

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

Comprehensive Annual Financial Report

Year Ended June 30, 2008

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

Year Ended June 30, 2008

**Official Issuing Report:**

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**Patti Schroeder  
Chief Financial Officer**

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



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December 12, 2008

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, 2008.

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, 2008. 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.

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 (that is, school districts only have the ability to do that which is expressly authorized by the Code of Iowa), operate under the control of a local board of directors 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 four year terms (effective for elections starting September, 2009) and are elected on a nonpartisan basis. The Board of Education operates under the policy governance model and thus 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 2008 was 31,218, making it by far the largest public school district in Iowa.

*Kiplinger's Personal Finance* ranked Des Moines as the 9<sup>th</sup> best city in the nation to live, work and play and cited "top public schooling" as a key factor. In addition, *Expansion Management* placed the school district third on their list of top public school districts among the nation's mid-sized cities.

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 preschool programs to over 1,600 children in most elementary schools and has 46 elementary schools; 12 middle schools; 2 ninth grade academies; 6 high schools including an alternative high school; a career and technical institute and central academy; 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, Inc. and Iowa Health Systems 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, 3.7 percent through June 2007. The District has experienced slow but steady increases in its tax base, averaging 3.2% per year over the last five years. The outlook for the local economy is uncertain given the national as well as the global financial situation. However, it is believed that increases in total assessed property valuation based on conservative estimates will continue to be in the 2-3 percent range. At the same time, enrollment is projected to continue to slightly decrease.

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 as one of the top 50 AP schools 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. Starting in August, 2008 all kindergartens in the district will be full day programs; the district will have two 9<sup>th</sup> Grade Academies; and International Baccalaureate programs will begin at Central Academy and Hubbell Elementary schools.
- The District is also one of the first districts in the nation to help working parents stay 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 and graduate.

The District has a ten year Schools Renovation Program and in fiscal year 2008 completed several construction projects at Hillis, Samuelson, Stowe and Lincoln High. The first phase of the Wallace Homestead project was completed in September, 2008. Central Campus, Roosevelt High and Jackson Elementary projects are in the design phase, while King Elementary project is under construction.

### **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, 2008 provided no instances of material weaknesses in the internal control or violations of applicable laws.

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, Capital Projects Fund and Private Purpose Trust Funds, 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 certificate of deposits and other short term investments as allowed by law. Interest rates ranged from 5.0 to a low of 2.2 percent during the year, lower than the rates earned in the prior year. FY 2008 budgeted earnings on investments were achieved; however, budgeted earnings on investments for FY 2009 have been reduced given the lowered interest rates.

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.

## **Awards and Acknowledgments**

We are pleased to say that for the first time the Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Des Moines Independent Public School district for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. In order to be awarded a Certificate of Achievement, a district must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

In addition, The Association of School Business Officials (ASBO) International has for the first time awarded a Certificate of Excellence in Financial Reporting to the district for the fiscal year ending June 30, 2007. This award represents the highest recognition for school district operations offered by ASBO International.

Each Certificate is valid for a period of one year only. We believe that our current CAFR continues to meet the GFOA and ASBO International Certificate of Achievement programs' requirements and we are submitting it to both the GFOA and ASBO International to determine its eligibility for another certificate.

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,

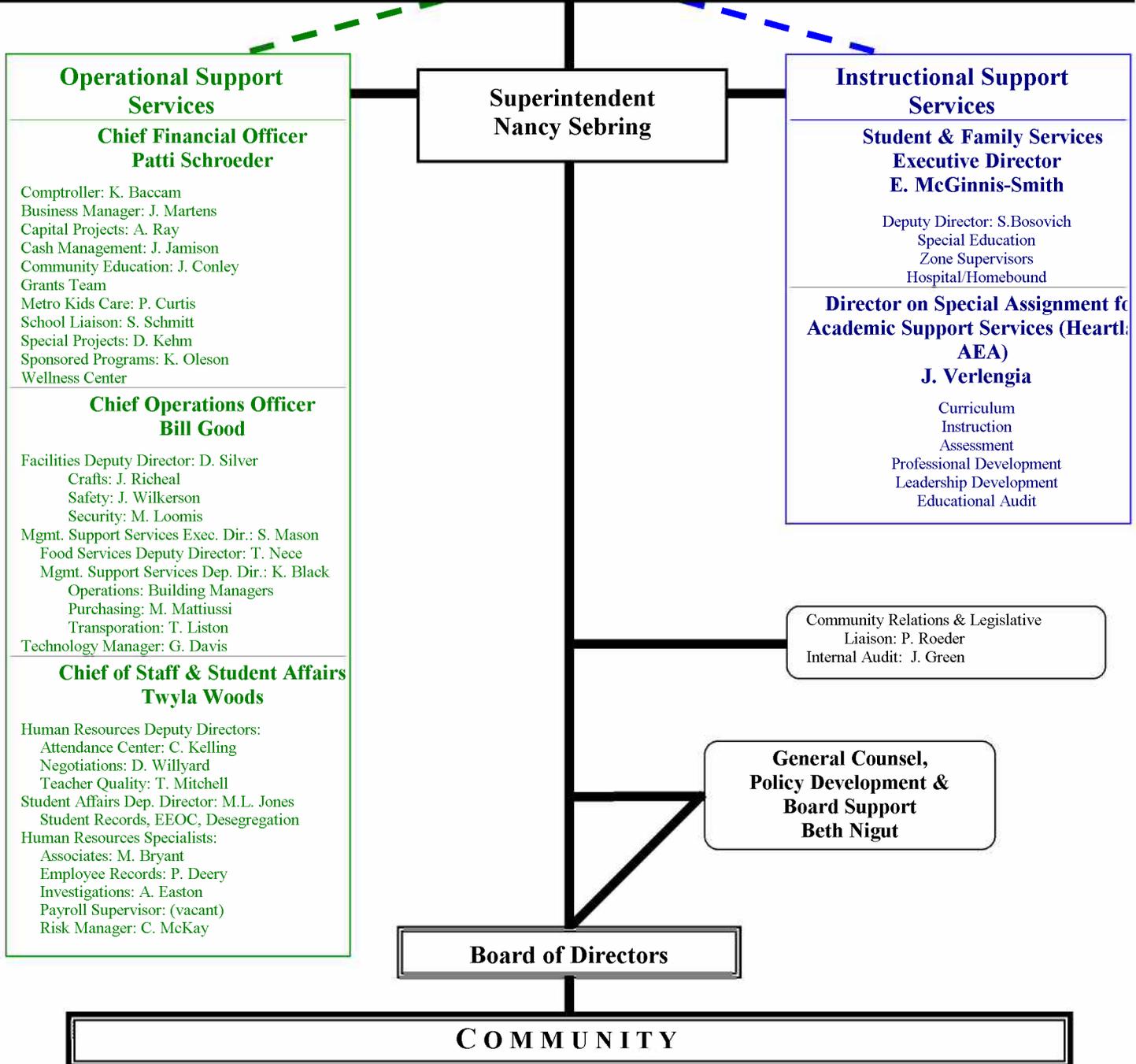


Dr. Nancy Sebring  
Superintendent



Patricia L. Schroeder, CPA  
Chief Financial Officer

<b>SCHOOLS</b>		
<p style="text-align: center;"><b>SOUTH REGION</b></p> <p>Lincoln, Central Campus, Scavo Bridges, Orchard Place, PACE Brody, McCombs, Weeks Downtown, Edmunds, Howe, Jackson, Jeffers Lovejoy, McKinley, Morris, Park Avenue, Riverview Woods, South Union, Studebaker, Wright</p> <p style="text-align: center;"><b>Associate Superintendent Elizabeth Celania-Fagen</b></p> <p style="text-align: center;">Executive Director K-8 T. Jensen</p>	<p style="text-align: center;"><b>NORTHWEST REGION</b></p> <p>Hoover, Roosevelt, Ruby Van Meter Callanan, Merrill, Meredith Cowles, Greenwood, Hanawalt, Hillis, Hubbell, King, Monroe, Perkins, Smouse, Walnut Street, Windsor, Woodlawn</p> <p style="text-align: center;"><b>Associate Superintendent Connie Cook</b></p> <p style="text-align: center;">Executive Director K-8 J. Cunningham</p>	<p style="text-align: center;"><b>NORTHEAST REGION</b></p> <p>East, North Goodrell, Harding, Hiatt, Hoyt Moulton Brubaker, Capitol View, Carver, Cattell, Findley, Garton, Madison, Oak Park, Phillips, Pleasant Hill, Stowe, Willard</p> <p style="text-align: center;"><b>Associate Superintendent Bill Szakacs</b></p> <p style="text-align: center;">Executive Director K-8 M. Munoz</p>



**Des Moines Independent Community School District**

**Board of Education and School District Officials**

**Year Ended June 30, 2008**

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Name	Title	Term Expires
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**Board of Education**

Before September 2007 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

After September 2007 election:

Richard Murphy	President	2008
Ginny Strong	Vice President	2008
Connie Boesen	Board Member	2009
Teree Caldwell-Johnson	Board Member	2009
Patty Link	Board Member	2009
Jon Narcisse	Board Member	2009
Jeanette Woods	Board Member	2008

**School District Officials**

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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Des Moines Independent  
Community School District  
Iowa

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

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



*Charles S. Cox*  
President

*Jeffrey R. Emmer*  
Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**DES MOINES INDEPENDENT COMMUNITY SCHOOL DISTRICT**

**For its Comprehensive Annual Financial Report (CAFR)**

For the Fiscal Year Ended June 30, 2007

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

*Grone E. Brendel*

President

*John D. Mueser*

Executive Director

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# 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, 2008, 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, 2008, 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.

As explained in Note 10 to the basic financial statements, the District changed its method of accounting for other postemployment benefits in accordance with Governmental Accounting Standards Board Statement No. 45.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2008 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, schedule of funding progress on page 53 and the budgetary comparison schedule on pages 54 through 56 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 12, 2008

## Des Moines Independent Community School District

### Management's Discussion and Analysis Year Ended June 30, 2008

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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, 2008. We encourage readers to consider this Discussion and Analysis presented here in conjunction with the financial statements, which follow:

#### Financial Highlights

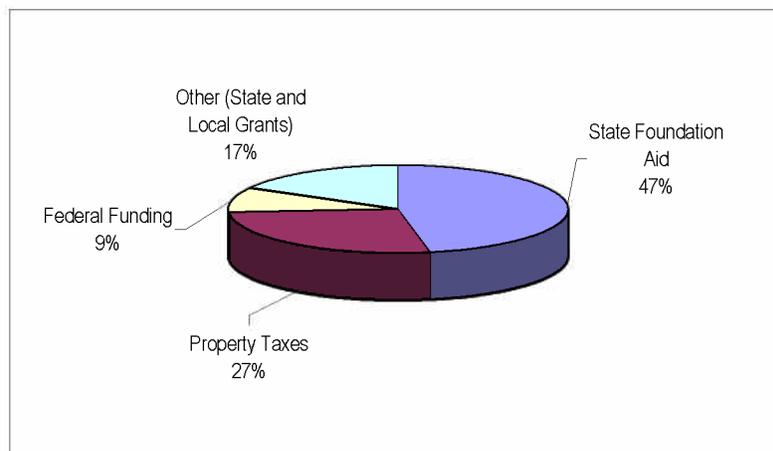
- **Budget:** The state of Iowa legislatively approved an allowable growth factor of 4 percent from fiscal year 2007 to fiscal year 2008 for the District's General Fund, the same growth that the legislature approved from fiscal year 2006 to fiscal year 2007. This resulted in \$4.7 million of new regular program funding.

In April 2007, the board approved an expenditure budget for fiscal year 2008 for all funds of \$393.9 million (including transfers). In May 2008, the board approved a budget amendment to expenditures of \$26.4 million for all funds, primarily to recognize increased spending due to an increase in the receipt of federal funds, state teacher compensation and other state funding and renovation expenditures 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, 97.5 percent of budget, except for the support services function which exceeded that function's budget by 0.8 percent.

- **Revenue:** Government-wide revenues were \$394.6 million, which primarily consisted of state aid, property taxes, federal grants and local option sales taxes. General Fund revenues accounted for 82 percent of the Government-wide revenue. Program specific revenues in the form of charges for services and grants, and contributions accounted for 26 percent of total fiscal year 2008 revenues.

The General Fund had \$325.0 million in revenues for fiscal year 2008, which primarily consisted of state aid and property taxes. General Fund revenues increased 7.0 percent in fiscal year 2008, primarily attributable to increases in state aid and property taxes as a result of higher allowable growth and increases in federal revenue tempered by a decrease in short term investment income.



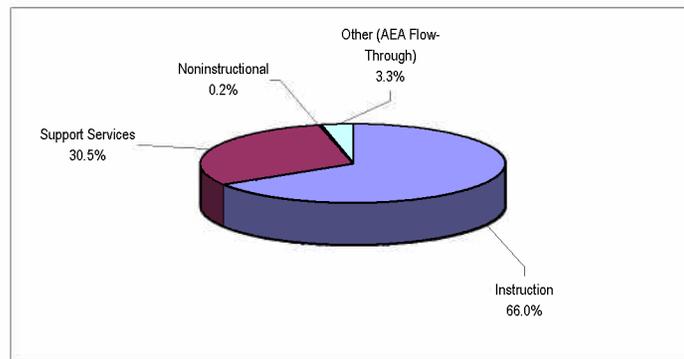
## Des Moines Independent Community School District

### Management's Discussion and Analysis Year Ended June 30, 2008

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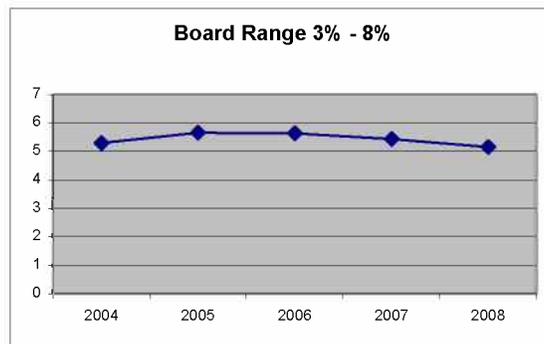
- **Expenses:** Government-wide expenses were \$347.7 million related to governmental activities, of which \$86.5 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$291.0 million provided for the remaining costs of these programs.

The General Fund had \$328.7 million in fiscal year 2008 expenses, which primarily consisted of instructional expenses. General Fund expenses increased 9 percent and was primarily due to increased state allowable growth of 4 percent, compensation increases of 5 percent, increases in teacher staffing levels, the literacy adoption, ERP and the price of diesel fuel.



- **General Fund Balance and Solvency Ratio:** The District's overall General Fund balance decreased from \$29.4 million as of June 30, 2007 to \$25.7 million as of June 30, 2008. Correspondingly, the General Fund undesignated and unreserved portion of fund balance increased from \$16.3 million as of June 30, 2007 to \$16.7 million as of June 30, 2008.

The District's solvency ratio (unreserved-undesignated fund balance/General Fund revenues) also decreased slightly from 5.4 percent as of June 30, 2007 to 5.2 percent as of June 30, 2008.



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 Year Ended June 30, 2008

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- **Debt:** The District's total long-term debt decreased by a net of \$2.1 million during the current fiscal year due to scheduled payments. The total outstanding bond and notes debt at the end of the fiscal year is approximately \$20.87 million, consisting of capital loan notes, qualified zone academy bonds and local option sales tax revenue bonds.
- **Capital Projects and Schools First Plan:** Revenues from sales taxes increased \$2.1 million from fiscal year 2007 to 2008. This increase is due to a change in accounting estimate in the recognition of sales taxes receivable for fiscal year 2007. Expenses decreased by \$10.6 million from fiscal year 2007 to 2008 because of decreased Schools First Renovation program expenditures as renovation projects were completed.

#### 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.

**Government-wide financial statements:** The Government-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 Government-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 Government-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 Year Ended June 30, 2008

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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 Government-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.

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 Government-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 Government-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 Government-wide and fund financial statements.

Des Moines Independent Community School District

Management's Discussion and Analysis  
Year Ended June 30, 2008

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

	Government-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 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
			Statement of Cash Flows	
Accounting basis	Accrual accounting	Modified accrual accounting	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  
Year Ended June 30, 2008**

**Government -Wide Financial Analysis**

**Net assets:** The following table presents a summary of the District's net assets for the year ended June 30, 2008 with comparison totals as of June 30, 2007:

	<b>Governmental Activities 2008</b>	<b>Governmental Activities 2007</b>	<b>Business-Type Activities 2008</b>	<b>Business-Type Activities 2007</b>	<b>Total 2008</b>	<b>Total 2007</b>
Current assets	\$ 211,497,717	\$ 216,264,789	\$ (1,235,668)	\$ 535,761	\$ 210,262,049	\$ 216,800,550
Capital assets, net	282,182,196	246,819,071	2,380,907	2,320,931	284,563,103	249,140,002
Other noncurrent assets	4,149,177	3,964,167	-	-	4,149,177	3,964,167
<b>Total assets</b>	<b>497,829,090</b>	<b>467,048,027</b>	<b>1,145,239</b>	<b>2,856,692</b>	<b>498,974,329</b>	<b>469,904,719</b>
Current liabilities	156,440,235	155,879,972	555,056	779,631	156,995,291	156,659,603
Long-term liabilities	31,233,411	30,928,822	53,236	44,735	31,286,647	30,973,557
	<b>187,673,646</b>	<b>186,808,794</b>	<b>608,292</b>	<b>824,366</b>	<b>188,281,938</b>	<b>187,633,160</b>
Net assets:						
Invested in capital assets, net of debt	261,303,316	223,847,057	2,380,907	2,320,931	263,684,223	226,167,988
Restricted	28,171,672	35,019,609	-	-	28,171,672	35,019,609
Unrestricted	20,680,456	21,372,567	(1,843,960)	(288,605)	18,836,496	21,083,962
<b>Total net assets</b>	<b>\$ 310,155,444</b>	<b>\$ 280,239,233</b>	<b>\$ 536,947</b>	<b>\$ 2,032,326</b>	<b>\$ 310,692,391</b>	<b>\$ 282,271,559</b>

The District's combined net assets were greater as of June 30, 2008 than June 30, 2007. The increase occurred primarily in the governmental funds net capital assets as a result of the capitalization of school renovation projects that were completed 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 decreased primarily due to the planned authorized use of fund balance in the General Fund to finance the District's literacy adoption and to implement the third year of a four year implementation plan of the District's new financial and student information systems, as well as an unanticipated increase in Food Service expenditures related to the rising cost of food and fuel.

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 Year Ended June 30, 2008

**Changes in net assets:** The following schedule shows the changes in net assets for the year ended June 30, 2008 with comparison totals for the year ended June 30, 2007. The difference between revenues and expenditures represents the change in net assets.

	Governmental Activities 2008	Governmental Activities 2007	Business-Type Activities 2008	Business-Type Activities 2007	Total 2008	Total 2007
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 22,386,897	\$ 23,334,489	\$ 7,091,123	\$ 8,448,645	\$ 29,478,020	\$ 31,783,134
Operating grants and contributions	63,411,312	50,812,813	9,825,079	9,239,846	73,236,391	60,052,659
Capital grants and contributions	700,002	3,652,164	672	-	700,674	3,652,164
General revenues:						
Property taxes	101,895,856	100,724,916	-	-	101,895,856	100,724,916
Sales tax, capital projects	31,143,691	30,872,838	-	-	31,143,691	30,872,838
Investment earnings	2,966,414	5,284,862	-	-	2,966,414	5,284,862
State aid and other state sources	153,545,309	148,019,865	-	-	153,545,309	148,019,865
Other including transfers from fiduciary fund	1,608,347	1,230,586	-	-	1,608,347	1,230,586
<b>Total revenues</b>	<b>377,657,828</b>	<b>363,932,533</b>	<b>16,916,874</b>	<b>17,688,491</b>	<b>394,574,702</b>	<b>381,621,024</b>
<b>Expenses:</b>						
Instruction	229,908,604	210,863,364	-	-	229,908,604	210,863,364
Support services	104,124,813	98,828,184	-	-	104,124,813	98,828,184
Noninstructional	1,879,027	1,943,137	-	-	1,879,027	1,943,137
Other expenses	11,829,173	11,350,548	18,412,253	18,723,494	30,241,426	30,074,042
<b>Total expenses</b>	<b>347,741,617</b>	<b>322,985,233</b>	<b>18,412,253</b>	<b>18,723,494</b>	<b>366,153,870</b>	<b>341,708,727</b>
Change in net assets	29,916,211	40,947,300	(1,495,379)	(1,035,003)	28,420,832	39,912,297
Beginning, net assets	280,239,233	239,291,933	2,032,326	3,067,329	282,271,559	242,359,262
Ending, net assets	\$ 310,155,444	\$ 280,239,233	\$ 536,947	\$ 2,032,326	\$ 310,692,391	\$ 282,271,559

- The main revenue sources of state aid and other state sources, property and sales taxes account for 72.7 percent of total revenue.
- The District's expenses primarily relate to instruction and support services which account for 91.3 percent of the total expenses.

## Des Moines Independent Community School District

### Management's Discussion and Analysis Year Ended June 30, 2008

#### Governmental Activities

- State foundation aid and other state sources, property taxes and sales taxes are the primary sources of revenue for the District, 41 percent, 27 percent and 8 percent, respectively, of total governmental activities revenues. Instruction constitutes the largest portion of expenditures at \$229.9 million or 66 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 percent of total costs.

**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 2007:

	2008		2007	
	Total Expenses	Net (Expense) Revenue	Total Expenses	Net (Expense) Revenue
Instruction	\$ 229,908,604	\$ (154,990,749)	\$ 210,863,364	\$ (145,256,269)
Other support services	104,124,813	(103,595,477)	98,828,184	(97,136,765)
Noninstructional programs	1,879,027	(1,821,414)	1,943,137	(1,897,833)
Other expenses	11,829,173	(835,766)	11,350,548	(894,900)
<b>Total expenses</b>	<b>\$ 347,741,617</b>	<b>\$ (261,243,406)</b>	<b>\$ 322,985,233</b>	<b>\$ (245,185,767)</b>

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 \$86.5 million or 25.0 percent of total governmental activities expenses.

#### Business-Type Activities – Change in Net Assets:

- The School Nutrition and Child Care 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 \$(1.2) million for fiscal year 2008.
- 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 negative change in net assets of \$(306,761).

## Des Moines Independent Community School District

### Management's Discussion and Analysis Year Ended June 30, 2008

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#### Financial Analysis of the District's Funds

##### Governmental Funds Highlights

###### General Fund:

- The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$3.7 million. The District's solvency ratio (unreserved-undesignated fund balance/General Fund revenues) decreased slightly from 5.4 percent to 5.2 percent primarily due to the planned authorized use of fund balance to finance the District's literacy adoption and to implement the third year of a four year implementation plan of the District's new financial and student information systems.
- The increase in General Fund revenues over fiscal year 2007 was primarily attributable to increases in state aid and property taxes as a result of higher allowable growth and increases in federal revenue tempered by a decrease in short-term investment income.
- The increase in General Fund expenditures compared to fiscal year 2007 was primarily because of increased state allowable growth of 4 percent, compensation increases of 5 percent, increases in teacher staffing levels, the literacy adoption, ERP and the escalating price of diesel fuel.

###### Sales Tax Fund:

- The Sales Tax Fund has a total fund balance of \$14.2 million for 2008 and \$21.2 million for 2007. The net decrease in the Sales Tax Fund for the fiscal year was primarily due to spending on the Schools First Renovation program above current year receipts – spending relying on the use of the proceeds from the Bonds received in the prior year that were part of the prior year's fund balance.

##### Proprietary Fund Highlights

There are no major enterprise funds. The School Nutrition Fund represents 81 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 2007 to 2008 as in past years, resulting in increased nonoperating revenue from the federal government to cover these meals and a decrease in 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 2008.

- Differences between the original and the final amended budget for the District can be summarized as follows:
  - ✓ The total original revenue budget of \$385.5 million, including other financing sources, was increased to \$399.1 million (an increase of \$13.6 million). This was primarily due to an increase in the receipt of federal funds, state teacher compensation and other state funding.
  - ✓ The total original expenditure budget of \$393.9 million, including other financing uses, was increased to \$420.3 million (an increase of \$26.4 million). This is primarily to recognize increased spending due to an increase in the receipt of federal funds, state teacher compensation and other state funding and renovation expenditures during the fiscal year that were not anticipated when the original budget was adopted.

## Des Moines Independent Community School District

### Management's Discussion and Analysis Year Ended June 30, 2008

- ✓ 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, 97.5 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 100 percent of budgeted General Fund revenues. Overall General Fund revenue increased 7 percent over the prior year primarily attributable to increases in state aid and property taxes as a result of higher allowable growth and increases in federal revenue tempered by a decrease in short term investment income.
- ✓ The District spent 99.3 percent of budgeted General Fund expenditures. General Fund expenditures increased 9 percent primarily because of increased state allowable growth of 4 percent, compensation increases of 5 percent, increases in teacher staffing levels, the literacy adoption, ERP and the escalating price of diesel fuel.
- ✓ At the end of fiscal year 2008, the Unspent Authorized Budget ratio for the General Fund was 6.5 percent as compared to 9.5 percent at the end of fiscal year 2007.

#### Capital Assets and Debt Administration

**Capital Assets:** As of June 30, 2008, the District had invested \$284.6 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers and other equipment. This amount represents a net increase of \$35.4 million from last year, primarily due to the accelerated spending on the District's 10-year Schools First Renovation Plan.

