

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

Comprehensive Annual Financial Report  
Year Ended June 30, 2010



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

Comprehensive Annual Financial Report  
Year Ended June 30, 2010

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**Official Issuing Report:  
Patricia Schroeder  
Chief Financial Officer**

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



## Contents

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### Introductory Section

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Table of contents	i - ii
Letter of transmittal	iii – vii
Organizational chart	viii
Board of Education and school district officials	ix
GFOA certificate of achievement	x
ASBO certificate of excellence	xi

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### Financial Section

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Independent auditor's report	1 – 2
Management's discussion and analysis	3 – 15
Basic financial statements:	
Government-wide financial statements:	
Statement of net assets	16 – 17
Statement of activities	18 – 19
Fund financial statements:	
Governmental funds:	
Balance sheet	20
Reconciliation of total governmental fund balances to net assets of governmental activities	21
Statement of revenues, expenditures and changes in fund balances	22
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	23
Proprietary funds:	
Statement of net assets	24
Statement of revenues, expenses and changes in net assets	25
Statement of cash flows	26
Fiduciary funds:	
Statement of fiduciary net assets	27
Statement of changes in fiduciary net assets	28
Notes to basic financial statements	29 – 54
Required supplementary information:	
Schedule of funding progress, retiree health benefit plan	55
Budgetary comparison schedule – all governmental funds, enterprise funds and private purpose trust funds	56 – 57
Note to required supplementary information	58
Other supplementary information:	
Nonmajor governmental funds:	
Combining balance sheet	59 – 60
Combining statement of revenues, expenditures and changes in fund balances	61 – 62
Nonmajor enterprise funds:	
Combining statement of net assets	63 – 64
Combining statement of revenues, expenses and changes in fund net assets (deficit)	65 – 66
Combining statement of cash flows	67 – 68

## Contents

---

<b>Financial Section (Continued)</b>	
Internal service funds:	
Combining statement of net assets (deficit)	69
Combining statement of revenues, expenses and changes in fund net assets (deficit)	70
Combining statement of cash flows	71
Agency funds:	
Combining statement of assets and liabilities	72
Combining statement of changes in assets and liabilities	73

---

<b>Statistical Section (Unaudited)</b>	
Statistical section contents	74
Net assets by component	75 – 76
Expenses, program revenues and net (expense) revenue	77 – 80
General revenues and total change in net assets	81 – 82
Fund balances, governmental funds	83 – 84
Governmental funds revenues	85 – 86
Governmental funds expenditures and debt service ratio	87 – 88
Other financing sources and uses and net change in fund balances – governmental funds	89 – 90
Taxable value and actual value of taxable property	91 – 92
Direct and overlapping property tax rates	93 – 95
Principal property taxpayers	96
Property tax levies and collections	97
Ratios of general bonded debt outstanding	98
Outstanding debt by type	99
Direct and overlapping governmental activities debt	100
Legal debt margin information	101 – 102
Pledged-revenue coverage	103
Demographic and economic statistics	104
Largest public and private employers in greater Des Moines	105
Full-time equivalent district employees by type	106 – 109
Operating statistics	110
School building information	111 – 126
Capital asset information	127 – 128

---

<b>Compliance Section</b>	
Schedule of expenditures of federal awards	129 – 131
Notes to schedule of expenditures of federal awards	132
Summary schedule of prior audit findings	133 – 134
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	135 – 136
Independent auditor's report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133	137 – 138
Schedule of findings and questioned costs	139 – 148
Corrective action plan	149 – 150

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December 10, 2010

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, 2010.

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, 2010. 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 that could have a direct and material effect on each major program and internal control over compliance, a schedule of findings and questioned costs and corrective action plans (if any) 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; members serve overlapping four year terms 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 2010 was 30,783, making it by far the largest public school district in Iowa.

Kiplinger ranked Des Moines among its top "10 Best Cities for the Next Decade;" Forbes magazine ranked Des Moines number 1 as one of the "Best Places to Raise a Family;" and lastly the National Civic League ranked Des Moines as one its 2010 All-American Cities promoting civic engagement and cooperation.

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 co-curricular and athletic activities and community education. The District provides a comprehensive educational program appropriate to students in pre-school through grade twelve. These services include 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 for over 1900 children in most elementary schools and two preschool centers. It has 38 elementary schools; 11 middle schools; 2 stand alone ninth grade academies; 6 high schools including an alternative high school; a career and technical institute and central academy; and many other special schools and programs. The District also maintains a maintenance/warehouse facility, a print shop, a wellness center and athletic complexes.

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

- More than 2,700 students attend Central Campus, a Regional Academy, from the Des Moines high and middle schools including 28 other school districts from the Greater Des Moines area. The Advanced Placement program at Central Academy is ranked as one of the top 50 AP schools in the nation, with graduates going on to 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 to marine biology. The World Language program offers more areas of study than any other place in Iowa.
- Des Moines Schools offers many different educational programming choices:
  - Two schools, Jefferson and Phillips Elementary Schools, 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 offers Iowa's only public Montessori program.
  - All kindergartens in the district are full day programs.
  - The District has 9th Grade Academies located separately in or away from each of its high schools.

- Central Academy and Hubbell Elementary school currently offer the state's first authorized International Baccalaureate (IB) programs. Stowe, Park Avenue Elementary, and the Walnut Street School are currently working to become authorized IB Primary Years Programmes. Goodrell, Merrill and the Gateway Secondary School are currently pursuing authorization as IB Middle Years Programmes.
  - Wright and Howe have recently been recognized as Bernstein Artful Learning schools.
  - Lastly, the district recently received state approval to start a public charter school for some of its at-risk middle school students.
- The District is also one of the first in the nation to help working parents stay close to their children during the school day. Two schools, the Downtown and Walnut Street Schools, 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.
  - 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 and is one of the models cited by the National Civic League when awarding Des Moines the title of 2010 All-America City.
  - Programs such as Scavo High School, Future Pathways and High School and Middle School Alternative Education Centers provide alternatives to help students succeed in middle and high school and graduate.

### **Economic Condition and Outlook**

*Local Economy* - 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 the third largest in the world, after London and Hartford, with over 200 insurance offices/headquarters located in Des Moines. 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 private employers within the District.

The outlook for the local economy is more promising than at this time last year. CNNMoney recently named Des Moines the 8<sup>th</sup> most recession-proof area in the country. There are a variety of components contributing to the City's economy that in the past has created a stability that has been apparent in the city's lower than state and national unemployment figures. This still holds true even as unemployment rates have risen state and nationwide. The September 2010 unemployment rate for Des Moines was 6.5 percent.

The District has experienced slow but steady increases in its tax base, averaging about 2- 3 percent per year.

At the same time, enrollment taken on October 1, 2009 affecting fiscal year 2010 state funding increased 0.53 percent; while October 1, 2010 enrollment affecting fiscal year 2011 state funding increased 0.02 percent. Enrollment is projected to remain stable or increase slightly in future years.

*Long-Term Financial Planning and Relevant Financial Policies* - The district's solvency ratio is a measure of the district's fund equity position and is defined as the unreserved, undesignated fund balance (commonly referred to as the cash reserves) divided by the district's total General Fund revenues. Board guidelines state that the solvency ratio should not go below 3 percent, without prior knowledge of the Board. The Iowa Association of School Boards (IASB) considers a solvency ratio of 0 - 5 percent to be adequate for short-term credit purposes, while a ratio of 5 – 10 is within "Target" or "Good" and therefore "can handle the unexpected." The solvency ratio for the district decreased at year end to 3.2 percent, down from 3.3 percent in the prior year. However, when the unspent authorized budget/spending capacity associated with the state mandated across the board cut is factored in as described in Management's Discussion and Analysis, the solvency ratio is 1.7 percent. The district had plans prior to the economic downturn to increase its solvency ratio over time, primarily by not making one time expenditures using cash reserves. However, given the state mandated across the board cuts, plans will now require the district to increase its solvency ratio over a longer period of time.

In addition, the Board monitors the district's unspent spending ratio. This ratio is a measure of the District's unbudgeted authorized spending capacity (not cash reserves) and is defined as the district's unspent spending authority divided by the district's maximum budget authority. It should be noted that reaching the maximum budget authority level would require the board to authorize and levy additional property taxes. The IASB recommends this ratio be in the target range of 10 – 20 percent. The unspent spending authority balance ratio is 12.9 percent, up from 6.1 percent for the prior year.

The District has a ten year Schools Renovation Program and in fiscal year 2010 completed several construction projects at the Career and Technical Center and Jackson Elementary School. Renovation at Roosevelt High School is still under construction. In addition, proceeds from the sale of bonds associated with a new state wide penny sales tax (see below) were used to begin projects - window replacement, drop off lanes, etc - at many different schools within the district.

*Major Initiatives* – The District continues to work on its energy efficiency. To that end, 38 (up from 26 in the prior year) district schools have received the EnergyStar designation based on their rating in the upper 25 percent nationally for energy efficiency.

In addition, the state passed legislation replacing a local option sales and service tax (LOSST) with a state wide penny sales (SWP) tax. Under LOSST, each district received its pro rata share of LOSST collected in that district. The District continued to collect LOSST until June 30, 2010. Under the new legislation, starting July 1, 2010 a one cent sales tax will be collected state wide and distributed annually to each school district based on their annual enrollment each year through June 30, 2029. The change in how revenue due the district is calculated will result in a projected \$9 – \$10 million decrease in sales tax revenue per year. As part of the new legislation, a revenue purpose statement indicating how this funding will be used by the district was approved on September 9, 2009 by district voters allowing the use of this tax primarily for school repair and renovation.

Voters of the District on September 14, 2010 approved the continuation of the property, plant and equipment tax levy (PPEL) for another 10 years, through fiscal year 2021.

### **Other Financial Information**

Internal Control. Management of the District is responsible for establishing and maintaining an internal control system 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. 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, 2010 provided no instances of material weaknesses in the internal control or violations of applicable laws.

Budgetary Controls. In addition, the District maintains strong 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.

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 third year in a row 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, 2009. 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 third time, awarded a Certificate of Excellence in Financial Reporting to the district for the fiscal year ending June 30, 2009. 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 and the certificates for fiscal year 2009 are included in this report. 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 and payroll 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

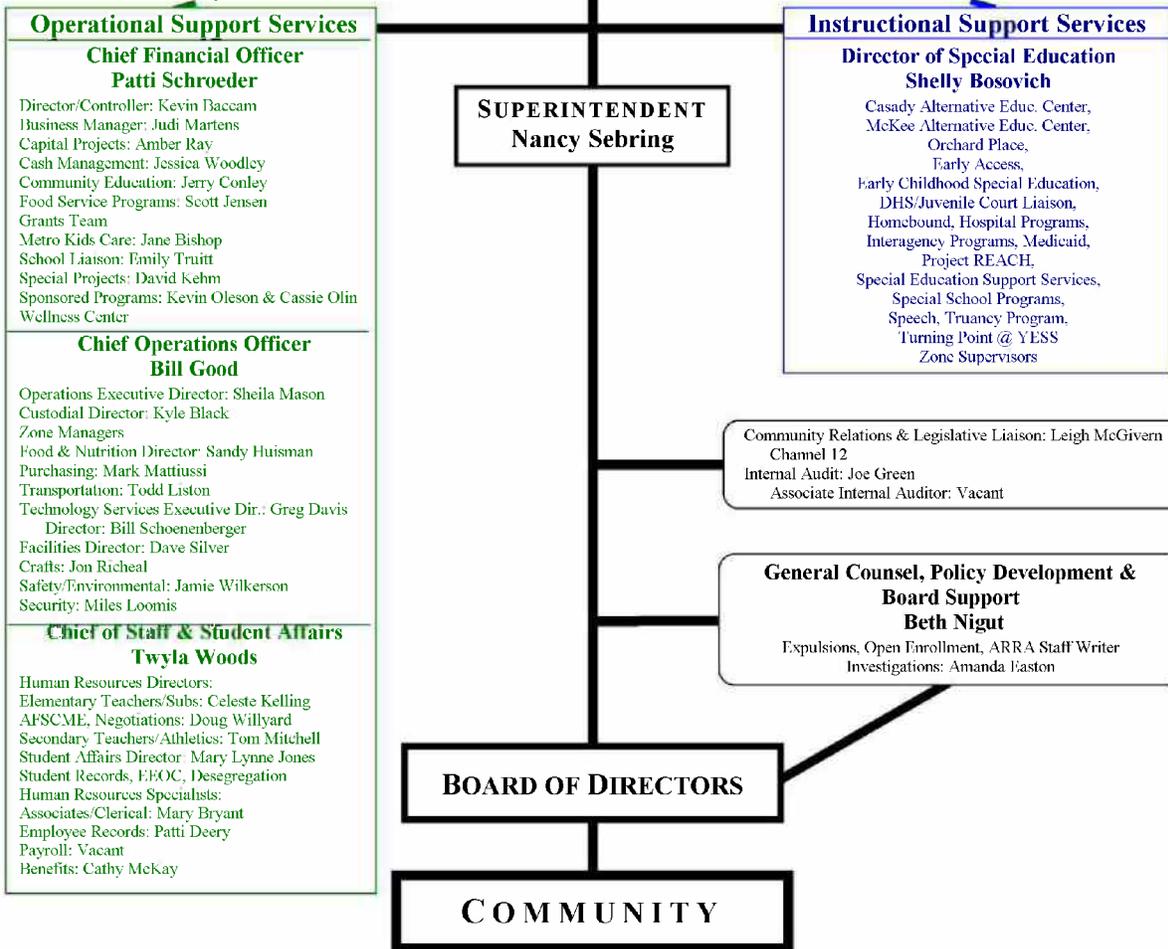


Patricia L. Schroeder, CPA  
Chief Financial Officer



## 2009-10 ORGANIZATIONAL CHART

<b>SCHOOLS</b>			
<i>*Reassigned from NE Region: **Routine Issues</i>			
<p><b>SOUTH REGION</b></p> <p>Central Academy, Central Campus, Lincoln, Scavo Brody, McCombs, Weeks Downtown, Edmunds, Howe, Jackson, Jefferson, Lovejoy, McKinley, Morris, Park Avenue, Pleasant Hill*, River Woods, South Union, Stowe*, Studebaker, Wright</p> <p>Assessment, Athletic Directors, Drivers Education, Future Pathways, Gifted &amp; Talented, Home Instruction, International Baccalaureate, Library Services, Professional Development, Shared Programming</p> <p><b>Assoc. Supt. Terrence Martin</b> Executive Director K-8 Tina Jensen</p>	<p><b>NORTHWEST REGION</b></p> <p>Hoover, Roosevelt, North**/** Ruby Van Meter Callanan, Goodrell*, Merrill, Meredith Cowles, Greenwood, Hanawalt, Hillis, Hubbell, King, Monroc, Perkins, Samuelson, Smouse, Walnut Street, Windsor Early Childhood Program: Susie Guest</p> <p>Curriculum, District Registrar, ELL, Preschool/Head Start, Title Programs</p> <p><b>Assoc. Supt. Connie Cook</b> Executive Director K-8 Susan Tallman</p>	<p><b>NORTHEAST REGION</b></p> <p><b>TURN-AROUND ZONE</b></p> <p>North Harding, Hiatt, Moulton, Carver, Findley</p> <p>East</p> <p>Attendance, Community In Schools/EIS, Full-Service Schools, Learning Services, MS Alternative Educ. Center, PACF, Student Placement, 21<sup>st</sup> Century Schools</p> <p>Executive Director Bryce Amos</p>	<p>Hoyt Brubaker, Capitol View, Cattell, Garlon, Madison, Oak Park, Phillips, Willard</p> <p>Counselors, GearUp, Latino Adv. Comm., PEP Grant, Title I School Audits</p> <p>Executive Dir. Michael Munoz</p>



**Des Moines Independent Community School District**

**Board of Education and School District Officials  
Year Ended June 30, 2010**

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Name	Title	Term Expires
<b>Board of Education</b>		
Before September 2009 election:		
Ginny Strong	President	2011
Jeanette Woods	Vice President	2011
Connie Boesen	Board Member	2009
Teree Caldwell-Johnson	Board Member	2009
Patty Link	Board Member	2009
Richard Murphy	Board Member	2011
Jon Narcisse	Board Member	2009
After September 2009 election:		
Connie Boesen	President	2013
Patty Link	Vice President	2013
Margaret Buckton *	Board Member	2013
Teree Caldwell-Johnson	Board Member	2013
Richard Murphy	Board Member	2011
Ginny Strong	Board Member	2011
Jeanette Woods	Board Member	2011

\* Board member resigned as of November 2010.

**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, 2009

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



President

Executive Director

**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, 2009

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

*Erin Green*

President

*John D. Quinn*

Executive Director

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## 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, 2010, 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2010 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 15, schedule of funding progress on page 55 and the budgetary comparison schedule on pages 56 through 58 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 10, 2010

## Des Moines Independent Community School District

### Management's Discussion and Analysis Year Ended June 30, 2010

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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, 2010. 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 in the spring of 2008 legislatively approved an allowable growth factor of 4 percent from fiscal year 2009 to fiscal year 2010 for the District's General Fund, the same growth that the legislature approved from fiscal year 2008 to fiscal year 2009. This should have resulted in \$4.9 million of new regular program funding. However, due to the global, national, state and local recession, the legislature did not fully fund allowable growth and therefore the additional funding received represented an allowable growth rate of 1.3 percent or \$2.3 million. In addition, during fiscal year 2010, on October 8, 2009, the Governor signed an executive order calling for a 10 percent across the board cut to all state general fund appropriations for fiscal year 2010. The reduction including lost interest income totaled \$17.5 million for the district.

In April 2009, the board approved an expenditure budget for fiscal year 2010 for all funds of \$408.3 million (including transfers). In May 2010, the board approved a budget amendment (including transfers) to expenditures of \$15.8 million for all funds, primarily to recognize increased spending due to construction costs financed from the proceeds from the sale of revenue bonds in March 2010; increases in the receipt of federal funds – primarily federal stimulus funding to offset reductions in state foundation aid; and increases in other federal grants, not known when the original budget was adopted.

As in past years, the District continued to operate within its total statutory budgetary parameters. That is, expenditures (including transfers) for all funds by major function were less than anticipated, 96.8 percent of budget.

The original adopted budget was not decreased for the state mandated across the board cut. However, when the effect of the across the board cut is included in the budget, the District still continued to operate within its total statutory budgetary parameters. That is, expenditures (including transfers) for all funds were 99.2 percent of the budget adjusted for the state mandated across the board cut.

