next fiscal year for purposes set out in the budget for the next fiscal year. By statute, the Board of Education is required to certify its budget to the County Auditor by April 15 of each year for the subsequent fiscal year. For accounting and financial reporting purposes, an enforceable legal claim is deemed to exist upon certification by the County Auditor. However, the property taxes certified are intended to finance the subsequent fiscal year. Accordingly, the succeeding year property taxes receivable have been recorded and have been deferred and will not be recognized as revenue until the year for which it is levied.

Due from other governments: Due from other governments represents amounts due from the state of Iowa, other school districts, and other various grants, reimbursements and shared revenues.

Inventories: Inventories are valued at the moving average cost for purchased items and contributed value (fair value at the date received) for government commodities and other donated items. Inventories are recorded as expenses when consumed in the District-wide financial statements and proprietary funds' financial statements. In the governmental fund financial statements, inventories are accounted for using the consumption method whereby inventory acquisitions are recorded in inventory accounts when purchased and are charged to operations when consumed or sold. Therefore, a reservation of governmental fund balance is required.

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements.

Capital assets: Capital assets which include land; land improvements; buildings and improvements; vehicles, furniture, equipment; and construction-in-progress are reported in the District-wide financial statements and the proprietary funds' financial statements.

Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more (\$1,000 or more for the School Nutrition Fund) and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair value at the date of donation.

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	20 years
Buildings and improvements	20 - 50 years
Vehicles, furniture and equipment	5 - 15 years

The District's collection of library books and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

Cash flows: For purpose of the cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Salaries and benefits payable: Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities. Earned but unpaid payroll as of June 30, 2007, has also been accrued as a liability as of June 30, 2007.

Deferred and unearned revenue: Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Unearned revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of the succeeding year's property tax receivable.

Unearned revenue in the statement of net assets consists of the succeeding year's property tax receivable that will not be recognized as revenue until the year for which it is levied and unearned grant proceeds.

Compensated absences: The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. Accrued sick leave is earned by all full-time employees at the rate of 15 days annually. Sick leave balances are not paid upon termination of employment. Full-time employees earn vacation in accordance with their employment agreement. The current and long-term liabilities for accumulated vacation are accrued when incurred in the District-wide and proprietary funds' financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements.

Long-term obligations: In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities on the statement of net assets. As of June 30, 2007, the District did not have any long-term obligations related to its business-type activities or proprietary funds. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity and Significant Accounting Policies (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, through current year operations. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund equity: In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net assets: Net assets represent the difference between assets and liabilities in the District-wide financial statements. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net assets invested in capital assets, net of related debt, excludes unspent debt proceeds. Net assets are reported as restricted in the District-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Net assets restricted through enabling legislation as of June 30, 2007 consists of \$411,665 for debt service, \$1,550,999 for management levy, \$2,892,512 for physical plant and equipment levy, \$161,099 for public education and recreation levy, and \$21,210,594 for sales tax levy.

Donor restricted net assets include \$2,987,099 for net assets in the DMPS Fund which is to be used for the Smouse School, \$10,994 in the Permanent Fund to be used for teacher education and training, and \$7,922 included in the Sales Tax Fund to be used for future construction costs at a school.

Other purposes restricted net assets of \$5,786,725 is for various grants and Medicaid programs.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Interfund activity: Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 2. Legal Compliance

The District operates within the budget requirements for school districts as specified by state law and as prescribed by the Iowa Department of Management.

The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the functional area for budgeted governmental, enterprise and private purpose trust funds in total, rather than by individual fund type. Formal and legal budgetary control is based on four major classes of expenditures known as functional areas. These four functional areas are instruction, support services, noninstructional programs and other expenditures. The District adopts its annual program budget on a GAAP basis of accounting.

As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*, the District presents budgetary comparison as required supplementary information based on the program structure as required by state statute for its legally adopted budget.

The Preschool Fund and Collage Fund had deficit balances as of June 30, 2007, of \$677,879 and \$20,342, respectively. In past years, all childcare and preschool programs were reported as one fund. For many years, the childcare programs operated and maintained a surplus, while preschool programs maintained a deficit. When combined into one fund, these programs in the aggregate showed an overall surplus. During this fiscal year, the State Department of Education mandated that childcare programs be accounted for as two separate funds, preschool and childcare. The deficit balance in the Preschool Fund is now shown separately. Several programs accounted for in the Preschool Fund that were in a negative financial position were discontinued in September 2007. The District will continue to determine alternative solutions to reduce this deficit.

For several years, the negative balance for the Collage Fund was decreasing. The District will analyze this fund's activity and take the necessary steps to reduce the negative fund balance.

Note 3. Cash and Cash Equivalents and Investments

As of June 30, 2007, the District's cash, cash equivalents and investments (including fiduciary fund assets) were as follows:

Cash and other deposits	\$ 4,910,328
Investments, primarily pension trust	304,062,491
	<u>\$ 308,972,819</u>

Authorized investments: The District is authorized by statute to invest public funds not currently needed for operating expenses in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured Iowa depository institutions approved by the Board; prime eligible bankers' acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts. However, the District's investment policy additionally limits investments in commercial paper to obligations at the time of purchase rated within the two highest ratings issued by nationally recognized statistical rating organizations with a maturity less than 270 days, with no more than 5 percent at the time of purchase placed in the second highest classification. The District's investment policy additionally limits investments in prime bankers' acceptances that mature within 270 days and that are eligible for purchase by a federal reserve bank.

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 3. Cash and Cash Equivalents and Investments (Continued)

The above description of authorized investments does not apply to the Des Moines Teachers' Retirement System (DMTRS) Pension Trust Fund, whose investments are governed by the underlying Plan document, or investments donated to the District. As of June 30, 2007, all District investments in corporate bonds and stocks were held by the DMTRS or represent stock donated to special revenue and fiduciary funds. All the District investments, other than donated investments, are held in securities backed by the U.S. Government or its agencies.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy requires operating funds to be invested in investments that mature within 397 days or less. When investing other than operating funds, the investments must mature according to the needs of the funds. Operating funds of the District are funds which are reasonably expected to be used during a current budget year or within 15 months of receipt.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Des Moines Independent Community School District (without DMTRS)

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Corporate equities - donated	\$ 1,933,254	N/A	N/A	N/A	N/A
U.S. Government securities	10,670,847	\$ 9,107,117	\$ 1,561,419	\$ 2,311	\$ -
Commercial paper	7,897,659	7,897,659	-	-	-
Iowa Schools Joint Investment Trust	2,002,466	2,002,466	-	-	-
IPAS education	64,525,000	64,525,000	-	-	-
QZAB Sinking Fund, guaranteed investment contract	411,665	-	411,665	-	-
	\$ 87,440,891	\$ 83,532,242	\$ 1,973,084	\$ 2,311	\$ -

Des Moines Teachers' Retirement System (DMTRS)

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Money Market Mutual Funds	\$ 2,383,587	\$ 2,383,587	\$ -	\$ -	\$ -
U.S. Government securities	62,614,567	-	2,889,995	36,658,417	23,066,155
Corporate equities	33,128,107	N/A	N/A	N/A	N/A
Mortgage-backed securities	58,492,542	12	48,027	2,072,925	56,371,578
Corporate obligations	36,614,668	-	18,746,700	12,355,193	5,512,775
Preferred stock	11,779,600	N/A	N/A	N/A	N/A
Municipal bonds	11,608,529	1,304,108	8,276,241	1,009,100	1,019,080
	\$ 216,621,600	\$ 3,687,707	\$ 29,960,963	\$ 52,095,635	\$ 85,969,588

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 3. Cash and Cash Equivalents and Investments (Continued)

As of June 30, 2007, the District's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's Investor's Services
Des Moines Teachers' Retirement System (DMTRS)		
Money Market:		
WELLS FARGO SHORT-TERM INVESTMENT FUND G	N/R	N/R
U.S. Government Securities:		
FED HOME LN BK DTD 07/10/03 3.125 07/10/2009	AAA	AAA
FED NATL MTG ASSN MED TERM NT DTD 09/05/97	AAA	AAA
FED HOME LN BK DTD 02/25/04 5.240 02/25/2014	AAA	AAA
FED HOME LN MTG CORP MED TERM NOTE TRANCHE # TR 00685	AAA	AAA
FED NATL MTG ASSN DTD 04/08/04 5.400 04/08/2014	AAA	AAA
FED NATL MTG ASSN DTD 12/08/04 5.50 12/08/2014	AAA	AAA
FED HOME LN BK TRANCHE # TR 00890 DTD 01/26/05 5.450 01/26/2015	AAA	AAA
FED NATL MTG ASSN DTD 01/27/05 01/27/2015 STEP CPN	AAA	AAA
FED NATL MTG ASSN DTD 03/10/05 5.500 03/10/2015	AAA	AAA
FED HOME LN MTG CORP MED TERM NOTE TRANCHE # TR 00105	AAA	AAA
FED HOME LN MTG CORP MED TERM NOTE TRANCHE # TR 00122	AAA	AAA
FED HOME LN MTG CORP MED TERM NOTE DTD 11/25/02 5.200 11/25/2015	AAA	AAA
FED HOME LN MTG CORP MED TERM NOTE DTD 03/10/03 5.000 03/10/2016	AAA	AAA
FED HOME LN BK DTD 07/14/06 6.375 07/14/2016	AAA	AAA
FED HOME LN BK DTD 07/14/06 6.450 07/14/2016	AAA	AAA
FED HOME LN BK DTD 08/04/06 6.400 08/04/2016	AAA	AAA
FED HOME LN MTG CORP MED TERM NOTE TRANCHE # TR 00826 DTD 04/15/04	AAA	AAA
FED HOME LN MTG CORP DTD 12/27/06 6.000 12/27/2019	AAA	AAA
FED HOME LN MTG CORP DTD 12/20/06 6.000 12/20/2021	AAA	AAA
FED HOME LN BK DTD 01/18/07 6.000 01/18/2022	AAA	AAA
FED HOME LN MTG CORP DTD 02/07/07 6.250 02/07/2022	AAA	AAA
FED HOME LN BK DTD 03/14/07 6.125 03/14/2022	AAA	AAA
FED NATL MTG ASSN DTD 03/29/07 6.250 03/29/2022	AAA	AAA
FED HOME LN MTG CORP DTD 03/30/07 6.000 03/30/2022	AAA	AAA
FED NATL MTG ASSN DTD 04/04/07 6.000 04/04/2022	AAA	AAA
FED FARM CREDIT BK DTD 06/28/07 6.200 06/28/2022	AAA	AAA
FED HOME LN BK DTD 06/29/07 6.375 06/29/2022	AAA	AAA
FED NATL MTG ASSN DTD 06/22/07 6.750 06/22/2037	AAA	AAA

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 3. Cash and Cash Equivalents and Investments (Continued)

Investment Type	Standard & Poor's	Moody's Investor's Services
Corporate Equities	N/R	N/R
Mortgage-Backed Securities:		
FED HOME LN MTG CORP POOL #160028 DTD 10/01/77 8.250 10/01/2007	N/R	N/R
FED HOME LN MTG CORP MULTICLASS MTG PARTN CTFS GTD SER 1549 CL	N/R	N/R
FED NATL MTG ASSN POOL #50852 DTD 01/01/94	N/R	N/R
FED HOME LN MTG CORP POOL #141025 DTD 12/01/86 9.000 12/01/2016	N/R	N/R
FED HOME LN MTG CORP POOL #30-4609 DTD 05/01/88	N/R	N/R
FED HOME LN MTG CORP POOL #360014 DTD 10/01/87 10.500 10/01/2017	N/R	N/R
FED NATL MTG ASSN POOL #555358 DTD 03/01/03 6.000 12/01/2017	N/R	N/R
PAINWEBBER CMO TR SER H COLL MTG OBLIG CL H-4 DELAY 30	AAA	N/A
FED HOME LN MTG CORP POOL #53-0869 DTD 01/01/89	N/R	N/R
GOVT NATL MTG ASSN POOL #273472 DTD 03-01-89	N/R	N/R
FED HOME LN MTG CORP POOL #53-6346 DTD 07/01/89	N/R	N/R
FED NATL MTG ASSN POOL #50209 DTD 07/01/89	N/R	N/R
GOVT NATL MTG ASSN POOL #251564 DTD 07-01-89	N/R	N/R
FED HOME LN MTG CORP POOL #360066 DTD 08/01/89 10.500 08/01/2019	N/R	N/R
GOVT NATL MTG ASSN POOL #271564 DTD 09-01-89	N/R	N/R
FED NATL MTG ASSN POOL #323291 DTD 08/01/98 9.000 03/01/2020	N/R	N/R
FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN CTFS GTD	N/A	N/A
FED HOME LN MTG CORP MULTICLASS MTG PARTN CTFS GTD SER 1099 CL	N/R	N/R
FED HOME LN MTG CORP POOL #C90457 DTD 07/01/01 6.500 07/01/2021	N/R	N/R
FED NATL MTG ASSN POOL #545419 DTD 12/01/01 6.500 12/01/2021	N/R	N/R
FED HOME LN MTG CORP POOL #C90572 DTD 08/01/02 6.000 08/01/2022	N/R	N/R
GOVT NATL MTG ASSN POOL #266893 7.5000	N/R	N/R
FED NATL MTG ASSN POOL #255068 DTD 12/01/03 6.000 01/01/2024	N/R	N/R
GOVT NATL MTG ASSN POOL #389276 DTD 06/01/94	N/R	N/R
FED HOME LN MTG CORP POOL #C90857 DTD 07/01/04 6.500 07/01/2024	N/R	N/R
FED HOME LN MTG CORP POOL #C90847 DTD 08/01/04 6.000 08/01/2024	N/R	N/R
FED NATL MTG ASSN POOL #255386 DTD 07/01/04 6.500 08/01/2024	N/R	N/R
FED NATL MTG ASSN POOL #829953 DTD 06/01/05 6.000 08/01/2024	N/R	N/R
FED NATL MTG ASSN POOL #255417 DTD 08/01/04 6.000 09/01/2024	N/R	N/R
FED HOME LN MTG CORP POOL #C90873 DTD 10/01/04 6.500 10/01/2024	N/R	N/R
FED NATL MTG ASSN POOL #735470 DTD 03/01/05 6.500 03/01/2025	N/R	N/R
GOVT NATL MTG ASSN I POOL #780195 DTD 07/01/95 8.0 07/15/25	N/R	N/R
FED NATL MTG ASSN POOL # 255927 DTD 08/01/05 6.500 08/01/2025	N/R	N/R
FED NATL MTG ASSN POOL # 255929 DTD 08/01/05 7.000 08/01/2025	N/R	N/R
FED HOME LN MTG CORP POOL #C90942 DTD 09/01/05 6.500 09/01/2025	N/R	N/R
FED NATL MTG ASSN POOL #378049 DTD 05/01/97 7.5000 09/01/2025	N/R	N/R
GOVT NATL MTG ASSN #002218 DTD 05/01/96	N/R	N/R
FED HOME LN MTG CORP POOL #C90997 DTD 08/01/06 7.000 08/01/2026	N/R	N/R
GOVT NATL MTG ASSN #002270 DTD 08/01/96	N/R	N/R
GOVT NATL MTG ASSN #002285 DTD 09/01/96	N/R	N/R
FED NATL MTG ASSN POOL #256479 DTD 10/01/06 6.500 10/01/2026	N/R	N/R

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 3. Cash and Cash Equivalents and Investments (Continued)

Investment Type	Standard & Poor's	Moody's Investor's Services
GOVT NATL MTG ASSN #002305 DTD 10/01/96	N/R	N/R
GOVT NATL MTG ASSN #002308 DTD 10/01/96	N/R	N/R
GOVT NATL MTG ASSN #002324 DTD 11/01/96	N/R	N/R
GOVT NATL MTG ASSN #002344 DTD 12/01/96	N/R	N/R
FED NATL MTG ASSN POOL #256628 DTD 01/01/07 6.500 01/01/2027	N/R	N/R
GOVT NATL MTG ASSN REMIC SER 2002-67 CL BP *19 DAY DELAY*	N/A	N/A
FED NATL MTG ASSN POOL #823754 DTD 04/01/05 7.000 09/01/2031	N/R	N/R
FED NATL MTG ASSN POOL #254312 DTD 04/01/02 7.000 05/01/2032	N/R	N/R
FED NATL MTG ASSN POOL #555149 DTD 12/01/02 7.000 10/01/2032	N/R	N/R
FED NATL MTG ASSN POOL #786881 DTD 07/01/04 08/01/2034	N/R	N/R
FED NATL MTG ASSN POOL #735576 DTD 05/01/05 7.500 11/01/2034	N/R	N/R
FED NATL MTG ASSN POOL 834966 DTD 07/01/05 7.000 07/01/2035	N/R	N/R
FED NATL MTG ASSN POOL #256317 DTD 06/01/06 7.000 07/01/2036	N/R	N/R
FED NATL MTG ASSN POOL #256360 DTD 07/01/06 7.000 08/01/2036	N/R	N/R

Corporate Obligations:

LIBERTY FINANCIAL CO DTD 11/12/98 6.750 11/15/2008	N/R	WR
COUNTRYWIDE HOME LOAN MED TERM NOTE TRANCHE # TR 00173 SER H DTD	A	A3
GOLDMAN SACHS GROUP INC MED TERM NOTE-SER E TRANCHE #TR00046	AA-	AA3
BELLSOUTH CAP FUNDING DTD 02/16/00 7.750 02/15/2010	A	A2
BRITISH TELECOM PLC DTD 12/12/00 8.125 12/15/2010	BBB+	BAA1
MORGAN STANLEY DEAN WITTER DTD 04/23/01 6.750 04/15/2011	A+	AA3
GOLDMAN SACHS GROUP INC DTD 01/10/02 6.600 01/15/2012	AA-	AA3
VERIZON NEW JERSEY INC DTD 01/22/02 5.875 01/17/2012	A	A3
NATIONAL RURAL UTILS DTD 03/07/02 7.250 03/01/2012	A	A2
J P MORGAN CHASE & CO DTD 03/13/02 6.625 03/15/2012	A+	AA3
CIT GROUP HLDGS DTD 04/01/02 7.750 04/02/2012	A	A2
HOUSEHOLD FINANCE CORP DTD 05/22/02 7.000 05/15/2012	AA-	AA3
ALLTEL CORP DTD 06/19/02 7.000 07/01/2012	BB	A2
BOEING CAP CORP DTD 07/25/02 5.800 01/15/2013	A+	A2
GENERAL ELEC CAP CORP TRANCHE # TR 00575	AAA	AAA
INTL LEASE FINANCE CORP DTD 04/29/03 5.875 05/01/2013	AA-	A1
DOW CHEM CO DEB DTD 08-17-93	A-	A3
DEERE & CO DTD 04/17/02 6.950 04/25/2014	A	A2
SOUTHWESTERN BELL TEL CO DEB DTD 07-01-93	A	A2
CIT GROUP INC MED TERM NOTE SER NOTZ	A	A2
COMERICA BANK DTD 07/26/94 8.375 07/15/2024	A	A2
BELLSOUTH TELECOMMUNICATIONS INC DTD 06/04/98 6.375 06/01/2028	A	A2
BAC CAPITAL TRUST XI DTD 05/23/06 6.625 05/23/2036	A+	AA2
JPM CHASE CAPITAL XXII SER V	A	AA3

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 3. Cash and Cash Equivalents and Investments (Continued)

Investment Type	Standard & Poor's	Moody's Investor's Services
Preferred Stock:		
AT&T INC	A	A2
ALABAMA POWER CO	N/R	AAA
AMERICAN INTL GROUP	A+	AA3
CITIGROUP CAPITAL XV	N/R	AA3
GENERAL ELECT CAP CORP	N/A	AAA
HARRIS CAPITAL 7.375% SER A PFD	N/R	A1
MERRILL LYNCH CAP TRST I	N/A	A2
ML CAPITAL TRUST IV 7.12% PFD	N/R	N/R
MORGAN STANLEY CAP TR VII CAP SECS 01/01/2046	N/A	A1
MORGAN STANLEY CAP TRUST	N/A	A1
USB CAPITAL XI	N/R	AA3
WESTAR ENERGY INC	AAA	AAA
Municipal Bonds:		
PHILADELPHIA PA AUTH FOR INDL DEV PENSION FDG RETIREMENT SYS-SER A	AAA	AAA
DELAWARE RIV PORT AUTH PA & N J PORT AUTH PROJ BDS	AAA	AAA
CHICAGO HEIGHTS ILL TAXABLE-SER B	AAA	AAA
ST PAUL MINN TAXABLE-TAX INCREMENT-B	AAA	AA2
AMERICAN NATL RED CROSS DTD 10/01/99 7.220 11/15/2010	AAA	AAA
REEVES CNTY TEX CTFs PARTN TAXABLE DTD 04/27/05 6.400 12/01/2014	A	N/R
NEW YORK N Y PREREFUNDED-TAXABLE-SER C	AAA	AAA
Corporate Equities - Donated	N/R	N/R
U.S. Government Securities:		
FHLB	AAA	N/R
U.S. TREASURY BOND	N/R	N/R
TREASURY STRIP	N/R	N/R
FHLB DISCOUNT NOTE	N/R	A1+
FEDERAL HOME LOAN MORTGAGE	N/R	A1+
Commercial Paper:		
BAVARIA UNIVERSAL FUNDING	P1	A1
MERRILL LYNCH	P1	A1+
NORTHERN ROCK	P1	A1
Iowa Schools Joint Investment Trust	N/R	Aaa
IPAS Education	N/R	N/R
QZAB Sinking Fund, guaranteed investment contract	N/R	N/R

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 3. Cash and Cash Equivalents and Investments (Continued)

Concentration of credit risk: The District's investment policy seeks diversification to reduce overall portfolio risk while attaining market rates of return to enable the District to meet all anticipated cash requirements. The District's policy further restricts investments in prime bankers' acceptances and commercial paper to no more than 10 percent of the investment portfolio for each type of investment and no more than 5 percent of the investment portfolio can be invested in the securities of a single issuer. As of June 30, 2007, the District has \$7,897,659 invested in commercial paper.