The following schedule presents capital asset balances, net of accumulated depreciation, for the fiscal year ended June 30, 2008, compared with balances as of June 30, 2007:

	Governmental Activities 2008	Governmental Activities 2007	Business-Type Activities 2008	Business-Type Activities 2007	Total 2008	Total 2007
Land	\$ 3,978,569	\$ 3,144,569	\$ -	\$ -	\$ 3,978,569	\$ 3,144,569
Construction-in-progress	56,761,677	63,488,707	-	127,839	56,761,677	63,616,546
Land improvements	2,759,059	1,970,933	-	-	2,759,059	1,970,933
Buildings and improvements	212,330,218	172,273,567	-	-	212,330,218	172,273,567
Vehicles, furniture and equipment	6,352,673	5,941,295	2,380,907	2,193,092	8,733,580	8,134,387
<b>Total</b>	<b>\$ 282,182,196</b>	<b>\$ 246,819,071</b>	<b>\$ 2,380,907</b>	<b>\$ 2,320,931</b>	<b>\$ 284,563,103</b>	<b>\$ 249,140,002</b>

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 Year Ended June 30, 2008

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**Debt Administration:** As of June 30, 2008, the District had \$20.87 million in bonds and notes outstanding, of which \$1.51 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, 2008, with comparative information as of June 30, 2007:

	2008	2007
Capital loan notes	\$ 1,570,000	\$ 2,060,000
Qualified zone academy bonds	1,000,000	1,000,000
Sales tax revenue	18,300,000	19,900,000
<b>Total</b>	<b>\$ 20,870,000</b>	<b>\$ 22,960,000</b>

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 \$494.2 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:

- The uncertainty of state and local finances in light of the national and global financial situation.
- District enrollment slightly declined from September 2007 to September 2008 by 1.1 percent. Therefore, the total combined District cost for fiscal year 2009 will decline by approximately \$2.0 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, please contact Patti Schroeder, Chief Financial Officer, of the Business and Finance Department, 242-7745, 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, 2008

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 77,649,667	\$ 8,503	\$ 77,658,170
Restricted cash and investments	123,377	-	123,377
Property taxes receivable - current year	1,744,505	-	1,744,505
Property taxes receivable - succeeding year	105,892,508	-	105,892,508
Interest receivable	180,761	-	180,761
Other receivables, net of allowances for uncollectible of \$29,656	205,827	203,433	409,260
Due from other governments	22,806,143	200,828	23,006,971
Internal balances	2,018,489	(2,018,489)	-
Assets held for sale	12,379	223,141	235,520
Inventories	722,051	146,916	868,967
Prepaid expenses	142,010	-	142,010
<b>Total current assets</b>	<b>211,497,717</b>	<b>(1,235,668)</b>	<b>210,262,049</b>
Noncurrent assets:			
Investments	3,557,493	-	3,557,493
Restricted investments	554,462	-	554,462
Bond issuance costs	37,222	-	37,222
Capital assets:			
Capital assets - nondepreciable	60,740,246	-	60,740,246
Capital assets - depreciable, net	221,441,950	2,380,907	223,822,857
<b>Total capital assets</b>	<b>282,182,196</b>	<b>2,380,907</b>	<b>284,563,103</b>
<b>Total noncurrent assets</b>	<b>286,331,373</b>	<b>2,380,907</b>	<b>288,712,280</b>
<b>Total assets</b>	<b>\$ 497,829,090</b>	<b>\$ 1,145,239</b>	<b>\$ 498,974,329</b>

See Notes to Basic Financial Statements.

	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 6,814,543	\$ 32,076	\$ 6,846,619
Claims payable	4,580,272	-	4,580,272
General obligation bonds and notes	510,000	-	510,000
Sales tax revenue bonds	1,000,000	-	1,000,000
Accrued payroll	24,453,914	258,986	24,712,900
Accrued interest payable	63,408	900	64,308
Other current liabilities	1,745,988	-	1,745,988
Due to other governments	5,292,971	17,900	5,310,871
Unearned, succeeding year property taxes	105,892,508	-	105,892,508
Unearned revenue	97,984	104,278	202,262
Compensated absences	1,986,131	140,916	2,127,047
Special termination benefits	4,002,516	-	4,002,516
<b>Total current liabilities</b>	<b>156,440,235</b>	<b>555,056</b>	<b>156,995,291</b>
Noncurrent liabilities:			
Retrospective insurance rating plan	579,637	-	579,637
Compensated absences	1,697,002	53,236	1,750,238
Special termination benefits	8,522,892	-	8,522,892
Other postemployment benefits	1,065,000	-	1,065,000
Bond premiums	8,880	-	8,880
General obligation bonds and notes	2,060,000	-	2,060,000
Sales tax revenue bonds	17,300,000	-	17,300,000
<b>Total noncurrent liabilities</b>	<b>31,233,411</b>	<b>53,236</b>	<b>31,286,647</b>
<b>Total liabilities</b>	<b>187,673,646</b>	<b>608,292</b>	<b>188,281,938</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	261,303,316	2,380,907	263,684,223
Restricted for:			
Debt service	554,462	-	554,462
Donor-restricted purposes	3,139,323	-	3,139,323
Purpose restricted	6,394,320	-	6,394,320
Management levy	1,270,432	-	1,270,432
Physical plant and equipment levy	2,606,929	-	2,606,929
Public education and recreation levy	158,123	-	158,123
Sales tax levy	14,048,083	-	14,048,083
Unrestricted	20,680,456	(1,843,960)	18,836,496
<b>Total net assets</b>	<b>310,155,444</b>	<b>536,947</b>	<b>310,692,391</b>
<b>Total net assets and liabilities</b>	<b>\$ 497,829,090</b>	<b>\$ 1,145,239</b>	<b>\$ 498,974,329</b>

Des Moines Independent Community School District

Statement of Activities  
Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
Instructional	\$ 229,908,604	\$ 10,969,649	\$ 63,248,204	\$ 700,002
Student services	19,144,119	-	-	-
Instructional support services	8,020,675	-	3,073	-
General administration	4,806,286	-	4,000	-
Building administration	18,205,319	-	-	-
Business and central administration	9,754,807	-	-	-
Plant operation and maintenance	33,557,855	-	-	-
Student transportation	10,635,752	366,228	156,035	-
Noninstructional	1,879,027	57,613	-	-
AEA support	10,993,407	10,993,407	-	-
Interest on long-term debt	835,766	-	-	-
<b>Total governmental activities</b>	<b>347,741,617</b>	<b>22,386,897</b>	<b>63,411,312</b>	<b>700,002</b>
Business-type activities:				
School nutrition	14,833,221	3,845,874	9,786,826	672
Child care	3,479,097	3,172,336	-	-
Other	99,935	72,913	38,253	-
<b>Total business-type activities</b>	<b>18,412,253</b>	<b>7,091,123</b>	<b>9,825,079</b>	<b>672</b>
<b>Total primary government</b>	<b>\$ 366,153,870</b>	<b>\$ 29,478,020</b>	<b>\$ 73,236,391</b>	<b>\$ 700,674</b>

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, for general purposes
Investment earnings
Other local sources
State sources, for general purposes
Gain on sale of capital assets
<b>Total general revenues</b>

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
\$ (154,990,749)	\$ -	\$ (154,990,749)
(19,144,119)	-	(19,144,119)
(8,017,602)	-	(8,017,602)
(4,802,286)	-	(4,802,286)
(18,205,319)	-	(18,205,319)
(9,754,807)	-	(9,754,807)
(33,557,855)	-	(33,557,855)
(10,113,489)	-	(10,113,489)
(1,821,414)	-	(1,821,414)
-	-	-
(835,766)	-	(835,766)
(261,243,406)	-	(261,243,406)
-	(1,199,849)	(1,199,849)
-	(306,761)	(306,761)
-	11,231	11,231
-	(1,495,379)	(1,495,379)
(261,243,406)	(1,495,379)	(262,738,785)
86,343,532	-	86,343,532
8,781,855	-	8,781,855
6,007,979	-	6,007,979
762,490	-	762,490
31,143,691	-	31,143,691
152,188,242	-	152,188,242
2,966,414	-	2,966,414
1,587,590	-	1,587,590
1,357,067	-	1,357,067
20,757	-	20,757
291,159,617	-	291,159,617
29,916,211	(1,495,379)	28,420,832
280,239,233	2,032,326	282,271,559
\$ 310,155,444	\$ 536,947	\$ 310,692,391

Des Moines Independent Community School District

Balance Sheet  
Governmental Funds  
June 30, 2008

	General	Sales Tax	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 42,017,821	\$ 14,685,776	\$ 11,799,012	\$ 68,502,609
Restricted cash and investments	-	123,377	554,462	677,839
Property taxes receivable - current year	1,483,039	-	261,466	1,744,505
Property taxes receivable - succeeding year	89,559,568	-	16,332,940	105,892,508
Interest receivable	180,761	-	-	180,761
Other receivables	173,738	-	32,089	205,827
Due from other funds	299,560	-	-	299,560
Due from other governments	14,604,523	8,201,620	-	22,806,143
Assets held for sale	12,379	-	-	12,379
Inventories	659,628	-	-	659,628
Prepaid items	127,480	-	14,530	142,010
<b>Total assets</b>	<b>\$ 149,118,497</b>	<b>\$ 23,010,773</b>	<b>\$ 28,994,499</b>	<b>\$ 201,123,769</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 2,260,677	\$ 3,383,387	\$ 630,782	\$ 6,274,846
Accrued payroll	24,440,674	163	10,303	24,451,140
Special termination benefits	122,280	-	2,126,630	2,248,910
Other current liabilities	341,197	1,404,791	-	1,745,988
Due to other governments	5,191,257	55,759	45,955	5,292,971
Deferred revenue	90,863,867	3,995,213	16,346,032	111,205,112
Unearned revenue	65,499	-	-	65,499
Compensated absences	133,973	-	-	133,973
<b>Total liabilities</b>	<b>123,419,424</b>	<b>8,839,313</b>	<b>19,159,702</b>	<b>151,418,439</b>
Fund balances:				
Reserved for:				
Inventories	659,628	-	-	659,628
Prepaid items	127,480	-	14,530	142,010
Purpose restricted	6,394,320	-	-	6,394,320
Restricted for East High School	-	3,191	-	3,191
Restricted for Roosevelt High School	-	120,186	-	120,186
Permanent trusts, nonexpendable corpus	-	-	9,878	9,878
Debt service	-	-	554,462	554,462
Unreserved:				
Designated	1,757,178	-	-	1,757,178
Undesignated, reported in:				
General Fund	16,760,467	-	-	16,760,467
Special revenue funds	-	-	9,254,412	9,254,412
Capital Projects Fund	-	14,048,083	-	14,048,083
Permanent trust funds	-	-	1,515	1,515
<b>Total fund balances</b>	<b>25,699,073</b>	<b>14,171,460</b>	<b>9,834,797</b>	<b>49,705,330</b>
<b>Total liabilities and fund balances</b>	<b>\$ 149,118,497</b>	<b>\$ 23,010,773</b>	<b>\$ 28,994,499</b>	<b>\$ 201,123,769</b>

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, 2008**

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Total governmental fund balances		\$ 49,705,330
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	\$ 3,978,569	
Construction-in-progress	56,761,677	
Land improvements	8,852,823	
Buildings and improvements	292,209,310	
Vehicles, furniture and equipment	14,351,785	
Accumulated depreciation	<u>(94,096,094)</u>	282,058,070
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds		
		5,312,603
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.		
		9,434,995
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	(3,529,353)	
General obligation bonds and notes payable	(2,570,000)	
Sales tax revenue bonds	(18,300,000)	
Bond issuance costs	37,222	
Bond premiums	(8,880)	
Accrued interest expense	(63,408)	
Retrospective insurance rating plan	(579,637)	
Other postemployment benefits	(1,065,000)	
Special termination benefit	<u>(10,276,498)</u>	<u>(36,355,554)</u>
<b>Net assets of governmental activities</b>		<u><u>\$ 310,155,444</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, 2008

	General	Sales Tax	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ 86,343,532	\$ -	\$ 15,552,324	\$ 101,895,856
Other local sources	10,706,878	1,464,569	593,862	12,765,309
Sales tax, for capital projects	-	30,301,047	-	30,301,047
Investment earnings	2,004,518	684,849	277,047	2,966,414
Intermediate sources	9,203,713	-	-	9,203,713
State foundation aid	152,188,242	-	-	152,188,242
State sources	34,572,477	-	7,668	34,580,145
Federal sources	29,887,708	500,000	14	30,387,722
Student activities	105,103	-	3,059,066	3,164,169
<b>Total revenues</b>	<b>325,012,171</b>	<b>32,950,465</b>	<b>19,489,981</b>	<b>377,452,617</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instructional	216,799,913	-	8,509,148	225,309,061
Student services	19,497,475	-	-	19,497,475
Instructional support services	8,100,061	-	38,146	8,138,207
General administration	4,054,165	-	724,222	4,778,387
Building administration	17,922,349	-	596,856	18,519,205
Business and central administration	9,240,852	-	-	9,240,852
Plant operation and maintenance	32,461,721	-	1,043,293	33,505,014
Student transportation	9,035,476	-	974,005	10,009,481
Noninstructional	624,347	-	1,357,029	1,981,376
AEA support	10,993,407	-	-	10,993,407
Capital outlay	-	37,646,771	5,960,654	43,607,425
<b>Debt service:</b>				
Principal retirement	-	-	2,090,000	2,090,000
Interest	-	-	822,738	822,738
<b>Total expenditures</b>	<b>328,729,766</b>	<b>37,646,771</b>	<b>22,116,091</b>	<b>388,492,628</b>
<b>(Deficiency) of revenues over expenditures</b>	<b>(3,717,595)</b>	<b>(4,696,306)</b>	<b>(2,626,110)</b>	<b>(11,040,011)</b>
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	47,225	-	-	47,225
Transfers in	-	-	2,912,738	2,912,738
Transfers out	-	(2,350,750)	(561,988)	(2,912,738)
<b>Total other financing sources (uses)</b>	<b>47,225</b>	<b>(2,350,750)</b>	<b>2,350,750</b>	<b>47,225</b>
<b>Net changes in fund balances</b>	<b>(3,670,370)</b>	<b>(7,047,056)</b>	<b>(275,360)</b>	<b>(10,992,786)</b>
Fund balances, beginning of year	29,369,443	21,218,516	10,110,157	60,698,116
Fund balances, end of year	\$ 25,699,073	\$ 14,171,460	\$ 9,834,797	\$ 49,705,330

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  
Year Ended June 30, 2008**

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Net change in fund balances - total governmental funds \$ (10,992,786)

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	\$ 41,304,558	
Contributed capital	10,002	
Depreciation expense	(5,944,093)	
Proceeds from sale of capital assets	(47,225)	
Gain on sale of capital assets	<u>20,757</u>	35,343,999

Revenues in statement of activities that do not provide current financial resources are not reported as revenues in the funds, change in deferred revenues (321,748)

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	2,090,000	
Amortization of premiums and bond issuance costs	<u>(19,465)</u>	2,070,535

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	(700,933)	
Decrease in retrospective insurance rating plan	54,971	
Decrease in interest expense	6,437	
Increase in other postemployment benefits	(1,065,000)	
Increase in special termination benefits	<u>(228,177)</u>	(1,932,702)

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.

	<u>5,748,913</u>	
<b>Change in net assets of governmental activities</b>	<u>\$ 29,916,211</u>	

See Notes to Basic Financial Statements.

Des Moines Independent Community School District

Statement of Net Assets  
 Proprietary Funds  
 June 30, 2008

	Nonmajor Enterprise Funds	Internal Service Funds
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 8,503	\$ 12,704,551
Other receivables, net of allowances for uncollectible of \$29,656	203,433	-
Due from other governments	200,828	-
Due from other funds	418,319	1,752,743
Assets held for sale	223,141	-
Inventories	146,916	62,423
<b>Total current assets</b>	<b>1,201,140</b>	<b>14,519,717</b>
Noncurrent assets, depreciable capital assets, net	2,380,907	124,126
<b>Total assets</b>	<b>\$ 3,582,047</b>	<b>\$ 14,643,843</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 32,076	\$ 539,697
Claims payable	-	4,580,272
Accrued payroll	258,986	2,774
Accrued interest payable	900	-
Due to other funds	2,436,808	33,814
Due to other governments	17,900	-
Unearned revenue	104,278	32,484
Compensated absences	140,916	9,669
<b>Total current liabilities</b>	<b>2,991,864</b>	<b>5,198,710</b>
Noncurrent liabilities, compensated absences	53,236	10,138
<b>Total liabilities</b>	<b>3,045,100</b>	<b>5,208,848</b>
<b>Net Assets</b>		
Invested in capital assets	2,380,907	124,126
Unrestricted	(1,843,960)	9,310,869
<b>Total net assets</b>	<b>536,947</b>	<b>9,434,995</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,582,047</b>	<b>\$ 14,643,843</b>

See Notes to Basic Financial Statements.

Des Moines Independent Community School District

Statement of Revenues, Expenses and Changes in Net Assets  
 Proprietary Funds  
 Year Ended June 30, 2008

	Nonmajor Enterprise Funds	Internal Service Funds
Operating revenues:		
Student activities	\$ 13,554	\$ -
Charges for services:		
Employee benefits	-	49,346,571
Sale of food	3,845,772	-
Child care	3,172,336	-
Miscellaneous	59,461	254,542
<b>Total operating revenues</b>	<b>7,091,123</b>	<b>49,601,113</b>
Operating expenses:		
Student services	14,568,772	-
Depreciation	316,396	11,424
Community services	3,526,185	-
Employee benefits	-	43,546,477
Miscellaneous	-	294,299
<b>Total operating expenses</b>	<b>18,411,353</b>	<b>43,852,200</b>
<b>Operating income (loss)</b>	<b>(11,320,230)</b>	<b>5,748,913</b>
Nonoperating revenues (expenses):		
Other local sources	102,848	-
State sources	148,177	-
Federal sources	9,574,054	-
Interest expense	(900)	-
Gain on disposal of capital assets	672	-
<b>Total nonoperating revenues</b>	<b>9,824,851</b>	<b>-</b>
<b>Changes in net assets</b>	<b>(1,495,379)</b>	<b>5,748,913</b>
Total net assets, beginning of year	2,032,326	3,686,082
Total net assets, end of year	<b>\$ 536,947</b>	<b>\$ 9,434,995</b>

See Notes to Basic Financial Statements.

Des Moines Independent Community School District

Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2008

	Nonmajor Enterprise Funds	Internal Service Funds
Cash flows from operating activities:		
Cash received from user charges	\$ 7,060,614	\$ 49,610,867
Cash payments to employees for services	(10,058,775)	(231,332)
Cash payments to suppliers for goods and services	(7,550,867)	(42,475,060)
<b>Net cash provided by (used in) operating activities</b>	<b>(10,549,028)</b>	<b>6,904,475</b>
Cash flows from noncapital financing activities:		
Payments from other funds	2,006,820	18,727
Payments to other funds	(9,421)	(1,737,656)
Nonoperating grants and donations received	9,063,622	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>11,061,021</b>	<b>(1,718,929)</b>
Cash flows from capital and related financing activities:		
Proceeds from disposal of capital assets	2,500	-
Acquisition of capital assets	(506,040)	(30,550)
<b>Net cash (used in) capital and related financing activities</b>	<b>(503,540)</b>	<b>(30,550)</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,453</b>	<b>5,154,996</b>
Cash and cash equivalents, beginning of year	50	7,549,555
Cash and cash equivalents, end of year	<b>\$ 8,503</b>	<b>\$ 12,704,551</b>
Reconciliation of operating income (loss) to net cash provided by (used in)		
operating activities:		
Operating income (loss)	\$ (11,320,230)	\$ 5,748,913
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	316,396	11,424
Commodities used	745,317	-
Changes in assets and liabilities:		
Receivables	(31,304)	-
Assets held for sale	(31,810)	-
Inventories	(10,423)	(5,526)
Prepaid items	-	71,539
Accounts payable and due to other governments	(229,465)	188,723
Claims payable	-	876,629
Unearned revenue	795	9,754
Accrued liabilities	11,696	3,019
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (10,549,028)</b>	<b>\$ 6,904,475</b>
Noncash items:		
Noncapital financing activities, commodities received from the U.S. Department of Agriculture	\$ 745,317	\$ -
Capital financing activities, construction-in-progress transferred to assets held for sale	(127,839)	-

See Notes to Basic Financial Statements.

Des Moines Independent Community School District

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2008

	Pension Trust	Private Purpose Trust	Agency
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 761,968	\$ 234,331
Investments:			
Money market	2,513,210	-	-
U.S. government securities	30,660,800	4,689	-
Corporate equities	30,375,757	-	-
Mortgage-backed securities	58,452,612	-	-
Corporate obligations	58,782,640	-	-
Preferred stock	14,522,680	-	-
Municipal bonds	15,144,883	-	-
Other fixed income	2,050,450	-	-
Interest receivable	2,364,784	-	-
Other receivables	-	1,500	-
<b>Total assets</b>	<b>\$ 214,867,816</b>	<b>\$ 768,157</b>	<b>\$ 234,331</b>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ 5,557
Due to other governmental units	-	-	228,774
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>\$ 234,331</b>
<b>Net Assets</b>			
Held in trust for:			
Employees' pension benefits	214,867,816	-	
Scholarships	-	768,157	
<b>Total net assets</b>	<b>214,867,816</b>	<b>768,157</b>	
<b>Total liabilities and net assets</b>	<b>\$ 214,867,816</b>	<b>\$ 768,157</b>	

See Notes to Basic Financial Statements.

Des Moines Independent Community School District

Statement of Changes in Fiduciary Net Assets  
 Fiduciary Funds  
 Year Ended June 30, 2008

	Pension Trust	Private Purpose Trust
Additions:		
Contributions:		
Employer	\$ 2,050,107	\$ -
Employee	1,806,607	-
Private source	-	525
<b>Total contributions</b>	<b>3,856,714</b>	<b>525</b>
Investment earnings:		
Net (decrease) in fair value of investments	(6,931,621)	-
Interest	10,640,292	34,482
Dividends	1,677,570	-
<b>Total investment earnings</b>	<b>5,386,241</b>	<b>34,482</b>
Less investment expense	130,658	-
<b>Net investment earnings</b>	<b>5,255,583</b>	<b>34,482</b>
<b>Total additions</b>	<b>9,112,297</b>	<b>35,007</b>
Deductions:		
Benefit payments	12,853,842	-
Resignation refunds	190,416	-
Death settlements	136,291	-
Scholarship awarded	-	12,606
Administrative costs	165,763	-
Other	-	6,933
<b>Total deductions</b>	<b>13,346,312</b>	<b>19,539</b>
<b>Changes in net assets</b>	<b>(4,234,015)</b>	<b>15,468</b>
Net assets, beginning of year	219,101,831	752,689
Net assets, end of year	<b>\$ 214,867,816</b>	<b>\$ 768,157</b>

See Notes to Basic Financial Statements.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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#### **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

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

##### Significant accounting policies:

Government-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. However, interfund services provided and used are not eliminated in the process of consolidation. 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 Government-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

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#### 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

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#### 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. The state now provides free preschool to four year olds and program activities are now accounted for in the General Fund.

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

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

The Government-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.

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 except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost. 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

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

The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

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 Government-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 Government-wide and fund financial statements.

Capital assets: Capital assets which include land; land improvements; buildings and improvements; vehicles, furniture and equipment; and construction-in-progress are reported in the Government-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

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#### 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, 2008, has also been accrued as a liability as of June 30, 2008.

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 Government-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 Government-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, 2008, 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

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#### **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 Government-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 Government-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, 2008 consists of \$554,462 for debt service, \$1,270,432 for management levy, \$2,606,929 for physical plant and equipment levy, \$158,123 for public education and recreation levy, and \$14,048,083 for sales tax levy.

Donor restricted net assets include \$3,004,553 for net assets in the DMPS Fund which is to be used for the Smouse School, \$11,393 in the Permanent Fund to be used for teacher education and training, and \$123,377 included in the Sales Tax Fund to be used for future construction costs at a school.

Other purposes restricted net assets of \$6,394,320 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.

Designated funds consist of remaining budgetary balances previously approved by the Board for ERP System in the amount of \$875,862 and decentralized school budgets in the amount of \$881,316.

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

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#### 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, 2008, of \$677,879 and \$37,838, respectively. In past years, all childcare and preschool programs were reported as one fund. For many years, the child care 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 fiscal year 2007, the State Department of Education mandated that child care programs be accounted for as two separate funds, preschool and child care. The deficit balance in the Preschool Fund is now shown separately. One program accounted for in the Preschool Fund that was in a negative financial position was discontinued in September 2007. The state now provides free preschool to four year olds and program activities are now accounted for in the General Fund. Therefore, the District plans to eliminate the remaining negative balance in the preschool enterprise fund when the child care enterprise fund is able to absorb the balance.

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, 2008, the District's cash, cash equivalents and investments (including fiduciary fund assets) were as follows:

Cash and other deposits	\$ 29,793,262
Investments, primarily pension trust	265,604,260
	<u>\$ 295,397,522</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)

As of June 30, 2008, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) diversified portfolio totaling \$39,000,000. The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The value of the investment is the same as the value of the pool shares. ISJIT is registered with and regulated by the Securities and Exchange Commission.