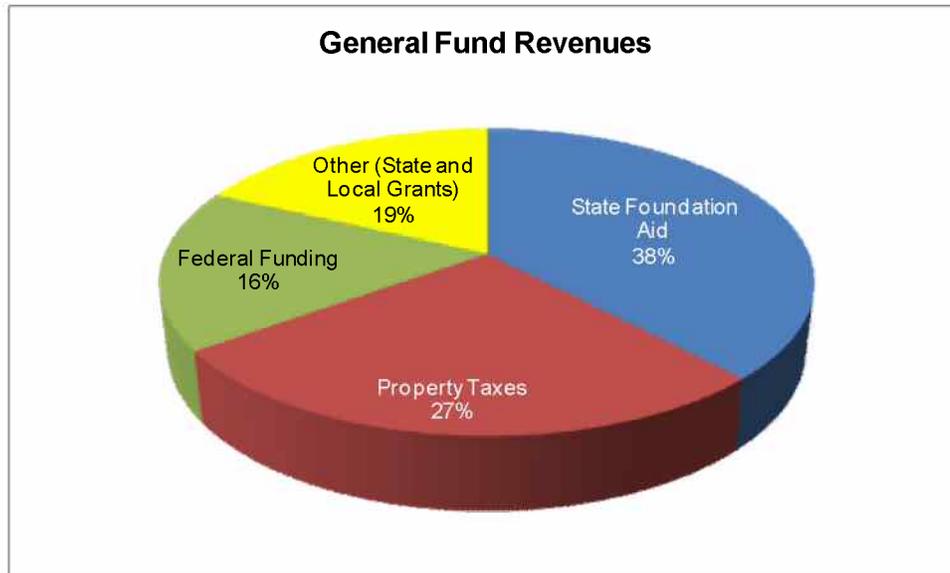
- **Revenue:** Government-wide revenues were \$404.5 million, which primarily consisted of state aid, property taxes, federal grants and local option sales taxes. General Fund revenues accounted for 83 percent of the Government-wide revenue. Program specific revenues in the form of charges for services and grants, and contributions accounted for 34 percent of total fiscal year 2010 revenues.

The General Fund had \$335.0 million in revenues for fiscal year 2010, which primarily consisted of state aid and property taxes. General Fund revenues decreased one percent in fiscal year 2010, primarily due to the state mandated across the board cut necessitated by the global, national, state and local recession. Total state aid decreased 13 percent, while federal funding increased 58 percent, demonstrating how federal stimulus funding received partially covered for the loss of state foundation aid.

Des Moines Independent Community School District

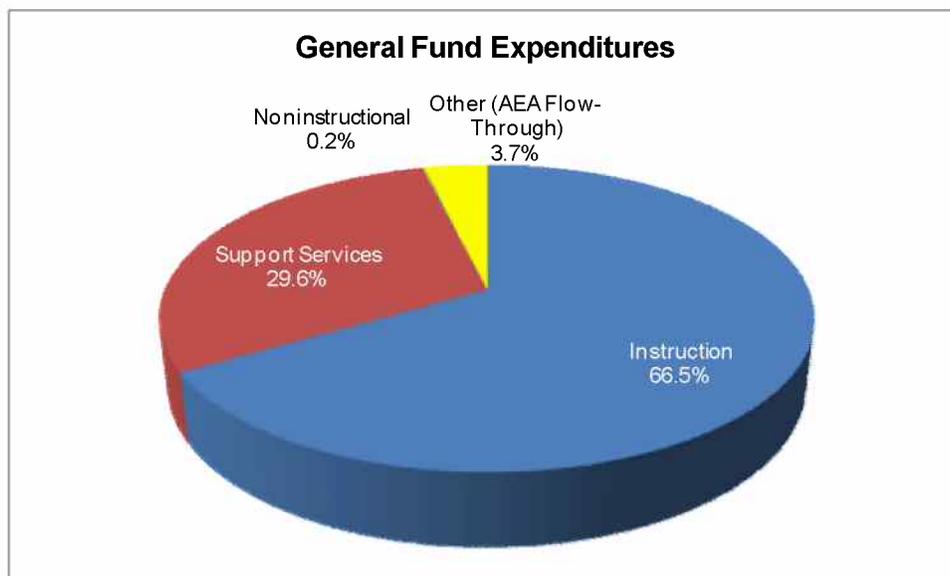
Management's Discussion and Analysis  
Year Ended June 30, 2010

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**Expenses:** Government-wide expenses were \$368.4 million related to governmental activities, of which \$121.4 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$265.5 million provided for the remaining costs of these programs.

The General Fund had \$337.7 million in fiscal year 2010 expenditures, which primarily consisted of instructional expenditures. General Fund expenditures decreased one percent, again, primarily due to the state mandated across the board cut, somewhat offset by increases in expenditures associated with the receipt of additional federal grant funding throughout the year.



**General Fund Balance and Solvency Ratio:** The District's overall General Fund balance decreased from \$23.7 million as of June 30, 2009 to \$21.1 million as of June 30, 2010, a decrease of \$2.6 million. The district like all school districts in the state is required to maintain a balanced budget. In an effort to balance the district budget after the state mandated 10 percent across the board cut, one of many strategies the district employed was to use board approved one time funding to fund on-going expenditures.

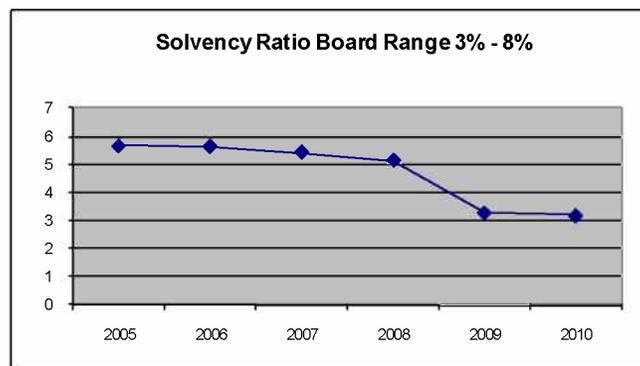
## Des Moines Independent Community School District

### Management's Discussion and Analysis Year Ended June 30, 2010

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The General Fund undesignated, unreserved portion of fund balance decreased from \$11.0 million as of June 30, 2009 to \$10.8 million as of June 30, 2010, a reduction of \$200,000. However, when the unspent authorized budget associated with the state mandated across the board cut is factored in, as required by the Iowa Department of Education (DE), the undesignated, unreserved fund balance is \$5.6 million (a difference of \$5.2 million). Although the state reduced funding (cash) it did not reduce spending authority (associated with maximum authorized budget) for weighted and other state funded programs (not cash). The DE requires all school districts in Iowa to recognize a reservation of fund balance to capture the unspent spending authority associated with the across the board cut. Therefore, although state funding of 10 percent was not received by the district for these weighted programs; undesignated, unreserved fund balance of \$5.2 million had to be reclassified as reserved fund balance.

The District's solvency ratio (unreserved-undesignated fund balance/General Fund revenues) also decreased from 3.3 percent as of June 30, 2009 to 3.2 percent as of June 30, 2010. However, again, when the unspent authorized budget associated with the state mandated across the board cut is factored in as described in the previous paragraph, the solvency ratio is 1.7percent.



Board guidelines set a range of 3 percent – 8 percent for the District's solvency ratio, without prior knowledge of the board. The Iowa Association of School Boards (IASB) considers a solvency ratio of 0-5 percent to be adequate for short-term credit purposes, while a ratio of 5-10 percent is within "target" or "good" and, therefore, "can handle the unexpected." The board has been advised throughout the year that the solvency ratio would decline not only due to the board approved use of one time funds to help manage the affects of the across the board cut, but also due to the DE rule that requires the district to reserve unspent authorized budget associated with programs that carry spending authority and were affected by the state mandated across the board cut.

- **Debt:** On February 2, 2010, the board authorized the sale of revenue bonds of \$70 million with the close of the sale on March 1, 2010. The district received \$75.3 million proceeds (including premium). These bonds are to be paid back with interest from anticipated future revenue the district will receive from the district's portion of the legislatively enacted state wide penny sales tax. Therefore, the district's total long-term debt increased by a net of \$69.15 million during the current fiscal year primarily due to the purchase of revenue bonds. The total outstanding bond and notes debt at the end of the fiscal year is approximately \$71.54 million, consisting of revenue bonds, capital loan notes and qualified zone academy bonds.

## Des Moines Independent Community School District

### Management's Discussion and Analysis Year Ended June 30, 2010

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- **Capital Projects** - Schools First (LOSST – local option sales and services tax) and Students First (SWP – state wide penny tax) Plans. While revenues from LOSST sales taxes increased slightly by \$0.4 million from fiscal year 2009 to 2010, tax collections were significantly down from original projections made in prior years. This increase is due to increased sales in the County. Historically, retail sales will be the first sector of the economy to slow down at the beginning of a recession and the first sector to signal a recovery.

Expenses increased by \$12.0 million from fiscal year 2009 to 2010 primarily because of increased Students First Renovation (SWP) program major repair expenditures using the proceeds from the sale of revenue bonds earlier in the fiscal year.

#### 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 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 services 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.

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.

## Des Moines Independent Community School District

### Management's Discussion and Analysis Year Ended June 30, 2010

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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 Capital Projects 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); DMPS (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, 2010**

**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 Cash Flows	Statement of Changes in Fiduciary Net Assets
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 and other postemployment benefit information. 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, 2010

#### Government -Wide Financial Analysis

**Net assets:** The following table presents a summary of the District's net assets for the year ended June 30, 2010 with comparison totals as of June 30, 2009:

	<b>Governmental Activities 2010</b>	Governmental Activities 2009	<b>Business-Type Activities 2010</b>	Business-Type Activities 2009	<b>Total 2010</b>	Total 2009
Current assets	\$ 288,917,696	\$ 212,747,254	\$ (1,517,989)	\$ (1,328,733)	\$ 287,399,707	\$ 211,418,521
Capital assets, net	327,494,916	297,597,383	2,411,710	2,606,657	329,906,626	300,204,040
Other noncurrent assets	4,470,930	4,355,774	-	118,959	4,470,930	4,474,733
<b>Total assets</b>	<b>620,883,542</b>	514,700,411	<b>893,721</b>	1,396,883	<b>621,777,263</b>	516,097,294
Current liabilities	173,779,462	160,829,840	656,040	533,776	174,435,502	161,363,616
Long-term liabilities	88,129,968	13,425,627	62,205	769,356	88,192,173	14,194,983
<b>Total liabilities</b>	<b>261,909,430</b>	174,255,467	<b>718,245</b>	1,303,132	<b>262,627,675</b>	175,558,599
Net assets:						
Invested in capital assets, net of debt	321,900,574	295,531,637	2,411,710	2,606,657	324,312,284	298,138,294
Restricted	26,709,665	27,723,729	-	-	26,709,665	27,723,729
Unrestricted	10,363,873	17,189,578	(2,236,234)	(2,512,906)	8,127,639	14,676,672
<b>Total net assets</b>	<b>\$ 358,974,112</b>	\$ 340,444,944	<b>\$ 175,476</b>	\$ 93,751	<b>\$ 359,149,588</b>	\$ 340,538,695

The District's combined net assets were greater as of June 30, 2010 than June 30, 2009. The increase occurred primarily in the governmental funds net capital assets as a result of the capitalization of school renovation, issuance of revenue bonds, and major repair projects that were completed as part of the District's Schools First and Students First Renovation Plans. It should be noted that the District uses these capital assets to provide educational services; consequently, these assets are not available for future spending.

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.

**Changes in net assets:** The following schedule shows the changes in net assets for the year ended June 30, 2010 with comparison totals for the year ended June 30, 2009. The difference between revenues and expenditures represents the change in net assets.

## Des Moines Independent Community School District

### Management's Discussion and Analysis Year Ended June 30, 2010

	<b>Governmental Activities 2010</b>	Governmental Activities 2009	<b>Business-Type Activities 2010</b>	Business-Type Activities 2009	<b>Total 2010</b>	Total 2009
Revenues:						
Program revenues:						
Charges for services	\$ 23,027,972	\$ 22,976,440	\$ 6,522,307	\$ 7,589,065	\$ 29,550,279	\$ 30,565,505
Operating grants and contributions	97,746,607	75,779,208	11,061,636	10,324,686	108,808,243	86,103,894
Capital grants and contributions	597,248	3,436,715	-	-	597,248	3,436,715
General revenues:						
Property taxes	107,454,212	105,550,164	-	-	107,454,212	105,550,164
Sales tax, capital projects	28,617,206	28,221,919	-	-	28,617,206	28,221,919
Investment earnings	189,740	623,796	-	-	189,740	623,796
State aid and other state sources	127,923,803	153,160,428	-	-	127,923,803	153,160,428
Other including transfers from fiduciary fund	999,696	1,115,926	-	-	999,696	1,115,926
Gain on sale of capital assets	354,798	-	-	-	354,798	-
Transfers	(12,140)	-	12,140	-	-	-
<b>Total revenues</b>	<b>386,899,142</b>	<b>390,864,596</b>	<b>17,596,083</b>	<b>17,913,751</b>	<b>404,495,225</b>	<b>408,778,347</b>
Expenses:						
Instruction	245,423,324	238,676,928	-	-	245,423,324	238,676,928
Support services	106,442,287	107,621,964	-	-	106,442,287	107,621,964
Noninstructional	3,143,025	2,055,069	-	-	3,143,025	2,055,069
Other expenses	13,361,338	12,221,135	17,514,358	18,356,947	30,875,696	30,578,082
<b>Total expenses</b>	<b>368,369,974</b>	<b>360,575,096</b>	<b>17,514,358</b>	<b>18,356,947</b>	<b>385,884,332</b>	<b>378,932,043</b>
Change in net assets	18,529,168	30,289,500	81,725	(443,196)	18,610,893	29,846,304
Beginning, net assets	340,444,944	310,155,444	93,751	536,947	340,538,695	310,692,391
Ending, net assets	\$ 358,974,112	\$ 340,444,944	\$ 175,476	\$ 93,751	\$ 359,149,588	\$ 340,538,695

- The main revenue sources of state aid and other state sources, property and sales taxes account for 65.3 percent of total revenue.
- The District's expenses primarily relate to instruction and support services which account for 91.2 percent of the total expenses.

#### Governmental Activities

- State foundation aid and other state sources, property taxes and sales taxes are the primary sources of revenue for the District, 33 percent, 28 percent and 7 percent, respectively, of total governmental activities revenues. Instruction constitutes the largest portion of expenditures at \$243.5 million or 67 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 4.5 percent of total costs.

## Des Moines Independent Community School District

### Management's Discussion and Analysis Year Ended June 30, 2010

**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 2009:

	2010		2009	
	Net (Expense)		Net (Expense)	
	Total Expenses	Revenue	Total Expenses	Revenue
Instruction	\$ 245,423,324	\$ (137,985,307)	\$ 238,676,928	\$ (150,022,476)
Other support services	106,442,287	(105,006,605)	107,621,964	(105,668,526)
Noninstructional programs	3,143,025	(3,108,773)	2,055,069	(1,981,914)
Other expenses	13,361,338	(897,462)	12,221,135	(709,817)
<b>Total expenses</b>	<b>\$ 368,369,974</b>	<b>\$ (246,998,147)</b>	<b>\$ 360,575,096</b>	<b>\$ (258,382,733)</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 federal stimulus funds, grants and contributions, and other local revenues of \$121.4 million or 32.9 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 change in net assets of \$363,645 for fiscal year 2010.
- 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 \$(251,863).

#### 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 \$2.6 million. The District's solvency ratio (unreserved-undesignated fund balance/General Fund revenues) decreased from 3.3 percent to 3.2 percent primarily due to the planned board approved, one time expenditures relative to the last year of the implementation of the District's new financial and student information systems. However, when DE rules related to the treatment of unspent authorized budget are factored in, the solvency ratio is 1.7 percent.
- The decrease in General Fund revenues (1 percent) compared to fiscal year 2009 was primarily due to the state mandated across the board cut necessitated by the global, national, state and local recession. Total state aid decreased 13 percent, while federal funding increased 58 percent, demonstrating how federal stimulus funding received made up for some of the lost state foundation aid.

## Des Moines Independent Community School District

### Management's Discussion and Analysis Year Ended June 30, 2010

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The decrease in General Fund expenditures (1 percent) compared to fiscal year 2009 was again, primarily due to the state mandated across the board cut, somewhat offset by increases in expenditures associated with the receipt of additional grant funding throughout the year.

#### Capital Projects Fund:

- The Capital Projects Fund has a total fund balance of \$75.0 million for 2010 and \$8.1 million for 2009. The net increase in the Capital Projects fund for the fiscal year was primarily due to the receipt of the proceeds from the sale of revenue bonds offset somewhat by major repair expenditures associated with the revenue bonds.

#### Proprietary Fund Highlights

There are no major enterprise funds. The School Nutrition Fund represents 83 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 2009 (65.0 percent) to 2010 (67.5 percent) 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 to students.

#### 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 2010.

- Differences between the original and the final amended budget for the District can be summarized as follows:
  - The total original revenue budget (including transfers) of \$413.1 million, including other financing sources, was increased to \$497.7 million (an increase of \$84.5 million). This is primarily to recognize proceeds from the sale of revenue bonds in March 2010; increases in the receipt of federal funds – primarily federal stimulus funding to offset reductions in state foundation aid; and increases in other federal grants, not known when the original budget was adopted.
  - The total original expenditure budget (including transfers) of \$408.3 million, including other financing uses, was increased to \$424.1 million (an increase of \$15.8 million). This is primarily to recognize increased spending on construction due to the receipt of the proceeds of the sale of revenue bonds, as well as increases in expenditures due to receipt of federal grants, not know when the original budget was adopted.
  - As in past years, the District continued to operate within its total statutory budgetary parameters. That is, expenditures (including transfers) for all funds by major function were less than anticipated, at 97 percent of the amended budget.

## Des Moines Independent Community School District

### Management's Discussion and Analysis Year Ended June 30, 2010

- The District's General Fund, its principal operating fund, continues to remain financially solvent.
  - The District received 95.0 percent and 98.8 percent of budgeted General Fund revenues based on the amended budget and the amended budget including the effects of the 10 percent across the board cut, respectively. Overall General Fund revenue decreased 1 percent over the prior year primarily due to the state mandated across the board cut necessitated by the global, national, state and local recession.
  - The District spent 96.1 percent or 99.2 percent of budgeted General Fund expenditures based on the amended budget and the amended budget including the effects of the 10 percent across the board cut, respectively. General Fund expenditures decreased 1 percent primarily due to the state mandated across the board cut, somewhat offset by increases in expenditures associated with the receipt of additional grant funding throughout the year.
  - At the end of fiscal year 2010, the Unspent Authorized Budget ratio for the General Fund was 12.9 percent, a positive increase when compared to 6.1 percent at the end of fiscal year 2009.

### Capital Assets and Debt Administration

**Capital Assets:** As of June 30, 2010, the District had invested \$329.9 million in capital assets, including school buildings and major repairs, athletic facilities, buses and other vehicles, computers and other equipment. This amount represents a net increase of \$29.7 million from last year, primarily due to the accelerated spending on the Schools First and Students First school renovation plan as a result of the receipt of the proceeds of \$70 million in revenue bonds during the fiscal year.