More than 5 percent of the District's investments are in mortgage-backed securities with Federal Home Loan Mortgage Corporation and Federal National Mortgage Association. These investments are 5.29 percent and 13.94 percent, respectively, of the District's total investments. The investments in U.S. Government Securities, Iowa Schools Joint Investment Trust, Corporate Equities and Corporate obligations, are not subject to concentration of credit risk due to either being guaranteed by the U.S. government, considered a pooled investment, or none of the securities underlying the total investment type is more than 5 percent in any one issuer.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. It is the District's policy to require that time deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default. Chapter 12c of the Code of Iowa requires all District funds be deposited into an approved depository and be either insured or collateralized.

As of June 30, 2007, the District's deposits with financial institutions were entirely covered by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds.

As of June 30, 2007, \$18,568,506 of the District's investments was uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.

Note 4. Interfund Receivables/Payables and Transfers

Individual interfund receivable and payable balances as of June 30, 2007 are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 21,090	\$ -
Nonmajor enterprise funds	677,536	698,626
Internal service funds	43,072	43,072
	<u>\$ 741,698</u>	<u>\$ 741,698</u>

Interfund balances result from the time lag between the dates that 1) interfund goods or services are provided or reimbursable expenditures occur, 2) transactions are recorded and 3) payments between funds are made.

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 4. Interfund Receivables/Payables and Transfers (Continued)

The following is a schedule of transfers as included in the basic financial statements of the District:

	Transfers In	Transfers Out
Major fund, sales tax fund	\$ -	\$ 1,519,468
Nonmajor funds:		
Governmental funds	2,091,381	571,913
Internal services funds	233,582	233,582
	<u>\$ 2,324,963</u>	<u>\$ 2,324,963</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

Note 5. Capital Assets

A summary of capital asset activity for the year ended June 30, 2007 is as follows:

Governmental Activities	Beginning Balance	Additions and Transfers In	Deletions and Transfers Out	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,027,849	\$ 139,700	\$ 22,980	\$ 3,144,569
Construction-in-progress	56,928,211	53,401,667	46,841,171	63,488,707
Total capital assets, not being depreciated	<u>59,956,060</u>	<u>53,541,367</u>	<u>46,864,151</u>	<u>66,633,276</u>
Capital assets, being depreciated:				
Land improvements	7,821,049	7,539	-	7,828,588
Buildings and improvements	200,973,979	47,226,541	542,483	247,658,037
Vehicles, furniture and equipment	13,174,469	2,070,982	1,121,990	14,123,461
Total capital assets, being depreciated	<u>221,969,497</u>	<u>49,305,062</u>	<u>1,664,473</u>	<u>269,610,086</u>
Less accumulated depreciation for:				
Land improvements	(5,620,943)	(236,712)	-	(5,857,655)
Buildings and improvements	(71,039,334)	(4,350,339)	(5,203)	(75,384,470)
Vehicles, furniture and equipment	(8,199,355)	(1,103,267)	(1,120,456)	(8,182,166)
Total accumulated depreciation	<u>(84,859,632)</u>	<u>(5,690,318)</u>	<u>(1,125,659)</u>	<u>(89,424,291)</u>
Total capital assets, being depreciated, net	<u>137,109,865</u>	<u>43,614,744</u>	<u>538,814</u>	<u>180,185,795</u>
Governmental activities capital assets, net	<u>\$ 197,065,925</u>	<u>\$ 97,156,111</u>	<u>\$ 47,402,965</u>	<u>\$ 246,819,071</u>

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 5. Capital Assets (Continued)

Business-Type Activities	Beginning Balance	Additions and Transfers In	Deletions and Transfers Out	Ending Balance
Capital assets, not being depreciated, construction-in-progress	\$ 95,707	\$ 32,132	\$ -	\$ 127,839
Capital assets, being depreciated:				
Vehicles, furniture and equipment	4,604,500	189,464	60,274	4,733,690
Less accumulated depreciation	(2,308,720)	(290,294)	(58,416)	(2,540,598)
Total capital assets, being depreciated, net	<u>2,295,780</u>	<u>(100,830)</u>	<u>1,858</u>	<u>2,193,092</u>
Business-type activities capital assets, net	<u>\$ 2,391,487</u>	<u>\$ (68,698)</u>	<u>\$ 1,858</u>	<u>\$ 2,320,931</u>

Depreciation expense was charged to the District's functions as follows:

Governmental activities:	
Instructional	\$ 4,595,144
Noninstructional	147,366
Central support services	101,060
Plant operation and maintenance	74,376
Student transportation	762,306
Capital assets held by governments internal service funds are charged to the various functions based on their usage of the assets	<u>10,066</u>
Total	<u>\$ 5,690,318</u>
Business-type activities, school nutrition	<u>\$ 290,294</u>

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 6. Noncurrent Liabilities and Notes Payable

The following is a summary of changes in bonded and other long-term debt for the year ended June 30, 2007:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital loan notes	\$ 2,545,000	\$ -	\$ 485,000	\$ 2,060,000	\$ 490,000
Qualified zone academy bonds	1,000,000	-	-	1,000,000	-
Sales tax revenue bonds	-	20,700,000	800,000	19,900,000	1,600,000
Retrospective insurance rating plan	674,952	-	40,344	634,608	-
Special termination benefits	12,723,715	3,914,100	3,744,498	12,893,317	4,462,258
Compensated absences	2,911,622	2,319,542	2,123,585	3,107,579	2,126,438
Long-term liabilities	\$ 19,855,289	\$ 26,933,642	\$ 7,193,427	\$ 39,595,504	\$ 8,678,696
Business-type activities,					
compensated absences	\$ 152,579	\$ 141,288	\$ 123,905	\$ 169,962	\$ 125,227

On March 13, 2002, the District issued \$450,000 of capital loan notes, with interest varying from 2.0 percent to 4.2 percent, for the purpose of installing energy-efficient heating and cooling systems. As of June 30, 2007, the capital loan notes liability was \$220,000. The maturity date for the notes is 2011.

On December 1, 2003, the District issued \$1,000,000 of qualified zone academy bonds for the purpose of remodeling projects at Weeks Elementary School. As of June 30, 2007, the qualified zone academy bonds liability was \$1,000,000. The District will make annual payments into the debt sinking fund with the total balance of the loan maturing in 2011.

On April 20, 2004, the District issued \$3,100,000 of capital loan notes, with interest varying from 2.50 percent to 3.75 percent, to finance energy improvements within school facilities of the District. As of June 30, 2007, the capital notes liability was \$1,840,000. The maturity date for the notes is 2011.

On July 6, 2007, the District issued \$20,700,000 of School Infrastructure Local Option Sales and Services Tax Revenue Bonds, with an interest rate of 3.85 percent, to pay costs of school infrastructure improvement projects. As of June 30, 2007, the liability on these bonds was \$19,900,000. The maturity date for the bonds is 2010.

Annual debt service requirements to maturity as of June 30, 2007 are summarized as follows:

Year Ending June 30:	Governmental Activities		
	Principal	Interest	Total
2008	\$ 2,090,000	\$ 814,918	\$ 2,904,918
2009	5,010,000	733,013	5,743,013
2010	14,320,000	445,599	14,765,599
2011	1,540,000	10,260	1,550,260
Total	\$ 22,960,000	\$ 2,003,790	\$ 24,963,790

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 6. Noncurrent Liabilities and Notes Payable (Continued)

As of June 30, 2007, the District did not exceed its legal debt margin, computed as follows:

Total assessed valuation	<u>\$ 9,736,175,724</u>
Debt limit of 5% of total assessed valuation	\$ 486,808,786
Amount of debt applicable to debt limit, total general obligation bonded debt	<u>3,060,000</u>
Excess of debt limit over bonded debt issued, legal debt margin	<u>\$ 483,748,786</u>

Compensated absences are generally liquidated by the General Fund and the retrospective rating plan liability is liquidated by the Management Fund, a nonmajor governmental fund.

Special Termination Benefits: The District offered a special termination benefit to certified teachers and administrators. To be eligible to participate in this Plan, an employee must (1) have attained age 55; (2) have at least 10 consecutive contract years of employment with the District; (3) have worked a minimum of 100 days during the contract year in which he or she elects to participate in this Plan; (4) have not received an official notice of lay off or termination; (5) not be subject to termination pursuant to Iowa Code Section 279.15 or Section 279.27, whether such termination occurs before or after the acceptance of his or her application and (6) otherwise meet the requirements of this Plan. The special termination benefit allows an eligible employee to (1) if at the time of retirement has health insurance, to use the value of their accumulated sick leave benefit and annual special leave to pay for health insurance until they reach the age of 65 and opt for Medicare benefits, with any remaining funds at that time paid out in a single lump sum payment, or (2) if at the time of retirement has no health insurance, or already reached the age of 65, to pay out the value of their accumulated sick leave benefit and annual special leave over five equal annual payments into a tax sheltered annuity of their choice. As of June 30, 2007, the District has \$2,771,316 accrued in the Management Fund, \$73,680 accrued in the General Fund relating to employees over age 65 as they are considered due and an additional \$10,048,321 recorded in the government-wide financial statements. The current year cost to the District was \$3,744,498 which consisted of 68 participants in the plan.

Note 7. Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District. A liability of \$205,452 regarding a special termination benefits lawsuit is recorded as of June 30, 2007 of which \$134,672 is accrued for in the Management Fund and another \$70,780 accrued as long-term within the special termination amount in the government-wide statements discussed in Note 6.

As of June 30, 2007, the District was involved in construction projects with an estimated cost to complete the construction projects of \$40,668,936.

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 8. Risk Management

The District has chosen to establish a risk financing fund for risks associated with the self-insurance plan for medical, dental and vision benefits. The risk financing fund is accounted for as an internal service fund where assets are set aside for claim settlements. The total charge allocated to each of the funds (the allocation is based upon the percentage of each fund's current year payroll of the District) is calculated using trends in actual claims experience. Losses on medical claims are limited through the purchase of stop-loss insurance to \$75,000 per accident or disease, and 120 percent of actuarially projected claims for the District in total.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported (IBNR) which represent estimates of the eventual loss on claims arising prior to year-end. Claims liabilities are reported in the financial statements in other current liabilities. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	Year Ended June 30,	
	2007	2006
Unpaid claims, beginning of year	\$ (660,532)	\$ (1,422,978)
Current year claims and changes in estimates	43,443,373	15,723,054
Claim payments	(39,079,198)	(14,960,608)
Unpaid claims, end of year	<u>\$ 3,703,643</u>	<u>\$ (660,532)</u>

As of June 30, 2007, the unpaid claims payable of \$3,703,643 is net of \$836,700 of reimbursement receivable that the District expects to receive as it has exceeded its individual stop-loss amount. A total of \$836,700 reinsurance revenue to be received is recorded with claims expense of \$43,443,373.

The District self insures its workers' compensation exposures. Claims which are due and payable are recorded in the Management Fund, a nonmajor governmental fund. It is estimated that there are no claims that have been incurred but not reported. Losses on workers' compensation claims are limited through the purchase of stop-loss insurance to \$500,000 per individual. Liabilities are reported in the financial statements in accounts payable. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	Year Ended June 30,	
	2007	2006
Unpaid claims, beginning of year	\$ 93,721	\$ 204,568
Current year claims and changes in estimates	2,014,076	1,839,039
Claim payments	(1,729,167)	(1,949,886)
Unpaid claims, end of year	<u>\$ 378,630</u>	<u>\$ 93,721</u>

The District's general liability and automobile liability policies are written under a retrospective rating plan where final premium costs are within a specified minimum and maximum premium. For the policy year ended June 30, 2007, various liability claims remain unsettled; therefore, the District has accrued a liability for the maximum potential additional premium that could be payable under the retrospective rating plan of \$634,608. The liability is recorded in the District-wide financial statements.

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 8. Risk Management (Continued)

The District continues to carry commercial insurance for all other risks of loss. The District has a \$100,000 deductible on property insurance and a \$500 deductible on auto insurance for automobiles specifically used for driver's education. The District carried commercial insurance for one of their medical programs included in the Risk Management Fund during 2006 and prior years. This medical program became self-insured in 2007 and all transactions for these claims are now handled in the self-insurance fund.

Note 9. Retirement Systems

Iowa Public Employees' Retirement System:

The District contributes to the Iowa Public Employees' Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the state of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. All District employees, other than teachers and administrators, participate in IPERS. Teachers and administrators may choose to participate in the Des Moines Teachers' Retirement System in lieu of IPERS.

IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117. Details of the plan are provided on a system-wide basis.

Plan members are required to contribute 3.70 percent of their annual salary and the District is required to contribute 5.75 percent of annual covered salaries. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$9,029,636, \$8,485,820 and \$7,988,149, respectively, equal to the required contributions for each year.

Des Moines Teachers' Retirement System:

The Des Moines Teachers' Retirement System is a single employer defined contribution plan that provides pension benefits for all eligible District employees. The Des Moines Teachers' Retirement System was established as of July 1, 1953, in accordance with Sections 294.8 through 294.10 of the Code of Iowa. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees who possess professional qualifications as a requirement for their position of employment, such as a teacher's certificate to be a teacher, are permitted to participate from the date of their employment. There are 1,645 active and retired participants as of June 30, 2007. The plan requires the employees to contribute a varying percentage of their base pay, from 4.31 percent to 7.14 percent, with the percentage actuarially determined based on the age of the employee upon entrance into the plan. The District's contribution is to be 112 percent of the amount contributed by the employee. District contributions for each employee vest after four years of service at 100 percent. At age 55, District contributions are vested at 112 percent. The total payroll for employees covered by the System for the year ended June 30, 2007 was \$35,507,299 and the total District payroll was \$193,356,105. The employees' contributions during the year ended June 30, 2007 were \$1,628,996 (4.6 percent of the total covered payroll). The District's General Fund made contributions of \$1,824,855 (5.2 percent of the total covered payroll). Plan net assets were \$219,101,831 as of June 30, 2007. Fair values of investments that do not have an established market are reported at estimated fair values.

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 10. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements

The District adopted the following Statements during the year ended June 30, 2007:

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, was issued April 2004. This Statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB plans) and supersedes existing guidance. This Statement had no effect on the District in the current year.

GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*. This Statement improves the understandability and usefulness of Statistical Section information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model required by Statement No. 34 and related statements. The District began reporting statistical information during the current year.

The GASB has issued several statements not yet implemented by the District. The District's management has not yet determined the effect these Statements will have on the District's financial statements. However, the District plans to implement all standards by the required dates. The Statements which might impact the District are as follows:

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued June 2004, will be effective for the District beginning with its year ending June 30, 2008. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, issued September 2006, is effective for the District beginning with its year ending June 30, 2008. This Statement establishes accounting and financial reporting standards for transactions in which a government receives or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, issued November 2006, will be effective for the District beginning with its year ending June 30, 2009. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, such as site assessments and cleanups. This standard requires the government to estimate the components of expected pollution remediation outlays and determine whether the outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired.

GASB Statement No. 50, *Pension Disclosures*, an amendment of GASB Statement Nos. 25 and 27, issued May 2007, will be effective for the District beginning with its year ending June 30, 2008. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to the financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits.

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 15. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued July 2007, will be effective for the District beginning with its year ending June 30, 2010. This Statement provides guidance regarding how to identify, account for and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents and trademarks. This standard provides that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new standard, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets.

Des Moines Independent Community School District

Required Supplementary Information - Budgetary Comparison Schedule -
 All Governmental Funds, Enterprise Funds and Private Purpose Trust Funds
 For the Year Ended June 30, 2007

	Actual			
	Governmental Fund Types	Enterprise Funds	Private Purpose Trust Funds	Total
Revenues:				
Local sources	\$ 152,490,096	\$ 8,555,968	\$ 14,556	\$ 161,060,620
Intermediate sources	8,184,914	-	-	8,184,914
State sources	173,169,285	145,261	-	173,314,546
Federal sources	23,682,244	8,987,262	-	32,669,506
Total revenues	357,526,539	17,688,491	14,556	375,229,586
Expenditures/Expenses:				
Instructional	204,438,767	813,743	-	205,252,510
Support services	99,814,758	-	-	99,814,758
Noninstructional	1,952,323	17,909,751	26,705	19,888,779
Other	67,701,032	-	-	67,701,032
Total expenditures/ expenses	373,906,880	18,723,494	26,705	392,657,079
Excess (deficiency) of revenues over expenditures/expenses	(16,380,341)	(1,035,003)	(12,149)	(17,427,493)
Other financing sources (uses):				
Issuance of revenue bonds	20,700,000	-	-	20,700,000
Proceeds from sale of capital assets	24,300	-	-	24,300
Transfers in	2,091,381	-	-	2,091,381
Transfers (out)	(2,091,381)	-	-	(2,091,381)
Net change in fund balances	\$ 4,343,959	\$ (1,035,003)	\$ (12,149)	\$ 3,296,807

See Note to Required Supplementary Information.

Budget		
Original	Final	Final Budget to Actual Variance Positive (Negative)
\$ 160,746,202	\$ 164,420,420	\$ (3,359,800)
7,254,000	8,030,599	154,315
171,225,827	173,990,950	(676,404)
32,197,463	35,034,167	(2,364,661)
371,423,492	381,476,136	(6,246,550)
207,384,900	213,196,343	7,943,833
96,691,344	99,051,717	(763,041)
20,430,741	20,480,387	591,608
75,300,958	76,760,527	9,059,495
399,807,943	409,488,974	16,831,895
(28,384,451)	(28,012,838)	10,585,345
20,700,000	20,700,000	-
750,000	650,000	(625,700)
-	-	2,091,381
-	-	(2,091,381)
\$ (6,934,451)	\$ (6,662,838)	\$ 9,959,645

Des Moines Independent Community School District

Note to Required Supplementary Information

Note 1. Basis of Presentation

The District operates within the budget requirements for school districts as specified by state law and as prescribed by the Iowa Department of Management. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

For the fiscal year beginning July 1, a proposed budget is adopted by the Board and filed with the County Auditor no later than April 15. The budget is certified by the County Auditor to the Department of Management.

Once adopted, the budget can be amended by the Board. The amendment must be published and a public hearing conducted prior to the amendment. Any amendments must be certified to the County Auditor no later than May 31. The proposed expenditure budget is advertised in the local newspaper, together with a notice of public hearing.