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, 2008, 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	\$ 1,822,992	N/A	N/A	N/A	N/A
U.S. Government securities	1,739,191	\$ -	\$ 1,736,734	\$ 2,457	\$ -
Commercial paper	2,984,583	2,984,583	-	-	-
Iowa Schools Joint Investment Trust	39,000,000	39,000,000	-	-	-
IPAS education	7,000,000	7,000,000	-	-	-
QZAB Sinking Fund, guaranteed investment contract	554,462	-	554,462	-	-
	<u>\$ 53,101,228</u>	<u>\$ 48,984,583</u>	<u>\$ 2,291,196</u>	<u>\$ 2,457</u>	<u>\$ -</u>

#### 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	\$ 2,513,210	\$ 2,513,210	\$ -	\$ -	\$ -
U.S. Government securities	30,660,800	-	-	8,010,040	22,650,760
Corporate equities	30,375,757	N/A	N/A	N/A	N/A
Mortgage-backed securities	58,452,612	1,068	-	135,090	58,316,454
Corporate obligations	58,782,640	985,080	19,024,050	12,224,169	26,549,341
Preferred stock	14,522,680	N/A	N/A	N/A	N/A
Municipal bonds	15,144,883	2,416,438	5,752,505	963,030	6,012,910
Other fixed income	2,050,450	-	-	1,090,440	960,010
	<u>\$ 212,503,032</u>	<u>\$ 5,915,796</u>	<u>\$ 24,776,555</u>	<u>\$ 22,422,769</u>	<u>\$ 114,489,475</u>

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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

Subsequent to year-end, the credit and liquidity situation in the United States and throughout the global financial system has resulted in substantial unrest in financial markets and the banking system. These and other economic events have had an adverse impact on investment portfolios. As a result, Des Moines Independent Community School District's investments have likely incurred a significant unrealized loss due to a decline in fair value since June 30, 2008. In addition, certain nonreadily marketable investments are significantly less liquid than they have been historically.

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. The District's investment policy does not formally address credit risk.

As of June 30, 2008, the District's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's Investor's Services
<b>Des Moines Teachers' Retirement System (DMTRS)</b>		
<b>Money Market:</b>		
WELLS FARGO SHORT-TERM INVESTMENT FUND G	Not Rated	Not Rated
<b>U.S. Government Securities:</b>		
FED HOME LN MTG CORP MED TERM NOTE DTD 03/10/03 5.000 03/10/2016	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 12/20/06 6.000 12/20/2021	AAA	AAA
FED HOME LN MTG CORP DTD 03/30/07 6.000 03/30/2022	AAA	AAA
FED HOME LN MTG CORP MED TERM NOTE	AAA	AAA
FED HOME LN BK DTD 08/04/06 6.400 08/04/2016	AAA	AAA
FED HOME LN BK DTD 07/14/06 6.450 07/14/2016	AAA	AAA
FED HOME LN BK DTD 06/29/07 6.375 06/29/2022	AAA	AAA
FED FARM CREDIT BK DTD 08/16/07 6.250 08/16/2027	AAA	AAA
FED FARM CREDIT BK DTD 05/13/08 5.400 05/19/2023	AAA	AAA
FED NATL MTG ASSN DTD 01/13/05 5.550 01/13/2025	AAA	AAA
FED NATL MTG ASSN DTD 04/04/07 6.000 04/04/2022	AAA	AAA
FED NATL MTG ASSN DTD 06/07/07 6.250 06/07/2022	AAA	AAA
FED NATL MTG ASSN DTD 08/22/07 6.500 08/22/2022	AAA	AAA
FED NATL MTG ASSN DTD 06/26/08 6.000 06/26/2023	AAA	AAA
FED NATL MTG ASSN DTD 06/22/07 6.750 06/22/2037	AAA	AAA
<b>Corporate Equities</b>	Not Rated	Not Rated

# 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
<b>Mortgage-Backed Securities:</b>	Not Rated	Not Rated
FED HOME LN MTG CORP POOL #C90942 DTD 09/01/05 6.500 09/01/2025	Not Rated	Not Rated
FED HOME LN MTG CORP POOL #C90997 DTD 08/01/06 7.000 08/01/2026	Not Rated	Not Rated
FED HOME LN MTG CORP POOL #C91094 DTD 09/01/07 6.500 09/01/2027	Not Rated	Not Rated
FED HOME LN MTG CORP POOL #C91116 DTD 11/01/07 6.000 11/01/2027	Not Rated	Not Rated
FED HOME LN MTG CORP POOL #1G2213 DTD 09/01/07 10/01/2037	Not Rated	Not Rated
FED HOME LN MTG CORP POOL #C90457 DTD 07/01/01 6.500 07/01/2021	Not Rated	Not Rated
FED HOME LN MTG CORP POOL #C90572 DTD 08/01/02 6.000 08/01/2022	Not Rated	Not Rated
FED HOME LN MTG CORP POOL #C90847 DTD 08/01/04 6.000 08/01/2024	Not Rated	Not Rated
FED HOME LN MTG CORP POOL #C90857 DTD 07/01/04 6.500 07/01/2024	Not Rated	Not Rated
FED HOME LN MTG CORP POOL #C90873 DTD 10/01/04 6.500 10/01/2024	Not Rated	Not Rated
FED HOME LN MTG CORP POOL #141025 DTD 12/01/86 9.000 12/01/2016	Not Rated	Not Rated
FED HOME LN MTG CORP POOL #360066 DTD 08/01/89 10.500 08/01/2019	Not Rated	Not Rated
FED HOME LN MTG CORP POOL #360014 DTD 10/01/87 10.500 10/01/2017	Not Rated	Not Rated
FED HOME LN MTG CORP POOL #304609 DTD 05/01/88 10.500 05/01/2017	Not Rated	Not Rated
FED HOME LN MTG CORP POOL #530869 DTD 01/01/89 10.0000	Not Rated	Not Rated
FED HOME LN MTG CORP POOL #536346 DTD 07/01/89 10.0000	Not Rated	Not Rated
FED NATL MTG ASSN POOL #050209 DTD 07/01/89 10.000 07/01/2019	Not Rated	Not Rated
FED NATL MTG ASSN POOL #050852 DTD 01/01/94 7.000 01/01/2014	Not Rated	Not Rated
FED NATL MTG ASSN POOL #254312 DTD 04/01/02 7.000 05/01/2032	Not Rated	Not Rated
FED NATL MTG ASSN POOL #255068 DTD 12/01/03 6.000 01/01/2024	Not Rated	Not Rated
FED NATL MTG ASSN POOL #255386 DTD 07/01/04 6.500 08/01/2024	Not Rated	Not Rated
FED NATL MTG ASSN POOL #255417 DTD 08/01/04 6.000 09/01/2024	Not Rated	Not Rated
FED NATL MTG ASSN POOL # 255927 DTD 08/01/05 6.500 08/01/2025	Not Rated	Not Rated
FED NATL MTG ASSN POOL # 255929 DTD 08/01/05 7.000 08/01/2025	Not Rated	Not Rated
FED NATL MTG ASSN POOL #256317 DTD 06/01/06 7.000 07/01/2036	Not Rated	Not Rated
FED NATL MTG ASSN POOL #256360 DTD 07/01/06 7.000 08/01/2036	Not Rated	Not Rated
FED NATL MTG ASSN POOL #256479 DTD 10/01/06 6.500 10/01/2026	Not Rated	Not Rated
FED NATL MTG ASSN POOL #256628 DTD 01/01/07 6.500 01/01/2027	Not Rated	Not Rated
FED NATL MTG ASSN POOL #256821 DTD 06/01/07 6.500 07/01/2027	Not Rated	Not Rated
FED NATL MTG ASSN POOL #256886 DTD 08/01/07 6.500 09/01/2027	Not Rated	Not Rated
FED NATL MTG ASSN POOL #257007 DTD 11/01/07 6.000 12/01/2027	Not Rated	Not Rated
FED NATL MTG ASSN POOL #323291 DTD 08/01/98 9.000 03/01/2020	Not Rated	Not Rated
FED NATL MTG ASSN POOL #378049 DTD 05/01/97 7.5000 09/01/2025	Not Rated	Not Rated
FED NATL MTG ASSN POOL #545419 DTD 12/01/01 6.500 12/01/2021	Not Rated	Not Rated
FED NATL MTG ASSN POOL #555149 DTD 12/01/02 7.000 10/01/2032	Not Rated	Not Rated
FED NATL MTG ASSN POOL #735470 DTD 03/01/05 6.500 03/01/2025	Not Rated	Not Rated
FED NATL MTG ASSN POOL #735576 DTD 05/01/05 7.500 11/01/2034	Not Rated	Not Rated
FED NATL MTG ASSN POOL #786881 DTD 07/01/04 08/01/2034	Not Rated	Not Rated
FED NATL MTG ASSN POOL #823754 DTD 04/01/05 7.000 09/01/2031	Not Rated	Not Rated
FED NATL MTG ASSN POOL #829953 DTD 06/01/05 6.000 08/01/2024	Not Rated	Not Rated
FED NATL MTG ASSN POOL 834966 DTD 07/01/05 7.000 07/01/2035	Not Rated	Not Rated
FED NATL MTG ASSN POOL #974677 DTD 03/01/08 6.000 03/01/2038	Not Rated	Not Rated
GOVT NATL MTG ASSN #002218 DTD 05/01/96	Not Rated	Not Rated
GOVT NATL MTG ASSN #002270 DTD 08/01/96	Not Rated	Not Rated

## 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 #002285 DTD 09/01/96	Not Rated	Not Rated
GOVT NATL MTG ASSN #002305 DTD 10/01/96	Not Rated	Not Rated
GOVT NATL MTG ASSN #002308 DTD 10/01/96	Not Rated	Not Rated
GOVT NATL MTG ASSN #002324 DTD 11/01/96	Not Rated	Not Rated
GOVT NATL MTG ASSN #002344 DTD 12/01/96	Not Rated	Not Rated
GOVT NATL MTG ASSN POOL #389276 DTD 06/01/94	Not Rated	Not Rated
GOVT NATL MTG ASSN POOL #251564 DTD 07-01-89	Not Rated	Not Rated
GOVT NATL MTG ASSN POOL #266893 7.5000	Not Rated	Not Rated
GOVT NATL MTG ASSN POOL #271564 DTD 09-01-89	Not Rated	Not Rated
GOVT NATL MTG ASSN POOL #273472 DTD 03-01-89	Not Rated	Not Rated
GOVT NATL MTG ASSN I POOL #780195 DTD 07/01/95 8.0 07/15/25	Not Rated	Not Rated
FEDERAL HOME LN MTG CORP MULTICLASS MTG PARTN CTFS GTD	Not Rated	Not Rated
FED HOME LN MTG CORP MULTICLASS MTG PARTN CTFS GTD SER 1099 CL	Not Rated	Not Rated
FED HOME LN MTG CORP MULTICLASS MTG PARTN CTFS GTD SER 1549 CL	Not Rated	Not Rated
GOVT NATL MTG ASSN REMIC SER 2002-67 CL BP *19 DAY DELAY*	Not Rated	Not Rated
PAINWEBBER CMO TR SER H COLL MTG OBLIG CL H-4 DELAY 30	Not Rated	Not Rated
<b>Corporate Obligations:</b>		
AMERICAN EXPRESS DTD 03/19/08 7.000 03/19/2018	A+	A1
ANHEUSER BUSCH COS INC DATED 12/12/97	A	A2
ARCHER DANIELS MIDLAND CO DTD 04/23/99 6.625 05/01/2029	A	A2
BAC CAPITAL TRUST XI DTD 05/23/06 6.625 05/23/2036	A+	AA3
BAKER HUGHES INC DTD 07/15/99 6.875 01/15/2029	A	A2
BELLSOUTH CAP FUNDING DTD 02/16/00 7.750 02/15/2010	A	A2
BOEING CAP CORP DTD 07/25/02 5.800 01/15/2013	A+	A2
BRISTOL-MYERS SQUIBB DTD 05/01/08 6.125 05/01/2038	A+	A2
BRITISH TELECOM PLC DTD 12/12/00 8.125 12/15/2010	BBB+	BAA1
CIT GROUP INC MED TERM NOTE SER NOTZ	A-	BAA1
CIT GROUP HLDGS DTD 04/01/02 7.750 04/02/2012	A-	BAA1
CATERPILLAR DTD 07/20/98 6.625 07/15/2028	A	A2
COMERICA BANK DTD 07/26/94 8.375 07/15/2024	A	A2
COUNTRYWIDE HOME LOAN MED TERM NOTE TRANCHE # TR 00173 SER H DTD	AA	AA2
TARGET CORP DTD 01/01/98 6.750 01/01/2028	A+	A2
DEERE & CO DTD 04/17/02 6.950 04/25/2014	A	A2
DOW CHEM CO DEB DTD 08-17-93	A-	A3
GE CAPITAL FRANCHISE FIN MED TERM NOTE	AAA	AAA
GENERAL ELEC CAP CORP TRANCHE # TR 00575	AAA	AAA
GOLDMAN SACHS GROUP INC MED TERM NOTE-SER E TRANCHE #TR00046	AA-	AA3
GOLDMAN SACHS GROUP INC DTD 01/10/02 6.600 01/15/2012	AA-	AA3
HOUSEHOLD FINANCE CORP DTD 05/22/02 7.000 05/15/2012	AA-	AA3
INTERNATIONAL BUSINESS MACHS DTD 08/01/97	A+	A1
INTL LEASE FINANCE CORP DTD 04/29/03 5.875 05/01/2013	A+	A1
J P MORGAN CHASE & CO DTD 03/13/02 6.625 03/15/2012	A+	AA3
JPM CHASE CAPITAL XXII SER V	A	AA3
LOWE'S COMPANIES INC DTD 02/23/99 6.500 03/15/2029	A+	A1
LOWE'S COMPANIES INC DTD 09/11/2007 6.100 09/15/2017	A+	A1

## 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
MCDONALD'S CORP DTD 10/18/07 6.300 10/15/2037	A	A3
METLIFE INC DTD 12/10/02 6.500 12/15/2032	A	A2
MORGAN STANLEY DEAN WITTER DTD 04/23/01 6.750 04/15/2011	A+	AA3
NATIONAL RURAL UTILS DTD 03/07/02 7.250 03/01/2012	A	A2
PACIFIC BELL DTD 10/15/93 6.625 10/15/2034	A	A2
PRUDENTIAL FINANCIAL INC MED TERM NOTE SER NOT1	A+	A3
SIMON PROPERTY GROUP LP DTD 05/15/06 6.100 05/01/2016	A-	A3
SOUTHWESTERN BELL TEL CO DEB DTD 07-01-93	A	A2
TARGET CORP DTD 07/14/06 5.875 07/15/2016	A+	A2
VERIZON NEW JERSEY INC DTD 01/22/02 5.875 01/17/2012	A	A3
WAL-MART STORES INC DTD 04/05/07 5.875 04/05/2027	AA	AA2
WAL-MART STORES INC DTD 04/15/08 6.200 04/15/2038	AA	AA2
<b>Preferred Stock:</b>		
AT&T INC	A	Not Rated
ALABAMA POWER CO	N/A	Not Rated
AMERICAN INTL GROUP	A	Not Rated
CITIGROUP CAPITAL XV	A	Not Rated
FED NATL MTG ASSN	AA-	Not Rated
FIFTH THIRD CAPITAL TRUST	A-	Not Rated
GENERAL ELECT CAP CORP	AAA	Not Rated
GEORGIA POWER COMPANY	AA	Not Rated
HARRIS CAPITAL 7.375% SER A PFD	A-	Not Rated
MERRILL LYNCH CAP TRST I	A+	Not Rated
ML CAPITAL TRUST IV 7.12% PFD	BBB+	Not Rated
MORGAN STANLEY CAP TR VII CAP SECS 01/01/2046	N/A	Not Rated
MORGAN STANLEY CAP TRUST	A-	Not Rated
USB CAPITAL XI	A+	Not Rated
WELLS FARGO CAPITAL XII	AA-	Not Rated
WESTAR ENERGY INC	BBB	Not Rated
<b>Municipal Bonds:</b>		
AMERICAN NATL RED CROSS DTD 10/01/99 7.220 11/15/2010	AA	A2
CHICAGO HEIGHTS ILL TAXABLE-SER B	Not Rated	Not Rated
DELAWARE RIV PORT AUTH PA & N J PORT AUTH PROJ BDS	AAA	AAA
FRISCO TEX TAXABLE-CTFS OBLIG-SER B	AAA	AAA
KNOX CNTY TENN TAXABLE	AA	AA2
MISSOURI ST DEV FIN BRD INFRASTRUCTURE FACS REV DTD	A+	Not Rated
PENNSYLVANIA ST TPK COMMN TPK SER A2	AAA	AAA
REEVES CNTY TEX CTFS PARTN TAXABLE DTD 04/27/05 6.400 12/01/2014	BBB	Not Rated
ST LOUIS MO MUN FIN CORP LEASEHOLD REV	AAA	AAA
ST PAUL MINN TAXABLE-TAX INCREMENT-B	AAA	AA2

## 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
<b>Investments (excluding DMTRS)</b>		
<b>Corporate Equities - Donated</b>	Not Rated	Not Rated
<b>U.S. Government Securities:</b>		
U.S. TREASURY BOND	Not Rated	Not Rated
TREASURY STRIP	Not Rated	Not Rated
<b>Other Fixed Income Securities:</b>		
PRUDENTIAL INSURANCE CO 144A PRIV PLCMT 8.100 07/15/2015	Not Rated	Not Rated
SIEMENS FINANCIAL 144A PRIV PLCMT 6.125 08/17/2026	Not Rated	Not Rated
<b>Commercial Paper:</b>		
SAN PAOLO IMI US	A-1+	P-1
<b>Iowa Schools Joint Investment Trust</b>	Not Rated	AAAmr1+
<b>IPAS Education</b>	Not Rated	Not Rated
<b>QZAB Sinking Fund, guaranteed investment contract</b>	Not Rated	Not Rated

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, excluding DMTRS investments and no more than 5 percent of the investment portfolio can be invested in the securities of a single issuer. As of June 30, 2008, the District has \$2,984,583 invested in commercial paper, which represents 5.6 percent.

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 7.25 percent and 14.56 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.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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

As of June 30, 2008, 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, 2008, \$4,723,774 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, 2008 are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 299,560	\$ -
Nonmajor enterprise funds	418,319	2,436,808
Internal service funds	1,752,743	33,814
	<u>\$ 2,470,622</u>	<u>\$ 2,470,622</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.

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	\$ -	\$ 2,350,750
Nonmajor funds, governmental funds	2,912,738	561,988
	<u>\$ 2,912,738</u>	<u>\$ 2,912,738</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.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

#### Note 5. Capital Assets

A summary of capital asset activity for the year ended June 30, 2008 is as follows:

Governmental Activities	Beginning Balance	Additions and Transfers In	Deletions and Transfers Out	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,144,569	\$ 834,000	\$ -	\$ 3,978,569
Construction-in-progress	63,488,707	35,143,015	41,870,045	56,761,677
<b>Total capital assets, not being depreciated</b>	<b>66,633,276</b>	<b>35,977,015</b>	<b>41,870,045</b>	<b>60,740,246</b>
Capital assets, being depreciated:				
Land improvements	7,828,588	1,024,235	-	8,852,823
Buildings and improvements	247,658,037	44,551,273	-	292,209,310
Vehicles, furniture and equipment	14,123,461	1,662,632	1,225,358	14,560,735
<b>Total capital assets, being depreciated</b>	<b>269,610,086</b>	<b>47,238,140</b>	<b>1,225,358</b>	<b>315,622,868</b>
Less accumulated depreciation for:				
Land improvements	(5,857,655)	(236,109)	-	(6,093,764)
Buildings and improvements	(75,384,470)	(4,494,622)	-	(79,879,092)
Vehicles, furniture and equipment	(8,182,166)	(1,224,786)	(1,198,890)	(8,208,062)
<b>Total accumulated depreciation</b>	<b>(89,424,291)</b>	<b>(5,955,517)</b>	<b>(1,198,890)</b>	<b>(94,180,918)</b>
<b>Total capital assets, being depreciated, net</b>	<b>180,185,795</b>	<b>41,282,623</b>	<b>26,468</b>	<b>221,441,950</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 246,819,071</b>	<b>\$ 77,259,638</b>	<b>\$ 41,896,513</b>	<b>\$ 282,182,196</b>

## 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
<b>Capital assets, not being depreciated, construction-in-progress</b>	\$ 127,839	\$ -	\$ 127,839	\$ -
Capital assets, being depreciated:				
Vehicles, furniture and equipment	4,733,690	506,040	252,565	4,987,165
Less accumulated depreciation	(2,540,599)	(316,396)	(250,737)	(2,606,258)
<b>Total capital assets, being depreciated, net</b>	<u>2,193,091</u>	<u>189,644</u>	<u>1,828</u>	<u>2,380,907</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 2,320,930</u>	<u>\$ 189,644</u>	<u>\$ 129,667</u>	<u>\$ 2,380,907</u>

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

Governmental activities:

Instructional	\$ 4,768,310
Noninstructional	146,146
Central support services	148,219
Plant operation and maintenance	94,816
Student transportation	786,602
Capital assets held by governments internal service funds are charged to the various functions based on their usage of the assets	11,424
<b>Total</b>	<u>\$ 5,955,517</u>

Business-type activities, school nutrition

\$ 316,396

## 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, 2008:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Capital loan notes	\$ 2,060,000	\$ -	\$ 490,000	\$ 1,570,000	\$ 510,000
Qualified zone academy bonds	1,000,000	-	-	1,000,000	-
Sales tax revenue bonds	19,900,000	-	1,600,000	18,300,000	1,000,000
Retrospective insurance rating plan	634,608	-	54,971	579,637	-
Special termination benefits	12,893,317	3,808,470	4,176,379	12,525,408	4,002,516
Compensated absences	3,107,579	2,636,951	2,061,397	3,683,133	1,986,131
<b>Long-term liabilities</b>	<b>\$ 39,595,504</b>	<b>\$ 6,445,421</b>	<b>\$ 8,382,747</b>	<b>\$ 37,658,178</b>	<b>\$ 7,498,647</b>
<b>Business-type activities,</b>					
compensated absences	\$ 169,962	\$ 144,855	\$ 120,665	\$ 194,152	\$ 140,916

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, 2008, the capital loan notes liability was \$170,000. 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, 2008, 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, 2008, the capital notes liability was \$1,400,000. The maturity date for the notes is 2011.

On July 6, 2006, 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, 2008, the liability on these bonds was \$18,300,000. The District has pledged future local option sales and services tax revenues to repay the \$20,700,000 of bonds. The bonds are payable solely from the proceeds of the local option sales and services tax revenue received by the District and are payable through 2010. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require less than 10 percent of the local option sales and services tax revenues. The total principal and interest remaining to be paid on the bonds is \$19,401,100. For the current year, principal and interest paid and total local option sales and services tax revenues were \$2,350,000 and 30,301,047, respectively.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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#### Note 6. Noncurrent Liabilities and Notes Payable (Continued)

Annual debt service requirements to maturity as of June 30, 2008 are summarized as follows:

Year Ending June 30:	Governmental Activities		
	Principal	Interest	Total
2009	\$ 1,510,000	\$ 741,648	\$ 2,251,648
2010	10,020,000	454,878	10,474,878
2011	9,340,000	20,520	9,360,520
<b>Total</b>	<b>\$ 20,870,000</b>	<b>\$ 1,217,046</b>	<b>\$ 22,087,046</b>

As of June 30, 2008, the District did not exceed its legal debt margin, computed as follows:

Total assessed valuation	<u>\$ 9,883,067,441</u>
Debt limit of 5% of total assessed valuation	\$ 494,153,372
Amount of debt applicable to debt limit, total general obligation bonded debt and sales tax revenue bonds	<u>20,870,000</u>
Excess of debt limit over bonded debt issued, legal debt margin	<u>\$ 473,283,372</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, 2008, the District has \$2,126,630 accrued in the Management Fund, \$122,280 accrued in the General Fund relating to employees over age 65 as they are considered due, plus an additional amount not considered due of \$10,276,498 recorded in the government-wide financial statements. The current year cost to the District was \$4,176,379 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.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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#### Note 7. Commitments and Contingencies (Continued)

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 \$70,780 regarding a special termination benefits lawsuit is recorded as of June 30, 2008 of which \$49,880 is considered due and is recorded in the Management Fund plus another \$20,900 which is not considered due is recorded within the special termination amount in the government-wide statements discussed in Note 6.

As of June 30, 2008, the District was involved in construction projects with an estimated cost to complete the construction projects of \$18,292,800.

#### 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. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	Year Ended June 30,	
	2008	2007
Unpaid claims, beginning of year	\$ 3,703,643	\$ (660,532)
Current year claims and changes in estimates	42,339,151	43,443,373
Claim payments	(41,462,522)	(39,079,198)
Unpaid claims, end of year	<u>\$ 4,580,272</u>	<u>\$ 3,703,643</u>

As of June 30, 2008, the unpaid claims payable of \$4,580,272 is net of \$171,978 of reimbursement receivable that the District expects to receive as it has exceeded its individual stop-loss amount. A total of \$171,978 reinsurance revenue to be received is recorded with claims expense of \$42,339,151.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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#### Note 8. Risk Management (Continued)

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,	
	2008	2007
Unpaid claims, beginning of year	\$ 378,630	\$ 93,721
Current year claims and changes in estimates	1,891,687	2,014,076
Claim payments	(2,035,460)	(1,729,167)
Unpaid claims, end of year	<u>\$ 234,857</u>	<u>\$ 378,630</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, 2008, 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 \$579,637. The liability is recorded in the Government-wide financial statements.

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. Settled claims from these risks have not exceeded the planned coverage during any of the past three years.