The following schedule presents capital asset balances, net of accumulated depreciation, for the fiscal year ended June 30, 2010, compared with balances as of June 30, 2009:

	<b>Governmental Activities 2010</b>	Governmental Activities 2009	<b>Business-Type Activities 2010</b>	Business-Type Activities 2009	<b>Total 2010</b>	Total 2009
Land	\$ 4,119,094	\$ 3,950,736	\$ -	\$ -	\$ 4,119,094	\$ 3,950,736
Construction-in-progress	44,804,743	16,903,701	-	-	44,804,743	16,903,701
Land improvements	2,301,424	2,487,792	-	-	2,301,424	2,487,792
Buildings and improvements	269,375,755	267,945,417	-	-	269,375,755	267,945,417
Vehicles, furniture and equipment	6,893,900	6,309,737	2,411,710	2,606,657	9,305,610	8,916,394
<b>Total</b>	<b>\$ 327,494,916</b>	<b>\$ 297,597,383</b>	<b>\$ 2,411,710</b>	<b>\$ 2,606,657</b>	<b>\$ 329,906,626</b>	<b>\$ 300,204,040</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, 2010

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**Debt Administration:** As of June 30, 2010, the District had \$71.54 million in bonds and notes outstanding, of which \$3.18 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, 2010, with comparative information as of June 30, 2009:

	<u>2010</u>	<u>2009</u>
Capital loan notes	\$ 540,000	\$ 1,060,000
Qualified zone academy bonds	1,000,000	1,000,000
Sales tax revenue	70,000,000	-
<b>Total</b>	<b>\$ 71,540,000</b>	<b>\$ 2,060,000</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 \$544.0 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 circumstances that could affect its financial health in the future:

- District enrollment increased slightly from October 2008 to October 2009 by 0.05 percent. Therefore, the total combined district cost for fiscal year 2011 attributable to the increase in enrollment is \$0.9 million.
- The legislature set the cost per student for fiscal year 2011 at 4 percent more than the cost per student was for fiscal year 2010. The district cost per student determines the amount of state foundation aid the district will receive for fiscal year 2011 from a combination of state aid and property taxes. However, the legislature did not fully fund this increase, but instead relied on federal stimulus funding to partially offset the portion not funded by the state.
- District enrollment increased slightly from October 2009 to October 2010 by 0.02 percent. The enrollment in October 2009 times the district cost per student determines the amount of state foundation aid the district will receive for fiscal year 2012 from a combination of state aid and property taxes. The cost per student from year to year increases by a factor known as allowable growth. Normally, allowable growth is set by the legislature two years prior to the year it will affect the cost per student. However, the legislature has not set the allowable growth rate for fiscal year 2012. Therefore, the total combined District cost for fiscal year 2012 will not be known until the legislature takes action in the session that will convene in January 2011.
- Enrollment per modeling done by the Iowa Department of Education is projected to remain stable or increase slightly in future years.
- The state passed legislation replacing a local option sales and service tax (LOSST) with a state wide penny sales (SWP) tax. Under LOSST, each district received its pro rate share of LOSST collected in the county where the district is located. This district continued to collect LOSST until June 30, 2010. Under the new legislation, a one-cent sales tax will be collected state wide (SWP) and distributed annually to each school district based on their annual enrollment each year through June 30, 2029. The change in how revenue due the district is calculated will result in a projected \$9 – \$10 million decrease in sales tax revenue per year for the district.

## **Des Moines Independent Community School District**

### **Management's Discussion and Analysis Year Ended June 30, 2010**

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- The voters of the district on September 14, 2010 approved the continuance of the property, plant and equipment tax levy (PPEL) for another 10 years, through fiscal year 2021.
- Estimates made by the State Revenue Estimating Conference (REC) will be critical in determining the district's future funding in the form of state foundation aid. The REC recently met in October 2010 and revised the state revenue projections upward from what was estimated a year ago.

#### **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, 2010**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 71,365,875	\$ 50	\$ 71,365,925
Restricted cash and investments	65,211,779	-	65,211,779
Cash held with agent	6,008,006	-	6,008,006
Property taxes receivable - current year	1,824,068	-	1,824,068
Property taxes receivable - succeeding year	113,255,902	-	113,255,902
Interest receivable	311,469	-	311,469
Other receivables, net of allowances for uncollectible of \$50,206	248,496	264,708	513,204
Due from other governments	27,395,905	338,721	27,734,626
Internal balances	2,425,311	(2,425,311)	-
Assets held for sale	-	32,047	32,047
Inventories	545,723	271,397	817,120
Prepaid expenses	325,162	399	325,561
<b>Total current assets</b>	<b>288,917,696</b>	<b>(1,517,989)</b>	<b>287,399,707</b>
Noncurrent assets:			
Investments	3,121,086	-	3,121,086
Restricted investments	848,647	-	848,647
Deferred charges	501,197	-	501,197
Capital assets:			
Capital assets - nondepreciable	48,923,837	-	48,923,837
Capital assets - depreciable, net	278,571,079	2,411,710	280,982,789
<b>Total capital assets</b>	<b>327,494,916</b>	<b>2,411,710</b>	<b>329,906,626</b>
<b>Total noncurrent assets</b>	<b>331,965,846</b>	<b>2,411,710</b>	<b>334,377,556</b>
<b>Total assets</b>	<b>\$ 620,883,542</b>	<b>\$ 893,721</b>	<b>\$ 621,777,263</b>

See Notes to Basic Financial Statements.

	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 7,475,330	\$ 40,961	\$ 7,516,291
Claims payable	5,702,092	-	5,702,092
General obligation bonds and notes	1,540,000	-	1,540,000
Accrued payroll	25,269,987	301,191	25,571,178
Accrued interest payable	861,154	-	861,154
Other current liabilities	2,024,648	-	2,024,648
Due to other governments	5,750,124	-	5,750,124
Unearned, succeeding year property taxes	113,255,902	-	113,255,902
Unearned revenue	3,434,465	176,727	3,611,192
Compensated absences	2,543,179	137,161	2,680,340
Special termination benefits	4,282,581	-	4,282,581
Revenue bonds	1,640,000	-	1,640,000
<b>Total current liabilities</b>	<b>173,779,462</b>	<b>656,040</b>	<b>174,435,502</b>
Noncurrent liabilities:			
Retrospective insurance rating plan	335,136	-	335,136
Compensated absences	1,016,259	62,205	1,078,464
Special termination benefits	8,748,196	-	8,748,196
Other postemployment benefits	4,396,250	-	4,396,250
Bond premiums	5,274,127	-	5,274,127
Revenue bonds	68,360,000	-	68,360,000
<b>Total noncurrent liabilities</b>	<b>88,129,968</b>	<b>62,205</b>	<b>88,192,173</b>
<b>Total liabilities</b>	<b>261,909,430</b>	<b>718,245</b>	<b>262,627,675</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	321,900,574	2,411,710	324,312,284
Restricted for:			
Debt service	848,647	-	848,647
Donor-restricted purposes, expendable	2,125,387	-	2,125,387
Donor-restricted purposes, nonexpendable	9,878	-	9,878
Purpose restricted	13,429,611	-	13,429,611
Management levy	2,440,711	-	2,440,711
Physical plant and equipment levy	3,879,543	-	3,879,543
Public education and recreation levy	156,676	-	156,676
Sales tax levy	3,819,212	-	3,819,212
Unrestricted	10,363,873	(2,236,234)	8,127,639
<b>Total net assets</b>	<b>358,974,112</b>	<b>175,476</b>	<b>359,149,588</b>
<b>Total net assets and liabilities</b>	<b>\$ 620,883,542</b>	<b>\$ 893,721</b>	<b>\$ 621,777,263</b>

**Des Moines Independent Community School District**

**Statement of Activities  
Year Ended June 30, 2010**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
Instruction	\$ 245,423,324	\$ 9,745,572	\$ 97,095,197	\$ 597,248
Student services	22,488,603	-	-	-
Instructional support services	8,263,149	-	617,925	-
General administration	4,442,422	-	4,940	-
Building administration	19,797,129	-	9,000	-
Business and central administration	7,660,791	-	12,250	-
Plant operation and maintenance	33,438,106	-	7,295	-
Student transportation	10,352,087	784,272	-	-
Noninstructional	3,143,025	34,252	-	-
AEA support	12,463,876	12,463,876	-	-
Interest on long-term debt	897,462	-	-	-
<b>Total governmental activities</b>	<b>368,369,974</b>	<b>23,027,972</b>	<b>97,746,607</b>	<b>597,248</b>
Business-type activities:				
School nutrition	14,429,088	3,722,647	11,057,946	-
Child care	2,947,012	2,695,149	-	-
Other	138,258	104,511	3,690	-
<b>Total business-type activities</b>	<b>17,514,358</b>	<b>6,522,307</b>	<b>11,061,636</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 385,884,332</b>	<b>\$ 29,550,279</b>	<b>\$ 108,808,243</b>	<b>\$ 597,248</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

**Transfers**

**Total general revenues**

Changes in net assets

Net assets, beginning of year

Net assets, end of year

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Totals
\$ (137,985,307)	\$ -	\$ (137,985,307)
(22,488,603)	-	(22,488,603)
(7,645,224)	-	(7,645,224)
(4,437,482)	-	(4,437,482)
(19,788,129)	-	(19,788,129)
(7,648,541)	-	(7,648,541)
(33,430,811)	-	(33,430,811)
(9,567,815)	-	(9,567,815)
(3,108,773)	-	(3,108,773)
-	-	-
(897,462)	-	(897,462)
(246,998,147)	-	(246,998,147)
-	351,505	351,505
-	(251,863)	(251,863)
-	(30,057)	(30,057)
-	69,585	69,585
(246,998,147)	69,585	(246,928,562)
90,708,731	-	90,708,731
9,406,937	-	9,406,937
6,522,074	-	6,522,074
816,470	-	816,470
28,617,206	-	28,617,206
127,914,804	-	127,914,804
189,740	-	189,740
999,696	-	999,696
8,999	-	8,999
354,798	-	354,798
(12,140)	12,140	-
265,527,315	12,140	265,539,455
18,529,168	81,725	18,610,893
340,444,944	93,751	340,538,695
\$ 358,974,112	\$ 175,476	\$ 359,149,588

**Des Moines Independent Community School District**

**Balance Sheet  
Governmental Funds  
June 30, 2010**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 39,990,902	\$ 4,458,147	\$ 15,231,559	\$ 59,680,608
Restricted cash and investments	-	65,211,779	848,647	66,060,426
Cash held with agent	-	6,008,006	-	6,008,006
Property taxes receivable - current year	1,545,010	-	279,058	1,824,068
Property taxes receivable - succeeding year	95,710,581	-	17,545,321	113,255,902
Interest receivable	311,469	-	-	311,469
Other receivables	231,921	-	16,575	248,496
Due from other governments	18,341,239	8,897,856	156,810	27,395,905
Inventories	495,184	-	-	495,184
Prepaid items	303,625	-	21,537	325,162
<b>Total assets</b>	<b>\$ 156,929,931</b>	<b>\$ 84,575,788</b>	<b>\$ 34,099,507</b>	<b>\$ 275,605,226</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 1,808,186	\$ 3,249,071	\$ 2,353,807	\$ 7,411,064
Accrued payroll	25,252,249	-	14,702	25,266,951
Special termination benefits	242,860	-	2,378,030	2,620,890
Other current liabilities	400,751	1,565,907	57,990	2,024,648
Due to other governments	5,651,943	175	98,006	5,750,124
Deferred revenue	98,512,644	4,721,638	17,715,799	120,950,081
Unearned revenue	3,356,941	-	-	3,356,941
Compensated absences	587,932	-	2,588	590,520
<b>Total liabilities</b>	<b>135,813,506</b>	<b>9,536,791</b>	<b>22,620,922</b>	<b>167,971,219</b>
Fund balances:				
Reserved for:				
Inventories	495,184	-	-	495,184
Prepaid items	303,625	-	21,537	325,162
Purpose restricted	13,429,611	-	-	13,429,611
Permanent trusts, nonexpendable corpus	-	-	9,878	9,878
Debt service	-	7,043,485	848,647	7,892,132
Unreserved:				
Designated	1,251,214	-	-	1,251,214
Undesignated, reported in:				
General Fund	5,636,791	-	-	5,636,791
Special revenue funds	-	-	10,596,876	10,596,876
Capital Projects Fund	-	67,995,512	-	67,995,512
Permanent trust funds	-	-	1,647	1,647
<b>Total fund balances</b>	<b>21,116,425</b>	<b>75,038,997</b>	<b>11,478,585</b>	<b>107,634,007</b>
<b>Total liabilities and fund balances</b>	<b>\$ 156,929,931</b>	<b>\$ 84,575,788</b>	<b>\$ 34,099,507</b>	<b>\$ 275,605,226</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, 2010**

Total governmental fund balances		\$ 107,634,007
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	\$ 4,119,094	
Construction-in-progress	44,804,743	
Land improvements	8,914,142	
Buildings and improvements	360,468,041	
Vehicles, furniture and equipment	16,191,292	
Accumulated depreciation	<u>(107,102,315)</u>	327,394,997
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds		
		7,694,179
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.		
		12,154,596
Certain liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. These liabilities at year-end consist of:		
Compensated absences	(2,949,121)	
General obligation bonds and notes payable	(1,540,000)	
Sales tax revenue bonds	(70,000,000)	
Deferred charges	501,197	
Bond premiums	(5,274,127)	
Accrued interest payable	(861,154)	
Claims payable for workers' compensation	(639,189)	
Retrospective insurance rating plan	(335,136)	
Other postemployment benefits	(4,396,250)	
Special termination benefit	<u>(10,409,887)</u>	<u>(95,903,667)</u>
<b>Net assets of governmental activities</b>		<b>\$ 358,974,112</b>

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, 2010**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ 90,708,731	\$ -	\$ 16,745,481	\$ 107,454,212
Other local sources	20,462,135	716,461	1,220,352	22,398,948
Sales tax, for capital projects	-	24,841,106	-	24,841,106
Investment earnings	139,581	21,936	28,223	189,740
Intermediate sources	490,869	-	-	490,869
State foundation aid	127,914,804	-	-	127,914,804
State sources	39,690,494	-	7,268	39,697,762
Federal sources	55,541,763	450,000	14	55,991,777
Student activities	58,387	-	2,522,338	2,580,725
<b>Total revenues</b>	<b>335,006,764</b>	<b>26,029,503</b>	<b>20,523,676</b>	<b>381,559,943</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	224,639,296	-	7,722,822	232,362,118
Student services	21,746,835	-	-	21,746,835
Instructional support services	8,066,506	-	34,652	8,101,158
General administration	3,693,132	-	706,432	4,399,564
Building administration	19,158,039	-	464,550	19,622,589
Business and central administration	7,232,503	-	-	7,232,503
Plant operation and maintenance	31,580,887	-	1,305,641	32,886,528
Student transportation	8,559,145	-	1,043,478	9,602,623
Noninstructional	532,886	-	1,559,435	2,092,321
AEA support	12,463,876	-	-	12,463,876
Capital outlay	-	33,844,684	7,672,435	41,517,119
<b>Debt service:</b>				
Principal retirement	-	-	520,000	520,000
Interest	-	-	39,078	39,078
Bond issuance costs	-	499,051	-	499,051
<b>Total expenditures</b>	<b>337,673,105</b>	<b>34,343,735</b>	<b>21,068,523</b>	<b>393,085,363</b>
<b>(Deficiency) of revenues over expenditures</b>	<b>(2,666,341)</b>	<b>(8,314,232)</b>	<b>(544,847)</b>	<b>(11,525,420)</b>
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	82,206	-	359,537	441,743
Issuance of revenue bonds	-	70,000,000	-	70,000,000
Premiums on revenue bonds	-	5,271,516	-	5,271,516
Transfers in	-	-	559,078	559,078
Transfers out	-	-	(559,078)	(559,078)
<b>Total other financing sources (uses)</b>	<b>82,206</b>	<b>75,271,516</b>	<b>359,537</b>	<b>75,713,259</b>
<b>Net changes in fund balances</b>	<b>(2,584,135)</b>	<b>66,957,284</b>	<b>(185,310)</b>	<b>64,187,839</b>
Fund balances, beginning of year	23,700,560	8,081,713	11,663,895	43,446,168
Fund balances, end of year	\$ 21,116,425	\$ 75,038,997	\$ 11,478,585	\$ 107,634,007

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, 2010**

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Net change in fund balances - total governmental funds \$ 64,187,839

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 and other transactions involving capital assets:

Capital outlay	\$ 38,124,836	
Depreciation expense	(8,116,115)	
Proceeds from sale of capital assets	(441,743)	
Gain on sale of capital assets	354,798	
Transfer of capital assets to Business-Type activities	(12,140)	29,909,636

Revenues in statement of activities that do not provide current financial resources are not reported as revenues in the funds, change in deferred revenues 4,566,037

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	520,000	
Issuance of revenue bonds	(70,000,000)	
Payment of bond issuance costs	499,051	
Premium on revenue bonds	(5,271,516)	
Amortization of premiums and bond issuance costs	(486)	(74,252,951)

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:

Decrease in compensated absences	505,483	
Decrease in retrospective insurance rating plan	230,578	
Increase in interest expense	(857,898)	
Increase in claims payable for workers' compensation	(176,895)	
Decrease in pollution remediation liability	477,028	
Increase in other postemployment benefits	(2,692,000)	
Increase in special termination benefits	(1,445,802)	(3,959,506)

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.

**Change in net assets of governmental activities** \$ 18,529,168

See Notes to Basic Financial Statements.