The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the functional area for budgeted governmental, enterprise, and private purpose trust funds in total, rather than by individual fund type. Formal and legal budgetary control is based on four major classes of expenditures known as functional areas. These four functional areas are instruction, support services, noninstructional programs and other expenditures. During the year ended June 30, 2007, the District overexpended the support services functional area by \$763,041. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. Authorized expenditures cannot exceed the lesser of the certified budget plus any allowable amendments, or the authorized budget, which is the sum of the District's cost for that year plus the actual miscellaneous income received for that year plus the actual unspent balance from the preceding year. Appropriations as adopted and amended lapse at the end of the fiscal year.

During the year, a budget amendment increased budgeted revenues, including transfers, by \$9.95 million and expenditures by \$9.68 million. The budget amendment was primarily due to an increase in federal funds, state teacher compensation funding and interest income received during the fiscal year, but not known at the time the original budget was adopted.

The District is required by the Code of Iowa to budget for its share of media, educational services and special education support provided through the local area education agency. The District's actual amount for this purpose totaled \$10,455,648 for the year ended June 30, 2007.

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Des Moines Independent Community School District

Combining Balance Sheet
 All Nonmajor Governmental Funds
 June 30, 2007

	Special Revenue		
	Student Activity	Management	Physical Plant and Equipment Levy
Assets			
Cash and investments	\$ 2,277,277	\$ 4,639,718	\$ 2,989,002
Restricted cash	-	-	411,665
Property taxes receivable - current year	-	141,235	91,773
Property taxes receivable - succeeding year	-	8,814,972	6,028,230
Other receivables	21,727	-	-
Prepaid items	7,200	-	-
Total assets	\$ 2,306,204	\$ 13,595,925	\$ 9,520,670
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 98,762	\$ 438,812	\$ 67,456
Accrued payroll	5,881	-	-
Special termination benefits	-	2,771,316	-
Other current liabilities	-	-	120,807
Due to other governments	93,594	19,826	-
Deferred revenue	12,178	8,814,972	6,028,230
Compensated absences	-	-	-
Total liabilities	210,415	12,044,926	6,216,493
Fund balances:			
Reserved for:			
Debt service	-	-	411,665
Prepaid items	7,200	-	-
Permanent trusts, nonexpendable corpus	-	-	-
Unreserved, undesignated reported, special revenue funds	2,088,589	1,550,999	2,892,512
Total fund balances	2,095,789	1,550,999	3,304,177
Total liabilities and fund balances	\$ 2,306,204	\$ 13,595,925	\$ 9,520,670

Public Education and Recreation			Total Nonmajor Governmental Funds
Levy	DMPs	Permanent	
\$ 322,914	\$ 3,023,918	\$ 10,994	\$ 13,263,823
-	-	-	411,665
6,819	-	-	239,827
765,366	-	-	15,608,568
-	-	-	21,727
-	-	-	7,200
<u>\$ 1,095,099</u>	<u>\$ 3,023,918</u>	<u>\$ 10,994</u>	<u>\$ 29,552,810</u>

\$ 155,815	\$ 16,081	\$ -	\$ 776,926
11,553	10,405	-	27,839
-	-	-	2,771,316
-	-	-	120,807
363	10,333	-	124,116
765,366	-	-	15,620,746
903	-	-	903
<u>934,000</u>	<u>36,819</u>	<u>-</u>	<u>19,442,653</u>

-	-	-	411,665
-	-	-	7,200
-	-	10,994	10,994
161,099	2,987,099	-	9,680,298
<u>161,099</u>	<u>2,987,099</u>	<u>10,994</u>	<u>10,110,157</u>
<u>\$ 1,095,099</u>	<u>\$ 3,023,918</u>	<u>\$ 10,994</u>	<u>\$ 29,552,810</u>

Des Moines Independent Community School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 All Nonmajor Governmental Funds
 Year Ended June 30, 2007

	Special Revenue		
	Student Activity	Management	Physical Plant and Equipment Levy
Revenues:			
Property taxes	\$ -	\$ 8,641,311	\$ 5,921,615
Other local sources	-	-	528,629
Investment earnings	117,819	-	132,103
State sources	-	4,626	2,871
Student activities	3,102,402	-	-
Total revenues	3,220,221	8,645,937	6,585,218
Expenditures:			
Current:			
Instructional	3,255,993	5,484,411	-
Instructional support services	-	-	-
General administration	-	858,128	-
Building administration	-	799,121	-
Plant operation and maintenance	-	1,058,790	-
Student transportation	-	1,090,256	-
Noninstructional	-	282,166	-
Capital outlay	-	-	5,438,431
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Total expenditures	3,255,993	9,572,872	5,438,431
Excess (deficiency) of revenues over expenditures	(35,772)	(926,935)	1,146,787
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	(571,913)
Total other financing sources (uses)	-	-	(571,913)
Net changes in fund balances	(35,772)	(926,935)	574,874
Fund balances, beginning of year	2,131,561	2,477,934	2,729,303
Fund balances, end of year	\$ 2,095,789	\$ 1,550,999	\$ 3,304,177

Public Education and Recreation				Total Nonmajor Governmental Funds
Levy	DMPS	Debt Service	Permanent	Funds
\$ 755,290	\$ -	\$ -	\$ -	\$ 15,318,216
413,242	186,203	-	-	1,128,074
-	524,812	-	540	775,274
406	-	-	-	7,903
80,406	-	-	-	3,182,808
1,249,344	711,015	-	540	20,412,275
-	144,395	-	-	8,884,799
-	53,714	-	-	53,714
-	-	-	-	858,128
-	150	-	-	799,271
-	-	-	-	1,058,790
-	-	-	-	1,090,256
1,078,419	-	-	-	1,360,585
232,568	-	-	-	5,670,999
-	-	1,285,000	-	1,285,000
-	-	806,381	-	806,381
1,310,987	198,259	2,091,381	-	21,867,923
(61,643)	512,756	(2,091,381)	540	(1,455,648)
-	-	2,091,381	-	2,091,381
-	-	-	-	(571,913)
-	-	2,091,381	-	1,519,468
(61,643)	512,756	-	540	63,820
222,742	2,474,343	-	10,454	10,046,337
\$ 161,099	\$ 2,987,099	\$ -	\$ 10,994	\$ 10,110,157

Des Moines Independent Community School District

Combining Statement of Net Assets

All Nonmajor Enterprise Funds

June 30, 2007

	School Nutrition	Child Care	Preschool
Assets			
Current assets:			
Cash and cash equivalents	\$ -	\$ 50	\$ -
Other receivables, net of allowances for uncollectibles of \$45,336	75,428	85,990	10,711
Due from other funds	-	626,331	-
Due from other governments	184,687	-	-
Assets held for sale	-	-	-
Inventories	136,493	-	-
Total current assets	396,608	712,371	10,711
Noncurrent assets, nondepreciable assets	-	-	-
Noncurrent assets, depreciable assets, net	2,193,092	-	-
Total assets	\$ 2,589,700	\$ 712,371	\$ 10,711
Liabilities			
Current liabilities:			
Accounts payable	\$ 244,632	\$ 9,527	\$ 3,001
Accrued payroll	122,314	88,601	60,565
Due to other funds	81,968	-	614,269
Due to other governments	-	15,338	-
Unearned revenue	83,566	13,715	6,202
Compensated absences	107,388	15,516	2,323
Total current liabilities	639,868	142,697	686,360
Noncurrent liabilities, compensated absences	23,941	18,564	2,230
Total liabilities	663,809	161,261	688,590
Net Assets (Deficit)			
Invested in capital assets, net of related debt	2,193,092	-	-
Unrestricted	(267,201)	551,110	(677,879)
Total net assets (deficit)	1,925,891	551,110	(677,879)
Total liabilities and net assets	\$ 2,589,700	\$ 712,371	\$ 10,711

Home Remodeling	Automotive	Wellness Center	Total
\$ -	\$ -	\$ -	\$ 50
-	-	-	172,129
-	27,846	23,359	677,536
-	-	-	184,687
63,492	-	-	63,492
-	-	-	136,493
63,492	27,846	23,359	1,234,387
127,839	-	-	127,839
-	-	-	2,193,092
\$ 191,331	\$ 27,846	\$ 23,359	\$ 3,555,318

\$ 236	\$ 2,999	\$ 3,708	\$ 264,103
-	-	-	271,480
2,389	-	-	698,626
-	-	-	15,338
-	-	-	103,483
-	-	-	125,227
2,625	2,999	3,708	1,478,257
-	-	-	44,735
2,625	2,999	3,708	1,522,992
127,839	-	-	2,320,931
60,867	24,847	19,651	(288,605)
188,706	24,847	19,651	2,032,326
\$ 191,331	\$ 27,846	\$ 23,359	\$ 3,555,318

Des Moines Independent Community School District

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (Deficit)

All Nonmajor Enterprise Funds

Year Ended June 30, 2007

	School Nutrition	Child Care	Preschool
Operating revenues:			
Student activities	\$ -	\$ -	\$ -
Charges for services:			
Sale of food	3,903,954	-	-
Child care	-	2,554,496	-
Preschool	-	-	1,908,829
Miscellaneous	457	969	1,006
Total operating revenues	3,904,411	2,555,465	1,909,835
Operating expenses:			
Student services	13,564,282	-	2,224,190
School nutrition, depreciation	290,294	-	-
Community services	-	2,530,578	-
Total operating expenses	13,854,576	2,530,578	2,224,190
Operating income (loss)	(9,950,165)	24,887	(314,355)
Nonoperating revenues (expenses):			
Other local sources	72,744	-	-
State sources	145,261	-	-
Federal sources	8,987,262	-	-
Loss on disposal of capital assets	(1,858)	-	-
Total nonoperating revenues (expenses)	9,203,409	-	-
Changes in net assets (deficit)	(746,756)	24,887	(314,355)
Total net assets (deficit), beginning of year	2,672,647	526,223	(363,524)
Total net assets (deficit), end of year	\$ 1,925,891	\$ 551,110	\$ (677,879)

Home Remodeling	Automotive	Wellness Center	Total
\$ -	\$ 10,878	\$ -	\$ 10,878
-	-	-	3,903,954
-	-	-	2,554,496
-	-	-	1,908,829
-	-	68,056	70,488
-	10,878	68,056	8,448,645
-	53,730	-	15,842,202
-	-	-	290,294
2,156	-	56,406	2,589,140
2,156	53,730	56,406	18,721,636
(2,156)	(42,852)	11,650	(10,272,991)
-	34,579	-	107,323
-	-	-	145,261
-	-	-	8,987,262
-	-	-	(1,858)
-	34,579	-	9,237,988
(2,156)	(8,273)	11,650	(1,035,003)
190,862	33,120	8,001	3,067,329
\$ 188,706	\$ 24,847	\$ 19,651	\$ 2,032,326

Des Moines Independent Community School District

Combining Statement of Cash Flows

All Nonmajor Enterprise Funds

Year Ended June 30, 2007

	School Nutrition	Child Care	Preschool
Cash flows from operating activities:			
Cash received from user charges	\$ 3,896,389	\$ 2,290,197	\$ 1,899,124
Cash payments to employees for services	(6,527,183)	(2,348,175)	(1,899,124)
Cash payments to suppliers for goods and services	(6,129,103)	(232,505)	-
Net cash provided by (used in) operating activities	(8,759,897)	(290,483)	-
Cash flows from noncapital financing activities:			
Payments from other funds	81,968	-	-
Payments to other funds	-	-	-
Nonoperating grants and donations received	8,435,292	-	-
Net cash provided by (used in) noncapital financing activities	8,517,260	-	-
Cash flows from capital and related financing activities, acquisition of capital assets	(189,464)	-	-
Net (decrease) in cash and cash equivalents	(432,101)	(290,483)	-
Cash and cash equivalents, beginning of year	432,101	290,533	-
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (9,950,165)	\$ 24,887	\$ (314,355)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	290,294	-	-
Commodities used	730,472	-	-
Changes in assets and liabilities:			
Receivables	(14,225)	(2,460)	(10,711)
Inventories	(11,862)	(262,808)	-
Accounts payable and due to other governments	172,457	12,250	206,778
Unearned revenue	6,203	-	-
Accrued liabilities and compensated absences	16,929	(62,352)	118,288
Net cash provided by (used in) operating activities	\$ (8,759,897)	\$ (290,483)	\$ -
Noncash items, noncapital financing activities, commodities received from US Department of Agriculture	\$ 730,472	\$ -	\$ -

Home Remodeling	Automotive	Wellness Center	Total
\$ -	\$ 10,878	\$ 68,056	\$ 8,164,644
-	-	-	(10,774,482)
(6,268)	(55,896)	(52,698)	(6,476,470)
(6,268)	(45,018)	15,358	(9,086,308)
2,389	-	-	84,357
-	(27,846)	(23,359)	(51,205)
-	34,579	-	8,469,871
2,389	6,733	(23,359)	8,503,023
(32,132)	-	-	(221,596)
(36,011)	(38,285)	(8,001)	(804,881)
36,011	38,285	8,001	804,931
\$ -	\$ -	\$ -	\$ 50

\$ (2,156)	\$ (42,852)	\$ 11,650	\$ (10,272,991)
-	-	-	290,294
-	-	-	730,472
-	-	-	(27,396)
-	-	-	(274,670)
(4,112)	(2,166)	3,708	388,915
-	-	-	6,203
-	-	-	72,865
\$ (6,268)	\$ (45,018)	\$ 15,358	\$ (9,086,308)

\$ - \$ - \$ - \$ 730,472

Des Moines Independent Community School District

Combining Statement of Net Assets (Deficit)

All Internal Service Funds

June 30, 2007

	Self-Insurance	Risk Management	Collage	Print Shop	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 7,488,495	\$ -	\$ 150	\$ 60,910	\$ 7,549,555
Due from other funds	27,985	-	-	15,087	43,072
Inventories	-	-	-	56,897	56,897
Prepaid items	-	71,539	-	-	71,539
Total current assets	7,516,480	71,539	150	132,894	7,721,063
Noncurrent assets, depreciable assets, net	-	-	-	105,000	105,000
Total assets	\$ 7,516,480	\$ 71,539	\$ 150	\$ 237,894	\$ 7,826,063
Liabilities					
Current liabilities:					
Accounts payable	\$ 349,639	\$ -	\$ 286	\$ 1,049	\$ 350,974
Claims payable	3,703,643	-	-	-	3,703,643
Due to other funds	-	27,985	15,087	-	43,072
Unearned revenue	22,730	-	-	-	22,730
Compensated absences	-	-	2,324	6,843	9,167
Total current liabilities	4,076,012	27,985	17,697	7,892	4,129,586
Noncurrent liabilities, compensated absences	-	-	2,795	7,600	10,395
Total liabilities	4,076,012	27,985	20,492	15,492	4,139,981
Net Assets (Deficit)					
Invested in capital assets, net of related debt	-	-	-	105,000	105,000
Unrestricted	3,440,468	43,554	(20,342)	117,402	3,581,082
Total net assets (deficit)	3,440,468	43,554	(20,342)	222,402	3,686,082
Total liabilities and net assets	\$ 7,516,480	\$ 71,539	\$ 150	\$ 237,894	\$ 7,826,063

Des Moines Independent Community School District

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (Deficit)

All Internal Service Funds

Year Ended June 30, 2007

	Self-Insurance	Risk Management	Collage	Print Shop	Total
Operating revenues:					
Charges for services:					
Employee benefits	\$ 44,148,464	\$ 1,179,605	\$ -	\$ -	\$ 45,328,069
Miscellaneous	-	-	56,751	278,216	334,967
Total operating revenues	44,148,464	1,179,605	56,751	278,216	45,663,036
Operating expenses:					
Employee benefits	43,793,012	1,136,051	-	-	44,929,063
Depreciation	-	-	-	10,066	10,066
Miscellaneous	-	-	67,895	270,252	338,147
Total operating expenses	43,793,012	1,136,051	67,895	280,318	45,277,276
Operating income (loss)	355,452	43,554	(11,144)	(2,102)	385,760
Other financing sources (uses):					
Transfers in	-	233,582	-	-	233,582
Transfers out	(233,582)	-	-	-	(233,582)
Total other financing sources (uses)	(233,582)	233,582	-	-	-
Changes in net assets (deficit)	121,870	277,136	(11,144)	(2,102)	385,760
Total net assets (deficit), beginning of year	3,318,598	(233,582)	(9,198)	224,504	3,300,322
Total net assets (deficit), end of year	\$ 3,440,468	\$ 43,554	\$ (20,342)	\$ 222,402	\$ 3,686,082

Des Moines Independent Community School District

Combining Statement of Cash Flows

All Internal Service Funds

Year Ended June 30, 2007

	Risk				Total
	Self-Insurance	Management	Collage	Print Shop	
Cash flows from operating activities:					
Cash received from user charges	\$ 44,810,881	\$ 1,145,945	\$ 56,751	\$ 278,216	\$ 46,291,793
Cash payments to employees for services	-	-	(55,558)	(174,296)	(229,854)
Cash payments to suppliers for goods and services	(39,859,085)	(1,228,618)	(12,498)	(111,233)	(41,211,434)
Net cash provided by (used in) operating activities	4,951,796	(82,673)	(11,305)	(7,313)	4,850,505
Cash flows from noncapital financing activities:					
Proceeds from other funds	150,909	-	11,305	-	162,214
Payments to other funds	-	(150,909)	-	(11,305)	(162,214)
Transfers in	-	233,582	-	-	233,582
Transfers out	(233,582)	-	-	-	(233,582)
Net cash provided by (used in) noncapital financing activities	(82,673)	82,673	11,305	(11,305)	-
Net increase (decrease) in cash and cash equivalents	4,869,123	-	-	(18,618)	4,850,505
Cash and cash equivalents, beginning of year	2,619,372	-	150	79,528	2,699,050
Cash and cash equivalents, end of year	<u>\$ 7,488,495</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 60,910</u>	<u>\$ 7,549,555</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 355,452	\$ 43,554	\$ (11,144)	\$ (2,102)	\$ 385,760
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	-	-	10,066	10,066
Changes in assets and liabilities:					
Receivables	660,532	-	-	-	660,532
Inventories	-	-	-	(14,755)	(14,755)
Prepaid items	-	(71,539)	-	-	(71,539)
Accounts payable	230,284	(21,028)	253	(1,127)	208,382
Claims payable	3,703,643	-	-	-	3,703,643
Unearned revenue	1,885	(33,660)	-	-	(31,775)
Accrued liabilities	-	-	(414)	605	191
Net cash provided by (used in) operating activities	\$ 4,951,796	\$ (82,673)	\$ (11,305)	\$ (7,313)	\$ 4,850,505

Des Moines Independent Community School District

Combining Statement of Assets and Liabilities

All Agency Funds

June 30, 2007

	Faculty and Staff	Urban Education Network	Total
Assets, cash and cash equivalents	<u>\$ 159,515</u>	<u>\$ 69,604</u>	<u>\$ 229,119</u>
Liabilities			
Accounts payable	\$ 3,211	\$ 125	\$ 3,336
Due to other governmental units	156,304	69,479	225,783
Total liabilities	<u>\$ 159,515</u>	<u>\$ 69,604</u>	<u>\$ 229,119</u>

Des Moines Independent Community School District

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2007

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Faculty and Staff				
Assets				
Cash and cash equivalents	\$ 157,044	\$ 131,115	\$ 128,644	\$ 159,515
Liabilities				
Accounts payable	\$ 4,632	\$ -	\$ 1,421	\$ 3,211
Due to other governmental units	152,412	3,892	-	156,304
Total liabilities	\$ 157,044	\$ 3,892	\$ 1,421	\$ 159,515
Urban Education Network				
Assets				
Cash and cash equivalents	\$ 60,595	\$ 65,463	\$ 56,454	\$ 69,604
Liabilities				
Accounts payable	\$ -	\$ 125	\$ -	\$ 125
Due to other governmental units	60,595	8,884	-	69,479
Total liabilities	\$ 60,595	\$ 9,009	\$ -	\$ 69,604
Total				
Assets				
Cash and cash equivalents	\$ 217,639	\$ 196,578	\$ 185,098	\$ 229,119
Liabilities				
Accounts payable	\$ 4,632	\$ 125	\$ 1,421	\$ 3,336
Due to other governmental units	213,007	12,776	-	225,783
Total liabilities	\$ 217,639	\$ 12,901	\$ 1,421	\$ 229,119

Des Moines Independent Community School District

Statistical Section Contents

The statistical section of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the District's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	69 - 84
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax (or sales tax).	85 - 91
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.	92 - 97
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	98 - 99
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	100 - 122

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented GASB Statement No. 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that year.