#### 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 3.90 percent of their annual salary and the District is required to contribute 6.05 percent of annual covered salaries. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$10,259,449, \$9,029,636 and \$8,485,820, respectively, equal to the required contributions for each year.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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#### **Note 9. Retirement Systems (Continued)**

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 1,618 active and retired participants as of June 30, 2008. The plan requires the employees to contribute a varying percentage of their base pay, from 5.51 percent to 7.34 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, 2008 was \$35,214,031 and the total District payroll was \$204,419,736. The employees' contributions during the year ended June 30, 2008 were \$1,806,607 (5.1 percent of the total covered payroll). The District's General Fund made contributions of \$2,050,107 (5.8 percent of the total covered payroll). Plan net assets were \$214,867,816 as of June 30, 2008. Fair values of investments that do not have an established market are reported at estimated fair values. Estimated fair market values are determined based on third-party pricing quotes or the close of market amounts on the last business day of the fiscal year. The activity of this retirement plan as of and for the year ended June 30, 2008 is included as a fiduciary fund, Pension Trust Fund, within these financial statements.

#### **Note 10. Other Postemployment Benefits**

Plan Description: The District sponsors a single-employer health care plan that provides three self funded medical plans including prescription drug benefits to all active and retired employees and their eligible dependents. Retiree coverage begins for employees who have attained age 55 prior to the beginning of the subsequent contract year and have at least 10 consecutive contract years of employment and continues until the retiree is medicare eligible at age 65. The plan does not issue a stand-alone financial report.

Funding policy: The current funding policy of the District is to pay health claims as they occur through internal allocated funds. For employees who retire on or before June 30, 2002, the District provides a 100 percent subsidy to the full cost of coverage for both retiree and dependent coverage. For employees who retire on or after June 30, 2002, Des Moines School District provides no subsidy. The health insurance plan contributions on behalf of employees are established and amended through negotiation by management and the union and governed by the District's union contracts.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2008, the District contributed \$2,891,000. Retiree and active members receiving benefits contributed \$1,580,000 through their required contribution of \$720, \$665 or \$768 per month for single and family health coverage combined depending on which of the three plans offered by the District that the employee participated in.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

#### Note 10. Other Postemployment Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation: The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actuarially contributed to the plan and changes in the District's annual OPEB obligation:

Annual required contribution	\$ 3,956,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>3,956,000</u>
Contributions and payments made	<u>2,891,000</u>
Increase in net OPEB obligation	1,065,000
Net OPEB obligation - July 1, 2007	-
Net OPEB obligation - June 30, 2008	<u><u>\$ 1,065,000</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2008 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2006	N/A	N/A	N/A
June 30, 2007	N/A	N/A	N/A
June 30, 2008	\$ 3,956,000	136.9%	\$ 1,065,000

Funded status and funding progress: Post Employment Benefit Obligations under GASB Statement No. 45 calculated as of July 1, 2007, the most recent valuation date is as follows:

	Total	Members
Actuarial Accrued Liability:		
Current retirees, beneficiaries and dependents	\$ 11,072,000	302
Current active members	<u>24,570,000</u>	<u>4,719</u>
Total Actuarial Accrued Liability (AAL)	35,642,000	5,021
Actuarial value of OPEB Plan Assets	-	
Unfunded Actuarial Accrued Liability (UAAL)	35,642,000	

The covered payroll (annual payroll of active employees covered by the plan) was \$259,531,977 and the ratio of the UAAL to the covered payroll was 13.73 percent. The actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio) is zero.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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#### **Note 10. Other Postemployment Benefits (Continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions: Projections and benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included in the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2007 actuarial valuation, projected unit credit method was used. The actuarial assumptions included a 5 percent annual discount rate assuming the District will fund on a pay-as-you-go basis and an annual health care cost trend rate of 11 percent for select and 6 percent for ultimate initially, but reduced 0.5 percent each year until reaching the ultimate trend. All rates include a 4 percent salary increase assumption. The District's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll. The remaining amortization period at July 1, 2007, was 30 years.

#### **Note 11. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements**

The District adopted the following Statements during the year ended June 30, 2008:

- GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. 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. The effect of the adoption of this Statement to the District was to record a liability of \$1,065,000 for the net other postemployment benefit obligation. The actuarial accrued liability is estimated by an actuary to be \$35,642,000 as of June 30, 2008.
- GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. 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. The effect of the adoption of this Statement to the District was the addition of a note disclosure regarding pledged revenue for long-term obligations.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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#### **Note 11. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)**

- GASB Statement No. 50, *Pension Disclosures*, an amendment of GASB Statement Nos. 25 and 27. 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. The adoption of this Statement added additional disclosures for the Des Moines Teachers' Retirement System Single Employer Defined Contribution Plan in 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. 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. 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.
- GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, issued November 2007, will be effective for the District beginning with its year ending June 30, 2009. This Statement establishes consistent standards for the reporting of land and other real estate held as investments. Endowments were previously required to report their land and other real estate held for investment purposes at historical cost. However, such investments are reported at fair value by similar entities, such as pension plans. The Statement requires endowments to report land and other real estate investments at fair value. The changes in the fair value are to be reported as investment income.
- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the District beginning with its year ending June 30, 2010. This Statement will improve how state and local governments report information about derivative instruments in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements.

**Des Moines Independent Community School District**

**Required Supplementary Information**

**Des Moines Independent Community School District, Retiree Health Benefit Plan**

Schedule of Funding Progress

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2008	July 1, 2007	\$ -	\$ 35,642,000	\$ 35,642,000	\$ -	\$ 259,531,977	13.73%

Note: Fiscal year 2008 is the transition year for GASB Statement No. 45

The information presented in the required supplementary schedule was determined as part of the actuarial valuation date as of July 1, 2007. Additional information follows:

- a. The actuarial method used to determine the ARC is the projected unit credit method.
- b. There are no plan assets.
- c. The actuarial assumptions included: (a) 5 percent annual discount rate assuming the District will fund on a pay-as-you-go basis and b) a health care cost trend rate of 11.0 percent on a select basis and 6.0 percent on an ultimate basis. Select trends are reduced 0.5 percent each year until reaching the ultimate trend.
- d. The amortization method is level of percentage of projected payroll.

Des Moines Independent Community School District

Required Supplementary Information - Budgetary Comparison Schedule -  
 All Governmental Funds, Enterprise Funds and Private Purpose Trust Funds  
 Year Ended June 30, 2008

	Actual			
	Governmental Fund Types	Enterprise Funds	Private Purpose Trust Funds	Total
<b>Revenues:</b>				
Local sources	\$ 151,092,795	\$ 7,194,643	\$ 35,007	\$ 158,322,445
Intermediate sources	9,203,713	-	-	9,203,713
State sources	186,768,387	148,177	-	186,916,564
Federal sources	30,387,722	9,574,054	-	39,961,776
<b>Total revenues</b>	<b>377,452,617</b>	<b>16,916,874</b>	<b>35,007</b>	<b>394,404,498</b>
<b>Expenditures/Expenses:</b>				
Instructional	224,913,807	425,121	-	225,338,928
Support services	105,747,557	26,272	-	105,773,829
Noninstructional	1,709,899	17,960,860	19,539	19,690,298
Other	56,121,365	-	-	56,121,365
<b>Total expenditures/expenses</b>	<b>388,492,628</b>	<b>18,412,253</b>	<b>19,539</b>	<b>406,924,420</b>
<b>Excess (deficiency) of revenues over expenditures/expenses</b>	<b>(11,040,011)</b>	<b>(1,495,379)</b>	<b>15,468</b>	<b>(12,519,922)</b>
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	47,225	-	-	47,225
Transfers in	2,912,738	-	-	2,912,738
Transfers (out)	(2,912,738)	-	-	(2,912,738)
<b>Net change in fund balances</b>	<b>\$ (10,992,786)</b>	<b>\$ (1,495,379)</b>	<b>\$ 15,468</b>	<b>\$ (12,472,697)</b>

See Note to Required Supplementary Information.

Budget			Final Budget to Actual Variance Positive (Negative)
Original	Final		
\$ 159,866,726	\$ 161,131,974	\$	(2,809,529)
8,909,000	9,885,402		(681,689)
180,719,954	188,735,207		(1,818,643)
32,952,065	36,282,391		3,679,385
<u>382,447,745</u>	<u>396,034,974</u>		<u>(1,630,476)</u>
216,954,825	230,171,432		4,832,504
99,505,654	104,968,933		(804,896)
20,310,183	21,327,183		1,636,885
54,231,564	60,897,421		4,776,056
<u>391,002,226</u>	<u>417,364,969</u>		<u>10,440,549</u>
(8,554,481)	(21,329,995)		8,810,073
140,000	140,000		(92,775)
2,912,738	2,912,738		-
(2,912,738)	(2,912,738)		-
<u>\$ (8,414,481)</u>	<u>\$ (21,189,995)</u>	<u>\$</u>	<u>8,717,298</u>

## Des Moines Independent Community School District

### Note to Required Supplementary Information

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#### **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, 2008, the District overexpended the support services functional area by \$804,896. 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 \$13.59 million and expenditures by \$26.36 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. The District also had a literacy adoption, additional food and fuels costs attributable to the Nutrition fund, purchased the Wallace Homestead Building and accelerated construction costs in the Capital Projects Fund. These items were 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 \$10,993,407 for the year ended June 30, 2008.

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Des Moines Independent Community School District

Combining Balance Sheet  
 All Nonmajor Governmental Funds  
 June 30, 2008

	Special Revenue		
	Student Activity	Management	Physical Plant and Equipment Levy
<b>Assets</b>			
Cash and investments	\$ 2,318,423	\$ 3,507,197	\$ 2,754,443
Restricted cash	-	-	554,462
Property taxes receivable - current year	-	150,837	97,532
Property taxes receivable - succeeding year	-	9,198,126	6,336,181
Other receivables	32,089	-	-
Prepaid items	12,680	-	-
<b>Total assets</b>	<b>\$ 2,363,192</b>	<b>\$ 12,856,160</b>	<b>\$ 9,742,618</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 105,095	\$ 239,901	\$ 245,046
Accrued payroll	278	-	-
Special termination benefits	-	2,126,630	-
Due to other governments	15,822	21,071	-
Deferred revenue	13,092	9,198,126	6,336,181
<b>Total liabilities</b>	<b>134,287</b>	<b>11,585,728</b>	<b>6,581,227</b>
<b>Fund balances:</b>			
Reserved for:			
Debt service	-	-	554,462
Prepaid items	12,680	-	-
Permanent trusts, nonexpendable corpus	-	-	-
Unreserved, undesignated reported in:			
Special revenue funds	2,216,225	1,270,432	2,606,929
Permanent trusts	-	-	-
<b>Total fund balances</b>	<b>2,228,905</b>	<b>1,270,432</b>	<b>3,161,391</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,363,192</b>	<b>\$ 12,856,160</b>	<b>\$ 9,742,618</b>

Public Education and Recreation			Total Nonmajor Governmental Funds
Levy	DMPS	Permanent	
\$ 193,246	\$ 3,014,310	\$ 11,393	\$ 11,799,012
-	-	-	554,462
13,097	-	-	261,466
798,633	-	-	16,332,940
-	-	-	32,089
-	1,850	-	14,530
<u>\$ 1,004,976</u>	<u>\$ 3,016,160</u>	<u>\$ 11,393</u>	<u>\$ 28,994,499</u>
\$ 38,195	\$ 2,545	\$ -	\$ 630,782
10,025	-	-	10,303
-	-	-	2,126,630
-	9,062	-	45,955
798,633	-	-	16,346,032
<u>846,853</u>	<u>11,607</u>	<u>-</u>	<u>19,159,702</u>
-	-	-	554,462
-	1,850	-	14,530
-	-	9,878	9,878
158,123	3,002,703	-	9,254,412
-	-	1,515	1,515
<u>158,123</u>	<u>3,004,553</u>	<u>11,393</u>	<u>9,834,797</u>
<u>\$ 1,004,976</u>	<u>\$ 3,016,160</u>	<u>\$ 11,393</u>	<u>\$ 28,994,499</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, 2008

	Special Revenue		
	Student Activity	Management	Physical Plant and Equipment Levy
Revenues:			
Property taxes	\$ -	\$ 8,781,855	\$ 6,007,979
Other local sources	-	10,669	13,118
Investment earnings	87,148	-	204,991
State sources	-	4,493	2,784
Federal sources	-	-	14
Student activities	2,982,751	-	-
<b>Total revenues</b>	<b>3,069,899</b>	<b>8,797,017</b>	<b>6,228,886</b>
Expenditures:			
Current:			
Instructional	2,936,783	5,453,070	-
Instructional support services	-	-	-
General administration	-	724,222	-
Building administration	-	596,856	-
Plant operation and maintenance	-	1,043,293	-
Student transportation	-	974,005	-
Noninstructional	-	286,138	-
Capital outlay	-	-	5,809,684
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>2,936,783</b>	<b>9,077,584</b>	<b>5,809,684</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>133,116</b>	<b>(280,567)</b>	<b>419,202</b>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	(561,988)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(561,988)</b>
<b>Net changes in fund balances</b>	<b>133,116</b>	<b>(280,567)</b>	<b>(142,786)</b>
Fund balances, beginning of year	2,095,789	1,550,999	3,304,177
Fund balances, end of year	\$ 2,228,905	\$ 1,270,432	\$ 3,161,391

				Total
Public Education and Recreation				Nonmajor
Levy	DMPS	Debt Service	Permanent	Governmental Funds
\$ 762,490	\$ -	\$ -	\$ -	\$ 15,552,324
379,689	190,386	-	-	593,862
-	(15,491)	-	399	277,047
391	-	-	-	7,668
-	-	-	-	14
76,315	-	-	-	3,059,066
1,218,885	174,895	-	399	19,489,981
-	119,295	-	-	8,509,148
-	38,146	-	-	38,146
-	-	-	-	724,222
-	-	-	-	596,856
-	-	-	-	1,043,293
-	-	-	-	974,005
1,070,891	-	-	-	1,357,029
150,970	-	-	-	5,960,654
-	-	2,090,000	-	2,090,000
-	-	822,738	-	822,738
1,221,861	157,441	2,912,738	-	22,116,091
(2,976)	17,454	(2,912,738)	399	(2,626,110)
-	-	2,912,738	-	2,912,738
-	-	-	-	(561,988)
-	-	2,912,738	-	2,350,750
(2,976)	17,454	-	399	(275,360)
161,099	2,987,099	-	10,994	10,110,157
\$ 158,123	\$ 3,004,553	\$ -	\$ 11,393	\$ 9,834,797

Des Moines Independent Community School District

Combining Statement of Net Assets

All Nonmajor Enterprise Funds

June 30, 2008

	School Nutrition	Child Care	Preschool
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 8,453	\$ 50	\$ -
Other receivables, net of allowances for uncollectibles of \$29,656	119,468	83,745	-
Due from other funds	-	355,245	-
Due from other governments	200,828	-	-
Assets held for sale	-	-	-
Inventories	146,916	-	-
<b>Total current assets</b>	<b>475,665</b>	<b>439,040</b>	<b>-</b>
Noncurrent assets, depreciable assets, net	2,380,907	-	-
<b>Total assets</b>	<b>\$ 2,856,572</b>	<b>\$ 439,040</b>	<b>\$ -</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 20,242	\$ 10,734	\$ -
Accrued payroll	140,208	118,778	-
Accrued interest payable	-	-	-
Due to other funds	1,718,929	-	677,879
Due to other governments	1,275	16,625	-
Unearned revenue	96,048	8,230	-
Compensated absences	124,109	16,807	-
<b>Total current liabilities</b>	<b>2,100,811</b>	<b>171,174</b>	<b>677,879</b>
Noncurrent liabilities, compensated absences	29,719	23,517	-
<b>Total liabilities</b>	<b>2,130,530</b>	<b>194,691</b>	<b>677,879</b>
<b>Net Assets (Deficit)</b>			
Invested in capital assets	2,380,907	-	-
Unrestricted	(1,654,865)	244,349	(677,879)
<b>Total net assets (deficit)</b>	<b>726,042</b>	<b>244,349</b>	<b>(677,879)</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,856,572</b>	<b>\$ 439,040</b>	<b>\$ -</b>

Home Remodeling	Automotive	Wellness Center	Total
\$ -	\$ -	\$ -	\$ 8,503
-	220	-	203,433
6,134	24,160	32,780	418,319
-	-	-	200,828
223,141	-	-	223,141
-	-	-	146,916
229,275	24,380	32,780	1,201,140
-	-	-	2,380,907
\$ 229,275	\$ 24,380	\$ 32,780	\$ 3,582,047

\$ 960	\$ 140	\$ -	\$ 32,076
-	-	-	258,986
900	-	-	900
40,000	-	-	2,436,808
-	-	-	17,900
-	-	-	104,278
-	-	-	140,916
41,860	140	-	2,991,864
-	-	-	53,236
41,860	140	-	3,045,100
-	-	-	2,380,907
187,415	24,240	32,780	(1,843,960)
187,415	24,240	32,780	536,947
\$ 229,275	\$ 24,380	\$ 32,780	\$ 3,582,047

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, 2008

	School Nutrition	Child Care	Preschool
Operating revenues:			
Student activities	\$ -	\$ -	\$ -
Charges for services:			
Sale of food	3,845,772	-	-
Child care	-	3,172,336	-
Miscellaneous	102	-	-
<b>Total operating revenues</b>	<b>3,845,874</b>	<b>3,172,336</b>	<b>-</b>
Operating expenses:			
Student services	14,516,825	-	-
School nutrition, depreciation	316,396	-	-
Community services	-	3,479,097	-
<b>Total operating expenses</b>	<b>14,833,221</b>	<b>3,479,097</b>	<b>-</b>
<b>Operating income (loss)</b>	<b>(10,987,347)</b>	<b>(306,761)</b>	<b>-</b>
Nonoperating revenues (expenses):			
Other local sources	64,595	-	-
State sources	148,177	-	-
Federal sources	9,574,054	-	-
Interest expense	-	-	-
Gain on disposal of capital assets	672	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>9,787,498</b>	<b>-</b>	<b>-</b>
<b>Changes in net assets (deficit)</b>	<b>(1,199,849)</b>	<b>(306,761)</b>	<b>-</b>
Total net assets (deficit), beginning of year	1,925,891	551,110	(677,879)
Total net assets (deficit), end of year	<b>\$ 726,042</b>	<b>\$ 244,349</b>	<b>\$ (677,879)</b>

Home Remodeling	Automotive	Wellness Center	Total
\$ -	\$ 13,087	\$ 467	\$ 13,554
-	-	-	3,845,772
-	-	-	3,172,336
-	-	59,359	59,461
-	13,087	59,826	7,091,123
-	51,947	-	14,568,772
-	-	-	316,396
391	-	46,697	3,526,185
391	51,947	46,697	18,411,353
(391)	(38,860)	13,129	(11,320,230)
-	38,253	-	102,848
-	-	-	148,177
-	-	-	9,574,054
(900)	-	-	(900)
-	-	-	672
(900)	38,253	-	9,824,851
(1,291)	(607)	13,129	(1,495,379)
188,706	24,847	19,651	2,032,326
\$ 187,415	\$ 24,240	\$ 32,780	\$ 536,947

Des Moines Independent Community School District

Combining Statement of Cash Flows

All Nonmajor Enterprise Funds

Year Ended June 30, 2008

	School Nutrition	Child Care	Preschool
Cash flows from operating activities:			
Cash received from user charges	\$ 3,814,316	\$ 3,169,096	\$ 4,509
Cash payments to employees for services	(6,902,715)	(3,090,942)	(65,118)
Cash payments to suppliers for goods and services	(7,061,938)	(349,240)	(3,001)
<b>Net cash provided by (used in) operating activities</b>	<b>(10,150,337)</b>	<b>(271,086)</b>	<b>(63,610)</b>
Cash flows from noncapital financing activities:			
Payments from other funds	1,636,961	271,086	63,610
Payments to other funds	-	-	-
Nonoperating grants and donations received	9,025,369	-	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>10,662,330</b>	<b>271,086</b>	<b>63,610</b>
Cash flows from capital and related financing activities:			
Proceeds from sale of capital assets	2,500	-	-
Acquisition of capital assets	(506,040)	-	-
<b>Net cash (used in) capital financing activities</b>	<b>(503,540)</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,453</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents, beginning of year	-	50	-
Cash and cash equivalents, end of year	<b>\$ 8,453</b>	<b>\$ 50</b>	<b>\$ -</b>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (10,987,347)	\$ (306,761)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	316,396	-	-
Commodities used	745,317	-	-
Changes in assets and liabilities:			
Receivables	(44,040)	2,245	10,711
Assets held for sale	-	-	-
Inventories	(10,423)	-	-
Accounts payable and due to other governments	(223,115)	2,494	(3,001)
Unearned revenue	12,482	(5,485)	(6,202)
Accrued liabilities and compensated absences	40,393	36,421	(65,118)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (10,150,337)</b>	<b>\$ (271,086)</b>	<b>\$ (63,610)</b>
Noncash items:			
Noncapital financing activities, commodities received from US Department of Agriculture	\$ 745,317	\$ -	\$ -
Capital financing activities, construction-in-progress transferred to assets held for sale	-	-	-

	Home Remodeling	Automotive	Wellness Center	Total
\$	-	\$ 12,867	\$ 59,826	\$ 7,060,614
	-	-	-	(10,058,775)
	(31,477)	(54,806)	(50,405)	(7,550,867)
	(31,477)	(41,939)	9,421	(10,549,028)
	31,477	3,686	-	2,006,820
	-	-	(9,421)	(9,421)
	-	38,253	-	9,063,622
	31,477	41,939	(9,421)	11,061,021
	-	-	-	2,500
	-	-	-	(506,040)
	-	-	-	(503,540)
	-	-	-	8,453
	-	-	-	50
\$	-	\$ -	\$ -	\$ 8,503

\$	(391)	\$ (38,860)	\$ 13,129	\$ (11,320,230)
	-	-	-	316,396
	-	-	-	745,317
	-	(220)	-	(31,304)
	(31,810)	-	-	(31,810)
	-	-	-	(10,423)
	724	(2,859)	(3,708)	(229,465)
	-	-	-	795
	-	-	-	11,696
\$	(31,477)	\$ (41,939)	\$ 9,421	\$ (10,549,028)

\$	-	\$ -	\$ -	\$ 745,317
	(127,839)	-	-	(127,839)

Des Moines Independent Community School District

Combining Statement of Net Assets (Deficit)

All Internal Service Funds

June 30, 2008

	Self-Insurance	Risk Management	Collage	Print Shop	Total
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 12,653,683	\$ 50,718	\$ 150	\$ -	\$ 12,704,551
Due from other funds	1,731,136	-	-	21,607	1,752,743
Inventories	-	-	-	62,423	62,423
<b>Total current assets</b>	<b>14,384,819</b>	<b>50,718</b>	<b>150</b>	<b>84,030</b>	<b>14,519,717</b>
Noncurrent assets, depreciable assets, net	-	-	-	124,126	124,126
<b>Total assets</b>	<b>\$ 14,384,819</b>	<b>\$ 50,718</b>	<b>\$ 150</b>	<b>\$ 208,156</b>	<b>\$ 14,643,843</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 538,665	\$ -	\$ 114	\$ 918	\$ 539,697
Claims payable	4,580,272	-	-	-	4,580,272
Accrued payroll	-	-	499	2,275	2,774
Due to other funds	-	-	33,814	-	33,814
Unearned revenue	32,484	-	-	-	32,484
Compensated absences	-	-	2,876	6,793	9,669
<b>Total current liabilities</b>	<b>5,151,421</b>	<b>-</b>	<b>37,303</b>	<b>9,986</b>	<b>5,198,710</b>
Noncurrent liabilities, compensated absences	-	-	685	9,453	10,138
<b>Total liabilities</b>	<b>5,151,421</b>	<b>-</b>	<b>37,988</b>	<b>19,439</b>	<b>5,208,848</b>
<b>Net Assets (Deficit)</b>					
Invested in capital assets	-	-	-	124,126	124,126
Unrestricted	9,233,398	50,718	(37,838)	64,591	9,310,869
<b>Total net assets (deficit)</b>	<b>9,233,398</b>	<b>50,718</b>	<b>(37,838)</b>	<b>188,717</b>	<b>9,434,995</b>
<b>Total liabilities and net assets (deficit)</b>	<b>\$ 14,384,819</b>	<b>\$ 50,718</b>	<b>\$ 150</b>	<b>\$ 208,156</b>	<b>\$ 14,643,843</b>

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, 2008

	Self-Insurance	Risk Management	Collage	Print Shop	Total
Operating revenues:					
Charges for services:					
Employee benefits	\$ 48,453,664	\$ 892,907	\$ -	\$ -	\$ 49,346,571
Miscellaneous	-	-	47,641	206,901	254,542
<b>Total operating revenues</b>	<b>48,453,664</b>	<b>892,907</b>	<b>47,641</b>	<b>206,901</b>	<b>49,601,113</b>
Operating expenses:					
Employee benefits	42,660,734	885,743	-	-	43,546,477
Depreciation	-	-	-	11,424	11,424
Miscellaneous	-	-	65,137	229,162	294,299
<b>Total operating expenses</b>	<b>42,660,734</b>	<b>885,743</b>	<b>65,137</b>	<b>240,586</b>	<b>43,852,200</b>
<b>Operating income (loss)</b>	<b>5,792,930</b>	<b>7,164</b>	<b>(17,496)</b>	<b>(33,685)</b>	<b>5,748,913</b>
Total net assets (deficit), beginning of year	3,440,468	43,554	(20,342)	222,402	3,686,082
Total net assets (deficit), end of year	\$ 9,233,398	\$ 50,718	\$ (37,838)	\$ 188,717	\$ 9,434,995