**Des Moines Independent Community School District**

**Statement of Net Assets**

**Proprietary Funds**

**June 30, 2010**

	Nonmajor Enterprise Funds	Internal Service Funds
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 50	\$ 14,806,353
Other receivables, net of allowances for uncollectible of \$50,206	264,708	-
Due from other governments	338,721	-
Due from other funds	-	1,945,229
Assets held for sale	32,047	-
Inventories	271,397	50,539
Prepaid items	399	-
<b>Total current assets</b>	<b>907,322</b>	<b>16,802,121</b>
Noncurrent assets:		
Advances to other funds	197,797	553,314
Depreciable capital assets, net	2,411,710	99,919
<b>Total noncurrent assets</b>	<b>2,609,507</b>	<b>653,233</b>
<b>Total assets</b>	<b>\$ 3,516,829</b>	<b>\$ 17,455,354</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 40,961	\$ 264,308
Claims payable	-	4,862,861
Accrued payroll	301,191	3,036
Due to other funds	1,945,229	-
Unearned revenue	176,727	77,524
Compensated absences	137,161	12,613
<b>Total current liabilities</b>	<b>2,601,269</b>	<b>5,220,342</b>
Noncurrent liabilities:		
Advances from other funds	677,879	73,232
Compensated absences	62,205	7,184
<b>Total noncurrent liabilities</b>	<b>740,084</b>	<b>80,416</b>
<b>Total liabilities</b>	<b>3,341,353</b>	<b>5,300,758</b>
<b>Net Assets</b>		
Invested in capital assets	2,411,710	99,919
Unrestricted	(2,236,234)	12,054,677
<b>Total net assets</b>	<b>175,476</b>	<b>12,154,596</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,516,829</b>	<b>\$ 17,455,354</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, 2010**

	Nonmajor Enterprise Funds	Internal Service Funds
Operating revenues:		
Student activities	\$ 36,455	\$ -
Charges for services:		
Employee benefits	-	45,466,820
Sale of food	3,722,647	-
Child care	2,695,149	-
Miscellaneous	68,056	330,244
<b>Total operating revenues</b>	<b>6,522,307</b>	<b>45,797,064</b>
Operating expenses:		
Student services	14,080,418	-
Depreciation	379,579	12,103
Community services	2,996,899	-
Employee benefits	-	47,366,038
Miscellaneous	-	340,810
<b>Total operating expenses</b>	<b>17,456,896</b>	<b>47,718,951</b>
<b>Operating (loss)</b>	<b>(10,934,589)</b>	<b>(1,921,887)</b>
Nonoperating revenues (expenses):		
Other local sources	82,408	-
State sources	124,514	-
Federal sources	10,854,714	-
Interest expense	(1,500)	-
Loss on disposal of asset held for resale	(55,962)	-
<b>Total nonoperating revenues</b>	<b>11,004,174</b>	<b>-</b>
<b>Income (loss) before capital contributions</b>	<b>69,585</b>	<b>(1,921,887)</b>
Capital contributions	12,140	-
<b>Changes in net assets</b>	<b>81,725</b>	<b>(1,921,887)</b>
Total net assets, beginning of year	93,751	14,076,483
Total net assets, end of year	<b>\$ 175,476</b>	<b>\$ 12,154,596</b>

See Notes to Basic Financial Statements.

## Des Moines Independent Community School District

### Statement of Cash Flows Proprietary Funds Year Ended June 30, 2010

	Nonmajor Enterprise Funds	Internal Service Funds
Cash flows from operating activities:		
Cash received from user charges	\$ 6,636,362	\$ 45,869,684
Cash payments to employees for services	(9,370,050)	(247,443)
Cash payments to suppliers for goods and services	(6,797,901)	(47,537,148)
<b>Net cash (used in) operating activities</b>	<b>(9,531,589)</b>	<b>(1,914,907)</b>
Cash flows from noncapital financing activities:		
Payments from other funds	215,843	21,933
Payments to other funds	(737,505)	(100,023)
Cash received from assets held for sale	135,132	-
Nonoperating grants and donations received	10,093,742	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>9,707,212</b>	<b>(78,090)</b>
Cash flows from capital and related financing activities:		
Interest paid on debt	(4,200)	-
Acquisition of capital assets	(172,492)	-
<b>Net cash (used in) capital and related financing activities</b>	<b>(176,692)</b>	<b>-</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(1,069)</b>	<b>(1,992,997)</b>
Cash and cash equivalents, beginning of year	1,119	16,799,350
Cash and cash equivalents, end of year	<b>\$ 50</b>	<b>\$ 14,806,353</b>
Reconciliation of operating (loss) to net cash (used in) operating activities:		
Operating (loss)	\$ (10,934,589)	\$ (1,921,887)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation	379,579	12,103
Commodities used	876,928	-
Changes in assets and liabilities:		
Receivables	63,089	29,896
Inventories	(52,274)	10,164
Prepaid items	(14)	5,000
Accounts payable and due to other governments	(99,462)	(470,566)
Claims payable	-	377,055
Unearned revenue	50,966	42,724
Accrued liabilities	184,188	604
<b>Net cash (used in) operating activities</b>	<b>\$ (9,531,589)</b>	<b>\$ (1,914,907)</b>
Noncash items:		
Noncapital financing activities, commodities received from the U.S. Department of Agriculture	\$ 876,928	\$ -
Capital and related financing activities, capital contributions	12,140	-

See Notes to Basic Financial Statements.

**Des Moines Independent Community School District**

**Statement of Fiduciary Net Assets**

**Fiduciary Funds**

**June 30, 2010**

	Pension Trust	Private Purpose Trust	Agency
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 749,317	\$ 233,344
Investments:			
Money market	10,791,030	-	-
U.S. government securities	2,657,195	4,367	-
Corporate equities	21,891,834	-	-
Mortgage-backed securities	45,196,271	-	-
Corporate obligations	66,416,047	-	-
Preferred stock	13,960,560	-	-
Municipal bonds	57,610,364	-	-
Other fixed income	3,326,260	-	-
Interest receivable	2,593,920	-	-
Other receivables	-	1,500	-
<b>Total assets</b>	<b>\$ 224,443,481</b>	<b>\$ 755,184</b>	<b>\$ 233,344</b>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 53,099	\$ 11,254
Due to other governmental units	-	-	222,090
<b>Total liabilities</b>	<b>-</b>	<b>53,099</b>	<b>\$ 233,344</b>
<b>Net Assets</b>			
Held in trust for:			
Employees' pension benefits	224,443,481	-	
Scholarships	-	702,085	
<b>Total net assets</b>	<b>224,443,481</b>	<b>702,085</b>	
<b>Total liabilities and net assets</b>	<b>\$ 224,443,481</b>	<b>\$ 755,184</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, 2010**

	Pension Trust	Private Purpose Trust
Additions:		
Contributions:		
Employer	\$ 2,228,161	\$ -
Employee	1,918,648	-
Private source	-	1,227
<b>Total contributions</b>	<b>4,146,809</b>	<b>1,227</b>
Investment earnings:		
Net increase in fair value of investments	13,537,417	-
Class action settlements	38,534	-
Interest	9,883,431	771
Dividends	1,642,279	-
<b>Total investment earnings</b>	<b>25,101,661</b>	<b>771</b>
Less investment expense	131,427	-
<b>Net investment earnings</b>	<b>24,970,234</b>	<b>771</b>
<b>Total additions</b>	<b>29,117,043</b>	<b>1,998</b>
Deductions:		
Benefit payments	13,556,641	-
Resignation refunds	51,172	-
Death settlements	121,789	-
Scholarship awarded	-	13,550
Administrative costs	120,227	-
Other	-	53,803
<b>Total deductions</b>	<b>13,849,829</b>	<b>67,353</b>
<b>Changes in net assets</b>	<b>15,267,214</b>	<b>(65,355)</b>
Net assets, beginning of year	209,176,267	767,440
Net assets, end of year	<b>\$ 224,443,481</b>	<b>\$ 702,085</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.

## 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.

Capital Projects Fund: The Capital Projects 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 (Expendable 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 District has elected not to apply FASB guidance subsequent to November 30, 1989.

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 accounted 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 on the consumption method.

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, 2010, has also been accrued as a liability as of June 30, 2010.

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. 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 (Concluded)

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.

Designated funds consists of facility rentals in the amount of \$14,888 and decentralized school budgets in the amount of \$1,236,326.

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. Unspent debt proceeds (which includes proceeds reserved for debt retirement) for the Capital Projects Fund was \$71,219,785. 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, 2010 consists of \$848,647 for debt service, \$2,440,711 for management levy, \$3,879,543 for physical plant and equipment levy, \$156,676 for public education and recreation levy, and \$3,819,212 for sales tax levy.

Donor restricted net assets include \$2,123,740 for net assets in the DMPS (Expendable Trust) Fund which is to be used for the Smouse School and \$11,525 in the Permanent Fund to be used for teacher education and training.

Other purposes restricted net assets of \$13,429,611 is for various grants and Medicaid programs.

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

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

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

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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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 Child Care Fund, Preschool Fund and Collage Fund had deficit balances as of June 30, 2010, of \$253,772, \$677,879 and \$79,158, 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. 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 in the Collage Fund was decreasing. The District will analyze the 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, 2010, the District's cash, cash equivalents and investments (including fiduciary fund assets) were as follows:

Cash and other deposits	\$ 41,686,145
Investments, primarily pension trust	321,697,881
	<u>\$ 363,384,026</u>

In addition, the District has cash held with agent of \$6,008,006.

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

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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

The above description of authorized investments does not apply to the Des Moines Teachers' Retirement System (DMTRS) Pension Trust Fund, whose investments are governed by the underlying Plan document, or investments donated to the District. As of June 30, 2010, 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	\$ 1,183,876	N/A	N/A	N/A	N/A
U.S. Government securities	97,815,797	\$ 95,874,220	\$ 1,939,008	\$ 2,569	\$ -
QZAB Sinking Fund, guaranteed investment contract	848,647	-	848,647	-	-
	<u>\$ 99,848,320</u>	<u>\$ 95,874,220</u>	<u>\$ 2,787,655</u>	<u>\$ 2,569</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	\$ 10,791,030	\$ 10,791,030	\$ -	\$ -	\$ -
U.S. Government securities	2,657,195	-	-	-	2,657,195
Corporate equities	21,891,834	N/A	N/A	N/A	N/A
Mortgage-backed securities	45,196,271	-	40,795	139,204	45,016,272
Corporate obligations	66,416,047	3,103,440	11,617,850	16,258,340	35,436,417
Preferred stock	13,960,560	N/A	N/A	N/A	N/A
Municipal bonds	57,610,364	-	991,600	2,262,850	54,355,914
Other fixed income	3,326,260	-	-	2,198,580	1,127,680
	<u>\$ 221,849,561</u>	<u>\$ 13,894,470</u>	<u>\$ 12,650,245</u>	<u>\$ 20,858,974</u>	<u>\$ 138,593,478</u>

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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

**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, 2010, 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 Mutual Funds:</b>		
WELLS FARGO SHORT-TERM INVESTMENT FUND G	Not Rated	Not Rated
<b>U.S. Government Securities:</b>		
FED FARM CREDIT BK	AAA	AAA
FED NATL MTG ASSN	AAA	AAA
<b>Corporate Equities</b>	Not Rated	Not Rated
<b>Mortgage-Backed Securities:</b>		
FED HOME LN MTG CORP POOL	Not Rated	Not Rated
FED NATL MTG ASSN POOL	Not Rated	Not Rated
GOVT NATL MTG ASSN	Not Rated	Not Rated
GOVT NATL MTG ASSN POOL	Not Rated	Not Rated
SMALL BUSINESS ADMINISTRATION	Not Rated	Not Rated
FED HOME LN MTG CORP MULTICLASS MTG PARTN CTFS	Not Rated	Not Rated
FED HOME LN MTG CORP	Not Rated	Not Rated
FED NATL MTG ASSN	Not Rated	Not Rated
PAINWEBBER CMO TR SER H COLL MTG OBLIG	Not Rated	Not Rated
SMALL BUSINESS ADMINISTRATION	Not Rated	Not Rated
<b>Corporate Obligations:</b>		
AMERICAN EXPRESS DTD 03/19/08 7.000 03/19/2018	BBB+	A3
ANHEUSER BUSCH COS INC DATED 12/12/97	BBB+	BAA2
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	BB	BAA3
BAKER HUGHES INC DTD 07/15/99 6.875 01/15/2029	A	A2
BARCLAYS BANK PLC DTD 01/08/10 5.125 01/08/2020	AA-	AA3

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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

Investment Type	Standard & Poor's	Moody's Investor's Services
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 9.125 12/15/2010	BBB-	BAA2
CALIFORNIA WATER SERVICE DTD 04/17/09 5.875 05/01/2019	AA-	N/A
CATERPILLAR DTD 07/20/98 6.625 07/15/2028	A	A2
CATERPILLAR FIN SERV CRP DTD 09/26/08 7.050 10/01/2018	A	A2
CISCO SYSTEMS INC DTD 11/17/09 5.500 01/15/2040	A+	A1
CITIGROUP INC DTD 08/15/2007 6.000 08/15/2017	A	A3
COMERICA BANK DTD 07/26/94 8.375 07/15/2024	A-	A2
CONOCOPHILLIPS DTD 02/03/09 5.750 02/01/2019	A	A1
DEERE & CO DTD 04/17/02 6.950 04/25/2014	A	A2
DUKE ENERGY CORP DTD 10/08/02 6.450 10/15/2032	A-	A3
EATON CORP DTD 03/16/09 6.950 03/20/2019	A-	A3
EMERSON ELECTRIC CO DTD 04/17/09 6.125 04/15/2039	A	A2
GE CAPITAL FRANCHISE FIN MED TERM NOTE	AA+	AA2
GENERAL ELEC CAP CORP TRANCHE # TR 00575	AA+	AA2
GOLDMAN SACHS GROUP INC DTD 01/10/02 6.600 01/15/2012	A	A1
INTERNATIONAL BUSINESS MACHS DTD 08/01/97	A+	A1
INTL LEASE FINANCE CORP DTD 04/29/03 5.875 05/01/2013	BB+	B1
J P MORGAN CHASE & CO DTD 03/13/02 6.625 03/15/2012	A	A1
JP MORGAN CHASE BANK SER BKNT	A+	AA2
JPM CHASE CAPITAL XXII SER V	BBB+	A2
LOWE'S COMPANIES INC DTD 02/23/99 6.500 03/15/2029	A	A1
MCDONALD'S CORP DTD 10/18/07 6.300 10/15/2037	A	A3
MERCK & CO INC DTD 11/30/98 5.950 12/01/2028	AA-	AA3
METLIFE INC DTD 12/10/02 6.500 12/15/2032	A-	A3
MORGAN STANLEY DEAN WITTER DTD 04/23/01 6.750 04/15/2011	A	A2
NATIONAL RURAL UTILS DTD 03/07/02 7.250 03/01/2012	A	A2
ORACLE CORP DTD 04/09/08 5.750 04/15/2018	A	A2
PACIFIC BELL DTD 10/15/93 6.625 10/15/2034	A	A2
PNC FUNDING CORP DTD 02/08/10 5.125 02/08/2020	A	A3
PRUDENTIAL FINANCIAL INC MED TERM NOTE SER NOT1	A	BAA2
SIMON PROPERTY GROUP LP DTD 05/15/06 6.100 05/01/2016	A-	A3
TARGET CORP DTD 01/01/98 6.750 01/01/2028	A+	A2
TARGET CORP DTD 07/14/06 5.875 07/15/2016	A+	A2
TRAVELERS COS INC DTD 06/02/09 5.900 06/02/2019	A-	A2
UNITED TECH CORP DTD 04/29/05 5.400 05/01/2035	A	A2
VERIZON NEW JERSEY INC DTD 01/22/02 5.875 01/17/2012	A	BAA1
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
WELLS FARGO & CO DTD 02/07/05 5.375 02/07/2035	AA-	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
<b>Preferred Stock:</b>		
ALABAMA POWER CO	A	Baa1
AT&T INC	A	N/R
FED NATL MTG ASSN	C	Ca
FIFTH THIRD CAPITAL TRUS	BB	Baa3
GENERAL ELECT CAP CORP	AA+	A1
GEORGIA POWER COMPANY	A	Baa2
HARRIS CAPITAL 7.375% SER A PFD	A-	Baa1
MERRILL LYNCH CAP TRST I	BB	Baa3
ML CAPITAL TRUST IV 7.12% PFD	BB	Baa3
MORGAN STANLEY CAP TR VII CAP SECS 01/01/2046	BBB	Baa2
MORGAN STANLEY CAP TRUST	BBB	NR
USB CAPITAL XI	BBB+	A2
WELLS FARGO CAPITAL XII	A-	Baa2
WESTAR ENERGYINC	BBB+	Ba2
<b>Municipal Bonds:</b>		
ALDERWOOD WASH WTR & BUILD AMERICA BONDS-SER B-ALDE	AA+	AA2
ANDERSON CNTY S C SCH DIST NO BUILD AMERICA BONDS SER A	AA	AA1
ANNE ARUNDEL CNTY MD BUILD AMERICA BONDS-ANNE ARUND	AAA	AA1
BEAUFORT CNTY S C SER B	AA+	AA1
BEXAR CNTY TEX REV TAXABLE-REF-VENUE PROJ-SER B	AA+	AA1
BURLINGTON CNTY N J TAXABLE	AAA	AA2
CEDAR RAPIDS IOWA BUILD AMERICA BONDS-SER A	Not Rated	AAA
CENTENNIAL INDPT SCH DIST NO 0 DTD 05/01/09 5.750 02/01/2028	AAA	Not Rated
CHEROKEE CNTY GA SCH SYS BUILD AMERICA BONDS	AA+	AA1
COLUMBUS OHIO BUILD AMERICA BONDS COLUMBUS O	AAA	AAA
CRYSTAL LAKE ILL BUILD AMERICA BONDS-RECOVERY Z	AA+	AA1
CUMBERLAND CNTY N J IMPT AUTH BUILD AMERICA BONDS-ISSUER SUB	AA	Not Rated
CUYAHOGA CNTY OHIO BUILD AMERICA BONDS-TAXABLE-VA	AA+	AA1
DAVIS CNTY UTAH SCH DIST BUILD AMERICA BONDS-TAXABLE	Not Rated	AAA
DELAWARE ST BUILD AMERICA BONDS	AAA	AAA
DENVER COLO CITY & CNTY WTR CO BUILD AMERICA BONDS-SER A	AAA	AA1
DES MOINES IOWA BUILD AMERICA BONDS-SER E	AAA	AA1
DORCHESTER CNTY MD BUILD AMERICA BONDS-DORCHESTER	A+	AA3
DORCHESTER CNTY S C BUILD AMERICA BONDS	AA-	AA2
DOWNTOWN SAVANNAH AUTH GA REV BUILD AMERICA BONDS-CAP IMPT-C	AA	AA2
DU PAGE COOK & WILL CNTYS ILL BUILD AMERICA BONDS-TAXABLE-SE	AAA	AAA
DU PAGE CNTY ILL CMNTY UNIT SC DTD 05/01/09 5.400 10/01/2020	AAA	AA2
FAIRFAX CNTY VA BUILD AMERICA BONDS-SER E-TAXA	AAA	AAA
FRISCO TEX TAXABLE-CTFS OBLIG-SER B	AAA	AA1
GASTON CNTY N C BUILD AMERICA BONDS-SER B	AA-	AA2
GWINNETT CNTY GA DEV AUTH REV TAXABLE-GWINNETT STADIUM PROJ	AAA	AAA
HAWAII ST BUILD AMERICA BONDS-TAXABLE-SE	AA	AA1
HIGH POINT N C TAXABLE-PUB IMPT-SER B-BUILD	AAA	AA1
JOHNSON CNTY KANS UNI SCH DIST BUILD AMERICA BONDS-SER A-TXB	AA	AA2
KENOSHA WIS REF-TAXABLE	AA	AA2
KNOX CNTY TENN TAXABLE	AA+	AA1