Des Moines Independent Community School District

Net Assets by Component
Last Six Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	Fiscal Year		
	2002	2003	2004
Governmental activities:			
Invested in capital assets, net of related debt	\$ 74,412,926	\$ 110,972,196	\$ 150,807,994
Restricted	19,526,112	7,890,843	4,993,858
Unrestricted	10,903,006	12,680,313	308,782
Total governmental activities net assets	\$ 104,842,044	\$ 131,543,352	\$ 156,110,634
Business-type activities:			
Invested in capital assets, net of related debt	\$ 1,038,365	\$ 1,395,717	\$ 1,572,525
Restricted	-	-	-
Unrestricted	963,802	1,150,625	1,017,486
Total business-type activities net assets	\$ 2,002,167	\$ 2,546,342	\$ 2,590,011
Primary government:			
Invested in capital assets, net of related debt	\$ 75,451,291	\$ 112,367,913	\$ 152,380,519
Restricted	19,526,112	7,890,843	4,993,858
Unrestricted	11,866,808	13,830,938	1,326,268
Total primary government net assets	\$ 106,844,211	\$ 134,089,694	\$ 158,700,645

* The District began to report accrual information when it implemented GASB Statement No. 34 in 2002.

Source: Comprehensive Annual Financial Report

			Fiscal Year		
2005		2006		2007	
\$	166,212,168	\$	193,522,406	\$	223,847,057
	8,678,939		31,370,418		35,019,609
	26,325,637		14,399,109		21,372,567
\$	201,216,744	\$	239,291,933	\$	280,239,233
\$	2,363,403	\$	2,391,487	\$	2,320,931
	-		-		-
	912,110		675,842		(288,605)
\$	3,275,513	\$	3,067,329	\$	2,032,326
\$	168,575,571	\$	195,913,893	\$	226,167,988
	8,678,939		31,370,418		35,019,609
	27,237,747		15,074,951		21,083,962
\$	204,492,257	\$	242,359,262	\$	282,271,559

Des Moines Independent Community School District

Expenses, Program Revenues and Net (Expense) Revenue

Last Six Fiscal Years*

(accrual basis of accounting)

(Unaudited)

	Fiscal Year		
	2002	2003	2004
Expenses:			
Governmental activities:			
Instructional	\$ 190,565,205	\$ 188,029,574	\$ 196,440,822
Student services	17,760,690	18,385,785	19,304,468
Instructional support services	4,278,577	3,285,811	3,130,123
General administration	4,245,818	4,685,483	5,412,731
Central support services	5,514,567	4,239,135	4,665,921
Building administration	14,740,253	15,042,128	16,006,487
Business administration	2,088,525	1,907,336	2,246,641
Business and central administration	-	-	-
Plant operation and maintenance	26,637,504	27,399,239	26,862,744
Student transportation	7,581,203	8,262,991	9,179,699
Noninstructional	687,093	4,931,839	2,412,415
AEA support	9,578,154	9,837,474	9,140,786
Interest on long-term debt	159,818	130,334	90,488
Total governmental activities expenses	283,837,407	286,137,129	294,893,325
Business-type activities:			
School Nutrition	11,064,565	11,562,068	11,685,044
Child care	3,282,583	3,226,813	3,887,289
Preschool	-	-	-
Other	68,331	104,149	89,471
Total business-type activities expenses	14,415,479	14,893,030	15,661,804
Total primary government expenses	\$ 298,252,886	\$ 301,030,159	\$ 310,555,129
Program revenues:			
Governmental activities:			
Charges for services:			
Instruction	\$ 8,684,185	\$ 12,835,587	\$ 12,994,023
Support services	9,744,207	10,477,043	10,508,228
Operating grants and contributions	43,364,301	40,202,197	39,594,789
Capital grants and contributions	928,944	956,208	2,469,240
Total governmental activities program revenues	62,721,637	64,471,035	65,566,280

(Continued)

			Fiscal Year		
			2005	2006	2007
\$	191,094,307	\$	206,822,872	\$	210,863,364
	16,566,058		17,175,275		17,565,934
	5,322,439		6,440,206		7,784,381
	5,246,763		4,234,165		3,862,718
	-		-		-
	15,046,750		16,616,658		17,965,958
	-		-		-
	6,669,808		7,292,653		9,116,886
	26,731,721		30,416,184		31,675,467
	8,783,899		10,189,064		10,856,840
	1,149,267		1,367,676		1,943,137
	9,445,390		9,855,798		10,455,648
	159,296		101,253		894,900
	<u>286,215,698</u>		<u>310,511,804</u>		<u>322,985,233</u>
	12,207,914		12,865,670		13,856,434
	4,277,713		4,461,347		2,530,578
	-		-		2,224,190
	109,722		99,833		112,292
	<u>16,595,349</u>		<u>17,426,850</u>		<u>18,723,494</u>
\$	<u>302,811,047</u>	\$	<u>327,938,654</u>	\$	<u>341,708,727</u>

\$	12,378,325	\$	11,123,854	\$	12,002,157
	10,602,249		11,153,073		11,332,332
	42,485,746		48,330,052		50,812,813
	896,674		1,771,836		3,652,164
	<u>66,362,994</u>		<u>72,378,815</u>		<u>77,799,466</u>

Des Moines Independent Community School District

Expenses, Program Revenues and Net (Expense) Revenue (Continued)

Last Six Fiscal Years*

(accrual basis of accounting)

(Unaudited)

	Fiscal Year		
	2002	2003	2004
Business-type activities:			
Charges for services:			
School nutrition	\$ 4,822,748	\$ 4,689,138	\$ 4,469,991
Child care	2,940,983	3,183,993	3,887,289
Preschool	-	-	-
Other	72,965	111,231	89,471
Operating grants and contributions	6,638,726	7,452,843	7,542,929
Capital grants and contributions	-	-	-
Total business-type program revenues	14,475,422	15,437,205	15,989,680
Total primary government program revenues	\$ 77,197,059	\$ 79,908,240	\$ 81,555,960
Net (expense) revenue:			
Governmental activities	\$ (221,115,770)	\$ (221,666,094)	\$ (229,327,045)
Business-type activities	59,943	544,175	(6,331)
Total primary government net expense	\$ (221,055,827)	\$ (221,121,919)	\$ (229,333,376)

* The District began to report accrual information when it implemented GASB Statement No. 34 in 2002.

Source: Comprehensive Annual Financial Report

			Fiscal Year		
2005		2006		2007	
\$	4,238,988	\$	3,933,497	\$	3,904,411
	4,276,989		4,516,777		2,555,465
	-		-		1,909,835
	92,967		129,302		78,934
	8,049,101		8,639,090		9,239,846
	-		-		-
	16,658,045		17,218,666		17,688,491
\$	83,021,039	\$	89,597,481	\$	95,487,957
\$	(219,852,704)	\$	(238,132,989)	\$	(245,185,767)
	62,696		(208,184)		(1,035,003)
\$	(219,790,008)	\$	(238,341,173)	\$	(246,220,770)

Des Moines Independent Community School District

General Revenues and Total Change in Net Assets

Last Six Fiscal Years*

(accrual basis of accounting)

(Unaudited)

	Fiscal Year		
	2002	2003	2004
Net (expense) revenue:			
Governmental activities	\$ (221,115,770)	\$ (221,666,094)	\$ (229,327,045)
Business-type activities	59,943	544,175	(6,331)
Total primary government net expense	(221,055,827)	(221,121,919)	(229,333,376)
General revenues and other changes in net assets:			
Governmental activities:			
Property taxes:			
Levied for general purposes	71,202,834	72,848,724	74,059,381
Levied for management	4,469,082	5,061,800	6,572,485
Levied for property, plant, and equipment	4,891,468	5,110,145	676,558
Levied for playground	648,941	665,028	1,186,643
Levied for debt service	1,489,550	1,163,329	5,249,666
Sales tax, for capitol projects	27,686,764	29,144,228	30,279,709
State foundation aid	124,172,867	129,967,615	131,649,151
Investment earnings	907,102	611,507	539,591
Other local sources	1,087,233	1,304,930	1,440,272
State sources	53,324	2,403,800	2,290,871
Transfer from fiduciary fund	-	-	-
Transfers	7,000	-	(50,000)
Gain on sale of assets	-	86,296	-
Total governmental activities	236,616,165	248,367,402	253,894,327
Business-type activities:			
Miscellaneous	-	-	-
Investment earnings	-	-	-
Transfers	(7,000)	-	50,000
Total business-type activities	(7,000)	-	50,000
Total primary government	236,609,165	248,367,402	253,944,327
Change in net assets:			
Governmental activities	15,500,395	26,701,308	24,567,282
Business-type activities	52,943	544,175	43,669
Total primary government	\$ 15,553,338	\$ 27,245,483	\$ 24,610,951

* The District began to report accrual information when it implemented GASB Statement No. 34 in 2002.

Source: Comprehensive Annual Financial Report

			Fiscal Year		
2005		2006		2007	
\$	(219,852,704)	\$	(238,132,989)	\$	(245,185,767)
	62,696		(208,184)		(1,035,003)
	(219,790,008)		(238,341,173)		(246,220,770)

	77,061,329		82,065,094		85,406,700
	11,612,920		8,306,453		8,641,311
	5,582,876		5,611,478		5,921,615
	711,481		721,094		755,290
	827,636		-		-
	30,341,530		31,448,902		30,872,838
	135,379,841		142,415,603		146,594,229
	1,396,742		2,719,950		5,284,862
	805,062		997,253		1,230,586
	1,862,040		1,922,351		1,425,636
	163		-		-
	(622,806)		-		-
	-		-		-
	264,958,814		276,208,178		286,133,067

			-		-
			-		-
	622,806		-		-
	622,806		-		-
	265,581,620		276,208,178		286,133,067

	45,106,110		38,075,189		40,947,300
	685,502		(208,184)		(1,035,003)
\$	45,791,612	\$	37,867,005	\$	39,912,297

Des Moines Independent Community School District

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	1998	1999	2000	2001
General Fund:				
Reserved	\$ 1,059,281	\$ 4,009,468	\$ 4,417,383	\$ 7,697,522
Unreserved	5,096,335	9,387,258	14,706,810	20,554,554
Total General Fund	\$ 6,155,616	\$ 13,396,726	\$ 19,124,193	\$ 28,252,076
All other governmental funds:				
Reserved	\$ -	\$ 623,725	\$ -	\$ -
Unreserved, reported in:				
Capital projects funds	-	-	(686,656)	8,963,934
Debt service	32,778	107,396	173,978	202,338
Permanent funds	-	-	-	-
Special revenue funds	11,492,317	10,897,818	10,192,270	7,233,539
Total all other governmental funds	\$ 11,525,095	\$ 11,628,939	\$ 9,679,592	\$ 16,399,811

Source: Comprehensive Annual Financial Report

							Fiscal Year					
2002		2003		2004		2005		2006		2007		
\$	1,985,801	\$	3,601,968	\$	1,551,636	\$	4,508,471	\$	4,833,376	\$	6,352,627	
	13,794,063		9,062,956		9,945,507		16,062,254		22,338,620		23,016,816	
\$	15,779,864	\$	12,664,924	\$	11,497,143	\$	20,570,725	\$	27,171,996	\$	29,369,443	
<hr/>												
\$	10,749,545	\$	3,905,384	\$	2,024,598	\$	2,363,581	\$	879,079	\$	437,781	
	-		-		(822,926)		13,583,764		18,562,188		21,210,594	
	-		-		-		-		-		-	
	1,742		-		-		-		-		-	
	7,744,496		6,547,747		2,610,761		7,788,537		9,740,894		9,680,298	
\$	18,495,783	\$	10,453,131	\$	3,812,433	\$	23,735,882	\$	29,182,161	\$	31,328,673	

Des Moines Independent Community School District

Governmental Funds Revenues
 Last Ten Fiscal Years
(modified accrual basis of accounting)
 (Unaudited)

	Fiscal Year			
	1998	1999	2000	2001
Federal sources, federal grants and other outside sources	\$ 10,735,655	\$ 12,068,326	\$ 14,722,859	\$ 18,787,977
State sources, state foundation aid and other sources	109,282,766	116,180,773	126,818,946	143,891,010
Intermediate sources	6,177,248	6,602,658	-	7,165,266
Local sources, local and other sources	93,389,661	91,513,962	101,880,432	121,976,971
Total revenues	\$ 219,585,330	\$ 226,365,719	\$ 243,422,237	\$ 291,821,224

Source: Comprehensive Annual Financial Report

		Fiscal Year									
		2002	2003	2004	2005	2006	2007				
\$	20,773,154	\$	20,848,556	\$	21,409,808	\$	23,768,893	\$	28,517,075	\$	23,682,244
	145,917,231		152,676,070		153,222,634		156,939,811		165,966,827		26,575,056
	7,040,915		7,263,637		6,835,392		7,021,145		7,427,928		8,184,914
	125,599,502		131,382,524		136,392,286		143,679,034		146,054,311		299,084,325
\$	299,330,802	\$	312,170,787	\$	317,860,120	\$	331,408,883	\$	347,966,141	\$	357,526,539

Des Moines Independent Community School District

Governmental Funds Expenditures and Debt Service Ratio

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	1998	1999	2000	2001
Instruction	\$ 136,915,930	\$ 141,817,638	\$ 149,728,977	\$ 164,642,037
Student services	19,839,474	19,972,200	25,026,413	16,442,820
Instructional support services	7,588,037	8,327,597	5,099,140	4,674,025
General administration	14,857,862	14,631,245	3,095,970	6,260,783
Building administration	-	-	12,764,707	12,449,136
Business and central administration	-	-	-	-
Business administration	-	-	1,857,585	1,660,945
Central support services, including debt service	26,845,052	29,055,432	6,382,862	4,389,978
Plant operation & maintenance	-	-	23,548,008	24,573,502
Insurance	1,313,705	2,320,690	2,169,081	-
Student transportation	-	-	-	6,080,206
Non-instructional	-	-	-	917,469
AEA support	-	-	-	9,571,270
Unemployment compensation	51,298	34,820	261,263	-
Capital outlay	6,357,675	7,103,230	11,259,934	22,405,759
Capital outlay not capitalized	-	-	-	-
Debt service:				
Principal retirement	1,015,000	5,365,000	1,170,000	1,285,000
Interest	350,530	333,653	249,978	206,720
Bond issuance costs	-	-	-	-
Other	-	67,388	-	-
Total expenditures	\$ 215,134,563	\$ 229,028,893	\$ 242,613,918	\$ 275,559,650
Debt service as a percentage of noncapital expenditures	0.65%	2.60%	0.61%	0.59%

Source: Comprehensive Annual Financial Report

		Fiscal Year									
		2002	2003	2004	2005	2006	2007				
\$	180,806,275	\$	184,245,408	\$	185,632,366	\$	185,395,424	\$	199,686,716	\$	204,333,386
	17,744,612		18,568,437		18,959,957		16,530,525		17,263,980		17,993,709
	4,256,486		3,321,896		3,081,329		5,279,975		6,467,422		7,685,131
	4,209,084		4,705,436		5,195,648		5,117,631		4,328,391		3,930,504
	14,664,633		15,213,947		15,078,066		15,179,285		16,642,315		18,113,129
	-		-		-		6,312,099		7,263,248		9,100,426
	2,056,846		1,925,782		2,247,970		-		-		-
	5,458,498		4,254,090		4,558,016		-		-		-
	26,150,789		28,084,315		26,862,859		27,167,978		30,232,224		31,913,066
	-		-		-		-		-		-
	7,343,760		8,239,923		8,525,861		8,382,171		9,452,879		10,187,970
	655,622		537,008		670,356		899,519		1,158,221		1,952,323
	9,578,154		9,837,474		9,140,786		9,445,390		9,855,798		10,455,648
	-		-		-		-		-		-
	32,049,074		43,516,436		48,675,157		20,498,715		32,154,840		56,005,258
	-		-		-		-		1,304,604		79,949
	1,340,000		970,000		1,020,000		1,445,000		470,000		1,285,000
	159,817		130,334		90,488		158,810		100,767		806,381
	6,100		-		25,344		-		-		65,000
	-		-		-		-		-		-
\$	306,479,750	\$	323,550,486	\$	329,764,203	\$	301,812,522	\$	336,381,405	\$	373,906,880
	0.55%		0.39%		0.40%		0.57%		0.19%		0.68%

Des Moines Independent Community School District

Other Financing Sources and Uses and Net Change in Fund Balances

Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	1998	1999	2000	2001
Excess of revenues over (under) expenditures	\$ 5,816,297	\$ 3,102,867	\$ 808,319	\$ 16,261,574
Other financing sources (uses):				
Restatement of fund balance	141,368	-	-	-
Issuance of debt	-	-	-	-
Proceeds from sale of capital assets	-	7,244,801	-	-
Premiums	-	-	-	-
Transfers in	-	32,913	-	241,343
Transfers out	(228,152)	(32,913)	-	(654,815)
Total other financing sources (uses)	(86,784)	7,244,801	-	(413,472)
Net change in fund balances	\$ 5,729,513	\$ 10,347,668	\$ 808,319	\$ 15,848,102

Source: Comprehensive Annual Financial Report

Fiscal Year						
2002	2003	2004	2005	2006	2007	
\$ (7,148,948)	\$ (11,379,699)	\$ (11,904,083)	\$ 29,596,361	\$ 11,584,736	\$ (16,380,341)	
-	-	-	-	-	-	-
-	-	4,100,000	-	-	20,700,000	
450,000	222,104	23,665	23,313	462,814	24,300	
-	-	21,939	-	-	-	
1,625,415	169,250	1,067,945	614,771	823,295	2,091,381	
(248,789)	(169,250)	(1,117,945)	(1,237,414)	(823,295)	(2,091,381)	
1,826,626	222,104	4,095,604	(599,330)	462,814	20,724,300	
\$ (5,322,322)	\$ (11,157,595)	\$ (7,808,479)	\$ 28,997,031	\$ 12,047,550	\$ 4,343,959	

Des Moines Independent Community School District

**Taxable Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)**

Levy Year	Collection Year	Real Property		Personal Property	
		Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value
1996	1997-98	\$ 4,165,443,400	\$ 5,626,498,120	\$ 130,507,037	\$ 130,507,127
1997	1998-99	4,202,128,420	6,022,831,930	97,486,017	97,486,017
1998	1999-00	2,210,604,041	5,933,108,691	81,303,152	81,303,152
1999	2000-01	4,370,994,261	6,308,692,850	64,304,468	64,304,468
2000	2001-02	4,777,453,130	6,730,157,840	36,995,949	36,995,949
2001	2002-03	5,029,744,950	7,448,887,580	16,523,720	16,523,720
2002	2003-04	5,163,594,010	7,569,185,060	-	-
2003	2004-05	5,543,600,530	8,454,119,460	-	-
2004	2005-06	5,551,407,515	8,486,145,995	-	-
2005	2006-07	5,887,919,450	9,310,156,730	-	-

Source: Polk County Auditor

Railroad and Utilities Without Gas & Electric		Gas & Electric		Total	
Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value
\$ 289,437,657	\$ 289,437,657	\$ -	\$ -	\$ 4,585,388,094	\$ 6,046,442,904
319,931,164	320,083,795	-	-	4,619,545,601	6,440,401,742
309,051,379	309,051,379	-	-	2,600,958,572	6,323,463,222
46,977,173	47,050,335	240,556,711	240,556,711	4,722,832,613	6,660,604,364
48,634,556	48,634,556	240,420,477	240,420,477	5,103,504,112	7,056,208,822
51,348,179	51,472,448	238,491,614	238,491,614	5,336,108,463	7,755,375,362
190,055,550	190,055,550	575,111,784	575,111,784	5,928,761,344	8,334,352,394
47,860,812	47,920,263	241,897,198	238,380,336	5,833,358,540	8,740,420,059
49,945,107	49,945,107	227,362,080	249,987,192	5,828,714,702	8,786,078,294
51,788,634	51,857,853	226,290,321	267,823,272	6,165,998,405	9,629,837,855