Des Moines Independent Community School District

Combining Statement of Cash Flows

All Internal Service Funds

Year Ended June 30, 2008

	Risk				Total
	Self-Insurance	Management	Collage	Print Shop	
Cash flows from operating activities:					
Cash received from user charges	\$ 48,463,418	\$ 892,907	\$ 47,641	\$ 206,901	\$ 49,610,867
Cash payments to employees for services	-	-	(58,092)	(173,240)	(231,332)
Cash payments to suppliers for goods and services	(41,595,079)	(814,204)	(8,276)	(57,501)	(42,475,060)
<b>Net cash provided by (used in) operating activities</b>	<b>6,868,339</b>	<b>78,703</b>	<b>(18,727)</b>	<b>(23,840)</b>	<b>6,904,475</b>
Cash flows from noncapital financing activities:					
Proceeds from other funds	-	-	18,727	-	18,727
Payments to other funds	(1,703,151)	(27,985)	-	(6,520)	(1,737,656)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(1,703,151)</b>	<b>(27,985)</b>	<b>18,727</b>	<b>(6,520)</b>	<b>(1,718,929)</b>
Cash flows from capital financing activities, acquisition of capital assets	-	-	-	(30,550)	(30,550)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>5,165,188</b>	<b>50,718</b>	<b>-</b>	<b>(60,910)</b>	<b>5,154,996</b>
Cash and cash equivalents, beginning of year	7,488,495	-	150	60,910	7,549,555
Cash and cash equivalents, end of year	<u>\$ 12,653,683</u>	<u>\$ 50,718</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 12,704,551</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 5,792,930	\$ 7,164	\$ (17,496)	\$ (33,685)	\$ 5,748,913
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	-	-	11,424	11,424
Changes in assets and liabilities:					
Inventories	-	-	-	(5,526)	(5,526)
Prepaid items	-	71,539	-	-	71,539
Accounts payable	189,026	-	(172)	(131)	188,723
Claims payable	876,629	-	-	-	876,629
Unearned revenue	9,754	-	-	-	9,754
Accrued liabilities	-	-	(1,059)	4,078	3,019
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 6,868,339</b>	<b>\$ 78,703</b>	<b>\$ (18,727)</b>	<b>\$ (23,840)</b>	<b>\$ 6,904,475</b>

**Des Moines Independent Community School District**

**Combining Statement of Assets and Liabilities**

**All Agency Funds**

**June 30, 2008**

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	Faculty and Staff	Urban Education Network	Total
<b>Assets, cash and cash equivalents</b>	<u>\$ 158,257</u>	<u>\$ 76,074</u>	<u>\$ 234,331</u>
<b>Liabilities</b>			
Accounts payable	\$ 5,557	\$ -	\$ 5,557
Due to other governmental units	152,700	76,074	228,774
<b>Total liabilities</b>	<u>\$ 158,257</u>	<u>\$ 76,074</u>	<u>\$ 234,331</u>

Des Moines Independent Community School District

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2008

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
<b>Faculty and Staff</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 159,515	\$ 129,869	\$ 131,127	\$ 158,257
<b>Liabilities</b>				
Accounts payable	\$ 3,211	\$ 2,346	\$ -	\$ 5,557
Due to other governmental units	156,304	-	3,604	152,700
<b>Total liabilities</b>	<b>\$ 159,515</b>	<b>\$ 2,346</b>	<b>\$ 3,604</b>	<b>\$ 158,257</b>
<b>Urban Education Network</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 69,604	\$ 65,216	\$ 58,746	\$ 76,074
<b>Liabilities</b>				
Accounts payable	\$ 125	\$ -	\$ 125	\$ -
Due to other governmental units	69,479	6,595	-	76,074
<b>Total liabilities</b>	<b>\$ 69,604</b>	<b>\$ 6,595</b>	<b>\$ 125</b>	<b>\$ 76,074</b>
<b>Total</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 229,119	\$ 195,085	\$ 189,873	\$ 234,331
<b>Liabilities</b>				
Accounts payable	\$ 3,336	\$ 2,346	\$ 125	\$ 5,557
Due to other governmental units	225,783	6,595	3,604	228,774
<b>Total liabilities</b>	<b>\$ 229,119</b>	<b>\$ 8,941</b>	<b>\$ 3,729</b>	<b>\$ 234,331</b>

# Des Moines Independent Community School District

## Statistical Section Contents

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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.

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Contents	Page
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	73 - 88
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax (or sales tax).	89 - 95
<b>Debt Capacity</b> 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.	96 - 101
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	102 - 103
<b>Operating Information</b> 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.	104 - 126

**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 Seven 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
<b>Total governmental activities net assets</b>	<b>\$ 104,842,044</b>	<b>\$ 131,543,352</b>	<b>\$ 156,110,634</b>
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
<b>Total business-type activities net assets</b>	<b>\$ 2,002,167</b>	<b>\$ 2,546,342</b>	<b>\$ 2,590,011</b>
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
<b>Total primary government net assets</b>	<b>\$ 106,844,211</b>	<b>\$ 134,089,694</b>	<b>\$ 158,700,645</b>

\* 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		2008	
\$	166,212,168	\$	193,522,406	\$	223,847,057	\$	261,303,316
	8,678,939		31,370,418		35,019,609		28,171,672
	26,325,637		14,399,109		21,372,567		20,680,456
<b>\$</b>	<b>201,216,744</b>	<b>\$</b>	<b>239,291,933</b>	<b>\$</b>	<b>280,239,233</b>	<b>\$</b>	<b>310,155,444</b>
\$	2,363,403	\$	2,391,487	\$	2,320,931	\$	2,380,907
	-		-		-		-
	912,110		675,842		(288,605)		(1,843,960)
<b>\$</b>	<b>3,275,513</b>	<b>\$</b>	<b>3,067,329</b>	<b>\$</b>	<b>2,032,326</b>	<b>\$</b>	<b>536,947</b>
\$	168,575,571	\$	195,913,893	\$	226,167,988	\$	263,684,223
	8,678,939		31,370,418		35,019,609		28,171,672
	27,237,747		15,074,951		21,083,962		18,836,496
<b>\$</b>	<b>204,492,257</b>	<b>\$</b>	<b>242,359,262</b>	<b>\$</b>	<b>282,271,559</b>	<b>\$</b>	<b>310,692,391</b>

Des Moines Independent Community School District

Expenses, Program Revenues and Net (Expense) Revenue  
 Last Seven 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
<b>Total governmental activities expenses</b>	<b>283,837,407</b>	<b>286,137,129</b>	<b>294,893,325</b>
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
<b>Total business-type activities expenses</b>	<b>14,415,479</b>	<b>14,893,030</b>	<b>15,661,804</b>
<b>Total primary government expenses</b>	<b>\$ 298,252,886</b>	<b>\$ 301,030,159</b>	<b>\$ 310,555,129</b>
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
<b>Total governmental activities program revenues</b>	<b>62,721,637</b>	<b>64,471,035</b>	<b>65,566,280</b>

(Continued)

				Fiscal Year			
2005		2006		2007		2008	
\$	191,094,307	\$	206,822,872	\$	210,863,364	\$	229,908,604
	16,566,058		17,175,275		17,565,934		19,144,119
	5,322,439		6,440,206		7,784,381		8,020,675
	5,246,763		4,234,165		3,862,718		4,806,286
	-		-		-		-
	15,046,750		16,616,658		17,965,958		18,205,319
	-		-		-		-
	6,669,808		7,292,653		9,116,886		9,754,807
	26,731,721		30,416,184		31,675,467		33,557,855
	8,783,899		10,189,064		10,856,840		10,635,752
	1,149,267		1,367,676		1,943,137		1,879,027
	9,445,390		9,855,798		10,455,648		10,993,407
	159,296		101,253		894,900		835,766
	<u>286,215,698</u>		<u>310,511,804</u>		<u>322,985,233</u>		<u>347,741,617</u>
	12,207,914		12,865,670		13,856,434		14,833,221
	4,277,713		4,461,347		2,530,578		3,479,097
	-		-		2,224,190		-
	109,722		99,833		112,292		99,935
	<u>16,595,349</u>		<u>17,426,850</u>		<u>18,723,494</u>		<u>18,412,253</u>
\$	<u>302,811,047</u>	\$	<u>327,938,654</u>	\$	<u>341,708,727</u>	\$	<u>366,153,870</u>
\$	12,378,325	\$	11,123,854	\$	12,002,157	\$	10,969,649
	10,602,249		11,153,073		11,332,332		11,417,248
	42,485,746		48,330,052		50,812,813		63,411,312
	896,674		1,771,836		3,652,164		700,002
	<u>66,362,994</u>		<u>72,378,815</u>		<u>77,799,466</u>		<u>86,498,211</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	-	-	-
<b>Total business-type program revenues</b>	<b>14,475,422</b>	<b>15,437,205</b>	<b>15,989,680</b>
<b>Total primary government program revenues</b>	<b>\$ 77,197,059</b>	<b>\$ 79,908,240</b>	<b>\$ 81,555,960</b>
Net (expense) revenue:			
Governmental activities	\$ (221,115,770)	\$ (221,666,094)	\$ (229,327,045)
Business-type activities	59,943	544,175	(6,331)
<b>Total primary government net expense</b>	<b>\$ (221,055,827)</b>	<b>\$ (221,121,919)</b>	<b>\$ (229,333,376)</b>

\* 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	2008	
\$	4,238,988	\$	3,933,497	\$	3,904,411	<b>3,845,874</b>
	4,276,989		4,516,777		2,555,465	<b>3,172,336</b>
	-		-		1,909,835	-
	92,967		129,302		78,934	<b>72,913</b>
	8,049,101		8,639,090		9,239,846	<b>9,825,079</b>
	-		-		-	<b>672</b>
	<b>16,658,045</b>		<b>17,218,666</b>		<b>17,688,491</b>	<b>16,916,874</b>
<b>\$</b>	<b>83,021,039</b>	<b>\$</b>	<b>89,597,481</b>	<b>\$</b>	<b>17,688,491</b>	<b>\$ 17,688,491</b>
\$	(219,852,704)	\$	(238,132,989)	\$	(245,185,767)	(261,243,406)
	62,696		(208,184)		(1,035,003)	(1,495,379)
<b>\$</b>	<b>(219,790,008)</b>	<b>\$</b>	<b>(238,341,173)</b>	<b>\$</b>	<b>(246,220,770)</b>	<b>\$ (262,738,785)</b>

**Des Moines Independent Community School District**

**General Revenues and Total Change in Net Assets**

**Last Seven 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)
<b>Total primary government net expense</b>	<b>(221,055,827)</b>	<b>(221,121,919)</b>	<b>(229,333,376)</b>
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	-
<b>Total governmental activities</b>	<b>236,616,165</b>	<b>248,367,402</b>	<b>253,894,327</b>
Business-type activities:			
Miscellaneous	-	-	-
Investment earnings	-	-	-
Gain on sale of assets	-	-	-
Transfers	(7,000)	-	50,000
<b>Total business-type activities</b>	<b>(7,000)</b>	<b>-</b>	<b>50,000</b>
<b>Total primary government</b>	<b>236,609,165</b>	<b>248,367,402</b>	<b>253,944,327</b>
Change in net assets:			
Governmental activities	15,500,395	26,701,308	24,567,282
Business-type activities	52,943	544,175	43,669
<b>Total primary government</b>	<b>\$ 15,553,338</b>	<b>\$ 27,245,483</b>	<b>\$ 24,610,951</b>

\* 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		2008	
\$	(219,852,704)	\$	(238,132,989)	\$	(245,185,767)	\$	(261,243,406)
	62,696		(208,184)		(1,035,003)		(1,495,379)
	(219,790,008)		(238,341,173)		(246,220,770)		(262,738,785)
	77,061,329		82,065,094		85,406,700		86,343,532
	11,612,920		8,306,453		8,641,311		8,781,855
	5,582,876		5,611,478		5,921,615		6,007,979
	711,481		721,094		755,290		762,490
	827,636		-		-		-
	30,341,530		31,448,902		30,872,838		31,143,691
	135,379,841		142,415,603		146,594,229		152,188,242
	1,396,742		2,719,950		5,284,862		2,966,414
	805,062		997,253		1,230,586		1,587,590
	1,862,040		1,922,351		1,425,636		1,357,067
	163		-		-		-
	(622,806)		-		-		-
	-		-		-		20,757
	264,958,814		276,208,178		286,133,067		291,159,617
	-		-		-		-
	-		-		-		-
	-		-		-		-
	622,806		-		-		-
	622,806		-		-		-
	265,581,620		276,208,178		286,133,067		291,159,617
	45,106,110		38,075,189		40,947,300		29,916,211
	685,502		(208,184)		(1,035,003)		(1,495,379)
\$	45,791,612	\$	37,867,005	\$	39,912,297	\$	28,420,832

Des Moines Independent Community School District

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

	Fiscal Year			
	1999	2000	2001	2002
General Fund:				
Reserved	\$ 4,009,468	\$ 4,417,383	\$ 7,697,522	\$ 1,985,801
Unreserved	9,387,258	14,706,810	20,554,554	13,794,063
<b>Total General Fund</b>	<b>\$ 13,396,726</b>	<b>\$ 19,124,193</b>	<b>\$ 28,252,076</b>	<b>\$ 15,779,864</b>
All other governmental funds:				
Reserved	\$ 623,725	\$ -	\$ -	\$ 10,749,545
Unreserved, reported in:				
Capital projects funds	-	(686,656)	8,963,934	-
Debt service	107,396	173,978	202,338	-
Permanent funds	-	-	-	1,742
Special revenue funds	10,897,818	10,192,270	7,233,539	7,744,496
<b>Total all other governmental funds</b>	<b>\$ 11,628,939</b>	<b>\$ 9,679,592</b>	<b>\$ 16,399,811</b>	<b>\$ 18,495,783</b>

Source: Comprehensive Annual Financial Report

		Fiscal Year									
		2003	2004	2005	2006	2007	2008				
\$	3,601,968	\$	1,551,636	\$	4,508,471	\$	4,833,376	\$	6,352,627	\$	7,181,428
	9,062,956		9,945,507		16,062,254		22,338,620		23,016,816		18,517,645
\$	12,664,924	\$	11,497,143	\$	20,570,725	\$	27,171,996	\$	29,369,443	\$	25,699,073
\$	3,905,384	\$	2,024,598	\$	2,363,581	\$	879,079	\$	437,781	\$	702,247
	-		(822,926)		13,583,764		18,562,188		21,210,594		14,048,083
	-		-		-		-		-		-
	-		-		-		-		-		1,515
	6,547,747		2,610,761		7,788,537		9,740,894		9,680,298		9,254,412
\$	10,453,131	\$	3,812,433	\$	23,735,882	\$	29,182,161	\$	31,328,673	\$	24,006,257

Des Moines Independent Community School District

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

	Fiscal Year			
	1999	2000	2001	2002
Federal sources, federal grants and other outside sources	\$ 12,068,326	\$ 14,722,859	\$ 18,787,977	\$ 20,773,154
State sources, state foundation aid and other sources	116,180,773	126,818,946	143,891,010	145,917,231
Intermediate sources	6,602,658	-	7,165,266	7,040,915
Local sources, local and other sources	91,513,962	101,880,432	121,976,971	125,599,502
<b>Total revenues</b>	<b>\$ 226,365,719</b>	<b>\$ 243,422,237</b>	<b>\$ 291,821,224</b>	<b>\$ 299,330,802</b>

Source: Comprehensive Annual Financial Report

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		Fiscal Year									
		2003	2004	2005	2006	2007	2008				
\$	20,848,556	\$	21,409,808	\$	23,768,893	\$	28,517,075	\$	23,682,244	\$	30,387,722
	152,676,070		153,222,634		156,939,811		165,966,827		173,169,285		186,768,387
	7,263,637		6,835,392		7,021,145		7,427,928		8,184,914		9,203,713
	131,382,524		136,392,286		143,679,034		146,054,311		152,490,096		151,092,795
\$	312,170,787	\$	317,860,120	\$	331,408,883	\$	347,966,141	\$	357,526,539	\$	377,452,617

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			
	1999	2000	2001	2002
Instruction	\$ 141,817,638	\$ 149,728,977	\$ 164,642,037	\$ 180,806,275
Student services	19,972,200	25,026,413	16,442,820	17,744,612
Instructional support services	8,327,597	5,099,140	4,674,025	4,256,486
General administration	14,631,245	3,095,970	6,260,783	4,209,084
Building administration	-	12,764,707	12,449,136	14,664,633
Business and central administration	-	-	-	-
Business administration	-	1,857,585	1,660,945	2,056,846
Central support services, including debt service	29,055,432	6,382,862	4,389,978	5,458,498
Plant operation & maintenance	-	23,548,008	24,573,502	26,150,789
Insurance	2,320,690	2,169,081	-	-
Student transportation	-	-	6,080,206	7,343,760
Non-instructional	-	-	917,469	655,622
AEA support	-	-	9,571,270	9,578,154
Unemployment compensation	34,820	261,263	-	-
Capital outlay	7,103,230	11,259,934	22,405,759	32,049,074
Capital outlay not capitalized	-	-	-	-
Debt service:				
Principal retirement	5,365,000	1,170,000	1,285,000	1,340,000
Interest	333,653	249,978	206,720	159,817
Bond issuance costs	-	-	-	6,100
Other	67,388	-	-	-
<b>Total expenditures</b>	<b>\$ 229,028,893</b>	<b>\$ 242,613,918</b>	<b>\$ 275,559,650</b>	<b>\$ 306,479,750</b>
Debt service as a percentage of noncapital expenditures	2.60%	0.61%	0.59%	0.55%

Source: Comprehensive Annual Financial Report

		Fiscal Year									
		2003	2004	2005	2006	2007	2008				
\$	184,245,408	\$	185,632,366	\$	185,395,424	\$	199,686,716	\$	204,333,386	\$	225,309,061
	18,568,437		18,959,957		16,530,525		17,263,980		17,993,709		19,497,475
	3,321,896		3,081,329		5,279,975		6,467,422		7,685,131		8,138,207
	4,705,436		5,195,648		5,117,631		4,328,391		3,930,504		4,778,387
	15,213,947		15,078,066		15,179,285		16,642,315		18,113,129		18,519,205
	-		-		6,312,099		7,263,248		9,100,426		9,240,852
	1,925,782		2,247,970		-		-		-		-
	4,254,090		4,558,016		-		-		-		-
	28,084,315		26,862,859		27,167,978		30,232,224		31,913,066		33,505,014
	-		-		-		-		-		-
	8,239,923		8,525,861		8,382,171		9,452,879		10,187,970		10,009,481
	537,008		670,356		899,519		1,158,221		1,952,323		1,981,376
	9,837,474		9,140,786		9,445,390		9,855,798		10,455,648		10,993,407
	-		-		-		-		-		-
	43,516,436		48,675,157		20,498,715		32,154,840		56,005,258		41,304,558
	-		-		-		1,304,604		79,949		2,302,867
	970,000		1,020,000		1,445,000		470,000		1,285,000		2,090,000
	130,334		90,488		158,810		100,767		806,381		822,738
	-		25,344		-		-		65,000		-
	-		-		-		-		-		-
\$	323,550,486	\$	329,764,203	\$	301,812,522	\$	336,381,405	\$	373,906,880	\$	388,492,628
	0.39%		0.40%		0.57%		0.19%		0.68%		0.84%

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			
	1999	2000	2001	2002
Excess of revenues over (under) expenditures	\$ 3,102,867	\$ 808,319	\$ 16,261,574	\$ (7,148,948)
Other financing sources (uses):				
Restatement of fund balance	-	-	-	-
Issuance of debt	-	-	-	-
Proceeds from sale of capital assets	7,244,801	-	-	450,000
Premiums	-	-	-	-
Transfers in	32,913	-	241,343	1,625,415
Transfers out	(32,913)	-	(654,815)	(248,789)
<b>Total other financing sources (uses)</b>	<b>7,244,801</b>	<b>-</b>	<b>(413,472)</b>	<b>1,826,626</b>
<b>Net change in fund balances</b>	<b>\$ 10,347,668</b>	<b>\$ 808,319</b>	<b>\$ 15,848,102</b>	<b>\$ (5,322,322)</b>

Source: Comprehensive Annual Financial Report

						Fiscal Year					
2003		2004		2005		2006		2007		2008	
\$	(11,379,699)	\$	(11,904,083)	\$	29,596,361	\$	11,584,736	\$	(16,380,341)	\$	(11,040,011)
	-		-		-		-		-		-
	-		4,100,000		-		-		20,700,000		-
	222,104		23,665		23,313		462,814		24,300		47,225
	-		21,939		-		-		-		-
	169,250		1,067,945		614,771		823,295		2,091,381		2,912,738
	(169,250)		(1,117,945)		(1,237,414)		(823,295)		(2,091,381)		(2,912,738)
	222,104		4,095,604		(599,330)		462,814		20,724,300		47,225
\$	(11,157,595)	\$	(7,808,479)	\$	28,997,031	\$	12,047,550	\$	4,343,959	\$	(10,992,786)

**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
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	9,410,985,530	-	-
<b>2006</b>	<b>2007-08</b>	<b>5,981,343,640</b>	<b>9,545,918,160</b>	-	-

Source: Polk County Auditor and Warren County Auditor

Railroad and Utilities Without Gas & Electric		Gas & Electric		Total		Total Direct Rate
Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	
\$ 319,931,164	\$ 320,083,795	\$ -	\$ -	\$ 4,619,545,601	\$ 6,440,401,742	17.70740
309,051,379	309,051,379	-	-	2,600,958,572	6,323,463,222	16.96196
46,977,173	47,050,335	240,556,711	240,556,711	4,722,832,613	6,660,604,364	16.94943
48,634,556	48,634,556	240,420,477	240,420,477	5,103,504,112	7,056,208,822	17.14047
51,348,179	51,472,448	238,491,614	238,491,614	5,336,108,463	7,755,375,362	17.10442
190,055,550	190,055,550	575,111,784	575,111,784	5,928,761,344	8,334,352,394	17.36358
47,860,812	47,920,263	241,897,198	238,380,336	5,833,358,540	8,740,420,059	18.02657
49,945,107	49,945,107	227,362,080	249,987,192	5,828,714,702	8,786,078,294	18.01394
51,788,634	52,781,112	226,290,321	272,409,082	6,165,998,405	9,736,175,724	18.01713
<b>43,993,892</b>	<b>44,752,336</b>	<b>220,407,867</b>	<b>292,396,945</b>	<b>6,245,745,399</b>	<b>9,883,067,441</b>	<b>17.93709</b>

**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	
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
<b>2006</b>	<b>2007-08</b>	<b>15.28725</b>	<b>1.55484</b>	<b>0.96000</b>	<b>0.13500</b>	-	-	<b>17.93709</b>

(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	\$ 2.49033	\$ 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
<b>6.84207</b>	<b>2.96959</b>	<b>16.59028</b>	<b>11.48209</b>	<b>9.22000</b>	<b>12.40322</b>	<b>12.04999</b>	<b>0.60759</b>	<b>0.03703</b>	<b>0.31349</b>	<b>0.00350</b>

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	Highland Park SSMID	Ingersoll SSMID
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	1.75000	-
2005	2006-07	0.68688	0.16805	1.00000	1.50003	1.50002	1.74996	-
2006	2007-08	0.60276	0.16848	1.00000	1.49988	1.50000	1.74996	1.74997

Source: Polk County Auditor

Des Moines Independent Community School District

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

Taxpayer	2008			1999		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Principal Financial Group, Inc.	\$ 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%
<b>Total</b>	<b>\$ 855,844,638</b>		<b>14.68%</b>	<b>\$ 665,878,911</b>		<b>11.83%</b>

Source: Polk County Auditor. Information is no longer available from the County subsequent to calendar year 2007.