**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
LEXINGTON & RICHLAND CNTYS S C BUILD AMERICA BONDS-SER B	AA	AA1
LEXINGTON CNTY S C SCH DIST NO BUILD AMERICA BONDS	AA	AA1
LINDBERGH MO SCH DIST BUILD AMERICA BONDS-TAXABLE-SE	Not Rated	AA1
LOUDOUN CNTY VA BUILD AMERICA BONDS	AAA	AAA
MESA ARIZ UTIL SYS REV BUILD AMERICA BONDS	AA-	AA2
METRO WASTEWTR RECLAMATION DIS BUILD AMERICA BONDS-TAXABLE-B	AAA	AA1
MISSOURI ST DEV FIN BRD INFRASTRUCTURE FACS REV DTD	A	Not Rated
NEVADA ST BUILD AMERICA BONDS-TAXABLE-CA	AA+	AA1
O FALLON ILL BUILD AMERICA BONDS-TAXABLE-SE	AAA	Not Rated
OHIO ST BUILD AMERICA BONDS-TAXABLE-CO	AA+	AA1
PALATINE ILL SER C	AA+	AA1
PALATINE ILL BUILD AMERICA BONDS-SER C	AA+	AA1
PENNSYLVANIA ST TPK COMMN TPK SER A2	AAA	AA3
PORTSMOUTH VA BUILD AMERICA BONDS-SER B	AA-	AA2
RALEIGH N C TAXABLE-HSG-SER C	AAA	AAA
REEVES CNTY TEX CTFS PARTN TAXABLE DTD 04/27/05 6.400 12/01/2014	BBB	Not Rated
RICE CNTY MINN BUILD AMERICA BONDS-TAXABLE-CA	AA	Not Rated
RILEY CNTY KANS UNI SCH DIST BUILD AMERICA BONDS-TXB	Not Rated	AA2
SALT LAKE CNTY UTAH BUILD AMERICA BONDS-TAXABLE-SE	AAA	AAA
SAN ANTONIO TEX WTR REV BUILD AMERICA BONDS-TAXABLE-SE	AA	AA1
SCOTT CNTY MINN BUILD AMERICA BONDS-CAP IMPT-S	AA	N/R
SEATTLE WASH WTR SYS REV BUILD AMERICA BONDS-TAXABLE-SE	AA+	AA1
SOUTHERN ILL UNIV REVS BUILD AMERICA BONDS-HSG & AUXI	AAA	AA3
SPOTSYLVANIA CNTY VA BUILD AMERICA BONDS	AA+	AA2
ST LOUIS MO MUN FIN CORP LEASEHOLD REV	AAA	AA3
ST MARYS CNTY MD BUILD AMERICA BONDS	AA	AA2
STAMFORD CONN BUILD AMERICA BONDS	AAA	AA1
SUFFOLK VA BUILD AMERICA BONDS	AA	AA2
SUPERIOR WIS SCH DIST REF-TAXABLE	AA-	Not Rated
UNIVERSITY MD SYS AUXILIARY FA BUILD AMERICA BONDS	AA+	AA1
UNIVERSITY MINN TAXABLE-SER B	AA	AA1
UNIVERSITY MINN BUILD AMERICA BONDS-TXBL	Not Rated	AA1
VILLA PARK ILL BUILD AMERICA BONDS-TAXABLE-AL	AA	Not Rated
VIRGINIA BEACH VA WTR & SWR RE BUILD AMERICA BONDS	AAA	AA2
WASHINGTON SUBN SAN DIST MD BUILD AMERICA BOND-SER B	AAA	AAA
WISCONSIN ST BUILD AMERICA BONDS TAXABLE SE	AA	AA2
<b>Other Fixed Income Securities:</b>		
AMERICA MOVIL SAB DE CV 144A PRIV PLCMT 5.000 03/30/2020	A-	A2
PRUDENTIAL INSURANCE CO 144A PRIV PLCMT 8.100 07/15/2015	A	BAA1
SIEMENS FINANCIAL 144A PRIV PLCMT 6.125 08/17/2026	A+	A1
<b>Investments (excluding DMTRS)</b>		
<b>Corporate Equities - Donated</b>	Not Rated	Not Rated

**Des Moines Independent Community School District**

**Notes to Basic Financial Statements**

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**Note 3. Cash and Cash Equivalents and Investments (Concluded)**

Investment Type	Standard & Poor's	Moody's Investor's Services
<b>U.S. Government Securities:</b>		
FED FARM CREDIT BK	AAA	AAA
FED NATL MTG ASSN DISCOUNT	Not Rated	Not Rated
TREASURY STRIP	AAA	AAA
U.S. TREASURY BOND	AAA	AAA
<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.

More than 5 percent of the District's investments are in mortgage-backed securities with Federal Farm Credit Bank and Federal National Mortgage Association. These investments are 10.98 percent and 27.87 percent, respectively, of the District's total investments. The investments in U.S. Government Securities, Corporate Equities and Corporate obligations, are not subject to concentration of credit risk due to either being guaranteed by the U.S. government, considered a pooled investment, or none of the securities underlying the total investment type is more than 5 percent in any one issuer.

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

As of June 30, 2010, 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, 2010, \$97,920,148 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.

**Des Moines Independent Community School District**

**Notes to Basic Financial Statements**

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**Note 4. Interfund Receivables/Payables and Transfers**

Individual interfund receivable and payable balances as of June 30, 2010 are as follows:

	Due From Other Funds	Due To Other Funds
Nonmajor enterprise funds	\$ -	\$ 1,945,229
Internal service funds	1,945,229	-
	<u>\$ 1,945,229</u>	<u>\$ 1,945,229</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.

	Advances To Other Funds	Advances From Other Funds
Nonmajor enterprise funds	\$ 197,797	\$ 677,879
Internal service funds	553,314	73,232
	<u>\$ 751,111</u>	<u>\$ 751,111</u>

The \$677,879 in the nonmajor enterprise funds is attributable to the Preschool fund. This balance will be resolved when the related Child Care fund becomes solvent enough to absorb the balance.

The \$73,232 in the Internal Service funds is attributable to the Collage fund. This advance will be repaid once the fund becomes solvent.

None of the balances are expected to be collected in the subsequent year.

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

	Transfers In	Transfers Out
Nonmajor funds, governmental funds	\$ 559,078	\$ 559,078

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, 2010 is as follows:

Governmental Activities	Beginning Balance	Additions and Transfers In	Deletions and Transfers Out	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,950,736	\$ 171,100	\$ 2,742	\$ 4,119,094
Construction-in-progress	16,903,701	33,777,566	5,876,524	44,804,743
<b>Total capital assets, not being depreciated</b>	<b>20,854,437</b>	<b>33,948,666</b>	<b>5,879,266</b>	<b>48,923,837</b>
Capital assets, being depreciated:				
Land improvements	8,868,341	45,801	-	8,914,142
Buildings and improvements	353,073,074	7,985,467	590,500	360,468,041
Vehicles, furniture and equipment	15,456,596	2,021,426	1,077,780	16,400,242
<b>Total capital assets, being depreciated</b>	<b>377,398,011</b>	<b>10,052,694</b>	<b>1,668,280</b>	<b>385,782,425</b>
Less accumulated depreciation for:				
Land improvements	(6,380,549)	(232,169)	-	(6,612,718)
Buildings and improvements	(85,127,657)	(6,513,612)	(548,983)	(91,092,286)
Vehicles, furniture and equipment	(9,146,859)	(1,382,437)	(1,022,954)	(9,506,342)
<b>Total accumulated depreciation</b>	<b>(100,655,065)</b>	<b>(8,128,218)</b>	<b>(1,571,937)</b>	<b>(107,211,346)</b>
<b>Total capital assets, being depreciated, net</b>	<b>276,742,946</b>	<b>1,924,476</b>	<b>96,343</b>	<b>278,571,079</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 297,597,383</b>	<b>\$ 35,873,142</b>	<b>\$ 5,975,609</b>	<b>\$ 327,494,916</b>

**Des Moines Independent Community School District**

**Notes to Basic Financial Statements**

**Note 5. Capital Assets (Concluded)**

Business-Type Activities	Beginning Balance	Additions and Transfers In	Deletions and Transfers Out	Ending Balance
Capital assets, being depreciated:				
Vehicles, furniture and equipment	\$ 5,433,759	\$ 184,632	\$ 91,541	\$ 5,526,850
Less accumulated depreciation	(2,827,102)	(379,579)	(91,541)	(3,115,140)
<b>Business-type activities capital assets, net</b>	<b>\$ 2,606,657</b>	<b>\$ (194,947)</b>	<b>\$ -</b>	<b>\$ 2,411,710</b>

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

Governmental activities:	
Instruction	\$ 6,801,495
Noninstructional	141,555
Central support services	184,121
Plant operation and maintenance	130,050
Student transportation	858,894
Capital assets held by governments internal service funds are charged to the various functions based on their usage of the assets	12,103
<b>Total</b>	<b>\$ 8,128,218</b>
Business-type activities, school nutrition	<b>\$ 379,579</b>

As of June 30, 2010, seven schools, one other building and one parcel of land, with a combined net book value of approximately \$1,100,000, were idle.

## 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, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital loan notes	\$ 1,060,000	\$ -	\$ 520,000	\$ 540,000	\$ 540,000
Qualified zone academy bonds	1,000,000	-	-	1,000,000	1,000,000
Sales tax revenue bonds	-	70,000,000	-	70,000,000	1,640,000
Retrospective insurance rating plan	565,714	-	230,578	335,136	-
Special termination benefits	11,133,130	5,655,134	3,757,487	13,030,777	4,282,581
Compensated absences	3,639,272	2,223,863	2,303,697	3,559,438	2,543,179
<b>Long-term liabilities</b>	<b>\$ 17,398,116</b>	<b>\$ 77,878,997</b>	<b>\$ 6,811,762</b>	<b>\$ 88,465,351</b>	<b>\$ 10,005,760</b>
Business-type activities,					
compensated absences	\$ 109,500	\$ 159,679	\$ 69,813	\$ 199,366	\$ 137,161

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, 2010, the capital loan notes liability was \$60,000. 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, 2010, 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, 2010, the capital notes liability was \$480,000. The maturity date for the notes is 2011.

The District has pledged future statewide penny school infrastructure, services and use tax revenues to repay the \$70,000,000 of bonds issued March 2010. The bonds were issued for the purpose of financing costs of school infrastructure improvement projects. The bonds are payable solely from the proceeds of the statewide penny school infrastructure, services and use tax revenue received by the District and are payable through 2029. 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 were expected to require less than 10 percent of the statewide penny school infrastructure, services and use tax revenues. For the current year, principal and interest paid and total statewide penny school infrastructure, services and use tax revenues and were \$0 and \$0, respectively.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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

Annual debt service requirements to maturity as of June 30, 2010 are summarized as follows:

Year Ending June 30:	Governmental Activities		
	Principal	Interest	Total
2011	\$ 3,180,000	\$ 4,334,020	\$ 7,514,020
2012	2,590,000	3,418,000	6,008,000
2013	2,685,000	3,288,500	5,973,500
2014	2,780,000	3,154,250	5,934,250
2015	2,885,000	3,015,250	5,900,250
2016 - 2020	16,305,000	12,796,500	29,101,500
2021 - 2025	20,535,000	8,325,250	28,860,250
2026 - 2029	20,580,000	2,639,250	23,219,250
<b>Total</b>	<b>\$ 71,540,000</b>	<b>\$ 40,971,020</b>	<b>\$ 112,511,020</b>

As of June 30, 2010, the District did not exceed its legal debt margin, computed as follows:

Total assessed valuation	\$ 10,880,800,258
Debt limit of 5% of total assessed valuation	\$ 544,040,013
Amount of debt applicable to debt limit, total general obligation bonded debt	71,540,000
Excess of debt limit over bonded debt issued, legal debt margin	\$ 472,500,013

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, 2010, the District has \$2,378,030 accrued in the Management Fund, \$242,860 accrued in the General Fund relating to employees over age 65 as they are considered due, plus an additional amount not considered due of \$10,409,887 recorded only in the government-wide financial statements. The current year cost to the District was \$3,757,487 which consisted of 74 participants in the plan.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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#### 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.

As of June 30, 2010, the District was involved in construction projects with an estimated cost to complete the construction projects of \$18,654,000.

#### 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,	
	2010	2009
Unpaid claims, beginning of year	\$ 4,485,806	\$ 4,580,272
Current year claims and changes in estimates	46,435,049	44,756,308
Claim payments	(46,057,994)	(44,850,774)
Unpaid claims, end of year	<u>\$ 4,862,861</u>	<u>\$ 4,485,806</u>

As of June 30, 2010, the unpaid claims payable of \$4,862,861 is net of \$186,061 of reimbursement receivable that the District expects to receive as it has exceeded its individual stop-loss amount. A total of \$186,061 reinsurance revenue to be received is recorded with claims expense of \$46,435,049.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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

The District self insures its workers' compensation exposures. As of June 30, 2010, the amount of liabilities recorded for estimated claims payable for workers' compensation was \$839,231 of which \$200,042 was recorded in the Management Fund, a nonmajor governmental fund, and \$639,189 was recorded in the government-wide statements. 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,	
	2010	2009
Unpaid claims, beginning of year	\$ 742,948	\$ 234,857
Current year claims and changes in estimates	2,020,599	2,450,054
Claim payments	(1,924,316)	(1,941,963)
Unpaid claims, end of year	<u>\$ 839,231</u>	<u>\$ 742,948</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, 2010, 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 \$335,136. 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 4.30 percent of their annual salary and the District is required to contribute 6.65 percent of annual covered salaries. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$12,066,415, \$11,531,747 and \$10,259,449, 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 (Concluded)

##### 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. The plan is administered by the District and the District has the authority to establish or amend the plan provisions or contribution requirements within the sections of the Code. 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 1,543 active and retired participants as of June 30, 2010. The plan requires the employees to contribute a varying percentage of their base pay, from 4.91 percent to 7.74 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 (and 150 percent of each percentage contribution increase after July 1, 2007) 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 112/150 percent. The total payroll for employees covered by the System for the year ended June 30, 2010 was \$35,954,555 and the total District payroll was \$217,402,778. The employees' contributions during the year ended June 30, 2010 were \$1,918,648 (5.5 percent of the total covered payroll). The District's General Fund made contributions of \$2,228,161 (6.4 percent of the total covered payroll). Plan net assets were \$224,443,481 as of June 30, 2010. 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, 2010 is included as a fiduciary fund, Pension Trust Fund, within these financial statements. The plan does not issue a stand-alone financial report.

#### 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 is administered by the District and the District has the authority to establish or amend the plan provisions or contribution requirements within the sections of the Code. 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 retired 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 2010, the District contributed \$3,019,000. Retiree and active members receiving benefits contributed through their required monthly contributions of:

Rate Tier	Blue Access		
	Wellmark	Blue Access	Union
Employee	\$ 444.00	\$ 405.50	\$ 479.56
Employee + One	846.70	773.30	914.50
Family	1,349.74	1,232.72	1,457.84

**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 postemployment 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	\$ 5,708,000
Interest on net OPEB obligation	77,000
Adjustment to annual required contribution	(74,000)
Annual OPEB cost (expense)	<u>5,711,000</u>
Contributions and payments made	<u>3,019,000</u>
Increase in net OPEB obligation	2,692,000
Net OPEB obligation - July 1, 2009	<u>1,704,250</u>
Net OPEB obligation - June 30, 2010	<u><u>\$ 4,396,250</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2010 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, 2008	\$ 3,956,000	73.08%	\$ 1,065,000
June 30, 2009	4,009,250	84.06	1,704,250
June 30, 2010	5,711,000	52.86	4,396,250

Funded status and funding progress: Postemployment Benefit Obligations under GASB Statement No. 45 calculated as of July 1, 2009, the most recent valuation date is as follows:

	Total	Members
Actuarial Accrued Liability:		
Current retirees, beneficiaries and dependents	\$ 12,580,000	389
Current active members	30,200,000	4,660
Total Actuarial Accrued Liability (AAL)	<u>42,780,000</u>	<u>5,049</u>
Actuarial value of OPEB Plan Assets	-	
Unfunded Actuarial Accrued Liability (UAAL)	42,780,000	

The covered payroll (annual payroll of active employees covered by the plan) was \$217,402,778 and the ratio of the UAAL to the covered payroll was 19.7 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 (Concluded)**

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, 2009 actuarial valuation, projected unit credit method was used. The actuarial assumptions included a 4.5 percent annual discount rate and an annual health care cost trend rate of 11 percent for select and 5 percent for ultimate initially, but reduced 0.5 percent each year until reaching the ultimate trend. All rates include a 2.5 percent salary increase assumption. The District's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2009, was 30 years.

#### **Note 11. Pollution Remediation Liability**

The District began remodeling three properties and upon commencing work determined asbestos was present and needed to be removed as part of the overall improvement projects. The amount of the asbestos removal liability as of June 30, 2010 is derived from the construction contracts. The District has recorded a liability of \$74,431 in the Capital Projects Fund included in accounts payable and other current liabilities.

#### **Note 12. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements**

The District adopted the following Statements during the year ended June 30, 2010:

- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. 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. This Statement had no effect on the District in the current year.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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#### Note 12. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Concluded)

- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. 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. This Statement had no effect on the District in the current year.
- GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This Statement provides guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It establishes requirements for recognizing and measuring the effects of the bankruptcy process on assets and liabilities, and for classifying changes in those items and related costs. This Statement had no effect on the District 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. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued March 2009, will be effective for the District beginning with its year ending June 30, 2011. This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints.
- GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, an amendment of GASB Statement No. 43 and No. 45, issued January 2010, will be effective for the District beginning with its year ending June 30, 2012. This Statement addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans.
- GASB Statement No. 59, *Financial Instruments Omnibus*, issued June 2010, will be effective for the District beginning with its year ending June 30, 2011. This Statement is intended to update and improve existing standards regarding financial reporting of certain financial instruments and external investment pools. Specifically, this Statement provides financial reporting guidance by emphasizing the applicability of SEC requirements to certain external investment pools, addressing the applicability of GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, and applying the reporting provisions for interest-earning investment contracts of GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

**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	-	\$ 204,419,736	17.44%
2009	July 1, 2007	-	35,642,000	35,642,000	-	217,565,376	16.38
<b>2010</b>	<b>July 1, 2009</b>	-	<b>42,780,000</b>	<b>42,780,000</b>	-	<b>217,402,778</b>	<b>19.68</b>

The information presented in the required supplementary schedule was determined as part of the actuarial valuation date as of July 1, 2009. 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) 4.5 percent annual discount rate and b) a health care cost trend rate of 11.0 percent on a select basis and 5.0 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 on an open basis.