Des Moines Independent Community School District

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

(Unaudited)

Levy Year	Collection Year	District Direct Rates						Total
		General Fund	Management Fund	PPEL Fund	PERL Fund	Schoolhouse	Debt Service	
1996	1997-98	\$ 14.70448	\$ 0.90126	\$ 0.33000	\$ 0.13500	\$ 0.67500	\$ 0.30746	\$ 17.05320
1997	1998-99	15.29768	0.96422	0.33000	0.13500	0.67500	0.30550	17.70740
1998	1999-00	14.58568	0.93019	0.33000	0.13500	0.67499	0.30610	16.96196
1999	2000-01	15.27113	0.91195	0.33000	0.13500	-	0.30135	16.94943
2000	2001-02	14.82342	0.92971	0.96000	0.13500	-	0.29234	17.14047
2001	2002-03	14.79829	1.02754	0.96000	0.13500	-	0.18359	17.10442
2002	2003-04	14.77768	1.31147	0.96000	0.13500	-	0.17943	17.36358
2003	2004-05	14.62194	2.20349	0.96000	0.13500	-	0.10614	18.02657
2004	2005-06	15.36410	1.55484	0.96000	0.13500	-	-	18.01394
2005	2006-07	15.36729	1.55484	0.96000	0.13500	-	-	18.01713

(Continued)

Overlapping Rates

Polk County	County Hospital	City of Des Moines	City of Pleasant Hill	City of Urbandale	City of Windsor Hts	City of WDM	Bloomfield Township	Ag Extension	Assessor	State
\$ 6.43205	\$ 2.30210	\$ 16.24935	\$ 13.28132	\$ 8.51857	\$ 10.65785	\$ 10.89988	\$ 1.25678	\$ 0.03257	\$ 0.26053	\$ 0.00500
6.43205	2.49033	16.93966	12.05876	8.49000	10.86905	10.90000	1.23577	0.03371	0.33081	0.00500
6.38493	2.55357	16.81579	11.66573	8.83994	10.91900	10.89994	1.24386	0.03430	0.30594	0.00500
6.34845	2.55571	16.57304	11.60937	8.97000	10.92057	10.90000	1.25737	0.03501	0.31454	0.00500
6.34845	2.91153	17.04857	11.78489	8.96096	11.02530	10.90002	0.97526	0.03572	0.03432	0.00500
6.34845	2.99339	17.04857	11.60171	8.97000	11.58837	11.60003	0.95361	0.03670	0.34363	0.00040
6.34845	3.05863	17.04806	11.48189	9.07000	12.35119	11.60206	0.99259	0.38030	0.31715	0.00400
6.35281	3.25699	17.05539	11.48228	9.07306	12.62510	11.72777	1.26683	0.03735	0.31745	0.00400
6.34845	3.20245	16.52000	11.48189	9.07010	12.62896	11.72540	1.20791	0.03791	0.35437	0.00400
6.34845	3.49157	16.45083	11.48197	9.07393	12.21843	11.95000	1.18175	0.03771	0.29738	0.00400

Des Moines Independent Community School District

Direct and Overlapping Property Tax Rates (Continued)

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

(Unaudited)

Levy Year	Collection Year	Overlapping Rates				
		Area XI College	Urbandale-WH SS Dist	Downtown SSMID	Sherman Hills Lighting #1	Sherman Hills Lighting #2
1996	1997-98	\$ 0.47230	\$ 0.06381	\$ -	\$ -	\$ -
1997	1998-99	0.50551	0.06264	1.00000	1.50000	1.50000
1998	1999-00	0.52451	0.06024	1.00000	1.50000	1.50000
1999	2000-01	0.54506	0.05743	1.00000	1.50000	1.50000
2000	2001-02	0.54454	0.06012	1.00000	1.50000	1.50000
2001	2002-03	0.54584	0.03742	1.00000	1.50000	1.50000
2002	2003-04	0.58184	0.04365	1.00000	1.50000	1.50000
2003	2004-05	0.59856	0.08701	0.99883	0.80377	1.50003
2004	2005-06	0.68408	0.17530	1.00000	1.49508	1.50003
2005	2006-07	0.68688	0.16805	1.00000	1.50003	1.50002

Source: Polk County Auditor

Des Moines Independent Community School District

Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	2007			1998		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Principal Financial Group	\$ 235,304,890	1	4.04%	\$ 84,867,430	2	1.51%
Mid-American Energy	219,985,238	2	3.77%	257,364,518	1	4.57%
Wells Fargo	82,366,860	3	1.41%	N/A		
Nationwide Mutual	65,866,350	4	1.13%	N/A		
SDG Macerich Properties	45,140,600	5	0.77%	47,821,370	4	0.85%
Iowa Methodist	43,481,020	6	0.75%	43,224,620	5	0.77%
Ruan	42,742,800	7	0.73%	36,645,000	6	0.65%
Meredith	41,369,330	8	0.71%	N/A		
Hubbell Realty	40,191,150	9	0.69%	32,211,400	9	0.57%
Employers Mutual	39,396,400	10	0.68%	N/A		
Petula Associates				67,976,000	3	1.21%
US West Communications				35,727,273	7	0.63%
Merle Hay Mall				35,555,820	8	0.63%
Amerus Properties, Inc.				24,485,480	10	0.44%
Total	\$ 855,844,638		14.68%	\$ 665,878,911		11.83%

Source: Polk County Auditor

Des Moines Independent Community School District

Property Tax Levies and Collections

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	\$ 73,722,136	\$ 75,906,192	102.96%	\$ -	\$ -	-
1999	77,002,752	79,840,941	103.69%	-	-	-
2000	78,458,139	79,579,260	101.43%	-	-	-
2001	80,096,548	79,898,231	99.75%	-	-	-
2002	83,327,610	82,693,512	99.24%	-	-	-
2003	85,353,643	84,841,216	99.40%	-	-	-
2004	87,904,026	87,744,734	99.82%	-	-	-
2005	96,308,035	95,796,242	99.47%	-	-	-
2006	96,901,103	96,704,119	99.80%	-	-	-
2007	101,152,617	100,724,916	99.58%	-	-	-

Source: Polk County Auditor and District records.

Des Moines Independent Community School District

**Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Population	Assessed Value Property	Legal Debt Limit (5%)	General Bonded Debt Outstanding			Total	Debt to	
				General Obligation Bonds	General Obligation Capital Loan Notes	Qualified Zone Academy Bonds		Assessed Value	Per Capita
1998	193,270	\$6,046,442,904	\$ 302,322,145	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
1999	193,270	6,440,401,742	322,020,087	6,695,000	-	-	6,695,000	2.08%	34.64
2000	198,682	6,323,463,222	316,173,161	5,525,000	-	-	5,525,000	1.75%	27.81
2001	198,682	6,660,604,364	333,030,218	4,240,000	-	-	4,240,000	1.27%	21.34
2002	198,682	7,056,208,822	352,810,441	2,900,000	450,000	-	3,350,000	0.95%	16.86
2003	196,093	7,755,375,362	387,768,768	1,975,000	405,000	1,000,000	3,380,000	0.87%	17.24
2004	196,093	8,334,352,394	416,717,620	1,000,000	3,460,000	1,000,000	5,460,000	1.31%	27.84
2005	196,093	8,740,420,059	437,021,003	-	3,015,000	1,000,000	4,015,000	0.92%	20.47
2006	196,093	8,862,397,979	443,119,899	-	2,545,000	1,000,000	3,545,000	0.80%	18.08
2007	196,093	9,736,175,724	486,808,786	-	2,060,000	1,000,000	3,060,000	0.63%	15.60

Source: Polk County Auditor and District Records

Des Moines Independent Community School District

Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	General Obligation Capital Loan Notes	Qualified Zone Academy Bonds	LOST Revenue Bonds			
1998	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
1999	6,695,000	-	-	-	6,695,000	0.29%	0.03
2000	5,525,000	-	-	-	5,525,000	0.35%	0.04
2001	4,240,000	-	-	-	4,240,000	0.46%	0.05
2002	2,900,000	450,000	-	-	3,350,000	0.58%	0.06
2003	1,975,000	405,000	1,000,000	-	3,380,000	0.58%	0.06
2004	1,000,000	3,460,000	1,000,000	-	5,460,000	0.36%	0.04
2005	-	3,015,000	1,000,000	-	4,015,000	0.48%	0.05
2006	-	2,545,000	1,000,000	-	3,545,000	0.55%	0.06
2007	-	2,060,000	1,000,000	19,900,000	22,960,000	0.08%	0.01

Source: District Records

Des Moines Independent Community School District

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2007
(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Overlapping:			
City of Des Moines	\$ 491,010,000	96.4%	\$ 473,334,000
City of Pleasant Hill	8,685,000	24.1	2,093,000
City of Urbandale	35,525,000	10.0	3,553,000
City of Windsor Heights	11,733,000	0.9	106,000
City of West Des Moines	137,558,000	0.1	138,000
Des Moines Area Community College	69,505,000	30.1	20,921,000
Polk County	252,441,000	35.3	89,112,000
Warren County	1,386,000	5.4	75,000
Subtotal, overlapping debt	<u>1,007,843,000</u>		<u>589,332,000</u>
Direct, Des Moines Independent Community School District:			
General Obligation	2,060,000	100.0%	2,060,000
Qualified Zone Academy Bonds	1,000,000	100.0%	1,000,000
Sales tax revenue bond	19,900,000	100.0%	19,900,000
Subtotal direct debt	<u>22,960,000</u>		<u>22,960,000</u>
Total direct and overlapping debt	<u>\$ 1,030,803,000</u>		<u>\$ 612,292,000</u>

Source: Polk County Auditor, Warren County Treasurer, DMACC and District Records

Des Moines Independent Community School District

Legal Debt Margin Information

Last Ten Fiscal Years

(Unaudited)

	1998	1999	2000	2001
Debt limit	\$ 302,322,145	\$ 322,020,087	\$ 316,173,161	\$ 333,030,218
Total net debt applicable to limit	-	6,695,000	5,525,000	4,240,000
Legal debt margin	\$ 302,322,145	\$ 315,325,087	\$ 310,648,161	\$ 328,790,218
Total net debt applicable to the limit as a percentage of debt limit	0.00%	2.12%	1.78%	1.29%

Source: Polk County Auditor and District Records

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value	<u>\$ 9,736,175,724</u>
Debt limit (5% of assessed value)	<u>\$ 486,808,786</u>
Debt applicable to limit	<u>3,060,000</u>
Legal debt margin	<u>\$ 483,748,786</u>

	2002	2003	2004	2005	2006	2007
	\$ 352,810,441	\$ 387,768,768	\$ 416,717,620	\$ 437,021,003	\$ 443,119,899	\$ 486,808,786
	3,350,000	3,380,000	5,460,000	4,015,000	3,545,000	3,060,000
	\$ 349,460,441	\$ 384,388,768	\$ 411,257,620	\$ 433,006,003	\$ 439,574,899	\$ 483,748,786
	0.96%	0.88%	1.33%	0.93%	0.81%	0.63%

Des Moines Independent Community School District

Pledged-Revenue Coverage
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year	Local Option Sales and Services Tax			Coverage
	Revenue	Debt Service		
		Principal	Interest	
1998	N/A	N/A	N/A	N/A
1999	N/A	N/A	N/A	N/A
2000	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A
2004	N/A	N/A	N/A	N/A
2005	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A
2007	\$ 28,220,269	\$ 800,000	\$ 719,468	5.38%

N/A - There were no revenue bonds outstanding in each of these years.

Des Moines Independent Community School District

Demographic and Economic Statistics

Last Ten Calendar Years

(Unaudited)

Calendar Year	Population (1)	Per Capita Personal Income (2)	Unemployment Rate (2)
1997	193,187	\$ 22,806	3.4%
1998	193,187	24,054	2.7%
1999	193,187	24,450	2.4%
2000	198,682	26,023	3.5%
2001	198,682	26,836	4.0%
2002	198,682	27,442	5.1%
2003	196,093	27,716	5.7%
2004	196,096	29,219	6.5%
2005	196,093	N/A	4.6%
2006	196,093	N/A	3.8%

Note: FY2000 through FY2007 from the 2000 US Census. FY1998 through FY1999 from the 1990 US Census.

Source: Iowa Workforce Development

N/A - Information is unavailable

Des Moines Independent Community School District

Largest Public and Private Employers in Greater Des Moines
Current Year
(Unaudited)

Employer	2007			1998		
	Employees *	Rank	Percentage of Total Employment	Employees *	Rank	Percentage of Total Employment
Principal Life Insurance Company	*	1	*	*	1	*
Des Moines Independent CSD	4,819	2	*	4,297	2	*
Iowa Health Systems	*	3	*	*	3	*
National Advantage Mortgage	*	4	*	*		*
Mercy Medical Center	*	5	*	*	4	*
Hy-Vee Food Stores	*	6	*	*	5	*
U.S. Postal Service	*	7	*	*		*
City of Des Moines	*	8	*	*		*
BFS LLC North American Tire	*	9	*	*	6	*
Wellmark Inc.	*	10	*	*	8	*
Pioneer	*		*	*	7	*
United Parcel Service	*		*	*	9	*
Younkers	*		*	*	10	*

Source: Iowa Workforce Development and the City of Des Moines

* Per Iowa Workforce Development, data regarding the number of employees for private sector employers is not available to the public

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Des Moines Independent Community School District

**Full-Time Equivalent District Employees By Type
Last Ten Fiscal Years
(Unaudited)**

	Full-Time Equivalent Employees as of June 30				
	1998*	1999*	2000*	2001*	2002*
Administrators					
Central Office					43.0
Elementary Schools					46.0
Middle Schools					22.0
High Schools					23.0
Special Schools					6.0
Total Administrators	150.0	147.0	127.0	132.0	140.0
Teachers					
Athletic Directors					6.0
Non-classroom teachers					3.0
Classroom teachers					1,539.6
Technology consultants					4.6
Counselors					95.4
Dean of Students					11.0
Educational tech support					7.0
ELL					67.5
Facilitator					4.5
Gifted and Talented					12.3
Head Start					15.4
Home Instruction					9.5
Library/Media specialists					25.6
Literacy trainer					-
Montessori					5.8
New Horizons teachers					10.1
Nurses					58.8
Nursery					1.0
Preschool					6.0
Reading facilitators					6.2
Special Ed literacy support					3.8
Special Ed teachers					526.3
Special Ed consultants					30.9
Special Ed Support					97.1
Title I					190.2
Float					-
Total teachers	2,396.3	2,384.4	2,489.9	2,620.8	2,737.6
Associates					
Central Office					-
Elementary Schools					240.7
Middle Schools					84.5
High Schools					98.6
Special Schools					179.4
Total associates	498.2	465.2	549.3	578.3	603.2

* Detail unavailable
Source: District records

(Continued)

Full-Time Equivalent Employees as of June 30					Percentage Change
2003	2004	2005	2006	2007	1998 - 2007
36.5	33.5	33.5	32.5	32.5	
42.0	35.0	33.0	33.0	33.0	
22.0	21.5	21.5	21.5	22.0	
26.0	24.5	24.5	24.5	26.0	
6.0	7.0	7.0	7.0	7.0	
132.5	121.5	119.5	118.5	120.5	-19.7%
6.0	6.0	6.0	6.0	6.0	
9.2	14.7	33.8	35.5	36.7	
1,529.8	1,521.4	1,442.6	1,474.9	1,500.0	
2.4	2.4	2.4	2.4	2.4	
90.9	88.4	75.0	73.9	75.2	
21.0	24.0	26.3	27.7	31.2	
2.0	2.0	2.0	1.2	3.4	
65.8	66.0	66.5	67.1	85.7	
5.8	6.9	7.9	7.9	7.9	
12.1	11.1	8.5	8.5	8.5	
16.0	14.0	15.0	15.0	15.0	
9.5	10.5	9.5	9.5	9.5	
24.1	22.1	14.4	9.4	9.4	
5.0	9.2	7.2	6.0	6.0	
6.4	7.0	6.9	-	-	
6.0	7.0	5.0	5.0	5.5	
56.9	55.2	54.9	54.0	53.6	
1.0	1.0	1.0	-	-	
12.1	21.1	20.5	20.5	20.5	
2.8	7.8	5.8	10.6	8.6	
516.3	539.8	533.2	561.4	572.0	
32.9	33.4	32.4	30.2	29.2	
99.6	103.7	100.3	115.7	124.0	
174.3	165.9	156.8	172.0	158.6	
3.5	0.5	0.5	1.0	3.0	
2,711.3	2,741.0	2,634.4	2,715.3	2,771.8	15.7%
5.8	6.6	4.6	3.0	3.0	
224.6	212.0	208.5	239.7	245.3	
72.8	71.6	68.9	69.7	66.4	
95.1	74.6	58.4	69.0	70.0	
172.6	196.8	195.5	177.6	183.6	
570.9	561.6	535.9	559.0	568.3	14.1%

Des Moines Independent Community School District

**Full-Time Equivalent District Employees By Type (Continued)
Last Ten Fiscal Years
(Unaudited)**

	Full-Time Equivalent Employees as of June 30				
	1998*	1999*	2000*	2001*	2002*
Specialist, Clerical, and Paraprofessionals					
Central Office					333.7
Elementary Schools					49.5
Middle Schools					24.0
High Schools					60.0
Special Schools					6.0
Total specialists, clerical, and paraprofessionals	367.3	371.5	419.6	435.6	473.2
Food Service, Operations, Transportation and Child Care					
Central Office					322.0
Elementary Schools					283.5
Middle Schools					142.5
High Schools					145.4
Special Schools					6.9
Total food svc, oper, transportation, and child care	830.9	811.9	858.3	817.2	900.4
Total	4,242.7	4,180.0	4,444.1	4,583.9	4,854.4

* Detail unavailable

Source: District records

Full-Time Equivalent Employees as of June 30					Percentage Change
2003	2004	2005	2006	2007	1998 - 2007
198.5	188.5	180.6	191.6	199.1	
112.7	109.2	111.7	110.8	112.6	
45.1	46.0	40.4	45.5	57.9	
96.2	92.3	90.3	87.6	99.2	
9.0	13.0	24.5	15.0	15.0	
461.5	449.0	447.5	450.5	483.8	31.7%
327.0	300.4	333.0	326.2	328.8	
274.2	279.4	282.7	282.2	286.2	
140.8	142.2	119.0	117.4	115.2	
141.6	144.6	131.9	128.1	137.5	
8.4	8.1	11.0	10.4	11.0	
892.0	874.8	877.7	864.3	878.6	5.7%
4,768.2	4,747.8	4,614.9	4,707.6	4,823.0	13.7%

Des Moines Independent Community School District

Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Business-Type Expenditures	Cost Per Pupil	Percentage Change
1998	32,109.0	*	*	*	*	*	*
1999	32,117.0	*	*	*	*	*	*
2000	32,064.0	*	*	*	*	*	*
2001	32,200.0	*	*	*	*	*	*
2002	32,345.0	\$ 283,677,589	\$ 8,770	- %	\$ 14,415,479	\$ 446	- %
2003	32,580.0	286,006,795	8,779	0.10	14,893,030	457	2.47
2004	32,459.0	294,802,837	9,082	3.45	15,661,804	483	5.69
2005	32,139.0	286,056,402	8,901	(1.99)	16,595,349	516	6.83
2006	31,874.0	310,410,551	9,739	9.41	17,426,850	547	6.01
2007	31,549.0	322,090,333	10,209	4.83	18,786,986	595	8.78

Fiscal Year	Teaching Staff	Percentage of Students Receiving Fee or Reduced-Priced Meals
1998	2,396.3	41%
1999	2,384.4	41
2000	2,489.9	43
2001	2,620.8	44
2002	2,737.6	46
2003	2,711.3	48
2004	2,741.0	51
2005	2,364.4	52
2006	2,715.3	56
2007	2,771.8	57