**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
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%	-	-	-
<b>2008</b>	<b>102,277,748</b>	<b>101,895,857</b>	<b>99.63%</b>	-	-	-

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 Assessed	
				General Obligation Bonds	General Obligation Capital Loan Notes	Qualified Zone Academy Bonds		Value	Per Capita
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
<b>2008</b>	<b>196,093</b>	<b>9,883,067,441</b>	<b>494,153,372</b>	-	<b>1,570,000</b>	<b>1,000,000</b>	<b>2,570,000</b>	<b>0.52%</b>	<b>13.11</b>

Source: Polk County Auditor, Warren 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			
1999	\$ 6,695,000	\$ -	\$ -	\$ -	\$ 6,695,000	0.00	\$ 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
<b>2008</b>	-	<b>1,570,000</b>	<b>1,000,000</b>	<b>18,300,000</b>	<b>20,870,000</b>	<b>0.09%</b>	<b>0.01</b>

Source: District Records

**Des Moines Independent Community School District**

**Direct and Overlapping Governmental Activities Debt  
As of June 30, 2008  
(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Overlapping:			
City of Des Moines	\$ 361,750,000	96.4%	\$ 348,727,000
City of Pleasant Hill	10,090,000	24.1%	2,432,000
City of Urbandale	37,055,000	10.0%	3,706,000
City of Windsor Heights	13,470,000	0.9%	121,000
City of West Des Moines	123,488,580	0.1%	123,000
Des Moines Area Community College	82,815,000	30.1%	24,927,000
Polk County	238,165,000	35.3%	84,072,000
Warren County	939,870	5.4%	51,000
<b>Subtotal, overlapping debt</b>	<b>867,773,450</b>		<b>464,159,000</b>
Direct, Des Moines Independent Community School District:			
General Obligation	1,570,000	100.0%	1,570,000
Qualified Zone Academy Bonds	1,000,000	100.0%	1,000,000
Sales tax revenue bond	18,300,000	100.0%	18,300,000
<b>Subtotal direct debt</b>	<b>20,870,000</b>		<b>20,870,000</b>
<b>Total direct and overlapping debt</b>	<b>\$ 888,643,450</b>		<b>\$ 485,029,000</b>

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)

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	1999	2000	2001	2002
Debt limit	\$ 322,020,087	\$ 316,173,161	\$ 333,030,218	\$ 352,810,441
Total net debt applicable to limit	6,695,000	5,525,000	4,240,000	3,350,000
Legal debt margin	\$ 315,325,087	\$ 310,648,161	\$ 328,790,218	\$ 349,460,441
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	2.12%	1.78%	1.29%	0.96%

Source: Polk County Auditor and District Records

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value \$ 9,883,067,041

Debt limit (5% of assessed value) \$ 494,153,352

Debt applicable to limit 20,870,000

Legal debt margin \$ 473,283,352

	2003	2004	2005	2006	2007	2008
\$	387,768,768	\$ 416,717,620	\$ 437,021,003	\$ 443,119,899	\$ 486,808,786	\$ 494,153,352
	3,380,000	5,460,000	4,015,000	3,545,000	22,960,000	20,870,000
\$	384,388,768	\$ 411,257,620	\$ 433,006,003	\$ 439,574,899	\$ 463,848,786	\$ 473,283,352
	0.88%	1.33%	0.93%	0.81%	4.72%	4.22%

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	
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%
<b>2008</b>	<b>30,301,047</b>	<b>1,600,000</b>	<b>750,750</b>	<b>7.76%</b>

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)

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Calendar Year	Population (1)	Per Capita Personal Income (2)	Personal Income for Polk County	Unemployment Rate (2)
1998	193,187	\$ 24,054	4,646,920,098	2.7%
1999	193,187	24,450	4,723,422,150	2.4%
2000	198,682	26,023	5,170,301,686	3.5%
2001	198,682	26,836	5,331,830,152	4.0%
2002	198,682	27,442	5,452,231,444	5.1%
2003	196,093	27,716	5,434,913,588	5.7%
2004	196,096	29,219	5,729,729,024	6.5%
2005	196,093	38,895	7,627,037,235	4.6%
2006	196,093	39,418	7,729,593,874	3.8%
<b>2007</b>	<b>196,093</b>	<b>40,764</b>	<b>7,993,535,052</b>	<b>3.7%</b>

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	2008			1999		
	Employees *	Rank	Percentage of Total Employment	Employees *	Rank	Percentage of Total Employment
Principal Financial Group, Inc.		1			1	
Des Moines Independent CSD	4,906	2			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				
	1999*	2000*	2001*	2002*	2003
<b>Administrators</b>					
Central Office				43.0	36.5
Elementary Schools				46.0	42.0
Middle Schools				22.0	22.0
High Schools				23.0	26.0
Special Schools				6.0	6.0
<b>Total Administrators</b>	<b>147.0</b>	<b>127.0</b>	<b>132.0</b>	<b>140.0</b>	<b>132.5</b>
<b>Teachers</b>					
Athletic Directors				6.0	6.0
Non-classroom teachers				3.0	9.2
Classroom teachers				1,539.6	1,529.8
Technology consultants				4.6	2.4
Counselors				95.4	90.9
Dean of Students				11.0	21.0
Educational tech support				7.0	2.0
ELL				67.5	65.8
Facilitator				4.5	5.8
Gifted and Talented				12.3	12.1
Head Start				15.4	16.0
Home Instruction				9.5	9.5
Library/Media specialists				25.6	24.1
Literacy trainer				-	5.0
Montessori				5.8	6.4
New Horizons teachers				10.1	6.0
Nurses				58.8	56.9
Nursery				1.0	1.0
Preschool				6.0	12.1
Reading facilitators				6.2	
Special Ed literacy support				3.8	2.8
Special Ed teachers				526.3	516.3
Special Ed consultants				30.9	32.9
Special Ed Support				97.1	99.6
Title I				190.2	174.3
Float				-	3.5
<b>Total teachers</b>	<b>2,384.4</b>	<b>2,489.9</b>	<b>2,620.8</b>	<b>2,737.6</b>	<b>2,711.3</b>
<b>Associates</b>					
Central Office				-	5.8
Elementary Schools				240.7	224.6
Middle Schools				84.5	72.8
High Schools				98.6	95.1
Special Schools				179.4	172.6
<b>Total associates</b>	<b>465.2</b>	<b>549.3</b>	<b>578.3</b>	<b>603.2</b>	<b>570.9</b>

\* Detail unavailable

Source: District records

(Continued)

Full-Time Equivalent Employees as of June 30					Percentage Change
2004	2005	2006	2007	2008	1999 - 2008
33.5	33.5	32.5	32.5	<b>32.0</b>	
35.0	33.0	33.0	33.0	<b>33.0</b>	
21.5	21.5	21.5	22.0	<b>22.0</b>	
24.5	24.5	24.5	26.0	<b>29.0</b>	
7.0	7.0	7.0	7.0	<b>8.0</b>	
121.5	119.5	118.5	120.5	<b>124.0</b>	-15.6%
6.0	6.0	6.0	6.0	-	
14.7	33.8	35.5	36.7	<b>30.1</b>	
1,521.4	1,442.6	1,474.9	1,500.0	<b>1,541.5</b>	
2.4	2.4	2.4	2.4	<b>2.0</b>	
88.4	75.0	73.9	75.2	<b>76.7</b>	
24.0	26.3	27.7	31.2	<b>34.0</b>	
2.0	2.0	1.2	3.4	<b>4.2</b>	
66.0	66.5	67.1	85.7	<b>84.3</b>	
6.9	7.9	7.9	7.9	<b>7.0</b>	
11.1	8.5	8.5	8.5	<b>7.5</b>	
14.0	15.0	15.0	15.0	<b>16.0</b>	
10.5	9.5	9.5	9.5	<b>8.5</b>	
22.1	14.4	9.4	9.4	<b>8.4</b>	
9.2	7.2	6.0	6.0	-	
7.0	6.9	-	-	-	
7.0	5.0	5.0	5.5	<b>6.5</b>	
55.2	54.9	54.0	53.6	<b>55.8</b>	
1.0	1.0	-	-	-	
21.1	20.5	20.5	20.5	<b>47.5</b>	
7.8	5.8	10.6	8.6	-	
539.8	533.2	561.4	572.0	<b>577.9</b>	
33.4	32.4	30.2	29.2	<b>31.0</b>	
103.7	100.3	115.7	124.0	<b>132.0</b>	
165.9	156.8	172.0	158.6	<b>172.0</b>	
0.5	0.5	1.0	3.0	<b>2.0</b>	
2,741.0	2,634.4	2,715.3	2,771.8	<b>2,844.9</b>	19.3%
6.6	4.6	3.0	3.0	<b>9.6</b>	
212.0	208.5	239.7	245.3	<b>254.5</b>	
71.6	68.9	69.7	66.4	<b>62.8</b>	
74.6	58.4	69.0	70.0	<b>70.5</b>	
196.8	195.5	177.6	183.6	<b>179.7</b>	
561.6	535.9	559.0	568.3	<b>577.1</b>	24.1%

**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				
	1999*	2000*	2001*	2002*	2003
<b>Specialist, Clerical, and Paraprofessionals</b>					
Central Office				333.7	198.5
Elementary Schools				49.5	112.7
Middle Schools				24.0	45.1
High Schools				60.0	96.2
Special Schools				6.0	9.0
<b>Total specialists, clerical, and paraprofessionals</b>	<b>371.5</b>	<b>419.6</b>	<b>435.6</b>	<b>473.2</b>	<b>461.5</b>
<b>Food Service, Operations, Transportation and Child Care</b>					
Central Office				322.0	327.0
Elementary Schools				283.5	274.2
Middle Schools				142.5	140.8
High Schools				145.4	141.6
Special Schools				6.9	8.4
<b>Total food svc, oper, transportation, and child care</b>	<b>811.9</b>	<b>858.3</b>	<b>817.2</b>	<b>900.4</b>	<b>892.0</b>
<b>Total</b>	<b>4,180.0</b>	<b>4,444.1</b>	<b>4,583.9</b>	<b>4,854.4</b>	<b>4,768.2</b>

\* Detail unavailable

Source: District records

Full-Time Equivalent Employees as of June 30					Percentage Change
2004	2005	2006	2007	2008	1999 - 2008
188.5	180.6	191.6	199.1	<b>190.4</b>	
109.2	111.7	110.8	112.6	<b>113.7</b>	
46.0	40.4	45.5	57.9	<b>56.1</b>	
92.3	90.3	87.6	99.2	<b>109.4</b>	
13.0	24.5	15.0	15.0	<b>15.1</b>	
449.0	447.5	450.5	483.8	<b>484.7</b>	30.5%
300.4	333.0	326.2	328.8	<b>357.1</b>	
279.4	282.7	282.2	286.2	<b>267.1</b>	
142.2	119.0	117.4	115.2	<b>113.1</b>	
144.6	131.9	128.1	137.5	<b>126.5</b>	
8.1	11.0	10.4	11.0	<b>12.1</b>	
874.8	877.7	864.3	878.6	<b>876.0</b>	7.9%
4,747.8	4,614.9	4,707.6	4,823.0	<b>4,906.7</b>	17.4%

**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
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
<b>2008</b>	<b>31,218.4</b>	<b>346,905,851</b>	<b>11,112</b>	<b>0.09</b>	<b>18,412,253</b>	<b>590</b>	<b>(0.01)</b>

Fiscal Year	Teaching Staff	Percentage of Students Receiving Free or Reduced-Priced Meals
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
<b>2008</b>	<b>2,844.9</b>	<b>62</b>

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	1999	2000	2001	2002
Elementary:				
<b>Name (Year)</b>	<b>Adams</b>	<b>Adams</b>	<b>Adams</b>	<b>Adams</b>
Square feet	49,995	49,995	49,995	49,995
Capacity	420	420	420	420
Enrollment	338	365	334	321
<b>Name (Year)</b>	<b>Brooks</b>	<b>Brooks/Lucas</b>	<b>Brooks/Lucas</b>	<b>Brooks</b>
Square feet	44,090	44,090	44,090	-
Capacity	400	400	400	-
Enrollment	385	566	545	-
<b>Name (Year)</b>	<b>Brubaker</b>	<b>Brubaker</b>	<b>Brubaker</b>	<b>Brubaker</b>
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
<b>Name (Year)</b>	<b>Capital View</b>	<b>Capital View</b>	<b>Capital View</b>	<b>Capital View</b>
Square feet	-	-	-	76,525
Capacity	-	-	-	710
Enrollment	-	-	-	579
<b>Name (Year)</b>	<b>Carver</b>	<b>Carver</b>	<b>Carver</b>	<b>Carver</b>
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
<b>Name (Year)</b>	<b>Cattell</b>	<b>Cattell</b>	<b>Cattell</b>	<b>Cattell</b>
Square feet	47,821	47,821	47,821	47,821
Capacity	460	460	460	460
Enrollment	457	432	478	446
<b>Name (Year)</b>	<b>Cowles</b>	<b>Cowles</b>	<b>Cowles</b>	<b>Cowles</b>
Square feet	42,800	42,800	42,800	42,800
Capacity	380	380	380	380
Enrollment	91	87	107	131
<b>Name (Year)</b>	<b>Douglas</b>	<b>Douglas</b>	<b>Douglas</b>	<b>Douglas</b>
Square feet	42,601	42,601	42,601	42,601
Capacity	575	575	575	575
Enrollment	454	442	406	381
<b>Name (Year)</b>	<b>Downtown</b>	<b>Downtown</b>	<b>Downtown</b>	<b>Downtown</b>
Square feet	32,767	32,767	32,767	32,767
Capacity	270	270	270	270
Enrollment	157	158	160	264
<b>Name (Year)</b>	<b>Edmunds</b>	<b>Edmunds</b>	<b>Edmunds</b>	<b>Edmunds</b>
Square feet	45,930	45,930	45,930	45,930
Capacity	320	320	320	320
Enrollment	354	348	299	291
<b>Name (Year)</b>	<b>Findley</b>	<b>Findley</b>	<b>Findley</b>	<b>Findley</b>
Square feet	38,354	38,354	38,354	38,354
Capacity	380	380	380	380
Enrollment	367	371	351	307
<b>Name (Year)</b>	<b>Garton</b>	<b>Garton</b>	<b>Garton</b>	<b>Garton</b>
Square feet	43,290	43,290	43,290	43,290
Capacity	500	500	500	500
Enrollment	352	395	371	371

(Continued)

		Fiscal Year					
		2003	2004	2005	2006	2007	2008
<b>Adams</b>							
	49,995	49,995	49,995	49,995	49,995	49,995	49,995
	420	420	420	420	420	420	420
	321	335	336	337	294	-	-
<b>Brooks</b>							
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Brubaker</b>							
	-	78,224	78,224	78,224	78,224	78,224	78,224
	-	720	720	720	720	720	720
	-	633	664	655	717	-	715
<b>Capital View</b>							
	76,525	76,525	76,525	76,525	76,525	76,525	75,740
	710	710	710	710	710	710	710
	668	600	632	620	619	-	630
<b>Carver</b>							
	-	-	-	-	-	-	93,627
	-	-	-	-	-	-	690
	-	-	-	-	-	-	647
<b>Cattell</b>							
	47,821	47,821	47,821	47,821	47,821	47,821	47,821
	460	460	460	460	460	460	460
	407	405	354	331	339	-	354
<b>Cowles</b>							
	42,800	42,800	42,800	42,800	42,800	42,800	42,800
	380	380	380	380	380	380	380
	147	137	154	194	224	-	290
<b>Douglas</b>							
	42,601	42,601	42,601	42,601	42,601	42,601	42,601
	575	575	575	575	575	575	575
	372	-	-	-	-	-	-
<b>Downtown</b>							
	32,767	32,767	32,767	32,767	32,767	32,767	32,767
	270	270	270	270	270	270	270
	266	271	268	264	272	-	268
<b>Edmunds</b>							
	45,930	45,930	45,930	45,930	45,930	45,930	45,930
	320	320	320	320	320	320	320
	218	237	196	148	143	-	175
<b>Findley</b>							
	38,354	38,354	38,354	38,354	38,354	38,354	38,354
	380	380	380	380	380	380	380
	296	299	302	296	310	-	358
<b>Garton</b>							
	43,290	43,290	43,290	43,290	43,290	43,290	65,648
	500	500	500	500	500	500	460
	351	313	343	330	343	-	602

Des Moines Independent Community School District

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

School	1999	2000	2001	2002
<b>Elementary:</b>				
<b>Name (Year)</b>	<b>Granger</b>	<b>Granger</b>	<b>Granger</b>	<b>Granger</b>
Square feet	39,194	39,194	39,194	39,194
Capacity	525	525	525	525
Enrollment	370	366	355	386
<b>Name (Year)</b>	<b>Greenwood</b>	<b>Greenwood</b>	<b>Greenwood</b>	<b>Greenwood</b>
Square feet	45,662	45,662	45,662	45,662
Capacity	425	425	425	425
Enrollment	397	414	426	438
<b>Name (Year)</b>	<b>Hanawalt</b>	<b>Hanawalt</b>	<b>Hanawalt</b>	<b>Hanawalt</b>
Square feet	33,043	33,043	33,043	33,043
Capacity	380	380	380	380
Enrollment	310	300	313	331
<b>Name (Year)</b>	<b>Hillis</b>	<b>Hillis</b>	<b>Hillis</b>	<b>Hillis</b>
Square feet	44,825	44,825	44,825	44,825
Capacity	410	410	410	410
Enrollment	444	433	448	461
<b>Name (Year)</b>	<b>Howe</b>	<b>Howe</b>	<b>Howe</b>	<b>Howe</b>
Square feet	38,505	38,505	38,505	38,505
Capacity	320	320	320	320
Enrollment	327	312	299	270
<b>Name (Year)</b>	<b>Hubbell</b>	<b>Hubbell</b>	<b>Hubbell</b>	<b>Hubbell</b>
Square feet	37,896	37,896	37,896	37,896
Capacity	440	440	440	440
Enrollment	377	377	377	385
<b>Name (Year)</b>	<b>Jackson</b>	<b>Jackson</b>	<b>Jackson</b>	<b>Jackson</b>
Square feet	35,872	35,872	35,872	35,872
Capacity	420	420	420	420
Enrollment	527	521	560	365
<b>Name (Year)</b>	<b>Jefferson</b>	<b>Jefferson</b>	<b>Jefferson</b>	<b>Jefferson</b>
Square feet	42,750	42,750	42,750	42,750
Capacity	480	480	480	480
Enrollment	454	447	440	431
<b>Name (Year)</b>	<b>King</b>	<b>King</b>	<b>King</b>	<b>King</b>
Square feet	51,414	51,414	51,414	51,414
Capacity	330	330	330	330
Enrollment	335	322	340	323
<b>Name (Year)</b>	<b>Longfellow</b>	<b>Longfellow</b>	<b>Longfellow</b>	<b>Longfellow</b>
Square feet	31,420	31,420	31,420	31,420
Capacity	300	300	300	300
Enrollment	295	267	304	249
<b>Name (Year)</b>	<b>Lovejoy</b>	<b>Lovejoy</b>	<b>Lovejoy</b>	<b>Lovejoy</b>
Square feet	31,806	31,806	31,806	31,806
Capacity	310	310	310	310
Enrollment	413	456	448	405

(Continued)

Fiscal Year											
2003		2004		2005		2006		2007		2008	
<b>Granger</b>		<b>Granger</b>		<b>Granger</b>		<b>Granger</b>		<b>Granger/Mitchell</b>		<b>Granger/Mitchell</b>	
	39,194		39,194		39,194		39,194		39,194		-
	525		525		525		525		525		-
	371		363		351		335		550		-
<b>Greenwood</b>		<b>Greenwood</b>		<b>Greenwood</b>		<b>Greenwood</b>		<b>Greenwood</b>		<b>Greenwood</b>	
	58,804		58,804		58,804		58,804		58,804		61,744
	450		450		450		450		450		450
	373		427		444		454		420		454
<b>Hanawalt</b>		<b>Hanawalt</b>		<b>Hanawalt</b>		<b>Hanawalt</b>		<b>Hanawalt</b>		<b>Hanawalt</b>	
	33,043		33,043		43,246		43,246		43,246		43,246
	380		380		410		410		410		410
	376		374		349		338		359		418
<b>Hillis</b>		<b>Hillis</b>		<b>Hillis</b>		<b>Hillis</b>		<b>Hillis</b>		<b>Hillis</b>	
	44,825		44,825		44,825		44,825		44,825		44,825
	410		410		410		410		410		410
	426		407		392		399		390		468
<b>Howe</b>		<b>Howe</b>		<b>Howe</b>		<b>Howe</b>		<b>Howe</b>		<b>Howe</b>	
	38,505		38,505		38,505		38,505		38,505		38,505
	320		320		320		320		320		320
	285		262		252		213		229		340
<b>Hubbell</b>		<b>Hubbell</b>		<b>Hubbell</b>		<b>Hubbell</b>		<b>Hubbell</b>		<b>Hubbell</b>	
	37,896		37,896		48,072		48,072		48,072		53,327
	440		440		390		390		390		390
	362		323		294		309		347		402
<b>Jackson</b>		<b>Jackson</b>		<b>Jackson</b>		<b>Jackson</b>		<b>Jackson</b>		<b>Jackson</b>	
	35,872		35,872		35,872		35,872		35,872		35,872
	420		420		420		420		420		420
	370		377		407		426		397		402
<b>Jefferson</b>		<b>Jefferson</b>		<b>Jefferson</b>		<b>Jefferson</b>		<b>Jefferson</b>		<b>Jefferson</b>	
	42,750		42,750		42,750		42,750		42,750		42,750
	480		480		480		480		480		480
	437		434		432		423		424		421
<b>King</b>		<b>King</b>		<b>King</b>		<b>King</b>		<b>King</b>		<b>King</b>	
	51,414		51,414		51,414		51,414		51,414		51,414
	330		330		330		330		330		330
	330		371		378		372		352		347
<b>Longfellow</b>		<b>Longfellow</b>		<b>Longfellow</b>		<b>Longfellow</b>		<b>Longfellow</b>		<b>Longfellow</b>	
	31,420		31,420		31,420		31,420		-		-
	300		300		300		300		-		-
	261		269		236		206		184		-
<b>Lovejoy</b>		<b>Lovejoy</b>		<b>Lovejoy</b>		<b>Lovejoy</b>		<b>Lovejoy</b>		<b>Lovejoy</b>	
	31,806		31,806		31,806		31,806		31,806		31,806
	310		310		310		310		310		310
	389		412		373		315		323		272

Des Moines Independent Community School District

School Building Information (Continued)

Last Ten Fiscal Years

(Unaudited)

School	1999	2000	2001	2002
Elementary:				
<b>Name (Year)</b>	<b>Lucas</b>	<b>Lucas</b>	<b>Lucas</b>	<b>Lucas</b>
Square feet	37,311	-	-	-
Capacity	350	-	-	-
Enrollment	310	-	-	-
<b>Name (Year)</b>	<b>Madison</b>	<b>Madison</b>	<b>Madison</b>	<b>Madison</b>
Square feet	42,049	42,049	42,049	42,049
Capacity	430	430	430	430
Enrollment	337	342	350	346
<b>Name (Year)</b>	<b>Mann</b>	<b>Mann</b>	<b>Mann</b>	<b>Mann</b>
Square feet	32,940	32,940	32,940	32,940
Capacity	325	325	325	325
Enrollment	295	295	276	-
<b>Name (Year)</b>	<b>McKee</b>	<b>McKee</b>	<b>McKee</b>	<b>McKee</b>
Square feet	43,400	43,400	43,400	43,400
Capacity	375	375	375	375
Enrollment	312	312	322	280
<b>Name (Year)</b>	<b>McKinley</b>	<b>McKinley</b>	<b>McKinley</b>	<b>McKinley</b>
Square feet	37,228	37,228	37,228	37,228
Capacity	220	220	220	220
Enrollment	361	373	311	286
<b>Name (Year)</b>	<b>Mitchell</b>	<b>Mitchell</b>	<b>Mitchell</b>	<b>Mitchell</b>
Square feet	31,682	31,682	31,682	31,682
Capacity	350	350	350	350
Enrollment	297	310	262	283
<b>Name (Year)</b>	<b>Monroe</b>	<b>Monroe</b>	<b>Monroe</b>	<b>Monroe</b>
Square feet	47,580	47,580	73,997	73,997
Capacity	500	500	660	660
Enrollment	228	258	445	496
<b>Name (Year)</b>	<b>Moore</b>	<b>Moore</b>	<b>Moore</b>	<b>Moore</b>
Square feet	45,334	45,334	45,334	45,334
Capacity	440	440	440	440
Enrollment	407	399	327	325
<b>Name (Year)</b>	<b>Morris</b>	<b>Morris</b>	<b>Morris</b>	<b>Morris</b>
Square feet	-	-	-	74,684
Capacity	-	-	-	700
Enrollment	-	-	-	567
<b>Name (Year)</b>	<b>Moulton</b>	<b>Moulton</b>	<b>Moulton</b>	<b>Moulton</b>
Square feet	99,940	99,940	99,940	121,650
Capacity	475	475	475	620
Enrollment	403	410	408	366

(Continued)

		Fiscal Year					
		2003	2004	2005	2006	2007	2008
<b>Lucas</b>	<b>Lucas</b>	-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
<b>Madison</b>	<b>Madison</b>	42,049	42,049	42,049	42,049	42,049	42,049
		430	430	430	430	430	430
		329	334	341	332	314	359
<b>Mann</b>	<b>Mann</b>	32,940	32,940	32,940	32,940	32,940	32,940
		325	325	325	325	325	325
		-	-	-	-	-	-
<b>McKee</b>	<b>McKee</b>	43,400	43,400	43,400	43,400	43,400	43,400
		375	375	375	375	375	375
		276	-	-	-	-	-
<b>McKinley</b>	<b>McKinley</b>	49,994	49,994	49,994	49,994	49,994	49,994
		380	380	380	380	380	380
		277	324	305	304	337	363
<b>Mitchell</b>	<b>Mitchell</b>	31,682	31,682	31,682	31,682	31,682	31,682
		350	350	350	350	350	350
		263	275	251	114	118	135
<b>Monroe</b>	<b>Monroe</b>	73,997	73,997	73,997	73,997	73,997	73,997
		660	660	660	660	660	660
		521	513	516	492	526	533
<b>Moore</b>	<b>Moore</b>	45,334	45,334	45,334	45,334	45,334	45,334
		440	440	440	440	440	440
		337	327	322	320	287	-
<b>Morris</b>	<b>Morris</b>	74,684	74,684	74,684	74,684	74,684	70,656
		700	700	700	700	700	700
		528	557	586	563	577	583
<b>Moulton</b>	<b>Moulton</b>	121,650	121,650	121,650	121,650	121,650	121,650
		620	620	620	620	620	620
		445	443	444	528	514	460