**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, 2010**

	Actual			
	Governmental	Enterprise	Private Purpose	Total
	Fund Types	Funds	Trust Funds	
<b>Revenues:</b>				
Local sources	\$ 157,464,731	\$ 6,616,855	\$ 1,998	\$ 164,083,584
Intermediate sources	490,869	-	-	490,869
State sources	167,612,566	124,514	-	167,737,080
Federal sources	55,991,777	10,854,714	-	66,846,491
<b>Total revenues</b>	<b>381,559,943</b>	<b>17,596,083</b>	<b>1,998</b>	<b>399,158,024</b>
<b>Expenditures/Expenses:</b>				
Instruction	233,329,538	-	-	233,329,538
Support services	105,413,402	172,955	-	105,586,357
Noninstructional	1,692,889	17,341,403	67,353	19,101,645
Other	52,649,534	-	-	52,649,534
<b>Total expenditures/expenses</b>	<b>393,085,363</b>	<b>17,514,358</b>	<b>67,353</b>	<b>410,667,074</b>
<b>Excess (deficiency) of revenues over expenditures/expenses</b>	<b>(11,525,420)</b>	<b>81,725</b>	<b>(65,355)</b>	<b>(11,509,050)</b>
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	441,743	-	-	441,743
Issuance of revenue bonds	70,000,000	-	-	70,000,000
Premiums on revenue bonds	5,271,516	-	-	5,271,516
Transfers in	559,078	-	-	559,078
Transfers (out)	(559,078)	-	-	(559,078)
<b>Net change in fund balances</b>	<b>\$ 64,187,839</b>	<b>\$ 81,725</b>	<b>\$ (65,355)</b>	<b>\$ 64,204,209</b>

Note: Capital project expenditures have been classified according to function for budgetary comparison purposes.

See Note to Required Supplementary Information.

Budget			Final Budget to Actual Variance
Original	Final		Positive (Negative)
\$ 161,386,407	\$ 170,012,845	\$	(5,929,261)
8,700,296	900,296		(409,427)
202,949,372	184,832,637		(17,095,557)
39,583,632	65,521,834		1,324,657
412,619,707	421,267,612		(22,109,588)
234,706,701	239,770,745		6,441,207
107,664,918	110,661,036		5,074,679
20,519,076	20,769,077		1,667,432
44,904,687	52,365,876		(283,658)
407,795,382	423,566,734		12,899,660
4,824,325	(2,299,122)		(9,209,928)
-	545,000		(103,257)
-	75,300,000		(5,300,000)
-	-		5,271,516
499,275	559,078		-
(499,275)	(559,078)		-
\$ 4,824,325	\$ 73,545,878	\$	(9,341,669)

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## 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, 2010, the District overexpended the other functional area by \$283,658. 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 expenditures by \$15.8 million. The budget amendment was primarily to recognize increased spending due to renovation expenditures during the fiscal year that were not anticipated when 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 \$12,463,876 for the year ended June 30, 2010.

**Des Moines Independent Community School District**

**Combining Balance Sheet  
All Nonmajor Governmental Funds  
June 30, 2010**

	Special Revenue		
	Student		Physical Plant and Equipment
	Activity	Management	Levy
<b>Assets</b>			
Cash and investments	\$ 2,113,050	\$ 4,937,618	\$ 5,854,013
Restricted cash	-	-	848,647
Property taxes receivable - current year	-	160,224	105,161
Property taxes receivable - succeeding year	-	9,925,191	6,758,369
Other receivables	16,575	-	-
Due from other governments	-	-	156,810
Prepaid items	21,537	-	-
<b>Total assets</b>	<b>\$ 2,151,162</b>	<b>\$ 15,023,033</b>	<b>\$ 13,723,000</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 109,816	\$ 200,906	\$ 2,013,507
Accrued payroll	158	-	-
Special termination benefits	-	2,378,030	-
Other current liabilities	-	-	56,240
Due to other governments	9,777	78,195	9,884
Deferred revenue	13,668	9,925,191	6,915,179
Compensated absences	-	-	-
<b>Total liabilities</b>	<b>133,419</b>	<b>12,582,322</b>	<b>8,994,810</b>
Fund balances:			
Reserved for:			
Debt service	-	-	848,647
Prepaid items	21,537	-	-
Permanent trusts, nonexpendable corpus	-	-	-
Unreserved, undesignated reported in:			
Special revenue funds	1,996,206	2,440,711	3,879,543
Permanent trusts	-	-	-
<b>Total fund balances</b>	<b>2,017,743</b>	<b>2,440,711</b>	<b>4,728,190</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,151,162</b>	<b>\$ 15,023,033</b>	<b>\$ 13,723,000</b>

Public Education and Recreation			Total Nonmajor Governmental Funds	
Levy	DMPS	Permanent		
\$ 185,902	\$ 2,129,451	\$ 11,525	\$ 15,231,559	
-	-	-	848,647	
13,673	-	-	279,058	
861,761	-	-	17,545,321	
-	-	-	16,575	
-	-	-	156,810	
-	-	-	21,537	
<u>\$ 1,061,336</u>	<u>\$ 2,129,451</u>	<u>\$ 11,525</u>	<u>\$ 34,099,507</u>	

\$ 23,867	\$ 5,711	\$ -	\$ 2,353,807	
14,544	-	-	14,702	
-	-	-	2,378,030	
1,750	-	-	57,990	
150	-	-	98,006	
861,761	-	-	17,715,799	
2,588	-	-	2,588	
<u>904,660</u>	<u>5,711</u>	<u>-</u>	<u>22,620,922</u>	

-	-	-	848,647	
-	-	-	21,537	
-	-	9,878	9,878	
156,676	2,123,740	-	10,596,876	
-	-	1,647	1,647	
<u>156,676</u>	<u>2,123,740</u>	<u>11,525</u>	<u>11,478,585</u>	
<u>\$ 1,061,336</u>	<u>\$ 2,129,451</u>	<u>\$ 11,525</u>	<u>\$ 34,099,507</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, 2010**

	Special Revenue		
	Student	Management	Physical Plant and Equipment
	Activity		Levy
<b>Revenues:</b>			
Property taxes	\$ -	\$ 9,406,937	\$ 6,522,074
Other local sources	-	173,290	464,472
Investment earnings	1,007	-	81,041
State sources	-	4,259	2,639
Federal sources	-	-	14
Student activities	2,506,337	-	-
<b>Total revenues</b>	<b>2,507,344</b>	<b>9,584,486</b>	<b>7,070,240</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Instruction	2,638,765	4,684,687	-
Instructional support services	-	-	-
General administration	-	706,432	-
Building administration	-	464,550	-
Plant operation and maintenance	-	1,305,641	-
Student transportation	-	1,043,478	-
Noninstructional	-	387,590	-
Capital outlay	-	-	7,619,928
<b>Debt service:</b>			
Principal retirement	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>2,638,765</b>	<b>8,592,378</b>	<b>7,619,928</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(131,421)</b>	<b>992,108</b>	<b>(549,688)</b>
<b>Other financing sources (uses):</b>			
Proceeds from sale of capital assets	-	-	359,537
Transfers in	-	-	-
Transfers out	-	-	(559,078)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(199,541)</b>
<b>Net changes in fund balances</b>	<b>(131,421)</b>	<b>992,108</b>	<b>(749,229)</b>
Fund balances, beginning of year	2,149,164	1,448,603	5,477,419
Fund balances, end of year	<b>\$ 2,017,743</b>	<b>\$ 2,440,711</b>	<b>\$ 4,728,190</b>

Public Education and Recreation					Total Nonmajor Governmental Funds
Levy	DMPS	Debt Service	Permanent		Funds
\$ 816,470	\$ -	\$ -	\$ -	\$ -	\$ 16,745,481
434,175	148,415	-	-	-	1,220,352
-	(53,831)	-	-	6	28,223
370	-	-	-	-	7,268
-	-	-	-	-	14
16,001	-	-	-	-	2,522,338
1,267,016	94,584	-	-	6	20,523,676
-	399,370	-	-	-	7,722,822
-	34,652	-	-	-	34,652
-	-	-	-	-	706,432
-	-	-	-	-	464,550
-	-	-	-	-	1,305,641
-	-	-	-	-	1,043,478
1,171,845	-	-	-	-	1,559,435
52,507	-	-	-	-	7,672,435
-	-	520,000	-	-	520,000
-	-	39,078	-	-	39,078
1,224,352	434,022	559,078	-	-	21,068,523
42,664	(339,438)	(559,078)	-	6	(544,847)
-	-	-	-	-	359,537
-	-	559,078	-	-	559,078
-	-	-	-	-	(559,078)
-	-	559,078	-	-	359,537
42,664	(339,438)	-	-	6	(185,310)
114,012	2,463,178	-	-	11,519	11,663,895
\$ 156,676	\$ 2,123,740	\$ -	\$ -	\$ 11,525	\$ 11,478,585

**Des Moines Independent Community School District**

**Combining Statement of Net Assets**

**All Nonmajor Enterprise Funds**

**June 30, 2010**

	School Nutrition	Child Care	Preschool
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ 50	\$ -
Other receivables, net of allowances for uncollectibles of \$50,206	137,607	127,101	-
Due from other governments	338,721	-	-
Assets held for sale	-	-	-
Inventories	271,397	-	-
Prepaid items	260	139	-
<b>Total current assets</b>	<b>747,985</b>	<b>127,290</b>	<b>-</b>
Noncurrent assets:			
Advances to other funds	-	-	-
Depreciable assets, net	2,411,710	-	-
<b>Total noncurrent assets</b>	<b>2,411,710</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 3,159,695</b>	<b>\$ 127,290</b>	<b>\$ -</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 26,571	\$ 11,165	\$ -
Accrued payroll	165,502	135,689	-
Due to other funds	1,764,919	180,310	-
Unearned revenue	150,400	26,327	-
Compensated absences	118,339	18,822	-
<b>Total current liabilities</b>	<b>2,225,731</b>	<b>372,313</b>	<b>-</b>
Noncurrent liabilities:			
Advances from other funds	-	-	677,879
Compensated absences	53,456	8,749	-
<b>Total noncurrent liabilities</b>	<b>53,456</b>	<b>8,749</b>	<b>677,879</b>
<b>Total liabilities</b>	<b>2,279,187</b>	<b>381,062</b>	<b>677,879</b>
<b>Net Assets (Deficit)</b>			
Invested in capital assets	2,411,710	-	-
Unrestricted	(1,531,202)	(253,772)	(677,879)
<b>Total net assets (deficit)</b>	<b>880,508</b>	<b>(253,772)</b>	<b>(677,879)</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,159,695</b>	<b>\$ 127,290</b>	<b>\$ -</b>

Home Remodeling	Automotive	Wellness Center	Total
\$ -	\$ -	\$ -	\$ 50
-	-	-	264,708
-	-	-	338,721
32,047	-	-	32,047
-	-	-	271,397
-	-	-	399
32,047	-	-	907,322
88,309	39,554	69,934	197,797
-	-	-	2,411,710
88,309	39,554	69,934	2,609,507
\$ 120,356	\$ 39,554	\$ 69,934	\$ 3,516,829
\$ -	\$ 3,225	\$ -	\$ 40,961
-	-	-	301,191
-	-	-	1,945,229
-	-	-	176,727
-	-	-	137,161
-	3,225	-	2,601,269
-	-	-	677,879
-	-	-	62,205
-	-	-	740,084
-	3,225	-	3,341,353
-	-	-	2,411,710
120,356	36,329	69,934	(2,236,234)
120,356	36,329	69,934	175,476
\$ 120,356	\$ 39,554	\$ 69,934	\$ 3,516,829

**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, 2010**

	School Nutrition	Child Care	Preschool
Operating revenues:			
Student activities	\$ -	\$ -	\$ -
Charges for services:			
Sale of food	3,722,647	-	-
Child care	-	2,695,149	-
Miscellaneous	-	-	-
<b>Total operating revenues</b>	<b>3,722,647</b>	<b>2,695,149</b>	<b>-</b>
Operating expenses:			
Student services	14,049,509	-	-
School nutrition, depreciation	379,579	-	-
Community services	-	2,947,012	-
<b>Total operating expenses</b>	<b>14,429,088</b>	<b>2,947,012</b>	<b>-</b>
<b>Operating income (loss)</b>	<b>(10,706,441)</b>	<b>(251,863)</b>	<b>-</b>
Nonoperating revenues (expenses):			
Other local sources	78,718	-	-
State sources	124,514	-	-
Federal sources	10,854,714	-	-
Interest expense	-	-	-
Loss on disposal of asset held for sale	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>11,057,946</b>	<b>-</b>	<b>-</b>
<b>Income (loss) before capital contributions</b>	<b>351,505</b>	<b>(251,863)</b>	<b>-</b>
Capital contributions	12,140	-	-
<b>Changes in net assets (deficit)</b>	<b>363,645</b>	<b>(251,863)</b>	<b>-</b>
Total net assets (deficit), beginning of year	516,863	(1,909)	(677,879)
Total net assets (deficit), end of year	<b>\$ 880,508</b>	<b>\$ (253,772)</b>	<b>\$ (677,879)</b>

Home Remodeling	Automotive	Wellness Center	Total
\$ -	\$ 36,455	\$ -	\$ 36,455
-	-	-	3,722,647
-	-	-	2,695,149
-	-	68,056	68,056
-	36,455	68,056	6,522,307
-	30,909	-	14,080,418
-	-	-	379,579
1,651	-	48,236	2,996,899
1,651	30,909	48,236	17,456,896
(1,651)	5,546	19,820	(10,934,589)
-	3,690	-	82,408
-	-	-	124,514
-	-	-	10,854,714
(1,500)	-	-	(1,500)
(55,962)	-	-	(55,962)
(57,462)	3,690	-	11,004,174
(59,113)	9,236	19,820	69,585
-	-	-	12,140
(59,113)	9,236	19,820	81,725
179,469	27,093	50,114	93,751
\$ 120,356	\$ 36,329	\$ 69,934	\$ 175,476

**Des Moines Independent Community School District**

**Combining Statement of Cash Flows**

**All Nonmajor Enterprise Funds**

**Year Ended June 30, 2010**

	School Nutrition	Child Care	Preschool
Cash flows from operating activities:			
Cash received from user charges	\$ 3,790,689	\$ 2,741,162	\$ -
Cash payments to employees for services	(6,717,131)	(2,652,919)	-
Cash payments to suppliers for goods and services	(6,408,816)	(305,155)	-
<b>Net cash provided by (used in) operating activities</b>	<b>(9,335,258)</b>	<b>(216,912)</b>	<b>-</b>
Cash flows from noncapital financing activities:			
Payments from other funds	-	215,843	-
Payments to other funds	(582,302)	-	-
Loss on disposal of assets held for sale	-	-	-
Nonoperating grants and donations received	10,090,052	-	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>9,507,750</b>	<b>215,843</b>	<b>-</b>
Cash flows from capital and related financing activities:			
Interest paid on debt	-	-	-
Acquisition of capital assets	(172,492)	-	-
<b>Net cash (used in) capital and related financing activities</b>	<b>(172,492)</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-</b>	<b>(1,069)</b>	<b>-</b>
Cash and cash equivalents, beginning of year	-	1,119	-
Cash and cash equivalents, end of year	<b>\$ -</b>	<b>\$ 50</b>	<b>\$ -</b>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (10,706,441)	\$ (251,863)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	379,579	-	-
Commodities used	876,928	-	-
Changes in assets and liabilities:			
Receivables	25,865	37,224	-
Inventories	(52,274)	-	-
Prepaid items	125	(139)	-
Accounts payable and due to other governments	(91,471)	(4,857)	-
Unearned revenue	42,177	8,789	-
Accrued liabilities and compensated absences	190,254	(6,066)	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (9,335,258)</b>	<b>\$ (216,912)</b>	<b>\$ -</b>
Noncash items:			
Noncapital financing activities, commodities received from US Department of Agriculture	\$ 876,928	\$ -	\$ -
Capital and related financing activities, capital contributions	12,140	-	-

	Home Remodeling	Automotive	Wellness Center	Total
\$	-	\$ 36,455	\$ 68,056	\$ 6,636,362
	-	-	-	(9,370,050)
	(1,791)	(32,049)	(50,090)	(6,797,901)
	(1,791)	4,406	17,966	(9,531,589)
	-	-	-	215,843
	(129,141)	(8,096)	(17,966)	(737,505)
	135,132	-	-	135,132
	-	3,690	-	10,093,742
	5,991	(4,406)	(17,966)	9,707,212
	(4,200)	-	-	(4,200)
	-	-	-	(172,492)
	(4,200)	-	-	(176,692)
	-	-	-	(1,069)
	-	-	-	1,119
\$	-	\$ -	\$ -	\$ 50

\$	(1,651)	\$ 5,546	\$ 19,820	\$ (10,934,589)
	-	-	-	379,579
	-	-	-	876,928
	-	-	-	63,089
	-	-	-	(52,274)
	-	-	-	(14)
	(140)	(1,140)	(1,854)	(99,462)
	-	-	-	50,966
	-	-	-	184,188
\$	(1,791)	\$ 4,406	\$ 17,966	\$ (9,531,589)

\$	-	\$ -	\$ -	\$ 876,928
	-	-	-	12,140

**Des Moines Independent Community School District**

**Combining Statement of Net Assets (Deficit)**

**All Internal Service Funds**

**June 30, 2010**

	Risk				Total
	Self-Insurance	Management	Collage	Print Shop	
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 14,488,671	\$ 308,290	\$ 150	\$ 9,242	\$ 14,806,353
Due from other funds	1,871,997	-	-	73,232	1,945,229
Inventories	-	-	-	50,539	50,539
<b>Total current assets</b>	<b>16,360,668</b>	<b>308,290</b>	<b>150</b>	<b>133,013</b>	<b>16,802,121</b>
Noncurrent assets:					
Advances to other funds	553,314	-	-	-	553,314
Depreciable assets, net	-	-	-	99,919	99,919
<b>Total noncurrent assets</b>	<b>553,314</b>	<b>-</b>	<b>-</b>	<b>99,919</b>	<b>653,233</b>
<b>Total assets</b>	<b>\$ 16,913,982</b>	<b>\$ 308,290</b>	<b>\$ 150</b>	<b>\$ 232,932</b>	<b>\$ 17,455,354</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ -	\$ 263,055	\$ 164	\$ 1,089	\$ 264,308
Claims payable	4,862,861	-	-	-	4,862,861
Accrued payroll	-	-	753	2,283	3,036
Due to other funds	-	-	-	-	-
Unearned revenue	70,849	6,675	-	-	77,524
Compensated absences	-	-	5,159	7,454	12,613
<b>Total current liabilities</b>	<b>4,933,710</b>	<b>269,730</b>	<b>6,076</b>	<b>10,826</b>	<b>5,220,342</b>
Noncurrent liabilities:					
Advances from other funds	-	-	73,232	-	73,232
Compensated absences	-	-	-	7,184	7,184
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>73,232</b>	<b>7,184</b>	<b>80,416</b>
<b>Total liabilities</b>	<b>4,933,710</b>	<b>269,730</b>	<b>79,308</b>	<b>18,010</b>	<b>5,300,758</b>
<b>Net Assets (Deficit)</b>					
Invested in capital assets	-	-	-	99,919	99,919
Unrestricted	11,980,272	38,560	(79,158)	115,003	12,054,677
<b>Total net assets (deficit)</b>	<b>11,980,272</b>	<b>38,560</b>	<b>(79,158)</b>	<b>214,922</b>	<b>12,154,596</b>
<b>Total liabilities and net assets (deficit)</b>	<b>\$ 16,913,982</b>	<b>\$ 308,290</b>	<b>\$ 150</b>	<b>\$ 232,932</b>	<b>\$ 17,455,354</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, 2010**