Source: District Records

Note: Operating expenditures represent governmental activity expenditures less interest on long-term debt

* The District did not report expenditures on a government-wide basis until it implemented GASB Statement No. 34 in 2002

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Des Moines Independent Community School District

School Building Information
Last Ten Fiscal Years
(Unaudited)

School	1998	1999	2000	2001
Elementary:				
Name (Year)	Adams	Adams	Adams	Adams
Square feet	49,995	49,995	49,995	49,995
Capacity	420	420	420	420
Enrollment	341	338	365	334
Name (Year)	Brooks	Brooks	Brooks/Lucas	Brooks/Lucas
Square feet	44,090	44,090	44,090	44,090
Capacity	400	400	400	400
Enrollment	390	385	566	545
Name (Year)	Brubaker	Brubaker	Brubaker	Brubaker
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Name (Year)	Capital View	Capital View	Capital View	Capital View
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Name (Year)	Cattell	Cattell	Cattell	Cattell
Square feet	47,821	47,821	47,821	47,821
Capacity	460	460	460	460
Enrollment	466	457	432	478
Name (Year)	Cowles	Cowles	Cowles	Cowles
Square feet	42,800	42,800	42,800	42,800
Capacity	380	380	380	380
Enrollment	76	91	87	107
Name (Year)	Douglas	Douglas	Douglas	Douglas
Square feet	42,601	42,601	42,601	42,601
Capacity	575	575	575	575
Enrollment	460	454	442	406
Name (Year)	Downtown	Downtown	Downtown	Downtown
Square feet	32,767	32,767	32,767	32,767
Capacity	270	270	270	270
Enrollment	143	157	158	160
Name (Year)	Edmunds	Edmunds	Edmunds	Edmunds
Square feet	45,930	45,930	45,930	45,930
Capacity	320	320	320	320
Enrollment	369	354	348	299
Name (Year)	Findley	Findley	Findley	Findley
Square feet	38,354	38,354	38,354	38,354
Capacity	380	380	380	380
Enrollment	348	367	371	351
Name (Year)	Garton	Garton	Garton	Garton
Square feet	43,290	43,290	43,290	43,290
Capacity	500	500	500	500
Enrollment	339	352	395	371

(Continued)

		Fiscal Year					
		2002	2003	2004	2005	2006	2007
Adams							
	49,995	49,995	49,995	49,995	49,995	49,995	49,995
	420	420	420	420	420	420	420
	321	321	335	336	337	294	
Brooks							
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Brubaker							
	-	-	78,224	78,224	78,224	78,224	78,224
	-	-	720	720	720	720	720
	-	-	633	664	655	717	
Capital View							
	76,525	76,525	76,525	76,525	76,525	76,525	76,525
	710	710	710	710	710	710	710
	579	668	600	632	620	619	
Cattell							
	47,821	47,821	47,821	47,821	47,821	47,821	47,821
	460	460	460	460	460	460	460
	446	407	405	354	331	339	
Cowles							
	42,800	42,800	42,800	42,800	42,800	42,800	42,800
	380	380	380	380	380	380	380
	131	147	137	154	194	224	
Douglas							
	42,601	42,601	42,601	42,601	42,601	42,601	42,601
	575	575	575	575	575	575	575
	381	372	-	-	-	-	-
Downtown							
	32,767	32,767	32,767	32,767	32,767	32,767	32,767
	270	270	270	270	270	270	270
	264	266	271	268	264	272	
Edmunds							
	45,930	45,930	45,930	45,930	45,930	45,930	45,930
	320	320	320	320	320	320	320
	291	218	237	196	148	143	
Findley							
	38,354	38,354	38,354	38,354	38,354	38,354	38,354
	380	380	380	380	380	380	380
	307	296	299	302	296	310	
Garton							
	43,290	43,290	43,290	43,290	43,290	43,290	43,290
	500	500	500	500	500	500	500
	371	351	313	343	330	343	

Des Moines Independent Community School District

School Building Information (Continued)

Last Ten Fiscal Years

(Unaudited)

School	1998	1999	2000	2001
Elementary:				
Name (Year)	Granger	Granger	Granger	Granger
Square feet	39,194	39,194	39,194	39,194
Capacity	525	525	525	525
Enrollment	370	366	355	386
Name (Year)	Greenwood	Greenwood	Greenwood	Greenwood
Square feet	45,662	45,662	45,662	45,662
Capacity	425	425	425	425
Enrollment	397	414	426	438
Name (Year)	Hanawalt	Hanawalt	Hanawalt	Hanawalt
Square feet	33,043	33,043	33,043	33,043
Capacity	380	380	380	380
Enrollment	310	300	313	331
Name (Year)	Hillis	Hillis	Hillis	Hillis
Square feet	44,825	44,825	44,825	44,825
Capacity	410	410	410	410
Enrollment	444	433	448	461
Name (Year)	Howe	Howe	Howe	Howe
Square feet	38,505	38,505	38,505	38,505
Capacity	320	320	320	320
Enrollment	327	312	299	270
Name (Year)	Hubbell	Hubbell	Hubbell	Hubbell
Square feet	37,896	37,896	37,896	37,896
Capacity	440	440	440	440
Enrollment	377	377	377	385
Name (Year)	Jackson	Jackson	Jackson	Jackson
Square feet	35,872	35,872	35,872	35,872
Capacity	420	420	420	420
Enrollment	527	521	560	365
Name (Year)	Jefferson	Jefferson	Jefferson	Jefferson
Square feet	42,750	42,750	42,750	42,750
Capacity	480	480	480	480
Enrollment	454	447	440	431
Name (Year)	King	King	King	King
Square feet	51,414	51,414	51,414	51,414
Capacity	330	330	330	330
Enrollment	335	322	340	323
Name (Year)	Longfellow	Longfellow	Longfellow	Longfellow
Square feet	31,420	31,420	31,420	31,420
Capacity	300	300	300	300
Enrollment	295	267	304	249
Name (Year)	Lovejoy	Lovejoy	Lovejoy	Lovejoy
Square feet	31,806	31,806	31,806	31,806
Capacity	310	310	310	310
Enrollment	413	456	448	405

(Continued)

		Fiscal Year					
		2002	2003	2004	2005	2006	2007
Granger	Granger					Granger/Mitchell	Granger/Mitchell
		39,194	39,194	39,194	39,194	39,194	-
		525	525	525	525	525	-
		371	363	351	335	550	-
Greenwood	Greenwood					Greenwood	Greenwood
		58,804	58,804	58,804	58,804	58,804	61,744
		450	450	450	450	450	450
		373	427	444	454	420	425
Hanawalt	Hanawalt					Hanawalt	Hanawalt
		33,043	33,043	43,246	43,246	43,246	43,246
		380	380	410	410	410	410
		376	374	349	338	359	371
Hillis	Hillis					Hillis	Hillis
		44,825	44,825	44,825	44,825	44,825	44,825
		410	410	410	410	410	410
		426	407	392	399	390	349
Howe	Howe					Howe	Howe
		38,505	38,505	38,505	38,505	38,505	38,505
		320	320	320	320	320	320
		285	262	252	213	229	207
Hubbell	Hubbell					Hubbell	Hubbell
		37,896	37,896	48,072	48,072	48,072	53,327
		440	440	390	390	390	440
		362	323	294	309	347	362
Jackson	Jackson					Jackson	Jackson
		35,872	35,872	35,872	35,872	35,872	35,872
		420	420	420	420	420	420
		370	377	407	426	397	413
Jefferson	Jefferson					Jefferson	Jefferson
		42,750	42,750	42,750	42,750	42,750	42,750
		480	480	480	480	480	480
		437	434	432	423	424	434
King	King					King	King
		51,414	51,414	51,414	51,414	51,414	51,414
		330	330	330	330	330	330
		330	371	378	372	352	313
Longfellow	Longfellow					Longfellow	Longfellow
		31,420	31,420	31,420	31,420	-	-
		300	300	300	300	-	-
		261	269	236	206	184	177
Lovejoy	Lovejoy					Lovejoy	Lovejoy
		31,806	31,806	31,806	31,806	31,806	31,806
		310	310	310	310	310	310
		389	412	373	315	323	313

Des Moines Independent Community School District

School Building Information (Continued)

Last Ten Fiscal Years

(Unaudited)

School	1998	1999	2000	2001
Elementary:				
Name (Year)	Lucas	Lucas	Lucas	Lucas
Square feet	37,311	37,311	-	-
Capacity	350	350	-	-
Enrollment	325	310	-	-
Name (Year)	Madison	Madison	Madison	Madison
Square feet	42,049	42,049	42,049	42,049
Capacity	430	430	430	430
Enrollment	334	337	342	350
Name (Year)	Mann	Mann	Mann	Mann
Square feet	32,940	32,940	32,940	32,940
Capacity	325	325	325	325
Enrollment	275	295	295	276
Name (Year)	McKee	McKee	McKee	McKee
Square feet	43,400	43,400	43,400	43,400
Capacity	375	375	375	375
Enrollment	301	312	312	322
Name (Year)	McKinley	McKinley	McKinley	McKinley
Square feet	37,228	37,228	37,228	37,228
Capacity	220	220	220	220
Enrollment	317	361	373	311
Name (Year)	Mitchell	Mitchell	Mitchell	Mitchell
Square feet	31,682	31,682	31,682	31,682
Capacity	350	350	350	350
Enrollment	291	297	310	262
Name (Year)	Monroe	Monroe	Monroe	Monroe
Square feet	47,580	47,580	47,580	73,997
Capacity	500	500	500	660
Enrollment	240	228	258	445
Name (Year)	Moore	Moore	Moore	Moore
Square feet	45,334	45,334	45,334	45,334
Capacity	440	440	440	440
Enrollment	403	407	399	327
Name (Year)	Morris	Morris	Morris	Morris
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Name (Year)	Moulton	Moulton	Moulton	Moulton
Square feet	99,940	99,940	99,940	99,940
Capacity	475	475	475	475
Enrollment	403	403	410	408

(Continued)

		Fiscal Year					
		2002	2003	2004	2005	2006	2007
Lucas	Lucas	-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
Madison	Madison	42,049	42,049	42,049	42,049	42,049	42,049
		430	430	430	430	430	430
		346	329	334	341	332	314
Mann	Mann	32,940	32,940	32,940	32,940	32,940	32,940
		325	325	325	325	325	325
		-	-	-	-	-	-
McKee	McKee	43,400	43,400	43,400	43,400	43,400	43,400
		375	375	375	375	375	375
		280	276	-	-	-	-
McKinley	McKinley	37,228	49,994	49,994	49,994	49,994	49,994
		220	380	380	380	380	380
		286	277	324	305	304	337
Mitchell	Mitchell	31,682	31,682	31,682	31,682	31,682	31,682
		350	350	350	350	350	350
		283	263	275	251	114	118
Monroe	Monroe	73,997	73,997	73,997	73,997	73,997	73,997
		660	660	660	660	660	660
		496	521	513	516	492	526
Moore	Moore	45,334	45,334	45,334	45,334	45,334	45,334
		440	440	440	440	440	440
		325	337	327	322	320	287
Morris	Morris	74,684	74,684	74,684	74,684	74,684	74,684
		700	700	700	700	700	700
		567	528	557	586	563	577
Moulton	Moulton	121,650	121,650	121,650	121,650	121,650	121,650
		620	620	620	620	620	620
		366	445	443	444	528	514

Des Moines Independent Community School District

School Building Information (Continued)
 Last Ten Fiscal Years
 (Unaudited)

School	1998	1999	2000	2001
Elementary:				
Name (Year)	Oak Park	Oak Park	Oak Park	Oak Park
Square feet	50,255	50,255	50,255	50,255
Capacity	385	385	385	385
Enrollment	395	400	366	405
Name (Year)	Park Avenue	Park Avenue	Park Avenue	Park Avenue
Square feet	59,565	59,565	59,565	59,565
Capacity	560	560	560	560
Enrollment	554	532	561	528
Name (Year)	Perkins	Perkins	Perkins	Perkins
Square feet	50,440	50,440	50,440	50,440
Capacity	440	440	440	440
Enrollment	259	297	285	315
Name (Year)	Phillips	Phillips	Phillips	Phillips
Square feet	38,575	38,575	38,575	38,575
Capacity	400	400	400	400
Enrollment	417	387	347	348
Name (Year)	Pleasant Hill	Pleasant Hill	Pleasant Hill	Pleasant Hill
Square feet	36,161	36,161	36,161	36,161
Capacity	310	310	310	310
Enrollment	312	294	307	307
Name (Year)	Rice	Rice	Rice	Rice
Square feet	51,180	51,180	51,180	-
Capacity	375	375	375	-
Enrollment	297	255	237	-
Name (Year)	River Woods	River Woods	River Woods	River Woods
Square feet	-	-	-	58,126
Capacity	-	-	-	500
Enrollment	-	-	-	490
Name (Year)	Samuelson	Samuelson	Samuelson	Samuelson
Square feet	37,500	37,500	37,500	37,500
Capacity	350	350	350	350
Enrollment	-	-	-	-
Name (Year)	Smouse	Smouse	Smouse	Smouse
Square feet	53,809	53,809	53,809	53,809
Capacity	NA	NA	NA	NA
Enrollment	81	85	94	100
Name (Year)	South Union	South Union	South Union	South Union
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-

(Continued)

		Fiscal Year					
		2002	2003	2004	2005	2006	2007
Oak Park	Oak Park						
		50,255	20,255	59,497	59,497	59,497	59,497
		385	385	380	380	380	380
		411	366	320	331	355	399
Park Avenue	Park Avenue						
		59,565	59,565	59,565	59,565	59,565	59,565
		560	560	560	560	560	560
		502	507	464	474	436	423
Perkins	Perkins						
		50,440	50,440	50,440	50,440	50,440	56,540
		440	440	440	440	440	440
		321	340	342	361	361	423
Phillips	Phillips						
		38,575	38,575	41,936	41,936	41,936	41,936
		400	400	380	380	380	380
		340	338	337	361	343	344
Pleasant Hill	Pleasant Hill						
		36,161	36,161	36,161	36,161	36,161	36,161
		310	310	310	310	310	310
		291	320	307	303	316	328
Rice	Rice						
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
River Woods	River Woods						
		58,126	58,126	58,126	58,126	58,126	58,126
		500	500	500	500	500	500
		529	520	508	537	546	518
Samuelson	Samuelson						
		37,500	37,500	37,500	37,500	37,500	37,500
		350	350	350	350	350	350
		-	-	-	-	-	-
Smouse	Smouse						
		53,809	53,809	53,809	53,809	53,809	53,809
NA	NA						
		106	108	106	108	119	123
South Union	South Union						
		-	-	-	-	-	68,508
		-	-	-	-	-	630
		-	-	-	-	-	553

Des Moines Independent Community School District

School Building Information (Continued)

Last Ten Fiscal Years

(Unaudited)

School	1998	1999	2000	2001
Elementary:				
Name (Year)	Stowe	Stowe	Stowe	Stowe
Square feet	36,000	36,000	36,000	36,000
Capacity	400	400	400	400
Enrollment	364	330	354	332
Name (Year)	Studebaker	Studebaker	Studebaker	Studebaker
Square feet	42,272	42,272	42,272	42,272
Capacity	420	420	420	420
Enrollment	437	419	443	353
Name (Year)	Wallace	Wallace	Wallace	Wallace
Square feet	31,960	31,960	31,960	31,960
Capacity	360	360	360	360
Enrollment	328	333	353	383
Name (Year)	Walnut Street	Walnut Street	Walnut Street	Walnut Street
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Name (Year)	Watrous	Watrous	Watrous	Watrous
Square feet	41,809	41,809	41,809	41,809
Capacity	475	475	475	475
Enrollment	338	370	330	306
Name (Year)	Willard	Willard	Willard	Willard
Square feet	47,700	47,700	47,700	47,700
Capacity	450	450	450	450
Enrollment	453	452	449	428
Name (Year)	Windsor	Windsor	Windsor	Windsor
Square feet	55,510	55,510	55,510	55,510
Capacity	420	420	420	420
Enrollment	368	366	379	386
Name (Year)	Woodlawn	Woodlawn	Woodlawn	Woodlawn
Square feet	46,548	46,548	46,548	46,548
Capacity	450	450	450	450
Enrollment	431	448	426	502
Name (Year)	Wright	Wright	Wright	Wright
Square feet	30,300	30,300	30,300	30,300
Capacity	310	310	310	310
Enrollment	287	310	313	295

(Continued)

		Fiscal Year					
		2002	2003	2004	2005	2006	2007
Stowe	Stowe	Stowe	Stowe	Stowe	Stowe	Stowe	Stowe
	36,000	36,000	36,000	36,000	36,000	36,000	36,000
	400	400	400	400	400	400	400
	333	321	313	288	294	267	
Studebaker	Studebaker	Studebaker	Studebaker	Studebaker	Studebaker	Studebaker	Studebaker
	42,272	42,272	42,272	42,272	42,272	42,272	42,272
	420	420	420	420	420	420	420
	369	414	432	429	449	477	
Wallace	Wallace	Wallace	Wallace	Wallace	Wallace	Wallace	Wallace
	31,960	31,960	31,960	31,960	31,960	31,960	31,960
	360	360	360	360	360	360	360
	356	355	343	344	348	346	
Walnut Street	Walnut Street	Walnut Street	Walnut Street	Walnut Street +++	Walnut Street	Walnut Street	Walnut Street
	-	-	-	37,206	37,206	38,800	
	-	-	-	NA	NA	NA	
	-	-	-	54	93	104	
Watrous	Watrous	Watrous	Watrous	Watrous	Watrous	Watrous	Watrous
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Willard	Willard	Willard	Willard	Willard	Willard	Willard	Willard
	47,700	59,301	59,301	59,301	59,301	59,301	59,301
	450	560	560	560	560	560	560
	373	336	366	364	405	387	
Windsor	Windsor	Windsor	Windsor	Windsor	Windsor	Windsor	Windsor
	55,510	55,510	55,510	55,510	55,510	55,510	55,510
	420	420	420	420	420	420	420
	396	379	356	367	341	346	
Woodlawn	Woodlawn	Woodlawn	Woodlawn	Woodlawn	Woodlawn	Woodlawn	Woodlawn
	46,548	46,548	46,548	46,548	46,548	46,548	46,548
	450	450	450	450	450	450	450
	461	447	420	378	417	394	
Wright	Wright	Wright	Wright	Wright	Wright	Wright	Wright
	30,300	30,300	30,300	30,300	30,300	30,300	30,300
	310	310	310	310	310	310	310
	283	272	280	283	301	282	

Des Moines Independent Community School District

School Building Information (Continued)

Last Ten Fiscal Years

(Unaudited)

School	1998	1999	2000	2001
Middle:				
Name (Year)	Brody	Brody	Brody	Brody
Square feet	90,500	90,500	90,500	90,500
Capacity	650	650	650	650
Enrollment	756	782	786	756
Name (Year)	Callanan	Callanan	Callanan	Callanan
Square feet	109,920	109,920	109,920	109,920
Capacity	530	530	530	530
Enrollment	714	641	602	602
Name (Year)	Goodrell	Goodrell	Goodrell	Goodrell
Square feet	102,230	102,230	102,230	102,230
Capacity	700	700	700	700
Enrollment	630	635	637	661
Name (Year)	Harding	Harding	Harding	Harding
Square feet	125,339	125,339	125,339	125,339
Capacity	840	840	840	840
Enrollment	852	846	889	856
Name (Year)	Hiatt	Hiatt	Hiatt	Hiatt
Square feet	103,060	103,060	103,060	103,060
Capacity	800	800	800	800
Enrollment	544	558	567	619
Name (Year)	Hoyt	Hoyt	Hoyt	Hoyt
Square feet	99,874	99,874	99,874	99,874
Capacity	750	750	750	750
Enrollment	566	564	570	600
Name (Year)	Kurtz	Kurtz	Kurtz	Kurtz
Square feet	106,264	106,264	106,264	106,264
Capacity	730	730	730	730
Enrollment	-	-	-	-
Name (Year)	McCombs	McCombs	McCombs	McCombs
Square feet	78,978	78,978	78,978	78,978
Capacity	650	650	650	650
Enrollment	600	567	590	591
Name (Year)	Meredith	Meredith	Meredith	Meredith
Square feet	97,984	97,984	97,984	97,984
Capacity	850	850	850	850
Enrollment	759	756	762	772
Name (Year)	Merrill	Merrill	Merrill	Merrill
Square feet	89,500	89,500	89,500	89,500
Capacity	650	650	650	650
Enrollment	584	650	619	598