**Des Moines Independent Community School District**

**School Building Information (Continued)**

**Last Ten Fiscal Years**

**(Unaudited)**

School	1999	2000	2001	2002
<b>Elementary:</b>				
<b>Name (Year)</b>	<b>Oak Park</b>	<b>Oak Park</b>	<b>Oak Park</b>	<b>Oak Park</b>
Square feet	50,255	50,255	50,255	50,255
Capacity	385	385	385	385
Enrollment	400	366	405	411
<b>Name (Year)</b>	<b>Park Avenue</b>	<b>Park Avenue</b>	<b>Park Avenue</b>	<b>Park Avenue</b>
Square feet	59,565	59,565	59,565	59,565
Capacity	560	560	560	560
Enrollment	532	561	528	502
<b>Name (Year)</b>	<b>Perkins</b>	<b>Perkins</b>	<b>Perkins</b>	<b>Perkins</b>
Square feet	50,440	50,440	50,440	50,440
Capacity	440	440	440	440
Enrollment	297	285	315	321
<b>Name (Year)</b>	<b>Phillips</b>	<b>Phillips</b>	<b>Phillips</b>	<b>Phillips</b>
Square feet	38,575	38,575	38,575	38,575
Capacity	400	400	400	400
Enrollment	387	347	348	340
<b>Name (Year)</b>	<b>Pleasant Hill</b>	<b>Pleasant Hill</b>	<b>Pleasant Hill</b>	<b>Pleasant Hill</b>
Square feet	36,161	36,161	36,161	36,161
Capacity	310	310	310	310
Enrollment	294	307	307	291
<b>Name (Year)</b>	<b>Rice</b>	<b>Rice</b>	<b>Rice</b>	<b>Rice</b>
Square feet	51,180	51,180	-	-
Capacity	375	375	-	-
Enrollment	255	237	-	-
<b>Name (Year)</b>	<b>River Woods</b>	<b>River Woods</b>	<b>River Woods</b>	<b>River Woods</b>
Square feet	-	-	58,126	58,126
Capacity	-	-	500	500
Enrollment	-	-	490	529
<b>Name (Year)</b>	<b>Samuelson</b>	<b>Samuelson</b>	<b>Samuelson</b>	<b>Samuelson</b>
Square feet	37,500	37,500	37,500	37,500
Capacity	350	350	350	350
Enrollment	-	-	-	-
<b>Name (Year)</b>	<b>Smouse</b>	<b>Smouse</b>	<b>Smouse</b>	<b>Smouse</b>
Square feet	53,809	53,809	53,809	53,809
Capacity	NA	NA	NA	NA
Enrollment	85	94	100	106
<b>Name (Year)</b>	<b>South Union</b>	<b>South Union</b>	<b>South Union</b>	<b>South Union</b>
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-

(Continued)

		Fiscal Year					
		2003	2004	2005	2006	2007	2008
<b>Oak Park</b>	<b>Oak Park</b>						
		20,255	59,497	59,497	59,497	59,497	59,497
		385	380	380	380	380	380
		366	320	331	355	399	405
<b>Park Avenue</b>	<b>Park Avenue</b>						
		59,565	59,565	59,565	59,565	59,565	59,565
		560	560	560	560	560	560
		507	464	474	436	423	481
<b>Perkins</b>	<b>Perkins</b>						
		50,440	50,440	50,440	50,440	56,540	56,540
		440	440	440	440	440	420
		340	342	361	361	423	453
<b>Phillips</b>	<b>Phillips</b>						
		38,575	41,936	41,936	41,936	41,936	41,936
		400	380	380	380	380	380
		338	337	361	343	344	370
<b>Pleasant Hill</b>	<b>Pleasant Hill</b>						
		36,161	36,161	36,161	36,161	36,161	36,161
		310	310	310	310	310	310
		320	307	303	316	328	347
<b>Rice</b>	<b>Rice</b>						
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
<b>River Woods</b>	<b>River Woods</b>						
		58,126	58,126	58,126	58,126	58,126	58,126
		500	500	500	500	500	500
		520	508	537	546	518	491
<b>Samuelson</b>	<b>Samuelson</b>						
		37,500	37,500	37,500	37,500	37,500	56,586
		350	350	350	350	350	506
		-	-	-	-	-	-
<b>Smouse</b>	<b>Smouse</b>						
		53,809	53,809	53,809	53,809	53,809	53,809
NA	NA						
		108	106	108	119	123	121
<b>South Union</b>	<b>South Union</b>						
		-	-	-	-	68,508	68,508
		-	-	-	-	630	630
		-	-	-	-	553	572

Des Moines Independent Community School District

School Building Information (Continued)

Last Ten Fiscal Years

(Unaudited)

School	1999	2000	2001	2002
Elementary:				
<b>Name (Year)</b>	<b>Stowe</b>	<b>Stowe</b>	<b>Stowe</b>	<b>Stowe</b>
Square feet	36,000	36,000	36,000	36,000
Capacity	400	400	400	400
Enrollment	330	354	332	333
<b>Name (Year)</b>	<b>Studebaker</b>	<b>Studebaker</b>	<b>Studebaker</b>	<b>Studebaker</b>
Square feet	42,272	42,272	42,272	42,272
Capacity	420	420	420	420
Enrollment	419	443	353	369
<b>Name (Year)</b>	<b>Wallace</b>	<b>Wallace</b>	<b>Wallace</b>	<b>Wallace</b>
Square feet	31,960	31,960	31,960	31,960
Capacity	360	360	360	360
Enrollment	333	353	383	356
<b>Name (Year)</b>	<b>Walnut Street</b>	<b>Walnut Street</b>	<b>Walnut Street</b>	<b>Walnut Street</b>
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
<b>Name (Year)</b>	<b>Watrous</b>	<b>Watrous</b>	<b>Watrous</b>	<b>Watrous</b>
Square feet	41,809	41,809	41,809	-
Capacity	475	475	475	-
Enrollment	370	330	306	-
<b>Name (Year)</b>	<b>Willard</b>	<b>Willard</b>	<b>Willard</b>	<b>Willard</b>
Square feet	47,700	47,700	47,700	47,700
Capacity	450	450	450	450
Enrollment	452	449	428	373
<b>Name (Year)</b>	<b>Windsor</b>	<b>Windsor</b>	<b>Windsor</b>	<b>Windsor</b>
Square feet	55,510	55,510	55,510	55,510
Capacity	420	420	420	420
Enrollment	366	379	386	396
<b>Name (Year)</b>	<b>Woodlawn</b>	<b>Woodlawn</b>	<b>Woodlawn</b>	<b>Woodlawn</b>
Square feet	46,548	46,548	46,548	46,548
Capacity	450	450	450	450
Enrollment	448	426	502	461
<b>Name (Year)</b>	<b>Wright</b>	<b>Wright</b>	<b>Wright</b>	<b>Wright</b>
Square feet	30,300	30,300	30,300	30,300
Capacity	310	310	310	310
Enrollment	310	313	295	283

(Continued)

		Fiscal Year					
		2003	2004	2005	2006	2007	2008
<b>Stowe</b>							
	36,000	36,000	36,000	36,000	36,000	36,000	36,000
	400	400	400	400	400	400	400
	321	313	288	294	267	352	
<b>Studebaker</b>							
	42,272	42,272	42,272	42,272	42,272	42,272	42,272
	420	420	420	420	420	420	420
	414	432	429	449	477	461	
<b>Wallace</b>							
	31,960	31,960	31,960	31,960	31,960	31,960	31,960
	360	360	360	360	360	360	360
	355	343	344	348	346	-	
<b>Walnut Street</b>							
	-	-	37,206	37,206	38,800	38,800	
	-	-	NA	NA	NA	NA	
	-	-	54	93	104	212	
<b>Watrous</b>							
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
<b>Willard</b>							
	59,301	59,301	59,301	59,301	59,301	59,301	59,301
	560	560	560	560	560	560	560
	336	366	364	405	387	427	
<b>Windsor</b>							
	55,510	55,510	55,510	55,510	55,510	60,475	
	420	420	420	420	420	420	
	379	356	367	341	346	375	
<b>Woodlawn</b>							
	46,548	46,548	46,548	46,548	46,548	46,548	46,548
	450	450	450	450	450	450	450
	447	420	378	417	394	534	
<b>Wright</b>							
	30,300	30,300	30,300	30,300	30,300	30,300	30,300
	310	310	310	310	310	310	310
	272	280	283	301	282	284	

Des Moines Independent Community School District

School Building Information (Continued)

Last Ten Fiscal Years

(Unaudited)

School	1999	2000	2001	2002
Middle:				
<b>Name (Year)</b>	<b>Brody</b>	<b>Brody</b>	<b>Brody</b>	<b>Brody</b>
Square feet	90,500	90,500	90,500	90,500
Capacity	650	650	650	650
Enrollment	782	786	756	758
<b>Name (Year)</b>	<b>Callanan</b>	<b>Callanan</b>	<b>Callanan</b>	<b>Callanan</b>
Square feet	109,920	109,920	109,920	109,920
Capacity	530	530	530	530
Enrollment	641	602	602	674
<b>Name (Year)</b>	<b>Goodrell</b>	<b>Goodrell</b>	<b>Goodrell</b>	<b>Goodrell</b>
Square feet	102,230	102,230	102,230	102,230
Capacity	700	700	700	700
Enrollment	635	637	661	659
<b>Name (Year)</b>	<b>Harding</b>	<b>Harding</b>	<b>Harding</b>	<b>Harding</b>
Square feet	125,339	125,339	125,339	125,339
Capacity	840	840	840	840
Enrollment	846	889	856	839
<b>Name (Year)</b>	<b>Hiatt</b>	<b>Hiatt</b>	<b>Hiatt</b>	<b>Hiatt</b>
Square feet	103,060	103,060	103,060	103,060
Capacity	800	800	800	800
Enrollment	558	567	619	626
<b>Name (Year)</b>	<b>Hoyt</b>	<b>Hoyt</b>	<b>Hoyt</b>	<b>Hoyt</b>
Square feet	99,874	99,874	99,874	99,874
Capacity	750	750	750	750
Enrollment	564	570	600	586
<b>Name (Year)</b>	<b>Kurtz</b>	<b>Kurtz</b>	<b>Kurtz</b>	<b>Kurtz</b>
Square feet	106,264	106,264	106,264	106,264
Capacity	730	730	730	730
Enrollment	-	-	-	-
<b>Name (Year)</b>	<b>McCombs</b>	<b>McCombs</b>	<b>McCombs</b>	<b>McCombs</b>
Square feet	78,978	78,978	78,978	78,978
Capacity	650	650	650	650
Enrollment	567	590	591	585
<b>Name (Year)</b>	<b>Meredith</b>	<b>Meredith</b>	<b>Meredith</b>	<b>Meredith</b>
Square feet	97,984	97,984	97,984	97,984
Capacity	850	850	850	850
Enrollment	756	762	772	846
<b>Name (Year)</b>	<b>Merrill</b>	<b>Merrill</b>	<b>Merrill</b>	<b>Merrill</b>
Square feet	89,500	89,500	89,500	89,500
Capacity	650	650	650	650
Enrollment	650	619	598	641

(Continued)

		Fiscal Year					
		2003	2004	2005	2006	2007	2008
<b>Brody</b>							
	90,500	90,500	90,500	90,500	90,500	90,500	90,500
	650	650	650	650	650	650	650
	758	740	673	646	709	738	
<b>Callanan</b>							
	116,037	116,037	116,037	116,037	116,037	116,037	116,037
	700	700	700	700	700	700	700
	616	619	603	644	621	591	
<b>Goodrell</b>							
	102,230	102,230	102,230	102,230	102,230	102,230	110,495
	700	700	700	700	700	700	700
	630	618	644	674	631	611	
<b>Harding</b>							
	125,339	125,339	125,339	125,339	125,339	125,339	125,339
	840	840	840	840	840	840	840
	752	759	689	589	562	530	
<b>Hiatt</b>							
	103,060	103,060	103,060	103,060	103,060	103,060	103,060
	800	800	800	800	800	800	800
	643	588	567	495	465	484	
<b>Hoyt</b>							
	99,874	99,874	99,874	99,874	99,874	99,874	99,874
	750	750	750	750	750	750	750
	597	680	658	632	625	590	
<b>Kurtz</b>	<b>Kurtz %</b>						
	106,264	106,264	106,264	106,264	106,264	106,264	106,264
	730	730	730	730	730	730	730
	-	-	-	-	-	-	-
<b>McCombs</b>							
	78,978	78,978	78,978	78,978	78,978	78,978	78,978
	650	650	650	650	650	650	650
	616	673	667	628	611	589	
<b>Meredith</b>							
	107,316	107,316	107,316	107,316	107,316	107,316	107,316
	850	850	850	850	850	850	850
	877	828	769	745	676	654	
<b>Merrill</b>							
	89,500	89,500	89,500	89,500	89,500	89,500	89,500
	650	650	650	650	650	650	650
	654	660	633	620	627	608	

Des Moines Independent Community School District

School Building Information (Continued)

Last Ten Fiscal Years

(Unaudited)

School	1999	2000	2001	2002
Middle:				
<b>Name (Year)</b>	<b>Van Meter</b>	<b>Van Meter</b>	<b>Van Meter</b>	<b>Van Meter</b>
Square feet	56,460	56,460	56,460	56,460
Capacity	NA	NA	NA	NA
Enrollment	199	211	207	234
<b>Name (Year)</b>	<b>Weeks</b>	<b>Weeks</b>	<b>Weeks</b>	<b>Weeks</b>
Square feet	103,564	103,564	103,564	103,564
Capacity	880	880	880	880
Enrollment	836	815	847	881
High:				
<b>Name (Year)</b>	<b>Central Academy \$</b>	<b>Central Academy \$</b>	<b>Central Academy \$</b>	<b>Central Academy \$</b>
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
<b>Name (Year)</b>	<b>Central Campus/ Scavo @</b>	<b>Central Campus/ Scavo @</b>	<b>Central Campus/ Scavo @</b>	<b>Central Campus/ Scavo @</b>
Square feet	456,660	456,660	456,660	456,660
Capacity	1,500	1,500	1,500	1,500
Enrollment	2,455	2,821	2,913	2,824
<b>Name (Year)</b>	<b>East</b>	<b>East</b>	<b>East</b>	<b>East</b>
Square feet	355,293	355,293	355,293	355,293
Capacity	1,950	1,950	1,950	1,950
Enrollment	1,720	1,727	1,667	1,732
<b>Name (Year)</b>	<b>Hoover</b>	<b>Hoover</b>	<b>Hoover</b>	<b>Hoover</b>
Square feet	183,400	183,400	183,400	183,400
Capacity	1,175	1,175	1,175	1,175
Enrollment	1,201	1,230	1,238	1,251
<b>Name (Year)</b>	<b>Lincoln</b>	<b>Lincoln</b>	<b>Lincoln</b>	<b>Lincoln</b>
Square feet	269,905	269,905	269,905	269,905
Capacity	1,800	1,800	1,800	1,800
Enrollment	1,960	2,023	2,131	2,221
<b>Name (Year)</b>	<b>North</b>	<b>North</b>	<b>North</b>	<b>North</b>
Square feet	220,960	220,960	220,960	220,960
Capacity	1,150	1,150	1,150	1,150
Enrollment	1,106	1,088	1,132	1,164
<b>Name (Year)</b>	<b>Roosevelt</b>	<b>Roosevelt</b>	<b>Roosevelt</b>	<b>Roosevelt</b>
Square feet	282,050	282,050	282,050	282,050
Capacity	1,550	1,550	1,550	1,550
Enrollment	1,565	1,601	1,587	1,616

(Continued)

Fiscal Year						
2003	2004	2005	2006	2007	2008	
<b>Van Meter</b>	<b>Van Meter ****</b>					
56,460	56,460	56,460	56,460	56,460	56,460	56,460
NA						
234	229	231	218	211	192	
<b>Weeks</b>	<b>Weeks</b>	<b>Weeks</b>	<b>Weeks</b>	<b>Weeks</b>	<b>Weeks</b>	<b>Weeks &amp;</b>
103,564	118,770	118,770	118,770	118,770	118,770	112,390
880	900	900	900	900	900	900
865	822	813	789	728	754	
<b>Central Academy \$</b>						
-	-	-	-	-	-	86,426
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<b>Central Campus/ Scavo @</b>						
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
2,440	2,414	2,543	2,499	2,587	2,635	
<b>East</b>	<b>East</b>	<b>East</b>	<b>East</b>	<b>East</b>	<b>East</b>	<b>East &amp;</b>
355,293	355,293	355,293	355,293	355,293	355,293	344,376
1,950	1,950	2,100	2,100	2,100	2,100	2,100
1,841	1,970	2,125	2,115	2,191	2,216	
<b>Hoover</b>						
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
1,260	1,197	1,210	1,212	1,188	1,174	
<b>Lincoln</b>	<b>Lincoln</b>	<b>Lincoln</b>	<b>Lincoln</b>	<b>Lincoln</b>	<b>Lincoln</b>	<b>Lincoln &amp;</b>
269,905	269,905	269,905	269,905	269,905	269,905	312,628
1,800	1,800	1,800	1,800	1,900	1,800	1,800
2,330	2,179	2,157	2,126	2,175	2,203	
<b>North</b>						
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
1,262	1,198	1,186	1,156	1,132	1,139	
<b>Roosevelt</b>						
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
1,610	1,583	1,636	1,591	1,622	1,671	

**Des Moines Independent Community School District**

**School Building Information (Continued)**

**Last Ten Fiscal Years**

**(Unaudited)**

School	1999	2000	2001	2002
Other:				
<b>Name (Year)</b>	<b>Casady</b>	<b>Casady</b>	<b>Casady</b>	<b>Casady</b>
Square feet	43,709	43,709	43,709	43,709
Capacity	Varies	Varies	Varies	Varies
Enrollment	324	-	-	-
<b>Name (Year)</b>	<b>MSSV</b>	<b>MSSV</b>	<b>MSSV</b>	<b>MSSV</b>
Square feet	52,573	52,573	52,573	52,573
Capacity	Varies	Varies	Varies	Varies
Enrollment	-	-	-	-
<b>Name (Year)</b>	<b>CNC</b>	<b>CNC</b>	<b>CNC</b>	<b>CNC</b>
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
<b>Name (Year)</b>	<b>Walker Street</b>	<b>Walker Street</b>	<b>Walker Street</b>	<b>Walker Street</b>
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
<b>Name (Year)</b>	<b>Walnut St Administration</b>	<b>Walnut St Administration</b>	<b>Walnut St Administration</b>	<b>Walnut St Administration</b>
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
<b>Name (Year)</b>	<b>Welcome Center</b>	<b>Welcome Center</b>	<b>Welcome Center</b>	<b>Welcome Center</b>
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
<b>Name (Year)</b>	<b>Grounds Maintenance</b>	<b>Grounds Maintenance</b>	<b>Grounds Maintenance</b>	<b>Grounds Maintenance</b>
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					
		2003	2004	2005	2006	2007	2008
<b>Casady</b>	<b>Casady</b>	43,709	43,709	43,709	43,709	43,709	43,709
		Varies	Varies	Varies	Varies	Varies	Varies
		-	-	-	-	-	-
<b>MSSV</b>	<b>MSSV</b>	52,573	52,573	52,573	52,573	52,573	52,573
		Varies	Varies	Varies	Varies	Varies	Varies
		-	-	-	-	-	-
<b>CNC</b>	<b>CNC</b>	-	56,186	56,186	56,186	56,186	56,186
		-	Varies	Varies	Varies	Varies	Varies
		-	-	-	-	-	-
<b>Walker Street</b>	<b>Walker Street</b>	33,481	33,481	33,481	33,481	33,481	Walker Street %
		Varies	Varies	Varies	Varies	Varies	33,481
		-	-	-	-	-	-
<b>Walnut St Administration</b>	<b>Walnut St Administration</b>	-	-	-	-	77,600	77,600
		-	-	-	-	Varies	Varies
		-	-	-	-	-	-
<b>Welcome Center</b>	<b>Welcome Center</b>	-	-	6,200	6,200	6,200	6,200
		-	-	Varies	Varies	Varies	Varies
		-	-	-	-	-	-
<b>Grounds Maintenance</b>	<b>Grounds Maintenance</b>	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	1999	2000	2001	2002	2003
Elementary:					
Buildings	45	44	44	44	44
Square feet	1,907,889	1,870,578	1,903,941	2,004,103	1,998,470
Capacity	17,615	17,265	17,550	18,255	18,525
Enrollment	15,398	15,417	15,274	15,091	15,064
Middle:					
Buildings	12	12	12	12	12
Square feet	1,163,673	1,163,673	1,163,673	1,163,673	1,179,122
Capacity	8,030	8,030	8,030	8,030	8,200
Enrollment	7,034	7,048	7,109	7,329	7,242
High:					
Buildings	6	6	6	6	6
Square feet	1,768,268	1,768,268	1,768,268	1,768,268	1,768,268
Capacity	9,125	9,125	9,125	9,125	9,125
Enrollment	10,007	10,490	10,668	10,808	10,743
Other:					
Buildings	2	2	2	2	3
Square feet	118,530	118,530	118,530	118,530	152,011
Capacity	Varies	Varies	Varies	Varies	Varies
Enrollment	NA	NA	NA	NA	NA
Administrative:					
Buildings	1	1	1	1	1
Square feet	43,709	43,709	43,709	43,709	43,709
Transportation:					
Garages	1	1	1	1	1
Buses	NA	NA	NA	122	134
Athletics:					
Football fields	5	5	5	5	5
Soccer fields	-	-	-	-	-
Running tracks	6	6	6	6	6
Baseball/softball	10	10	10	10	10
Swimming pools	8	8	8	8	8
Playgrounds	45	44	44	44	44

Fiscal Year				
2004	2005	2006	2007	2008
45	46	45	45	46
2,139,676	2,176,882	2,145,462	2,229,859	2,365,082
19,200	19,200	18,900	19,055	19,791
14,805	14,786	14,927	15,012	15,881
12	12	12	12	12
1,194,328	1,194,328	1,194,328	1,194,328	1,196,213
8,220	8,220	8,220	8,220	8,220
7,216	6,947	6,680	6,466	6,341
6	6	6	6	7
1,768,268	1,768,268	1,768,268	1,768,268	1,886,500
9,125	9,275	9,275	9,375	9,275
10,541	10,857	10,699	10,895	11,038
4	5	5	6	6
208,197	214,397	214,397	214,397	214,397
Varies	Varies	Varies	Varies	Varies
NA	NA	NA	NA	NA
1	1	1	1	1
43,709	43,709	43,709	77600	77,600
1	1	1	1	1
128	138	139	138	131
5	5	5	5	5
-	-	-	-	-
6	6	6	6	6
10	10	10	10	10
8	8	8	8	8
45	46	45	45	46

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**Des Moines Independent Community School District**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. Department of Agriculture:</b>			
(Passed through Iowa Department of Education):			
School Breakfast Program	10.553	42-6004525	\$ 1,635,063
National School Lunch Program	10.555	42-6004525	6,407,334
NSLP - Fruit and Vegetable Program	10.555	42-6004525	194,203
Child and Adult Care Food Program	10.558	42-6004525	268,963
Summer Food Service Program for Children	10.559	42-6004525	312,030
NSLP - USDA Commodities	10.555	42-6004525	655,318
NSLP - USDA Commodities	10.555	42-6004525	89,999
			<u>9,562,910</u>
(Passed through Iowa Department of Public Health):			
State Administrative Matching Grants for Food Stamp Program	10.561	42-6004523	67,957
<b>Total U.S. Department of Agriculture</b>			<u>9,630,867</u>
<b>U.S. Department of Housing and Urban Development:</b>			
(Passed through City of Des Moines),			
Community Development Block Grant (CDBG)	14.218	42-6004514	<u>37,488</u>
<b>U.S. Department of Education:</b>			
(Direct):			
Mentoring Programs Grant	84.184B	42-6001433	106,299
Project Raices	84.195B	42-6001433	5,700
Smaller Learning Communities - Implementation	84.215L	42-6001433	445,398
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)	84.334	42-6001433	1,315,351
Advanced Placement Incentive Program	84.330C	42-6001433	505,619
Des Moines Partnership for Teacher Quality	84.336C	42-6001433	955,887
Pathways to Early Learning and Literacy (PELL)	84.359B	42-6001433	813,331
			<u>4,147,585</u>
(Passed Through Iowa State University),			
Carol M. White Physical Education Program Grant	84.215F	42-6004224	<u>68,630</u>

(Continued)

**Des Moines Independent Community School District**

**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2008**

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	9,077,324
Alternate Assessment Teacher Cadre	84.326	42-6004525	640
Vocational Education Basic Grants to States	84.048	42-6004525	558,864
Education, Consolidation and Improvement Act of 1981, Title V	84.151	42-6004525	63,742
Safe and Drug Free Schools and Communities	84.186	42-6004525	239,650
Education for Homeless Children & Youth	84.196	42-6004525	24,500
21st Century Community Learning Centers	84.287	42-6004525	401,718
Iowa Demonstration Construction Grants	84.215K	42-6004525	500,000
Education Technology State Grant (Technology Literacy Challenge Grant)	84.318	42-6004525	272,728
Cognitive Guided Instruction	84.323	42-6004525	22,153
Secondary Professional Development	84.323A	42-6004525	5,567
Advanced Placement Program	84.330	42-6004525	7,236
English Language Acquisition Grants (Title III ELL/LEP)	84.365	42-6004525	561,046
English Language Acquisition Grants (Title III Immigrant Children)	84.365	42-6004525	52,511
Improving Teacher Quality State Grant (Title II)	84.367	42-6004525	2,017,285
Reading First	84.357	42-6004525	817,743
Math-Science Partnership Program	84.366B	42-6004525	58,072
Grants for State Assessments & Related Activities	84.369	42-6004525	218,753
			<u>14,899,532</u>
(Passed through Heartland Area Education Agency 11):			
Special Education Grants to States (Individuals with Disabilities Education Act)	84.027	42-1028173	1,857,153
Special Education Grants to States (Handicapped Preschool Program Vocational Assessment)	84.027	42-1028173	5,074,047
Parent Education Project	84.029	42-1028173	30,159
Special Education Preschool Grants (Least Restrictive Environment Coordinator)	84.173	42-1028173	168,961
Special Education Grants to States (Grants for Infants and Families with Disabilities)	84.181	42-1028173	206,030
Reading First	84.357	42-1028173	4,611
			<u>7,340,961</u>
<b>Total U.S. Department of Education</b>			<u>26,456,708</u>

(Continued)

**Des Moines Independent Community School District**

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. Department of Health and Human Services,</b>			
(Passed through Iowa Department of Education):			
Comprehensive School Health Programs	93.938	42-6004525	1,050
Refugee Assistance Program	93.576	42-6004525	162,437
			<u>163,487</u>
(Passed through Iowa Department of Human Services),			
Child Care & Development Block Grant	93.575	42-6004568	143,667
(Passed through Drake University), Head Start			
	93.600	42-0680460	1,475,860
<b>Total U.S. Department of Health and Human Services</b>			<u>1,783,014</u>
<b>Corporation for National and Community Services:</b>			
(Passed through Iowa Department of Education), Comm Serv Iowa			
	94.004	42-6004525	17,268
<b>U.S. Department of Defense, (Direct), Air Education &amp; Training Command</b>			
	12.999	N/A	108,617
<b>U.S. Department of National Aeronautics and Space Administration</b>			
(Direct) Aerospace Education Services Program			
	43.001	N/A	9,648
<b>U.S. Department of Justice</b>			
(Passed through City of Des Moines), Secure our School			
	16.710	42-6004514	250,000
<b>Total Expenditures of Federal Awards</b>			<u>\$ 38,293,610</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, 2008

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#### **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, 2008. 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	\$ 98,691
Education for Homeless Children and Youth	84.196	23,131
Mentoring Programs	84.184B	38,222

**Des Moines Independent Community School District**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2008**

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	Findings	Status	Corrective Action Plan or Other Explanation
<b>Significant Deficiencies in Internal Control</b>			
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.	Uncorrected	See similar finding and corrective action plan at 08-II-A.
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.	Uncorrected	See similar finding and corrective action plan at 08-II-B.
07-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 08-II-C.
<b>Significant Deficiencies in Administering Federal Awards</b>			
07-III-A	The District does not document the allocation of split-funded employee payroll costs.	Uncorrected	See similar finding and corrective action plan at 08-III-A.
07-III-B	Semiannual certifications are not completed by employees charged to a single federal award.	Uncorrected	See similar finding and corrective action plan at 08-III-B.
07-III-C	The District does not 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.	Corrected	
07-III-D	The District is not properly requesting and monitoring subrecipient's audit reports.	Uncorrected	See similar finding and corrective action plan at 08-III-D.