	Risk				Total
	Self-Insurance	Management	Collage	Print Shop	
Operating revenues:					
Charges for services:					
Employee benefits	\$ 44,540,153	\$ 926,667	\$ -	\$ -	\$ 45,466,820
Miscellaneous	-	-	50,934	279,310	330,244
<b>Total operating revenues</b>	<b>44,540,153</b>	<b>926,667</b>	<b>50,934</b>	<b>279,310</b>	<b>45,797,064</b>
Operating expenses:					
Employee benefits	46,435,049	930,989	-	-	47,366,038
Depreciation	-	-	-	12,103	12,103
Miscellaneous	-	-	74,245	266,565	340,810
<b>Total operating expenses</b>	<b>46,435,049</b>	<b>930,989</b>	<b>74,245</b>	<b>278,668</b>	<b>47,718,951</b>
<b>Operating income (loss)</b>	<b>(1,894,896)</b>	<b>(4,322)</b>	<b>(23,311)</b>	<b>642</b>	<b>(1,921,887)</b>
Total net assets (deficit), beginning of year	13,875,168	42,882	(55,847)	214,280	14,076,483
Total net assets (deficit), end of year	\$ 11,980,272	\$ 38,560	\$ (79,158)	\$ 214,922	\$ 12,154,596

**Des Moines Independent Community School District**

**Combining Statement of Cash Flows**

**All Internal Service Funds**

**Year Ended June 30, 2010**

	Risk				
	Self-Insurance	Management	Collage	Print Shop	Total
Cash flows from operating activities:					
Cash received from user charges	\$ 44,576,202	\$ 933,342	\$ 50,934	\$ 309,206	\$ 45,869,684
Cash payments to employees for services	-	-	(63,765)	(183,678)	(247,443)
Cash payments to suppliers for goods and services	(46,605,304)	(836,542)	(9,102)	(86,200)	(47,537,148)
<b>Net cash provided by (used in) operating activities</b>	<b>(2,029,102)</b>	<b>96,800</b>	<b>(21,933)</b>	<b>39,328</b>	<b>(1,914,907)</b>
Cash flows from noncapital financing activities:					
Proceeds from other funds	-	-	21,933	-	21,933
Payments to other funds	(69,937)	-	-	(30,086)	(100,023)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(69,937)</b>	<b>-</b>	<b>21,933</b>	<b>(30,086)</b>	<b>(78,090)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,099,039)</b>	<b>96,800</b>	<b>-</b>	<b>9,242</b>	<b>(1,992,997)</b>
Cash and cash equivalents, beginning of year	16,587,710	211,490	150	-	16,799,350
Cash and cash equivalents, end of year	<b>\$ 14,488,671</b>	<b>\$ 308,290</b>	<b>\$ 150</b>	<b>\$ 9,242</b>	<b>\$ 14,806,353</b>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (1,894,896)	\$ (4,322)	\$ (23,311)	\$ 642	\$ (1,921,887)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	-	-	12,103	12,103
Changes in assets and liabilities:					
Receivables	-	-	-	29,896	29,896
Inventories	-	-	-	10,164	10,164
Prepaid items	5,000	-	-	-	5,000
Accounts payable	(552,310)	94,447	(160)	(12,543)	(470,566)
Claims payable	377,055	-	-	-	377,055
Unearned revenue	36,049	6,675	-	-	42,724
Accrued liabilities	-	-	1,538	(934)	604
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (2,029,102)</b>	<b>\$ 96,800</b>	<b>\$ (21,933)</b>	<b>\$ 39,328</b>	<b>\$ (1,914,907)</b>

**Des Moines Independent Community School District**

**Combining Statement of Assets and Liabilities**

**All Agency Funds**

**June 30, 2010**

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	Faculty and Staff	Urban Education Network	Total
<b>Assets</b> , cash and cash equivalents	\$ 150,288	\$ 83,056	\$ 233,344
<b>Liabilities</b>			
Accounts payable	\$ 11,254	\$ -	\$ 11,254
Due to other governmental units	139,034	83,056	222,090
<b>Total liabilities</b>	\$ 150,288	\$ 83,056	\$ 233,344

**Des Moines Independent Community School District**

**Combining Statement of Changes in Assets and Liabilities**

**Agency Funds**

**Year Ended June 30, 2010**

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
<b>Faculty and Staff</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 173,994	\$ 125,150	\$ 148,856	\$ 150,288
<b>Liabilities</b>				
Accounts payable	\$ 3,926	\$ 7,328	\$ -	\$ 11,254
Due to other governmental units	170,068	-	31,034	139,034
<b>Total liabilities</b>	<b>\$ 173,994</b>	<b>\$ 7,328</b>	<b>\$ 31,034</b>	<b>\$ 150,288</b>
<b>Urban Education Network</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 79,883	\$ 60,783	\$ 57,610	\$ 83,056
<b>Liabilities</b>				
Due to other governmental units	\$ 79,883	\$ 3,173	\$ -	\$ 83,056
<b>Total</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 253,877	\$ 185,933	\$ 206,466	\$ 233,344
<b>Liabilities</b>				
Accounts payable	\$ 3,926	\$ 7,328	\$ -	\$ 11,254
Due to other governmental units	249,951	3,173	31,034	222,090
<b>Total liabilities</b>	<b>\$ 253,877</b>	<b>\$ 10,501</b>	<b>\$ 31,034</b>	<b>\$ 233,344</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.

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.	75 - 90
<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).	91 - 97
<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.	98 - 103
<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.	104 - 105
<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.	106 - 128

**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 Nine 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		2009		2010		
\$	166,212,168	\$	193,522,406	\$	223,847,057	\$	261,303,316	\$	295,531,637	\$	<b>321,900,574</b>	
	8,678,939		31,370,418		35,019,609		28,171,672		27,723,729		<b>26,709,665</b>	
	26,325,637		14,399,109		21,372,567		20,680,456		17,189,578		<b>10,363,873</b>	
<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>	<b>\$</b>	<b>340,444,944</b>	<b>\$</b>	<b>358,974,112</b>	
\$	2,363,403	\$	2,391,487	\$	2,320,931	\$	2,380,907	\$	2,606,657	\$	<b>2,411,710</b>	
	-		-		-		-		-		-	
	912,110		675,842		(288,605)		(1,843,960)		(2,512,906)		<b>(2,236,234)</b>	
<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>	<b>\$</b>	<b>93,751</b>	<b>\$</b>	<b>175,476</b>	
\$	168,575,571	\$	195,913,893	\$	226,167,988	\$	263,684,223	\$	298,138,294	\$	<b>324,312,284</b>	
	8,678,939		31,370,418		35,019,609		28,171,672		27,723,729		<b>26,709,665</b>	
	27,237,747		15,074,951		21,083,962		18,836,496		14,676,672		<b>8,127,639</b>	
<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>	<b>\$</b>	<b>340,538,695</b>	<b>\$</b>	<b>359,149,588</b>	

**Des Moines Independent Community School District**

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

**Last Nine 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	2009	2010	
\$ 191,094,307	\$ 206,822,872	\$ 210,863,364	\$ 229,908,604	\$ 238,676,928	\$ 245,423,324	
16,566,058	17,175,275	17,565,934	19,144,119	20,471,493	22,488,603	
5,322,439	6,440,206	7,784,381	8,020,675	8,445,248	8,263,149	
5,246,763	4,234,165	3,862,718	4,806,286	5,282,473	4,442,422	
-	-	-	-	-	-	
15,046,750	16,616,658	17,965,958	18,205,319	18,902,199	19,797,129	
-	-	-	-	-	-	
6,669,808	7,292,653	9,116,886	9,754,807	8,354,561	7,660,791	
26,731,721	30,416,184	31,675,467	33,557,855	35,647,890	33,438,106	
8,783,899	10,189,064	10,856,840	10,635,752	10,518,100	10,352,087	
1,149,267	1,367,676	1,943,137	1,879,027	2,055,069	3,143,025	
9,445,390	9,855,798	10,455,648	10,993,407	11,511,318	12,463,876	
159,296	101,253	894,900	835,766	709,817	897,462	
286,215,698	310,511,804	322,985,233	347,741,617	360,575,096	368,369,974	
12,207,914	12,865,670	13,856,434	14,833,221	14,790,948	14,429,088	
4,277,713	4,461,347	2,530,578	3,479,097	3,468,091	2,947,012	
-	-	2,224,190	-	-	-	
109,722	99,833	112,292	99,935	97,908	138,258	
16,595,349	17,426,850	18,723,494	18,412,253	18,356,947	17,514,358	
\$ 302,811,047	\$ 327,938,654	\$ 341,708,727	\$ 366,153,870	\$ 378,932,043	\$ 385,884,332	
\$ 12,378,325	\$ 11,123,854	\$ 12,002,157	\$ 10,969,649	\$ 10,625,291	\$ 9,745,572	
10,602,249	11,153,073	11,332,332	11,417,248	12,351,149	13,282,400	
42,485,746	48,330,052	50,812,813	63,411,312	75,779,208	97,746,607	
896,674	1,771,836	3,652,164	700,002	3,436,715	597,248	
66,362,994	72,378,815	77,799,466	86,498,211	102,192,363	121,371,827	

**Des Moines Independent Community School District**

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

**Last Nine 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	2009	2010	
\$ 4,238,988	\$ 3,933,497	\$ 3,904,411	\$ 3,845,874	\$ 4,299,682	\$ 3,722,647	
4,276,989	4,516,777	2,555,465	3,172,336	3,221,833	2,695,149	
-	-	1,909,835	-	-	-	
92,967	129,302	78,934	72,913	67,550	104,511	
8,049,101	8,639,090	9,239,846	9,825,079	10,324,686	11,061,636	
-	-	-	672	-	-	
16,658,045	17,218,666	17,688,491	16,916,874	17,913,751	17,583,943	
\$ 83,021,039	\$ 89,597,481	\$ 17,688,491	\$ 17,688,491	\$ 120,106,114	\$ 138,955,770	
\$ (219,852,704)	\$ (238,132,989)	\$ (245,185,767)	\$ (261,243,406)	\$ (258,382,733)	\$ (246,998,147)	
62,696	(208,184)	(1,035,003)	(1,495,379)	(443,196)	69,585	
\$ (219,790,008)	\$ (238,341,173)	\$ (246,220,770)	\$ (262,738,785)	\$ (258,825,929)	\$ (246,928,562)	

**Des Moines Independent Community School District**

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

**Last Nine 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	2009	2010
\$	(219,852,704)	\$ (238,132,989)	\$ (245,185,767)	\$ (261,243,406)	\$ (258,382,733)	\$ <b>(246,998,147)</b>
	62,696	(208,184)	(1,035,003)	(1,495,379)	(443,196)	<b>69,585</b>
	(219,790,008)	(238,341,173)	(246,220,770)	(262,738,785)	(258,825,929)	<b>(246,928,562)</b>
	77,061,329	82,065,094	85,406,700	86,343,532	89,272,177	<b>90,708,731</b>
	11,612,920	8,306,453	8,641,311	8,781,855	9,168,606	<b>9,406,937</b>
	5,582,876	5,611,478	5,921,615	6,007,979	6,313,191	<b>6,522,074</b>
	711,481	721,094	755,290	762,490	796,190	<b>816,470</b>
	827,636	-	-	-	-	-
	30,341,530	31,448,902	30,872,838	31,143,691	28,221,919	<b>28,617,206</b>
	135,379,841	142,415,603	146,594,229	152,188,242	151,858,708	<b>127,914,804</b>
	1,396,742	2,719,950	5,284,862	2,966,414	623,796	<b>189,740</b>
	805,062	997,253	1,230,586	1,587,590	1,115,926	<b>999,696</b>
	1,862,040	1,922,351	1,425,636	1,357,067	1,301,720	<b>8,999</b>
	163	-	-	-	-	-
	(622,806)	-	-	-	-	<b>(12,140)</b>
	-	-	-	20,757	-	<b>354,798</b>
	264,958,814	276,208,178	286,133,067	291,159,617	288,672,233	<b>265,527,315</b>
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	622,806	-	-	-	-	<b>12,140</b>
	622,806	-	-	-	-	<b>12,140</b>
	265,581,620	276,208,178	286,133,067	291,159,617	288,672,233	<b>265,539,455</b>
	45,106,110	38,075,189	40,947,300	29,916,211	30,289,500	<b>18,529,168</b>
	685,502	(208,184)	(1,035,003)	(1,495,379)	(443,196)	<b>81,725</b>
\$	45,791,612	\$ 37,867,005	\$ 39,912,297	\$ 28,420,832	\$ 29,846,304	\$ <b>18,610,893</b>

**Des Moines Independent Community School District**

**Fund Balances, Governmental Funds**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**(Unaudited)**

	Fiscal Year			
	2001	2002	2003	2004
General Fund:				
Reserved	\$ 7,697,522	\$ 1,985,801	\$ 3,601,968	\$ 1,551,636
Unreserved	20,554,554	13,794,063	9,062,956	9,945,507
<b>Total General Fund</b>	<b>\$ 28,252,076</b>	<b>\$ 15,779,864</b>	<b>\$ 12,664,924</b>	<b>\$ 11,497,143</b>
All other governmental funds:				
Reserved	\$ -	\$ 10,749,545	\$ 3,905,384	\$ 2,024,598
Unreserved, reported in:				
Capital projects funds	8,963,934	-	-	(822,926)
Debt service	202,338	-	-	-
Permanent funds	-	1,742	-	-
Special revenue funds	7,233,539	7,744,496	6,547,747	2,610,761
<b>Total all other governmental funds</b>	<b>\$ 16,399,811</b>	<b>\$ 18,495,783</b>	<b>\$ 10,453,131</b>	<b>\$ 3,812,433</b>

Source: Comprehensive Annual Financial Report

							Fiscal Year					
2005		2006		2007		2008		2009		2010		
\$	4,508,471	\$	4,833,376	\$	6,352,627	\$	7,181,428	\$	11,476,112	\$	<b>14,228,420</b>	
	16,062,254		22,338,620		23,016,816		18,517,645		12,224,448		<b>6,888,005</b>	
<b>\$</b>	<b>20,570,725</b>	<b>\$</b>	<b>27,171,996</b>	<b>\$</b>	<b>29,369,443</b>	<b>\$</b>	<b>25,699,073</b>	<b>\$</b>	<b>23,700,560</b>	<b>\$</b>	<b>21,116,425</b>	
<hr/>												
\$	2,363,581	\$	879,079	\$	437,781	\$	702,247	\$	2,826,104	\$	<b>7,923,547</b>	
	13,583,764		18,562,188		21,210,594		14,048,083		6,030,119		<b>67,995,512</b>	
	-		-		-		-		-		-	
	-		-		-		1,515		1,641		<b>1,647</b>	
	7,788,537		9,740,894		9,680,298		9,254,412		10,887,744		<b>10,596,876</b>	
<b>\$</b>	<b>23,735,882</b>	<b>\$</b>	<b>29,182,161</b>	<b>\$</b>	<b>31,328,673</b>	<b>\$</b>	<b>24,006,257</b>	<b>\$</b>	<b>19,745,608</b>	<b>\$</b>	<b>86,517,582</b>	

**Des Moines Independent Community School District**

**Governmental Funds Revenues**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**(Unaudited)**

	Fiscal Year			
	2001	2002	2003	2004
Federal sources, federal grants and other outside sources	\$ 18,787,977	\$ 20,773,154	\$ 20,848,556	\$ 21,409,808
State sources, state foundation aid and other sources	143,891,010	145,917,231	152,676,070	153,222,634
Intermediate sources	7,165,266	7,040,915	7,263,637	6,835,392
Local sources, local and other sources	121,976,971	125,599,502	131,382,524	136,392,286
<b>Total revenues</b>	<b>\$ 291,821,224</b>	<b>\$ 299,330,802</b>	<b>\$ 312,170,787</b>	<b>\$ 317,860,120</b>

Source: Comprehensive Annual Financial Report

Note: Beginning in fiscal year 2009, the State Department of Education no longer allows AEA support dollars to be classified as intermediate sources, rather they are now classified as local and other sources.

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						Fiscal Year					
2005		2006		2007		2008		2009		2010	
\$	23,768,893	\$	28,517,075	\$	23,682,244	\$	30,387,722	\$	35,826,527	\$	<b>55,991,777</b>
	156,939,811		165,966,827		173,169,285		186,768,387		192,271,659		<b>167,612,566</b>
	7,021,145		7,427,928		8,184,914		9,203,713		827,589		<b>490,869</b>
	143,679,034		146,054,311		152,490,096		151,092,795		163,293,732		<b>157,464,731</b>
\$	331,408,883	\$	347,966,141	\$	357,526,539	\$	377,452,617	\$	392,219,507	\$	<b>381,559,943</b>

**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			
	2001	2002	2003	2004
Instruction	\$ 164,642,037	\$ 180,806,275	\$ 184,245,408	\$ 185,632,366
Student services	16,442,820	17,744,612	18,568,437	18,959,957
Instructional support services	4,674,025	4,256,486	3,321,896	3,081,329
General administration	6,260,783	4,209,084	4,705,436	5,195,648
Building administration	12,449,136	14,664,633	15,213,947	15,078,066
Business and central administration	-	-	-	-
Business administration	1,660,945	2,056,846	1,925,782	2,247,970
Central support services, including debt service	4,389,978	5,458,498	4,254,090	4,558,016
Plant operation & maintenance	24,573,502	26,150,789	28,084,315	26,862,859
Insurance	-	-	-	-
Student transportation	6,080,206	7,343,760	8,239,923	8,525,861
Non-instructional	917,469	655,622	537,008	670,356
AEA support	9,571,270	9,578,154	9,837,474	9,140,786
Unemployment compensation	-	-	-	-
Capital outlay	22,405,759	32,049,074	43,516,436	48,675,157
Capital outlay not capitalized	-	-	-	-
Debt service:				
Principal retirement	1,285,000	1,340,000	970,000	1,020,000
Interest	206,720	159,817	130,334	90,488
Bond issuance costs	-	6,100	-	25,344
Other	-	-	-	-
<b>Total expenditures</b>	<b>\$ 275,559,650</b>	<b>\$ 306,479,750</b>	<b>\$ 323,550,486</b>	<b>\$ 329,764,203</b>
Debt service as a percentage of noncapital expenditures	0.59%	0.55%	0.39%	0.40%

Source: Comprehensive Annual Financial Report

Note: The increase in percentage in fiscal year 2009 is due to early retirement of sales tax revenue bonds.