(Continued)

		Fiscal Year					
		2002	2003	2004	2005	2006	2007
Brody	Brody	90,500	90,500	90,500	90,500	90,500	90,500
		650	650	650	650	650	650
		758	758	740	673	646	709
Callanan	Callanan	109,920	116,037	116,037	116,037	116,037	116,037
		530	700	700	700	700	700
		674	616	619	603	644	621
Goodrell	Goodrell	102,230	102,230	102,230	102,230	102,230	102,230
		700	700	700	700	700	700
		659	630	618	644	674	631
Harding	Harding	125,339	125,339	125,339	125,339	125,339	125,339
		840	840	840	840	840	840
		839	752	759	689	589	562
Hiatt	Hiatt	103,060	103,060	103,060	103,060	103,060	103,060
		800	800	800	800	800	800
		626	643	588	567	495	465
Hoyt	Hoyt	99,874	99,874	99,874	99,874	99,874	99,874
		750	750	750	750	750	750
		586	597	680	658	632	625
Kurtz	Kurtz	106,264	106,264	106,264	106,264	106,264	106,264
		730	730	730	730	730	730
		-	-	-	-	-	-
McCombs	McCombs	78,978	78,978	78,978	78,978	78,978	78,978
		650	650	650	650	650	650
		585	616	673	667	628	611
Meredith	Meredith	97,984	107,316	107,316	107,316	107,316	107,316
		850	850	850	850	850	850
		846	877	828	769	745	676
Merrill	Merrill	89,500	89,500	89,500	89,500	89,500	89,500
		650	650	650	650	650	650
		641	654	660	633	620	627

Des Moines Independent Community School District

School Building Information (Continued)

Last Ten Fiscal Years

(Unaudited)

School	1998	1999	2000	2001
Middle:				
Name (Year)	Van Meter	Van Meter	Van Meter	Van Meter
Square feet	56,460	56,460	56,460	56,460
Capacity	NA	NA	NA	NA
Enrollment	184	199	211	207
Name (Year)	Weeks	Weeks	Weeks	Weeks
Square feet	103,564	103,564	103,564	103,564
Capacity	880	880	880	880
Enrollment	814	836	815	847
High:				
Name (Year)	Central Campus/ Scavo @	Central Campus/ Scavo @	Central Campus/ Scavo @	Central Campus/ Scavo @
Square feet	456,660	456,660	456,660	456,660
Capacity	1,500	1,500	1,500	1,500
Enrollment	2,305	2,455	2,821	2,913
Name (Year)	East	East	East	East
Square feet	355,293	355,293	355,293	355,293
Capacity	1,950	1,950	1,950	1,950
Enrollment	1,787	1,720	1,727	1,667
Name (Year)	Hoover	Hoover	Hoover	Hoover
Square feet	183,400	183,400	183,400	183,400
Capacity	1,175	1,175	1,175	1,175
Enrollment	1,221	1,201	1,230	1,238
Name (Year)	Lincoln	Lincoln	Lincoln	Lincoln
Square feet	269,905	269,905	269,905	269,905
Capacity	1,800	1,800	1,800	1,800
Enrollment	1,991	1,960	2,023	2,131
Name (Year)	North	North	North	North
Square feet	220,960	220,960	220,960	220,960
Capacity	1,150	1,150	1,150	1,150
Enrollment	1,135	1,106	1,088	1,132
Name (Year)	Roosevelt	Roosevelt	Roosevelt	Roosevelt
Square feet	282,050	282,050	282,050	282,050
Capacity	1,550	1,550	1,550	1,550
Enrollment	1,577	1,565	1,601	1,587

(Continued)

Fiscal Year							
2002	2003	2004	2005	2006	2007		
Van Meter							
56,460	56,460	56,460	56,460	56,460	56,460	56,460	
NA							
234	234	229	231	218	211		
Weeks							
103,564	103,564	118,770	118,770	118,770	118,770	118,770	
880	880	900	900	900	900	900	
881	865	822	813	789	728		
Central Campus/ Scavo @							
456,660	456,660	456,660	456,660	456,660	456,660	456,660	
1,500	1,500	1,500	1,500	1,500	1,500	1,500	
2,824	2,440	2,414	2,543	2,499	2,587		
East							
355,293	355,293	355,293	355,293	355,293	355,293	355,293	
1,950	1,950	1,950	2,100	2,100	2,100	2,100	
1,732	1,841	1,970	2,125	2,115	2,191		
Hoover							
183,400	183,400	183,400	183,400	183,400	183,400	183,400	
1,175	1,175	1,175	1,175	1,175	1,175	1,175	
1,251	1,260	1,197	1,210	1,212	1,188		
Lincoln							
269,905	269,905	269,905	269,905	269,905	269,905	269,905	
1,800	1,800	1,800	1,800	1,800	1,800	1,900	
2,221	2,330	2,179	2,157	2,126	2,175		
North							
220,960	220,960	220,960	220,960	220,960	220,960	220,960	
1,150	1,150	1,150	1,150	1,150	1,150	1,150	
1,164	1,262	1,198	1,186	1,156	1,132		
Roosevelt							
282,050	282,050	282,050	282,050	282,050	282,050	282,050	
1,550	1,550	1,550	1,550	1,550	1,550	1,550	
1,616	1,610	1,583	1,636	1,591	1,622		

Des Moines Independent Community School District

School Building Information (Continued)

Last Ten Fiscal Years

(Unaudited)

School	1998	1999	2000	2001
Other:				
Name (Year)	Casady	Casady	Casady	Casady
Square feet	43,709	43,709	43,709	43,709
Capacity	Varies	Varies	Varies	Varies
Enrollment	294	324	-	-
Name (Year)	MSSV	MSSV	MSSV	MSSV
Square feet	52,573	52,573	52,573	52,573
Capacity	Varies	Varies	Varies	Varies
Enrollment	-	-	-	-
Name (Year)	CNC	CNC	CNC	CNC
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Name (Year)	Walker Street	Walker Street	Walker Street	Walker Street
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Name (Year)	Walnut St Administration	Walnut St Administration	Walnut St Administration	Walnut St Administration
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Name (Year)	Welcome Center	Welcome Center	Welcome Center	Welcome Center
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Name (Year)	Grounds Maintenance	Grounds Maintenance	Grounds Maintenance	Grounds Maintenance
Square feet	22,248	22,248	22,248	22,248
Capacity	Varies	Varies	Varies	Varies
Enrollment	-	-	-	-

Source: District records.

@ Students not always at this building. Move from building to building for these programs

**** Special needs schools do not have an "ideal capacity". It depends on the needs of the children that are attending and may vary year to year.

++++ School not completed yet, still expanding.

		Fiscal Year					
		2002	2003	2004	2005	2006	2007
Casady	Casady	43,709	43,709	43,709	43,709	43,709	43,709
		Varies	Varies	Varies	Varies	Varies	Varies
		-	-	-	-	-	-
MSSV	MSSV	52,573	52,573	52,573	52,573	52,573	52,573
		Varies	Varies	Varies	Varies	Varies	Varies
		-	-	-	-	-	-
CNC	CNC	-	-	56,186	56,186	56,186	56,186
		-	-	Varies	Varies	Varies	Varies
		-	-	-	-	-	-
Walker Street	Walker Street	-	33,481	33,481	33,481	33,481	33,481
		-	Varies	Varies	Varies	Varies	Varies
		-	-	-	-	-	-
Walnut St Administration	Walnut St Administration	-	-	-	-	-	77,600
		-	-	-	-	-	Varies
		-	-	-	-	-	-
Welcome Center	Welcome Center	-	-	-	6,200	6,200	6,200
		-	-	-	Varies	Varies	Varies
		-	-	-	-	-	-
Grounds Maintenance	Grounds Maintenance	22,248	22,248	22,248	22,248	22,248	22,248
		Varies	Varies	Varies	Varies	Varies	Varies
		-	-	-	-	-	-

Des Moines Independent Community School District

Capital Asset Information
Last Ten Fiscal Years
(Unaudited)

Schools	Fiscal Year			
	1997	1998	1999	2000
Elementary:				
Buildings	45	45	45	44
Square feet	1,907,889	1,907,889	1,907,889	1,870,578
Capacity	17,615	17,615	17,615	17,265
Enrollment	15,564	15,391	15,398	15,417
Middle:				
Buildings	12	12	12	12
Square feet	1,163,673	1,163,673	1,163,673	1,163,673
Capacity	8,030	8,030	8,030	8,030
Enrollment	6,949	7,003	7,034	7,048
High:				
Buildings	6	6	6	6
Square feet	1,768,268	1,768,268	1,768,268	1,768,268
Capacity	9,125	9,125	9,125	9,125
Enrollment	9,826	10,016	10,007	10,490
Other:				
Buildings	2	2	2	2
Square feet	118,530	118,530	118,530	118,530
Capacity	Varies	Varies	Varies	Varies
Enrollment	NA	NA	NA	NA
Administrative:				
Buildings	1	1	1	1
Square feet	43,709	43,709	43,709	43,709
Transportation:				
Garages	1	1	1	1
Buses	NA	NA	NA	NA
Athletics:				
Football fields	5	5	5	5
Soccer fields	-	-	-	-
Running tracks	6	6	6	6
Baseball/softball	10	10	10	10
Swimming pools	8	8	8	8
Playgrounds	45	45	45	44

Fiscal Year						
2001	2002	2003	2004	2005	2006	
44	44	44	45	46	45	
1,903,941	2,004,103	1,998,470	2,139,676	2,176,882	2,145,462	
17,550	18,255	18,525	19,200	19,200	18,900	
15,274	15,091	15,064	14,805	14,786	14,927	
12	12	12	12	12	12	
1,163,673	1,163,673	1,179,122	1,194,328	1,194,328	1,194,328	
8,030	8,030	8,200	8,220	8,220	8,220	
7,109	7,329	7,242	7,216	6,947	6,680	
6	6	6	6	6	6	
1,768,268	1,768,268	1,768,268	1,768,268	1,768,268	1,768,268	
9,125	9,125	9,125	9,125	9,275	9,275	
10,668	10,808	10,743	10,541	10,857	10,699	
2	2	3	4	5	5	
118,530	118,530	152,011	208,197	214,397	214,397	
Varies	Varies	Varies	Varies	Varies	Varies	
NA	NA	NA	NA	NA	NA	
1	1	1	1	1	1	
43,709	43,709	43,709	43,709	43,709	43,709	
1	1	1	1	1	1	
NA	122	134	128	138	139	
5	5	5	5	5	5	
-	-	-	-	-	-	
6	6	6	6	6	6	
10	10	10	10	10	10	
8	8	8	8	8	8	
44	44	44	45	46	45	

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Des Moines Independent Community School District

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2007**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Agriculture:			
(Passed through Iowa Department of Education):			
School Breakfast Program	10.553	42-6004525	\$ 1,565,771
National School Lunch Program	10.555	42-6004525	6,022,993
NSLP - Fruit and Vegetable Program	10.555	42-6004525	105,666
Child and Adult Care Food Program	10.558	42-6004525	248,980
Summer Food Service Program for Children	10.559	42-6004525	313,379
			<u>8,256,789</u>
(Passed through Iowa Department of Public Health):			
State Administrative Matching Grants for Food Stamp Program	10.561	42-6004523	68,745
Total U.S. Department of Agriculture			<u>8,325,534</u>
U.S. Department of Housing and Urban Development:			
(Passed through City of Des Moines),			
Community Development Block Grant (CDBG)	14.218	42-6004514	<u>32,462</u>
U.S. Department of Education:			
(Direct):			
Mentoring Programs Grant	84.184B	42-6001433	216,198
Emergency Response/Crisis Management	84.184E	42-6001433	123,140
Project Raices	84.195B	42-6001433	216,117
Elementary and Secondary Counseling Demonstration Grant	84.215E	42-6001433	438,604
FIE Earmark-Full Service Community School/Urban Dreams	84.215K	42-6001433	83,889
FIE Earmark-Early Childhood Programs	84.215K	42-6001433	74,704
Project Roots	84.290U	42-6001433	13,691
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)	84.334	42-6001433	953,525
Advanced Placement Incentive Program	84.330C	42-6001433	456,586
Des Moines Partnership for Teacher Quality	84.336C	42-6001433	737,028
Pathways to Early Learning and Literacy (PELL)	84.359B	42-6001433	769,086
			<u>4,082,568</u>
(Passed Through Iowa State University),			
Carol M. White Physical Education Program Grant	84.215F	42-6004224	<u>34,834</u>
(Passed Through Drake University),			
Science Professional Development Program	84.366	42-0680460	<u>1,670</u>

(Continued)

Des Moines Independent Community School District

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2007**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
(Passed Through Iowa Department of Education):			
Title I Grants to Local Educational Agencies	84.010A	42-6004525	7,008,510
Every Move Counts	84.025	42-6004525	400
Alternate Assessment Teacher Cadre	84.027	42-6004525	725
Every Move Counts	84.027	42-6004525	300
Vocational Education Basic Grants to States	84.048	42-6004525	556,518
Education, Consolidation and Improvement Act of 1981, Title V	84.151	42-6004525	63,426
Creative Curriculum Training	84.173	42-6004525	2,625
Safe and Drug Free Schools and Communities	84.186	42-6004525	216,448
Education for Homeless Children & Youth	84.196	42-6004525	24,500
Iowa Demonstration Construction Grants	84.215K	42-6004525	500,000
Education Technology State Grant (Title II Technology - E2T2)	84.318	42-6004525	90,569
Education Technology State Grant (Technology Literacy Challenge Grant)	84.318	42-6004525	15,015
Cognitive Guided Instruction	84.323	42-6004525	25,607
Alternate Assessment Pilot	84.326	42-6004525	700
Advanced Placement Program	84.330	42-6004525	424
Comprehensive School Reform Demonstration	84.332	42-6004525	79,336
English Language Acquisition Grants (Title III ELL/LEP)	84.365	42-6004525	506,338
English Language Acquisition Grants (Title III Immigrant Children)	84.365	42-6004525	155,227
Improving Teacher Quality State Grant (Title II)	84.367	42-6004525	1,968,681
Reading First	84.357	42-6004525	885,781
Math-Science Partnership Program	84.366B	42-6004525	234,149
Teacher Quality Enhancement - MS Summer Institute	84.336A	42-6004525	912
Teacher Quality Partnership	84.336A	42-6004525	58,816
QAR Teacher Development Academy	84.336A	42-6004525	7,206
Grants for State Assessments & Related Activities	84.369	42-6004525	217,154
			<u>12,619,367</u>
(Passed through Heartland Area Education Agency 11):			
Special Education Grants to States (Individuals with Disabilities Education Act)	84.027	42-1028173	1,929,824
Special Education Grants to States (Handicapped Preschool Program Vocational Assessment)	84.027	42-1028173	4,989,131
Parent Education Project	84.029	42-1028173	32,109
Special Education Preschool Grants (Least Restrictive Environment Coordinator)	84.173	42-1028173	218,104
Special Education Grants to States (Grants for Infants and Families with Disabilities)	84.181	42-1028173	171,717
Reading First	84.365	42-1028173	1,757
Title II Every Learner Inquiries	84.367	42-1028173	1,722
			<u>7,344,364</u>
Total U.S. Department of Education			<u>24,082,803</u>

(Continued)

Des Moines Independent Community School District

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2007**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Health and Human Services, (Direct), Early Learning Opportunities	93.577	42-6001433	<u>26,270</u>
(Passed through Iowa Department of Education): Refugee Assistance Program	93.576	42-6004525	<u>36,530</u>
(Passed through Iowa Department of Human Services), Child Care & Development Block Grant	93.575	42-6004568	<u>77,948</u>
(Passed through Drake University), Head Start	93.600	42-0680460	<u>1,553,478</u>
Total U.S. Department of Health and Human Services			<u>1,694,226</u>
Corporation for National and Community Services: (Passed through Iowa Department of Education), Comm Serv Iowa	94.004	42-6004525	<u>9,440</u>
U.S. Department of Defense, (Direct), Air Education & Training Command	12.999	N/A	<u>101,921</u>
Total Cash Assistance Expended			<u>34,246,386</u>
Noncash Assistance:			
U. S. Department of Agriculture: (Passed through State Department of Education), USDA Commodities	10.550	42-6004525	633,472
(Passed through U. S. Department of Defense), USDA Commodities	10.550	N/A	<u>97,000</u>
Total Noncash Assistance Expended			<u>730,472</u>
Total Expenditures of Federal Awards			<u><u>\$ 34,976,858</u></u>

See Notes to Schedule of Expenditures of Federal Awards.

Des Moines Independent Community School District

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2007

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Des Moines Independent Community School District for the year ended June 30, 2007. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Significant Accounting Policies

Revenue from federal awards is recognized when the District has done everything necessary to establish its right to revenue. For governmental funds, revenue from federal grants is recognized when they become both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

Note 3. Pass-Through Funding

Of the federal expenditures presented in the schedule, the District provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipient
Title I Grants	84.010A	\$ 83,550
Education for Homeless Children and Youth	84.196	23,130
Full Service Community School and Early Childhood Grant	84.215K	115,627
Mentoring Programs	84.184B	80,668

Des Moines Independent Community School District

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2007**

	Findings	Status	Corrective Action Plan or Other Explanation
Significant Deficiencies in Internal Control			
06-II-A	The District does not have adequate segregation of duties needed for an effective system of internal accounting control over the payroll cycle.	Partially corrected.	See similar finding and corrective action plan at 07-II-A.
06-II-B	The District does not have adequate segregation of duties needed for an effective system of internal accounting control over the cash disbursement cycle.	Uncorrected.	See similar finding and corrective action plan at 07-II-B.
06-II-C	The District does not have adequate segregation of duties needed over student activity funds at the schools.	Uncorrected.	See similar finding and corrective action plan at 07-II-C.
Significant Deficiencies in Administering Federal Awards			
06-III-A	The District does not document the allocation of split-funded employee payroll costs and semiannual certifications are not completed by employees charged to a single federal award.	Uncorrected.	See similar finding and corrective action plan at 07-III-A.
06-III-B	Semiannual certifications are not completed by employees charged to a single federal award.	Uncorrected.	See similar finding and corrective action plan at 07-III-B.
06-III-C	The District does not have an adequate system in place to ensure that renewed vendors are not suspended or debarred.	Corrective Action Taken.	
06-III-D	The District did not meet the requirements in regards to the Davis-Bacon Act with one of their contractors with a contract cost in excess of \$2,000.	Corrective Action Taken.	
06-III-E	The District does not separately track capital assets acquired with Federal awards nor do they take a physical inventory of these assets once every two years.	Corrective Action Taken.	

(Continued)

Des Moines Independent Community School District

**Summary Schedule of Prior Audit Findings (Continued)
Year Ended June 30, 2007**

	Findings	Status	Corrective Action Plan
Other Findings Related to Required Statutory Reporting:			
06-IV-F	<u>Finding 1</u> - The District does not sign off on meeting minutes.	Corrective action taken.	
06-IV-F	<u>Finding 2</u> - The District does not publish the proceedings of each regular, adjourned or special meeting of the board in at least one newspaper published in the District.	Corrective action taken.	
06-IV-F	<u>Finding 3</u> - The District does not keep track of how each member voted on the question of holding the closed session.	Corrective action taken.	
06-IV-G	<u>Finding 1</u> - Documentation to support the number of foster care students reported as enrolled is not maintained.	Uncorrected.	See similar finding and corrective action plan at 07-IV-G.
06-IV-G	<u>Finding 2</u> - Adequate documentation to support the number of tuition and dual enrolled students was not maintained.	Uncorrected.	See similar finding and corrective action plan at 07-IV-G.
06-IV-I	A difference between an adjusting journal entry and adjustments to the Certified Annual Report exists.	Uncorrected.	See similar finding and corrective action plan at 07-IV-I.
06-IV-J	The Risk Management Fund and Collage Fund had deficit fund balances as of June 30, 2006.	Partially corrected.	See similar finding and corrective action plan at 07-IV-J.