(Continued)

**Des Moines Independent Community School District**

**Summary Schedule of Prior Audit Findings (Continued)  
Year Ended June 30, 2008**

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	Findings	Status	Corrective Action Plan
<b>Other Findings Related to Required Statutory Reporting:</b>			
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.	Uncorrected	See similar finding and corrective action plan at 08-IV-A.
07-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 08-IV-G.
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 .	Uncorrected	See similar finding and corrective action plan at 08-IV-G.
07-IV-I	The District had not completed the 2007 Certified Annual Report (CAR) by audit completion 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.	Partially corrected	See similar finding and corrective action plan at 08-IV-I.
07-IV-J	The Preschool Fund and Collage Fund had deficit fund balances as of June 30, 2007.	Uncorrected	See similar finding and corrective action plan at 08-IV-J.
07-IV-K	The State Auditors conducted a re-audit of the Des Moines Independent Community School District.	Corrective Action Taken	

# 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, 2008, which collectively comprise the Des Moines Independent Community School District's basic financial statements and have issued our report thereon dated December 12, 2008. 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 as items 08-II-A, 08-II-B and 08-II-C to be significant deficiencies in internal control over financial reporting.

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, 2008 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 12, 2008.

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 12, 2008

# 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, 2008. 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, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 08-III-D through 08-III-J.

## 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 08-III-A through 08-III-C 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 12, 2008

**Des Moines Independent Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2008**

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**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
10.553, 10.555, 10.559	Nutrition Cluster
84.010A	Title I Grants to Local Educational Agencies
84.027 & 84.173	Special Education Cluster
84.367	Title II
84.334	GEAR UP
93.600	Headstart

Dollar threshold used to distinguish between type A and type B programs: \$1,148,808

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, 2008

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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

08-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 payroll supervisor has the ability to make changes to pay assignments as it is necessary to do so in order to process payroll in a timely manner. The human resource and payroll staff will work with IT to generate edit reports that indicate when employee master records are added/changed and who made those changes. These reports will be reviewed by someone independent of the payroll cycle.

08-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, 2008**

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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: At this time, 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. The business office will work with IT to generate edit reports that indicate when new vendors are added/changed and who made those changes. These reports will be reviewed by someone independent of the procurement cycle.

**08-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. Pre-numbered cash receipts are issued for all money received by the school. Also, principals must review their building's monthly financial reports. 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, 2008

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III. Findings and Questioned Costs for Federal Awards

A. Significant Deficiencies in Administering Federal Awards

08-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, 2008)

Improving Teacher Quality State Grant (Title II)  
(CFDA 84.367) (Fiscal Years 2003, 2004, 2005, 2006, 2007, 2008)

Reading First  
(CFDA 84.357) (Fiscal Year 2007, 2008)

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, 2008)

U.S. Department of Health and Human Services:  
Passed Through Drake University  
HeadStart (CFDA 93.600) (Fiscal Years 2004, 2005, 2006, 2007, 2008)

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, Reading First and HeadStart.

Condition: The employees of Title I, Title II, Special Education, Reading First and HeadStart 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.

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.

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.

(Continued)

**Des Moines Independent Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2008**

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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.

Response and Corrective Action Plan: Beginning January 2009, the District will have a system in place to document the allocation of split funded employee payroll costs related to Title I, Title II, Special Education, Reading First and HeadStart. Employees who are split funded will receive a letter stating their position title, funding sources and full time equivalency related to each fund. The letter will be signed by the employee and the employee's supervisor. After January 2009, the letter will be signed in September of each year. In addition, employees who are split funded will be required to submit an activity report for each pay period. The activity report will be signed by the employee and their supervisor.

**08-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, 2008)**

**Improving Teacher Quality State Grant (Title II)  
(CFDA 84.367) (Fiscal Years 2003, 2004, 2005, 2006, 2007, 2008)**

**Reading First (CFDA 84.357) (Fiscal Year 2007, 2008)**

**Gear Up (CFDA 84.334) (Fiscal Year 2008)**

**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, 2008)**

**U.S. Department of Health and Human Services:  
Passed Through Drake University  
HeadStart (CFDA 93.600) (Fiscal Years 2004, 2005, 2006, 2007, 2008)**

Finding: The contracts for fully funded Title I, Title II, Reading First, Gear Up, Special Education and HeadStart 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, Reading First, Gear Up, Special Education and HeadStart federal funding on a semiannual basis.

(Continued)

**Des Moines Independent Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2008**

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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, Reading First, Special Education and HeadStart. In addition, employees should sign a certification semiannually that certifies their duties were exclusively related to Title I, Title II, Reading First, Special Education and HeadStart funding.

Response and Corrective Action Plan: Beginning January 2009, the District will have a system in place to document the notification for staff who are fully funded by Title I, Title II, Reading First, Gear Up, Special Education and HeadStart. Employees who are funded by one of the above sources will receive a letter stating their position title, funding source and full time equivalency. The letter will be signed by the employee and the employee's supervisor. After January 2009, the letter will be signed in September of each year and then again at the end of first and second semester to document that all activities were related to the appropriate funding source.

**08-III-C**

**U.S. Department of Education  
Gaining Early Awareness and Readiness  
GEAR UP (CFDA 84.334) (Fiscal Year 2008)**

Finding: Time records prepared by District employees for time spent on GEAR UP related activities and accounted for against the District's required match for the program were not reviewed and approved by a certifying official or supervisor. In addition, adequate documentation was not maintained to support the accuracy of some of the benefit inputs used in determining the expenditures used for the matching costs.

Condition: The District does not have a process in place to review and approve time records prepared by the District employees for the time spent on GEAR UP related activities. In addition, the District does not have an adequate review process in place to ensure some of the wage and benefit inputs used for the calculation of the matching expenditures are accurate.

Criteria: OMB Circular A-133 dictates that employee time records must be accurate, and based on the actual effort devoted to the various functional and programmatic activities to which the salary and wage costs are charged. The time should also be allowable and clearly documented. This includes supervisory review of the time records. Amounts charged against the program for matching costs should be allowable and accurate.

(Continued)

**Des Moines Independent Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2008**

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Effect: Records used to account for whether proper matching requirements are being met for the program could be inaccurate.

Context: Subject to matching expenditures incurred by the District employees related to GEAR UP activities.

Recommendation: We recommend the District implement a process in place to review and approve time records prepared by the District employees relating to GEAR UP activities. An appropriate supervisor should formally sign off on the timesheets in addition to the employee's signature. In addition, we recommend the District implement a process to ensure appropriate and accurate amounts are being included in the costs for the matching requirement.

Response and Corrective Action Plan: The administrator overseeing the grant will sign off on applicable employee activity reports to document the review of those records. The District will also implement procedures to review calculated amounts regarding the matching requirement to ensure accuracy.

**B. Instances of Noncompliance**

**08-III-D**

**U.S. Department of Education  
Passed Through Iowa Department of Education  
Title I (CFDA 84.010A) (Fiscal Year 2007, 2008)**

Finding: The District did not ensure subrecipients of Title 1 funds given by the District were not suspended or debarred. In addition, the District was not able to obtain a full audit report for one of the subrecipients to identify whether the program had any audit findings and whether follow up on those findings was needed.

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 as one of the monitoring procedures.

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.

(Continued)

**Des Moines Independent Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2008**

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Questioned Costs: The total amount of awards given to Title I subrecipients was \$98,691.

Recommendation: We recommend the District obtain documentation from all subrecipients certifying that they are not suspended or debarred. The District should also obtain all subrecipient's audit reports to ensure proper monitoring takes place.

Response and Corrective Action Plan: District staff has now determined that subrecipients receiving Title I funds were not suspended or debarred. Prospectively, District staff will implement procedures to ensure subrecipients are not suspended or debarred by utilizing the information and website provided by the auditors. If available, subrecipient audit reports will be obtained and reviewed.

**08-III-E**

**U.S. Department of Education  
Passed Through Iowa Department of Education  
Title I (CFDA 84.010A) (Fiscal Year 2008)**

Finding: The District is not providing equitable services to eligible nonpublic Title I students and their families.

Condition: The District reserves funds off the top of its Title I allocation for parent involvement and the families of participating private school children are not given the opportunity to participate. The District also is not providing equitable services to eligible private school children on a per-pupil basis.

Criteria: OBM Circular A-133 dictates that programs funded under Title I, Part A must provide equitable services to eligible private school children, their teachers and their families. If an LEA reserves funds off the top of its Title I, Part A allocation to provide instructional and related activities for public school students at the District level, the LEA must also provide from those funds equitable services to eligible private school students. Expenditures for services and benefits to eligible private school children must also be equal on a per-pupil basis to the expenditures for participating public school children.

Effect: The District may not be properly allocating funds to all children identified in the grant. The nonpublic students may not been given the opportunity for involvement in parental activities that are given to the public students.

Questioned Costs: None

Recommendation: The District should include parents of nonpublic students in parent involvement activities. The District should also ensure teachers are spending enough time with the nonpublic students to provide equitable services.

(Continued)

**Des Moines Independent Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2008**

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Response and Corrective Action Plan: The District will implement procedures to include parents of nonpublic students in parent involvement activities and to ensure that time spent on nonpublic students are equitable.

**08-III-F**

**U.S. Department of Education  
Passed Through Iowa Department of Education  
Title I (CFDA 84.010A) (Fiscal Year 2008)**

Finding: The District did not submit the "Comparability of Title I Schools" report to the state before the due date.

Condition: The report is due to the Department of Education annually by November 30. The District did not submit the 2007 report until January 7, 2008.

Criteria: The Iowa Department of Education has various Title I due dates throughout the year which can be found on their website.

Effect: The District did not meet the state's required due date for filing of this report.

Questioned Costs: None.

Recommendation: The District should file the "Comparability of Title I Schools" reports by the required deadlines.

Response and Corrective Action Plan: This report has been filed prior to the date for fiscal year 2009.

**08-III-G**

**U.S. Department of Education  
Passed Through Iowa Department of Education  
Title I (CFDA 84.010A) (Fiscal Year 2008)**

Finding: The District did not maintain documentation of total funds allocated to each school to ensure eligible schools or attendance areas are being served in rank order according to their percentage of poverty.

Condition: The District makes an annual calculation of the total amount of Title I funds each school should receive based on poverty level. However, the District could not generate a report to show the actual charges for each school's costs to the Title 1 program was in accordance with the original planned allocation.

Criteria: OMB Circular A-133 dictates an LEA must serve eligible schools or attendance areas in rank order according to their percentage of poverty.

(Continued)

**Des Moines Independent Community School District**

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2008**

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Effect: The schools may not be receiving funds in rank order according to their percentage of poverty.

Questioned Costs: None

Recommendation: The District should look into the reporting capabilities of the system or other alternative sources of documentation to show the total funds allocated to each Title I school and ensure that these funds are allocated in rank order according to the percentage of poverty at each school.

Response and Corrective Action Plan: Business office staff will work with IT staff to determine an appropriate method to document fund allocations to Title I schools to ensure allocations are in rank order.

**08-III-H**

**U.S. Department of Education**  
**Passed Through Iowa Department of Education**  
**Title I (CFDA 84.010A) (Fiscal Year 2008)**

Finding: The Title I schoolwide programs operating in the District did not include all required core elements and components.

Condition: We noted the District did not include "providing extra support to children experiencing difficulty" as a component of all its schoolwide programs for one school out of three tested.

Criteria: OMB Circular A-133 dictates that a schoolwide program must include the following core elements/components: comprehensive needs assessment, comprehensive plan based on data from the needs assessment, annual evaluation of the results achieved by the schoolwide program and revision of the schoolwide plan based on that evaluation, schoolwide reform strategies, instruction by highly qualified professional staff, strategies to increase parental involvement, additional support to students experiencing difficulty, and transition plans for assisting preschool children in the successful transition to the schoolwide programs

Effect: Students experiencing difficulty may not be receiving the extra support required at Title I schoolwide program schools.

Questioned Costs: None

Recommendation: We recommend that each school operating a schoolwide program be required to submit a plan for the program that addresses each core element and component.

Response and Corrective Action Plan: This schoolwide plan has been corrected for fiscal year 2009.

(Continued)

**Des Moines Independent Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2008**

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**08-III-I**

**U.S. Department of Education  
Passed Through Iowa Department of Education  
Improving Teacher Quality State Grant (Title II)  
(CFDA 84.367) (Fiscal Year 2008)**

Finding: The District is not properly conducting an assessment of local needs for professional development and hiring by not including Title I teachers in the assessment process.

Condition: We noted the District completed the assessment of local needs without the involvement of Title I, Part A teachers for one school out of three tested.

Criteria: OMB Circular A-133 dictates that to be eligible to receive a subgrant of Title II, Part A funds, an LEA must conduct an assessment of local needs for professional development and hiring, as identified by the LEA and school staff. The needs assessment must be conducted with the involvement of teachers, including teachers who work in Title I, Part A targeted assistance programs and schoolwide program schools.

Effect: If needs assessment is not completed properly, certain needs may not be identified. This could lead to inefficient and improper use of funds.

Questioned Costs: None

Recommendation: We recommend the District include Title I teacher(s) on the advisory committee that completes the School-wide Plan. This should be implemented at each individual school within the District.

Response and Corrective Action Plan: The District will develop procedures to ensure that Title I teacher(s) are included in the advisory committee at each school that completes a schoolwide plan.

**08-III-J**

**U.S Department of Health and Human Services:  
Passed Through Drake University  
HeadStart (CFDA 93.600) (Fiscal Year 2008)**

Finding: The District is not submitting timely reimbursement reports to Drake.

Condition: The monthly reports are to be submitted by the 25<sup>th</sup> of the following month; McGladrey & Pullen, LLP noted several monthly reports throughout the year that were not filed timely.

Criteria: Page 10 of the Drake HeadStart delegate agreement dictates the District is required to submit reimbursement requests on or before the 25<sup>th</sup> of each month for the preceding month's expenditures.

(Continued)

**Des Moines Independent Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2008**

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Effect: The District has not met the timing requirements required by its pass through agency.

Questioned Costs: None

Recommendation: The District should submit the monthly reimbursement reports by the required deadlines.

Response and Corrective Action Plan: The District will discuss the deadline with its pass through entity. The timing of certain transactions recorded by the District at the end of every month may necessitate a change of the deadline.

**IV. Other Findings Related to Required Statutory Requirements**

**08-IV-A – Certified Budget and General Fund Spending Authority**

Finding: Expenditures for the year ended June 30, 2008 exceeded the final amended certified budget amounts in the support services function by \$804,896, which is 0.8 percent of that function's budget.

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: This was primarily caused by escalating diesel fuel costs and continued implementation of the financial and student information systems.

Conclusion: Response accepted.

**08-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.

**08-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.

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

**08-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.

(Continued)

**Des Moines Independent Community School District**

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2008**

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

**08-IV-G – Certified Enrollment** – No material variances in the basic enrollment data certified to the Department of Education was 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.

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, although there does not seem to be a solution because of confidentiality.

Finding 2: The District’s supporting documentation did not agree to what was certified to the Iowa Department of Education for certain items tested in relation to tuition in and tuition out students. These variances are noted in the table below. In addition, the District was not able to provide adequate support for the calculation of FTE total limited English proficient weighting on line 13 of the certified enrollment report in order for us to properly test it.

<u>Line No.</u>	<u>Certified Number</u>	<u>District Records</u>
3	194.0	193.0
9	157.0	160.0

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.

**08-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.

(Continued)

**Des Moines Independent Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2008**

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**08-IV-I – Certified Annual Report** – The District has not yet completed the 2008 Certified Annual Report (CAR) as they were granted an extension from the State of Iowa. However, we did perform testing on the 2007 CAR report and noted the following item:

Finding: The District did not include any proposed adjusting journal entries in the 2007 CAR report. These adjustments affected the General, Sales Tax, PPEL, Trust and Internal Service Funds.

Recommendation: We recommend the District contact the Department of Education to notify them of this difference.

Response and Corrective Action Plan: As has been done in the past, auditor adjustments were made in the following year in the accounting system. Prospectively, any known adjustments will be recorded in the accounting period prior to submitting the CAR.

Conclusion: Response accepted.

**08-IV-J – Deficit Balances** – The Preschool Fund and Collage Fund had deficit balances as of June 30, 2008 of \$677,879 and \$37,838, respectively.

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

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: Preschool is no longer being accounted for as an enterprise fund. The state now provides free preschool to four year olds and program activities are now accounted for in the General Fund. Therefore, the District plans to eliminate the remaining negative balance in the preschool enterprise fund when the child care enterprise fund is able to absorb balance.

Conclusion: Response accepted.

**Des Moines Independent Community School District**

**Corrective Action Plan  
Year Ended June 30, 2008**

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Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
<b>Significant Deficiencies in Internal Control:</b>				
08-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 08-II-A.	June 30, 2009	Twyla Woods
08-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 08-II-B.	June 30, 2009	Patricia Schroeder
08-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 08-II-C.	June 30, 2009	Patricia Schroeder
<b>Significant Deficiencies in Administering Federal Awards:</b>				
08-III-A	The District does not have a system in place to documents the allocation of split funded employee payroll costs.	See response and corrective action plan at 08-III-A.	June 30, 2009	Twyla Woods
08-III-B	Semiannual certifications are not completed by employees charged to a single federal award.	See response and corrective action plan at 08-III-B.	June 30, 2009	Twyla Woods
08-III-C	The District does not have an adequate control system in place to ensure certain costs used for the matching requirement in relation to the GEAR UP program is appropriate.	See response and corrective action plan at 08-III-C.	June 30, 2009	Mike Munoz

(Continued)

**Des Moines Independent Community School District**

**Corrective Action Plan (Continued)  
Year Ended June 30, 2008**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
<b>Instances of Noncompliance over Federal Awards</b>				
08-III-D	The District did not ensure subrecipients of Title 1 funds given by the District were not suspended or debarred. In addition, the District was not able to obtain a full audit report for one of the subrecipients to identify whether the program had any audit findings and whether follow up on those findings was needed.	See response and corrective action plan at 08-III-D.	June 30, 2009	Jo Ellen Latham
08-III-E	The District is not providing equitable services to eligible nonpublic Title I students and their families.	See response and corrective action plan at 08-III-E.	June 30, 2009	Jo Ellen Latham
08-III-F	The District did not submit the "Comparability of Title I Schools" report to the state before the due date.	See response and corrective action plan at 08-III-F.	June 30, 2009	Jo Ellen Latham
08-III-G	The District did not maintain documentation of total funds allocated to each school to ensure eligible schools or attendance areas are being served in rank order according to their percentage of poverty.	See response and corrective action plan at 08-III-G.	June 30, 2009	Jo Ellen Latham
08-III-H	One of the Title I schoolwide programs reviewed did not include all of the required core elements and components.	See response and corrective action plan at 08-III-H.	June 30, 2009	Dee Culp
08-III-I	In one of the instances reviewed, the District is not properly conducting an assessment of local needs for professional development and hiring by failing to include Title I teachers in the assessment process.	See response and corrective action plan at 08-III-I.	June 30, 2009	Jo Ellen Latham
08-III-J	The District is not submitting timely reimbursement reports to its pass through agency.	See response and corrective action plan at 08-III-J.	June 30, 2009	Patricia Schroeder

(Continued)

**Des Moines Independent Community School District**

**Corrective Action Plan (Continued)  
Year Ended June 30, 2008**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
<b>Other Findings Related to Required Statutory Reporting</b>				
08-IV-A	Expenditures for the year ended June 30, 2008 exceeded the final amended certified budget amounts in the support services function by \$804,896.	See response and corrective action plan at 08-IV-A.	June 30, 2009	Patricia Schroeder
08-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 08-IV-G.	June 30, 2009	Carol Gustafson
08-IV-G	<u>Finding 2</u> - The District's supporting documentation did not agree to what was certified to the Iowa Department of Education in relation to certain tuition in and out students. In addition, the District was not able to provide adequate support for the calculation of FTE total limited English proficient weighting on line 13 of the certified enrollment report.	See response and corrective action plan at 08-IV-G.	June 30, 2009	Carol Gustafson
08-IV-I	The District did not include certain adjusting journal entries in the 2007 CAR report that had been extended beyond the audit report date.	See response and corrective action plan at 08-IV-I.	June 30, 2009	Patricia Schroeder
08-IV-J	The Preschool Fund and Collage Fund had deficit balances as of June 30, 2008 of \$677,879 and \$37,838, respectively.	See response and corrective action plan at 08-IV-J.	June 30, 2009	Patricia Schroeder

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# McGladrey & Pullen

Certified Public Accountants

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

In connection with our audit of the basic financial statements of the Des Moines Independent Community School District as of and for the year ended June 30, 2008, we identified deficiencies in internal control over financial reporting (control 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 financial statement misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed or when a person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

We have separately communicated, to you and the Board of Education, identified deficiencies that we have determined to be significant deficiencies or material weaknesses.

Following are descriptions of identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses:

## **Inventory Counts**

The District does not have proper procedures in place to count inventory at the Print Shop. There is only one employee that performs the counts without a recount being performed by another individual. We selected a sample of five inventory items to recount at fiscal year-end noting two out of the five items had variances between our count and the original count. We recommend recounts be performed on the Print Shop inventory and any corrections identified be updated in the system.

## **Inventory of Equipment Purchased With Federal Funds**

The District tracks equipment purchased with federal funds within their capital asset system. However, OMB Circular A-133 also dictates that a physical inventory of equipment acquired under federal awards should be taken at least every two years and any differences between the physical inventory and equipment records must be resolved. We recommend the District evaluate any equipment purchased with federal funds and perform a physical inventory every two years to ensure the records maintained are proper.

## Donated Assets

The District did not have adequate documentation to support the value of certain assets that were donated to the District in the current year and capitalized. Upon further review, the asset amounts capitalized were deemed reasonable to what the assets would have cost if purchased new; however, we recommend the District maintain adequate supporting documentation going forward on the proper value of any assets donated, who the assets were donated from and the date they were donated to ensure appropriate amounts are recorded on the District's general ledger.

## Information Technology

We noted the following issues in regards to the District's network:

- Formal records of system failures, performance problems and requests for system changes are not maintained by the District. We recommend the District maintain these records to be used to evaluate the effectiveness of the development and maintenance functions of the system and to assess whether the current system is meeting the needs of the District.
- The District does not have a formalized process in place to detect unauthorized access to systems or unsuccessful attempts to access systems. We recommend a formalized process to demonstrate controls in use to prevent unauthorized access to system or unsuccessful attempts to access system.
- The District does not have formalized Change Management procedures in place including change controls for new systems, program changes and problem resolution. Adequate change control procedures for system upgrades should be established to ensure the integrity of the programs. We recommend implementing a formalized change management procedure with both Sungard and District staff to manage risk of change to their critical systems.

It is our understanding that the District's technology department is working on putting in place a network monitoring device that will monitor and report network related intrusion attempts as well as system downtime. The technology, known as the Palisades Device, will be implemented by the end of the 2008 calendar year. The IFAS system and Infinite Campus system are monitored for downtime and intrusion attempts by their respective application service provider (ASP) service.

## Financial Reporting

During the audit, we identified certain transactions that were not recorded in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements. We recommend the District implement procedures to ensure all transactions are properly accounted for and recorded in the District's financial statements.

This report is intended solely for the information and use of the Board of Education, audit committee, management and others within the District and is not intended to be and should not be used by anyone other than those specified parties.

*McGladrey & Pullen, LLP*

Davenport, Iowa  
December 12, 2008