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Education
Des Moines Independent Community School District
Des Moines, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Des Moines Independent Community School District as of and for the year ended June 30, 2007, which collectively comprise the Des Moines Independent Community School District's basic financial statements and have issued our report thereon dated December 7, 2007. 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

In planning and performing our audit, we considered the Des Moines Independent Community School District's 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 the Des Moines Independent Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential, will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting as items 07-II-A, 07-II-B and 07-II-C.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Des Moines Independent Community School District's 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*.

However, we noted certain immaterial instances of noncompliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters in Section IV of the schedule of findings and questioned costs are not intended to constitute legal interpretation of those statutes.

We also noted certain matters that we reported to management in a separate letter dated December 7, 2007.

The Des Moines Independent Community School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Education, audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
December 7, 2007

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Compliance With Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To the Board of Education
Des Moines Independent Community School District
Des Moines, Iowa

Compliance

We have audited the compliance of the Des Moines Independent Community School District with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, that are applicable to each of the District's major federal programs for the year ended June 30, 2007. The Des Moines Independent Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Des Moines Independent Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Des Moines Independent Community School District's compliance with those requirements.

In our opinion, the Des Moines Independent Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the Des Moines Independent Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Des Moines Independent Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Des Moines Independent Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 07-III-A through 07-III-D to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control. We did not consider any of the deficiencies described in the schedule of findings and questioned costs to be material weaknesses.

The Des Moines Independent Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the Board of Education, audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
December 7, 2007

Des Moines Independent Community School District

Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major program:

CFDA Number	Name of Federal Program
84.010A	Title I Grants to Local Educational Agencies
84.367	Title II
84.357	Reading First

Dollar threshold used to distinguish between type A and type B programs: \$1,049,306

Auditee qualified as low-risk auditee? Yes No

(Continued)

Des Moines Independent Community School District

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2007

II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Significant Deficiencies in Internal Control

07-II-A

Finding: The District has an improper segregation of duties over the payroll system.

Condition: Although the Human Resources department authorizes all changes to the pay rate file before the file is transferred to the payroll department and brought into the system, there is currently one employee in the payroll department that has the capability to edit this file without a subsequent supervisory review of those changes.

Context: A good system of internal controls includes someone independent of payroll processing to review changes made to payroll master records

Effect: Misappropriation of assets could occur and not be detected in a timely manner.

Recommendation: The District should investigate the new system capability of generating an edit report after each payroll run that would indicate any changes made to an employee's master records, the date of the transaction and the person entering the change. A person independent of the payroll processing function should review these edit reports.

Response and Corrective Action Plan: The new Enterprise Resource Planning (ERP) system was implemented in September 2007 for human resources and payroll. A control process yet to be implemented will be the development and review of an edit report indicating changes to master payroll records. When implemented, this edit report will be reviewed by someone independent of the payroll process.

07-II-B

Finding: The District has an improper segregation of duties over the cash disbursement cycle.

Condition: One employee has access to create new vendors and the ability to post invoices for payment and has access to some checks before they are mailed out.

Context: A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Effect: Misappropriation of assets could occur and not be detected in a timely manner.

(Continued)

Des Moines Independent Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2007**

Recommendation: The data center, or someone independent of accounts payable processing, should mail all accounts payable checks, and only the copies of the checks be returned to accounts payable. For checks that come back to accounts payable, someone other than accounts payable clerks should add any other information needed in the check envelopes before they are mailed out. We also recommend an edit report showing all vendors that have recently been added to the system or changes made to current vendor information should be produced and reviewed by management on a regular basis. An employee independent of the accounts payable processing function should be the one adding new vendors to the system.

Response and Corrective Action Plan: Due to turnover in personnel in the purchasing department, some vendor records are still being updated by one business office staff. Vendors included on purchase orders are being maintained and updated by purchasing staff; however, vendors included on direct pays or check requests are being maintained by the business office. Edit reports will be created to indicate new vendors entered. These reports will be reviewed by someone independent of the procurement cycle.

The business office is going to pilot a change in business process that will allow the maintenance of direct pay vendors to be performed by someone independent of the procurement cycle.

07-II-C

Finding: The District has an improper segregation of duties over cash receipts of the student activity funds at the schools.

Condition: The bookkeepers or office managers at the various schools maintain the records and deposit the cash. The Business Office records the receipt in the system.

Context: A good internal control contemplates an adequate segregation of duties so that no one person handles a transaction from its inception to completion.

Effect: Misappropriation of assets could occur and not be detected in a timely manner

Recommendation: We recommend an independent individual recount the funds and review the deposit slip.

Response and Corrective Action Plan: The District recognizes there are limited resources at the school level. An independent review of cash receipts is not always possible. Based on judgments made by management, the cost of implementing such a control would likely exceed the benefits derived. Other compensating controls are in place due to this limitation in resources. The bank reconciliation process is performed by someone independent of the receipt process. The internal audit function periodically monitors the cash collection process at the school level with cash visits and exit audits. Those results are communicated to management.

B. Compliance Findings

None

(Continued)

Des Moines Independent Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2007**

III. Findings and Questioned Costs for Federal Awards

A. Significant Deficiencies in Administering Federal Awards

07-III-A

**U.S. Department of Education
Passed Through Iowa Department of Education
Title I Grants to Local Educational Agencies (LEAs) (Title I, Part A of ESEA)
(CFDA 84.010A) (Fiscal Years 2003, 2004, 2005, 2006, 2007)**

**Improving Teacher Quality State Grant (Title II)
(CFDA 84.367) (Fiscal Years 2003, 2004, 2005, 2006, 2007)**

**Reading First
(CFDA 84.357) (Fiscal Year 2007)**

**U.S. Department of Education
Passed Through Heartland Area Education Agency II
Special Education Grants to States
(CFDA 84.027 and CFDA 84.173) (Fiscal Years 2004, 2005, 2006, 2007)**

**U.S. Department of Health and Human Services:
Passed Through Drake University
HeadStart (CFDA 93.600) (Fiscal Years 2004, 2005, 2006, 2007)**

Finding: The District does not have a system in place to document the allocation of split funded employee payroll costs related to Title I, Title II, Special Education and Reading First. In addition, the contract for HeadStart employees whose duties are solely HeadStart (75 percent federal funded and 25 percent nonfederal funded due to the matching requirements) does not reflect the correct title and state the employees' duties were exclusively related to one federal program as required by OMB Circular A-87.

Condition: The employees of Title I, Title II and Special Education are not required by the District to complete timesheets or equivalent documentation to support payroll costs charged to the program. Quarterly comparisons of actual costs as accumulated by time records were not compared to the budgeted distributions.

The employees of HeadStart did not sign certification letters specifying their title and state that their duties were exclusively related to HeadStart 75 percent federal funded and 25 percent nonfederal funded on a semiannual basis.

(Continued)

Des Moines Independent Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2007**

Criteria: The Office of Management and Budget Circular A-87 requires a distribution of salaries be supported by personnel activity reports or equivalent documentation for all employees who work for more than one cost objective and the documentation be signed by the employee. Also, the circular requires at least quarterly comparisons of actual cost to budgeted distributions be made and reflect adjustments as a result of actual activity performed. For employees whose duties are solely for one federal program, the Office of Management and Budget Circular A-87 requires semiannual certifications to support charges to a single federal award.

Effect: Improper payroll expenditures could be charged to the Federal Program.

Context: Pervasive to all split funded employees whose time is being charged to each of these programs.

Recommendation: We recommend the District implement a system to track employees' time by activity. Based on OMB Circular A-87, the employees should submit a signed (by the employee) timesheet or equivalent documentation by activity on a monthly basis. If a budget or estimate is determined before the services are performed, comparisons of actual costs to budgeted distributions based on the monthly documentation should be done at least on a quarterly basis.

We also recommend the title be included on the contract and that it appropriately states the duties related to the HeadStart program. In addition, employees should sign a certification semiannually that certifies their duties were exclusively related to 75 percent federal HeadStart funding and 25 percent nonfederal funding.

Response and Corrective Action Plan: There have been many conversations between the business office, human resources staff and external auditors; however, no feasible solution has been found. The District will continue to analyze procedures to document the allocation of split funded employee costs to federally funded programs.

(Continued)

Des Moines Independent Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2007**

07-III-B

**U.S. Department of Education
Passed Through Iowa Department of Education
Title I Grants to Local Educational Agencies (LEAs) (Title I, Part A of ESEA)
(CFDA 84.010A) (Fiscal Years 2003, 2004, 2005, 2006, 2007)**

**Improving Teacher Quality State Grant (Title II)
(CFDA 84.367) (Fiscal Years 2003, 2004, 2005, 2006, 2007)**

Reading First (CFDA 84.357) (Fiscal Year 2007)

**U.S. Department of Education
Passed Through Heartland Area Education Agency II
Special Education Grants to States
(CFDA 84.027 and CFDA 84.173) (Fiscal Years 2004, 2005, 2006)**

Finding: The contracts for fully funded Title I, Title II, Special Education and Reading First employees do not reflect the correct title and state the employees' duties were exclusively related to one federal program as required by OMB Circular A-87.

Condition: The employees did not sign certification letters specifying their title and stating their duties were exclusively related to Title I, Title II, Special Education or Reading First federal funding on a semiannual basis.

Criteria: The Office of Management and Budget Circular A-87 requires semiannual certifications to support charges to a single federal award.

Effect: Improper payroll expenditures could be charged to the Federal Program.

Context: Pervasive to all fully funded employees whose time is being charged to each of these programs.

Recommendation: We recommend the employee's title be included on the contract and that it appropriately states the duties related to the Title I, Title II, Special Education and Reading First program. In addition, employees should sign a certification semiannually that certifies their duties were exclusively related to Title I, Title II, Special Education or Reading First funding.

Response and Corrective Action Plan: Workable procedures related to this issue have been difficult to develop. The District will continue to find a solution to annually document those employees which are fully funded by one federal program.

(Continued)

Des Moines Independent Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2007**

07-III-C

**U.S. Department of Education
Passed Through Iowa Department of Education
Reading First (CFDA 84.357) (Fiscal Year 2007)**

Finding: The District does maintain supporting documentation showing they have engaged in timely and meaningful consultation with private school officials to inform the private schools they are eligible to participate in the Reading First program.

Condition: The District is required to engage in timely and meaningful consultation with the private schools before any decisions are made that affects the opportunity of eligible private school children.

Criteria: OMB Circular A-133 dictates that before an agency or consortium makes any decision that affects the opportunity of eligible private school children, teachers, and other educational personnel to participate, the agency or consortium must engage in timely and meaningful consultation with the private school.

Effect: Private schools may not be aware of the opportunities that exist in relation to participating in the federal funding for this program.

Context: Pervasive to all eligible private school children and their teachers or other educational personnel.

Recommendation: We recommend the District provide a system where written documentation is the form in which they contact the private schools to inform them they are eligible to participate in the Reading First program.

Response and Corrective Action Plan: Written documentation of the communication with private schools was not retained during this fiscal year 2007. Written documentation of the communication to private schools for next and prospective fiscal years will be retained by the District.

(Continued)

Des Moines Independent Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2007**

07-III-D

**U.S. Department of Education
Passed Through Iowa Department of Education
Title I (CFDA 84.010A) (Fiscal Year 2007)**

Finding: The District does not have any policies or procedures in place to ensure subrecipients are not suspended or debarred and the District is not properly monitoring their subrecipient's audit reports.

Condition: The District is required to ensure all subrecipients are not suspended or debarred and is required to monitor their subrecipient's by obtaining the most current audit report.

Criteria: OMB Circular A-133 dictates none of the subrecipients be suspended or debarred. The circular also dictates that a pass-through entity is responsible for obtaining audit reports of the subrecipients and the required audits are completed within nine months of the end of the subrecipient's audit period; issuing a management decision on audit findings within six months after receipt of the subrecipient's audit report; and ensuring the subrecipient takes timely and appropriate corrective action on all audit findings.

Effect: The District may end up providing funds to subrecipients who are suspended or debarred and, therefore, should not receive these funds. In addition, if proper monitoring of the subrecipient's reports are not being performed, noncompliance with federal regulations on behalf of the subrecipient may go undetected.

Context: The District has four approved subrecipients in fiscal year 2007 receiving funds under the Title I program. The total amount of awards given to the subrecipients was \$83,550.

Recommendation: We recommend the District provide a system where all subrecipients must provide written documentation that they are not suspended or debarred. The District should also obtain all subrecipient's audit reports and create a policy and system that ensures proper monitoring takes place.

Response and Corrective Action Plan: The District will develop procedures to appropriately monitor subrecipients. These procedures may include obtaining and reviewing independent auditor reports and obtaining certification from subrecipients that they are not suspended or debarred. The District may utilize its internal audit function to assist in monitoring subrecipients.

B. Instances of Noncompliance

None

(Continued)

Des Moines Independent Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2007**

IV. Other Findings Related to Required Statutory Requirements

07-IV-A – Certified Budget and General Fund Spending Authority

Finding: Expenditures for the year ended June 30, 2007 exceeded the final amended certified budget amounts in the support services function by \$763,041.

Recommendation: The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response: Changes to the District's account code structure were necessitated by changes required by the State Department of Education. These changes were implemented by the District after the budget amendment was passed by the Board and published. Consequently, the amended budget for support services was exceeded due to these changes.

Conclusion: Response accepted.

07-IV-B – Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

07-IV-C – Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

07-IV-D – Business Transactions – No business transactions between the District and District officials or employees were noted.

07-IV-E – Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

07-IV-F – Board Minutes – Board minutes were properly published, signed off on and each member's vote was properly recorded.

07-IV-G – Certified Enrollment – No material variances in the basic enrollment data certified to the Department of Education were noted. However, the following was noted:

Finding 1: The District does not keep documentation supporting the number of foster care students reported as enrolled within the District unless they are special education foster care students.

Recommendation: The District is required to maintain instructions on file describing the procedures for tracking the number of foster care students, which includes communication with foster care facilities. Information from these facilities should be maintained in the file as supporting documentation.

(Continued)

Des Moines Independent Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2007**

Response and Corrective Action Plan: Due to confidentiality of foster care records, the District can not properly identify and document foster care students enrolled in the District outside of Special Education instruction.

Conclusion: Response accepted.

Finding 2: The District does not keep documentation supporting the number of students reported certified to the Iowa Department of Education for tuition in, enrolled in and enroll out students. Client was not able to give support for the calculation of total supplementary weighting on line 12 of the certified enrollment report. Based on documentation maintained by the District to support the basic enrollment certified to the Iowa Department of Education for October 2006, the following variances were noted:

<u>Line No.</u>	<u>Certified Number</u>	<u>District Records</u>
2	1,013.0	1,018.8
8	687.0	685.3
9	169.0	175.0

Recommendation: The District should update and maintain proper documentation on file supporting the number of students reported in the certified enrollment. The District should also notify the Iowa Department of Management and Iowa Department of Education as required of the variances.

Response and Corrective Action Plan: The numbers reported as of the certified enrollment date can and may change up to the date the information is submitted to the State Department of Education. The District will continue to update and maintain appropriate documentation for those changes that occur during the year and also as of the designated certified enrollment date.

Conclusion: Response accepted.

07-IV-H – Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

07-IV-I – Certified Annual Report – The District has not yet completed the 2007 Certified Annual Report (CAR) as they were granted an extension from the State of Iowa. Therefore, we were not able to follow up on the finding from the 2006 audit in regards to differences between adjusting journal entries and amounts recorded on the CAR.

07-IV-J – Deficit Balances – The Preschool Fund and Collage Fund had deficit balances as of June 30, 2007 of \$677,879 and \$20,342, respectively.

Finding: In the current year the Preschool Fund has a deficit balance. The Collage fund continues to have a deficit balance as it has had in prior years.

(Continued)

Des Moines Independent Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2007**

Recommendation: The District should continue to investigate alternatives to eliminate these deficits in order to return funds to a sound financial condition.

Response and Corrective Action Plan: In past years, all childcare and preschool programs were reported as one fund. For many years, the childcare programs operated and maintained a surplus, while preschool programs maintained a deficit. When combined into one fund, these programs in the aggregate showed an overall surplus. During this fiscal year, the State Department of Education mandated that childcare programs be accounted for as two separate funds, preschool and childcare. The deficit balance in the Preschool Fund is now shown separately. Several programs accounted for in the Preschool Fund that were in a negative financial position were discontinued in September 2007. The District will continue to determine alternative solutions to reduce this deficit.

For several years, the negative balance for the Collage Fund was decreasing. The District will analyze this fund's activity and take the necessary steps to reduce the negative fund balance.

Conclusion: Response accepted.

07-IV-K - State Auditor's Office Re-Audit – The State Auditor's office conducted a re-audit of the Des Moines Independent Community School District, dated March 1, 2007 and released the report on July 25, 2007. The audit was for the period of July 1, 2004 through June 30, 2005. The re-audit also covered certain items to determine practices applicable to the years ended June 30, 2004, 2006 and 2007. The District has responded to the comments and is reviewing their procedures. Further information and the complete audit report may be obtained on the website of the State Auditor's Office.

Des Moines Independent Community School District

**Corrective Action Plan
Year Ended June 30, 2007**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
Significant Deficiencies in Internal Control:				
07-II-A	The District does not have adequate segregation of duties needed for an effective system of internal accounting control over the payroll cycle.	See response and corrective action plan at 07-II-A.	June 30, 2008	Twyla Woods
07-II-B	The District does not have adequate segregation of duties needed for an effective system of internal accounting control over the cash disbursement cycle.	See response and corrective action plan at 07-II-B.	June 30, 2008	Patricia Schroeder
07-II-C	The District does not have adequate segregation of duties needed over student activity funds at the schools.	See response and corrective action plan at 07-II-C.	June 30, 2008	Patricia Schroeder
Significant Deficiencies in Administering Federal Awards:				
07-III-A	The District does not document the allocation of split-funded employee payroll costs and semiannual certifications are not completed by employees charged to a single federal award.	See response and corrective action plan at 07-III-A.	June 30, 2008	Judi Cunningham
07-III-B	Semiannual certifications are not completed by employees charged to a single federal award.	See response and corrective action plan at 07-III-B.	June 30, 2008	Judi Cunningham
07-III-C	The District does not have supporting documentation showing they have engaged in a timely and meaningful conversation with private schools to communicate that they are eligible to participate in the Reading First program.	See response and corrective action plan at 07-III-C.	June 30, 2008	Judi Cunningham
07-III-D	The District is not properly requesting and monitoring subrecipient's audit reports.	See response and corrective action plan at 07-III-D.	June 30, 2008	Judi Cunningham

(Continued)

Des Moines Independent Community School District

**Corrective Action Plan (Continued)
Year Ended June 30, 2007**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
Other Findings Related to Required Statutory Reporting:				
07-IV-A	Expenditures for the year ended June 30, 2007 exceeded the final amended certified budget amounts in the support services function by \$763,041.	See response and corrective action plan at 07-IV-A.	June 30, 2008	Patricia Schroeder
07-IV-G	<u>Finding 1</u> - Documentation to support the number of foster care students reported as enrolled is not maintained.	See response and corrective action plan at 07-IV-G.	June 30, 2008	Carol Gustafson
07-IV-G	<u>Finding 2</u> - Inadequate documentation to support the number of tuition in and enrolled in and out students, and the calculation of total supplementary weighting.	See response and corrective action plan at 07-IV-G.	June 30, 2008	Carol Gustafson
07-IV-I	The District has not yet completed the 2007 Certified Annual Report (CAR) as they were granted an extension from the State of Iowa. Therefore, we were not able to follow up on the finding from the 2006 audit in regards to differences between adjusting journal entries and amounts recorded on the CAR.	See response and corrective action plan at 07-IV-I.	June 30, 2008	Patricia Schroeder
07-IV-J	The Preschool Fund and Collage Fund had deficit fund balances as of June 30, 2007.	See response and corrective action plan at 07-IV-J.	June 30, 2008	Patricia Schroeder
07-IV-K	The State Auditors conducted a re-audit of the Des Moines Independent Community School District.	See response and corrective action plan at 07-IV-K.	June 30, 2008	Patricia Schroeder

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