							Fiscal Year					
2005		2006		2007		2008		2009		2010		
\$	185,395,424	\$	199,686,716	\$	204,333,386	\$	225,309,061	\$	232,694,472	\$	<b>232,362,118</b>	
	16,530,525		17,263,980		17,993,709		19,497,475		20,831,163		<b>21,746,835</b>	
	5,279,975		6,467,422		7,685,131		8,138,207		8,604,544		<b>8,101,158</b>	
	5,117,631		4,328,391		3,930,504		4,778,387		5,175,484		<b>4,399,564</b>	
	15,179,285		16,642,315		18,113,129		18,519,205		19,539,562		<b>19,622,589</b>	
	6,312,099		7,263,248		9,100,426		9,240,852		7,447,867		<b>7,232,503</b>	
	-		-		-		-		-		-	
	-		-		-		-		-		-	
	27,167,978		30,232,224		31,913,066		33,505,014		35,133,406		<b>32,886,528</b>	
	-		-		-		-		-		-	
	8,382,171		9,452,879		10,187,970		10,009,481		9,876,399		<b>9,602,623</b>	
	899,519		1,158,221		1,952,323		1,981,376		2,020,184		<b>2,092,321</b>	
	9,445,390		9,855,798		10,455,648		10,993,407		11,511,318		<b>12,463,876</b>	
	-		-		-		-		-		-	
	20,498,715		32,154,840		56,005,258		41,304,558		22,482,126		<b>38,124,836</b>	
	-		1,304,604		79,949		2,302,867		4,114,439		<b>3,392,283</b>	
	1,445,000		470,000		1,285,000		2,090,000		18,810,000		<b>520,000</b>	
	158,810		100,767		806,381		822,738		741,648		<b>39,078</b>	
	-		-		65,000		-		-		<b>499,051</b>	
	-		-		-		-		-		-	
<b>\$</b>	<b>301,812,522</b>	<b>\$</b>	<b>336,381,405</b>	<b>\$</b>	<b>373,906,880</b>	<b>\$</b>	<b>388,492,628</b>	<b>\$</b>	<b>398,982,612</b>	<b>\$</b>	<b>393,085,363</b>	
	0.57%		0.19%		0.68%		0.84%		5.19%		0.30%	

**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			
	2001	2002	2003	2004
Excess of revenues over (under) expenditures	\$ 16,261,574	\$ (7,148,948)	\$ (11,379,699)	\$ (11,904,083)
Other financing sources (uses):				
Issuance of debt	-	-	-	4,100,000
Proceeds from sale of capital assets	-	450,000	222,104	23,665
Proceeds from insurance recoveries	-	-	-	-
Premiums	-	-	-	21,939
Transfers in	241,343	1,625,415	169,250	1,067,945
Transfers out	(654,815)	(248,789)	(169,250)	(1,117,945)
<b>Total other financing sources (uses)</b>	<b>(413,472)</b>	<b>1,826,626</b>	<b>222,104</b>	<b>4,095,604</b>
<b>Net change in fund balances</b>	<b>\$ 15,848,102</b>	<b>\$ (5,322,322)</b>	<b>\$ (11,157,595)</b>	<b>\$ (7,808,479)</b>

Source: Comprehensive Annual Financial Report

		Fiscal Year									
		2005	2006	2007	2008	2009	2010				
\$	29,596,361	\$	11,584,736	\$	(16,380,341)	\$	(11,040,011)	\$	(6,763,105)	\$	<b>(11,525,420)</b>
	-		-		20,700,000		-		-		<b>70,000,000</b>
	23,313		462,814		24,300		47,225		116,446		<b>441,743</b>
	-		-		-		-		387,497		-
	-		-		-		-		-		<b>5,271,516</b>
	614,771		823,295		2,091,381		2,912,738		19,551,648		<b>559,078</b>
	(1,237,414)		(823,295)		(2,091,381)		(2,912,738)		(19,551,648)		<b>(559,078)</b>
	(599,330)		462,814		20,724,300		47,225		503,943		<b>75,713,259</b>
\$	28,997,031	\$	12,047,550	\$	4,343,959	\$	(10,992,786)	\$	(6,259,162)	\$	<b>64,187,839</b>

**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
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	-	-
2006	2007-08	5,981,343,640	9,545,918,160	-	-
2007	2008-09	6,287,922,470	10,354,470,310	-	-
<b>2008</b>	<b>2009-10</b>	<b>6,492,990,940</b>	<b>10,515,202,140</b>	-	-

Source: Polk County Auditor and Warren County Auditor

Railroad and Utilities		Gas & Electric		Total		Total Direct Rate
Without Gas & Electric						
Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	
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
43,993,892	44,752,336	220,407,867	292,396,945	6,245,745,399	9,883,067,441	17.93709
44,719,491	45,514,985	229,880,963	285,085,397	6,562,522,924	10,685,070,692	17.78888
<b>44,706,450</b>	<b>45,515,560</b>	<b>233,093,334</b>	<b>320,082,558</b>	<b>6,770,790,724</b>	<b>10,880,800,258</b>	<b>17.64277</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		
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	
2006	2007-08	15.28725	1.55484	0.96000	0.13500	-	-	17.93709	
2007	2008-09	15.13904	1.55484	0.96000	0.13500	-	-	17.78888	
<b>2008</b>	<b>2009-10</b>	<b>14.99293</b>	<b>1.55484</b>	<b>0.96000</b>	<b>0.13500</b>	<b>-</b>	<b>-</b>	<b>17.64277</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
\$ 6.34845	\$ 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
6.84207	2.96959	16.59028	11.48209	9.22000	12.40322	12.04999	0.60759	0.03703	0.31349	0.00350
6.83696	2.92408	16.57606	11.48208	9.22000	14.79484	12.05000	0.60766	0.03717	0.32711	0.00350
<b>6.82855</b>	<b>2.80423</b>	<b>16.57614</b>	<b>11.65000</b>	<b>9.22000</b>	<b>13.76398</b>	<b>12.05000</b>	<b>0.87750</b>	<b>0.03752</b>	<b>0.30104</b>	<b>0.00300</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	
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	
2007	2008-09	0.56386	0.16550	0.99813	1.49999	1.49999	1.75000	1.75000	
<b>2008</b>	<b>2009-10</b>	<b>0.56778</b>	<b>0.24131</b>	<b>1.00000</b>	<b>1.49983</b>	<b>1.49996</b>	<b>1.74992</b>	<b>1.75000</b>	

Source: Polk County Auditor

Des Moines Independent Community School District

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

Taxpayer	2010			2001		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Principal Financial Group, Inc.	257,537,900	1	4.42%	220,639,730	1	3.92%
Nationwide Mutual Insurance	193,336,200	2	3.32%			0.00%
Mercy Medical Plaza	164,193,000	3	2.82%	91,548,280	2	1.63%
Wells Fargo Financial Inc.	99,471,700	4	1.71%			0.00%
Wellmark, Inc	63,290,000	5	1.09%			0.00%
Employers Mutual Casualty Co	51,064,070	6	0.88%	43,347,590	6	0.77%
IA Methodist Medical Plaza	50,903,000	7	0.87%	43,409,640	5	0.77%
Ruan Center	38,675,000	8	0.66%	44,384,000	4	0.79%
Meredith Corporation	34,961,000	9	0.60%	57,434,040	3	1.02%
Hubbell Realty Co.	30,428,850	10	0.52%	40,148,570	7	0.71%
Merle Hay Mall				35,958,700	9	0.64%
SDG Macerich Proposal				36,780,310	8	0.65%
Capital Square Associates				31,500,000	10	0.56%
<b>Total</b>	<b>\$ 983,860,720</b>		<b>14.53%</b>	<b>\$ 645,150,860</b>		<b>13.66%</b>

Source: Polk County Assessor/Auditors

**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
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%	-	-	-
2008	102,277,748	101,895,857	99.63%	-	-	-
2009	105,892,487	105,550,164	99.68%	-	-	-
<b>2010</b>	<b>107,733,427</b>	<b>107,454,211</b>	<b>99.74%</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				Debt to Assessed Value	Per Capita
				General Obligation Bonds	General Obligation Capital Loan Notes	Qualified Zone Academy Bonds	Total		
2001	198,682	\$ 6,660,604,364	\$ 333,030,218	\$ 4,240,000	\$ -	\$ -	\$ 4,240,000	0.06%	\$ 21.34
2002	198,682	7,056,208,822	352,810,441	2,900,000	450,000	-	3,350,000	0.05%	16.86
2003	196,093	7,755,375,362	387,768,768	1,975,000	405,000	1,000,000	3,380,000	0.04%	17.24
2004	196,093	8,334,352,394	416,717,620	1,000,000	3,460,000	1,000,000	5,460,000	0.07%	27.84
2005	196,093	8,740,420,059	437,021,003	-	3,015,000	1,000,000	4,015,000	0.05%	20.47
2006	196,093	8,862,397,979	443,119,899	-	2,545,000	1,000,000	3,545,000	0.04%	18.08
2007	196,093	9,736,175,724	486,808,786	-	2,060,000	1,000,000	3,060,000	0.03%	15.60
2008	196,093	9,883,067,441	494,153,372	-	1,570,000	1,000,000	2,570,000	0.03%	13.11
2009	196,093	10,685,070,692	534,253,535	-	1,060,000	1,000,000	2,060,000	0.02%	10.51
<b>2010</b>	<b>193,886</b>	<b>10,880,800,258</b>	<b>544,040,013</b>	<b>-</b>	<b>540,000</b>	<b>1,000,000</b>	<b>1,540,000</b>	<b>0.01%</b>	<b>7.94</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			
2001	\$ 4,240,000	\$ -	\$ -	\$ -	\$ 4,240,000	0.07%	\$ 21.34
2002	2,900,000	450,000	-	-	3,350,000	0.05%	\$ 16.86
2003	1,975,000	405,000	1,000,000	-	3,380,000	0.05%	\$ 17.01
2004	1,000,000	3,460,000	1,000,000	-	5,460,000	0.08%	\$ 27.84
2005	-	3,015,000	1,000,000	-	4,015,000	0.05%	\$ 20.47
2006	-	2,545,000	1,000,000	-	3,545,000	0.05%	\$ 18.08
2007	-	2,060,000	1,000,000	19,900,000	22,960,000	0.30%	\$ 117.09
2008	-	1,570,000	1,000,000	18,300,000	20,870,000	0.26%	\$ 106.43
2009	-	1,060,000	1,000,000	-	2,060,000	0.02%	\$ 10.51
<b>2010</b>	-	<b>540,000</b>	<b>1,000,000</b>	<b>70,000,000</b>	<b>71,540,000</b>	<b>0.86%</b>	<b>\$ 368.98</b>

Source: District Records

**Des Moines Independent Community School District**

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2010**

**(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Overlapping:			
City of Des Moines	\$ 355,595,000	96.4%	\$ 342,794,000
City of Pleasant Hill	7,135,000	24.1%	1,720,000
City of Urbandale	43,375,000	10.0%	4,338,000
City of Windsor Heights	13,943,842	0.9%	125,000
City of West Des Moines	102,949,627	0.1%	103,000
Des Moines Area Community College	81,085,000	30.1%	24,407,000
Polk County	212,714,000	35.3%	75,088,000
Warren County	208,000	5.4%	11,000
<b>Subtotal, overlapping debt</b>	<b>817,005,469</b>		<b>448,586,000</b>
Direct, Des Moines Independent Community School District:			
General Obligation	540,000	100.0%	540,000
Qualified Zone Academy Bonds	1,000,000	100.0%	1,000,000
Sales tax revenue bond	70,000,000	100.0%	70,000,000
<b>Subtotal direct debt</b>	<b>71,540,000</b>		<b>71,540,000</b>
<b>Total direct and overlapping debt</b>	<b>\$ 888,545,469</b>		<b>\$ 520,126,000</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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	2001	2002	2003	2004
Debt limit	\$ 333,030,218	\$ 352,810,441	\$ 387,768,768	\$ 416,717,620
Total net debt applicable to limit	4,240,000	3,350,000	3,380,000	5,460,000
Legal debt margin	\$ 328,790,218	\$ 349,460,441	\$ 384,388,768	\$ 411,257,620
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	1.27%	0.95%	0.87%	1.31%

Source: Polk County Auditor and District Records

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	<b>\$ 10,880,800,258</b>
Debt limit (5% of assessed value)	<b>\$ 544,040,013</b>
Debt applicable to limit	<b>71,540,000</b>
Legal debt margin	<b>\$ 472,500,013</b>

	2005	2006	2007	2008	2009	2010
\$	437,021,003	\$ 443,119,899	\$ 486,808,786	\$ 494,153,352	\$ 534,253,535	\$ <b>544,040,013</b>
	4,015,000	3,545,000	22,960,000	20,870,000	2,060,000	<b>71,540,000</b>
\$	433,006,003	\$ 439,574,899	\$ 463,848,786	\$ 473,283,352	\$ 532,193,535	\$ <b>472,500,013</b>
	0.92%	0.80%	4.72%	4.22%	0.39%	<b>13.15%</b>

**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		Interest	
		Principal			
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%
2008	30,301,047	1,600,000		750,750	7.76%
2009	30,821,593	18,300,000		685,300	61.60%
<b>2010</b>	<b>24,841,106</b>	<b>#</b>		<b>#</b>	<b>0.00%</b>

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

# - There were no payments due on revenue bonds outstanding during fiscal year 2010.

## Des Moines Independent Community School District

### Demographic and Economic Statistics

#### Last Ten Calendar Years

(Unaudited)

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Calendar Year	Population	Per Capita Personal Income	Personal Income for Polk County	Unemployment Rate
2000	198,682	32,714	6,499,682,948	3.5%
2001	198,682	33,409	6,637,766,938	4.0%
2002	198,682	34,751	6,904,398,182	5.1%
2003	196,093	35,499	6,961,105,407	5.7%
2004	196,096	37,893	7,430,665,728	6.5%
2005	196,093	38,895	7,627,037,235	4.6%
2006	196,093	39,418	7,729,593,874	3.8%
2007	196,093	40,764	7,993,535,052	3.7%
2008	196,093	48,980	9,604,635,140	6.7%
<b>2009</b>	<b>193,886</b>	<b>43,098</b>	<b>8,356,098,828</b>	<b>6.4%</b>

Note: FY2000 through FY2009 from the 2000 US Census.

FY10 Information taken from 2006 population estimate from the US Census Bureau

Per Capita Personal Income from IA Workforce Development 2008 data - most recent

Source: Iowa Workforce Development

**Des Moines Independent Community School District**

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

Employer	2010			2001		
	Employees *	Rank	Percentage of Total Employment	Employees *	Rank	Percentage of Total Employment
Principal Financial Group, Inc.		1			1	
Des Moines Independent CSD	4,746	2			2	
Iowa Health Systems		3			3	
Mercy Medical Center		5		-	-	
Blank Children's Pediatric		4			4	
CDS Global		6			5	
Des Moines Register		7		-	-	
Employers Mutuals		8		-	-	
Firestone Agricultural Tire		9			6	
Lutheran Services of Iowa		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. This is 2000 information as 2001 information was not readily available.

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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				
	2001*	2002*	2003	2004	2005
<b>Administrators</b>					
Central Office		43.0	36.5	33.5	33.5
Elementary Schools		46.0	42.0	35.0	33.0
Middle Schools		22.0	22.0	21.5	21.5
High Schools		23.0	26.0	24.5	24.5
Special Schools		6.0	6.0	7.0	7.0
<b>Total Administrators</b>	<b>132.0</b>	<b>140.0</b>	<b>132.5</b>	<b>121.5</b>	<b>119.5</b>
<b>Teachers</b>					
Athletic Directors		6.0	6.0	6.0	6.0
Non-classroom teachers		3.0	9.2	14.7	33.8
Classroom teachers		1,539.6	1,529.8	1,521.4	1,442.6
Technology consultants		4.6	2.4	2.4	2.4
Counselors		95.4	90.9	88.4	75.0
Dean of Students		11.0	21.0	24.0	26.3
Educational tech support		7.0	2.0	2.0	2.0
ELL		67.5	65.8	66.0	66.5
Facilitator		4.5	5.8	6.9	7.9
Gifted and Talented		12.3	12.1	11.1	8.5
Head Start		15.4	16.0	14.0	15.0
Home Instruction		9.5	9.5	10.5	9.5
Library/Media specialists		25.6	24.1	22.1	14.4
Literacy trainer		-	5.0	9.2	7.2
Montessori		5.8	6.4	7.0	6.9
New Horizons teachers		10.1	6.0	7.0	5.0
Nurses		58.8	56.9	55.2	54.9
Nursery		1.0	1.0	1.0	1.0
Preschool		6.0	12.1	21.1	20.5
Reading facilitators		6.2			
Special Ed literacy support		3.8	2.8	7.8	5.8
Special Ed teachers		526.3	516.3	539.8	533.2
Special Ed consultants		30.9	32.9	33.4	32.4
Special Ed Support		97.1	99.6	103.7	100.3
Title I		190.2	174.3	165.9	156.8
Float		-	3.5	0.5	0.5
<b>Total teachers</b>	<b>2,620.8</b>	<b>2,737.6</b>	<b>2,711.3</b>	<b>2,741.0</b>	<b>2,634.4</b>
<b>Associates</b>					
Central Office		-	5.8	6.6	4.6
Elementary Schools		240.7	224.6	212.0	208.5
Middle Schools		84.5	72.8	71.6	68.9
High Schools		98.6	95.1	74.6	58.4
Special Schools		179.4	172.6	196.8	195.5
<b>Total associates</b>	<b>578.3</b>	<b>603.2</b>	<b>570.9</b>	<b>561.6</b>	<b>535.9</b>

\* Detail unavailable  
Source: District records

(Continued)

Full-Time Equivalent Employees as of June 30					Percentage Change
2006	2007	2008	2009	2010	2001 - 2010
32.5	32.5	32.0	40.0	<b>39.0</b>	
33.0	33.0	33.0	36.0	<b>37.0</b>	
21.5	22.0	22.0	22.0	<b>20.0</b>	
24.5	26.0	29.0	28.0	<b>29.0</b>	
7.0	7.0	8.0	5.0	<b>5.0</b>	
118.5	120.5	124.0	131.0	<b>130.0</b>	-1.5%
6.0	6.0	-	-	-	
35.5	36.7	30.1	21.8	<b>22.6</b>	
1,474.9	1,500.0	1,541.5	1,538.5	<b>1,514.4</b>	
2.4	2.4	2.0	1.0	-	
73.9	75.2	76.7	81.9	<b>76.1</b>	
27.7	31.2	34.0	31.4	<b>31.0</b>	
1.2	3.4	4.2	3.0	<b>2.5</b>	
67.1	85.7	84.3	81.3	<b>81.3</b>	
7.9	7.9	7.0	8.0	<b>2.0</b>	
8.5	8.5	7.5	7.5	<b>7.5</b>	
15.0	15.0	16.0	15.0	<b>18.5</b>	
9.5	9.5	8.5	8.5	<b>8.0</b>	
9.4	9.4	8.4	8.0	<b>8.0</b>	
6.0	6.0	-	-	-	
-	-	-	-	-	
5.0	5.5	6.5	8.0	<b>4.0</b>	
54.0	53.6	55.8	55.4	<b>54.7</b>	
-	-	-	-	-	
20.5	20.5	47.5	48.0	<b>46.5</b>	
-	-	-	-	-	
10.6	8.6	-	-	-	
561.4	572.0	577.9	558.4	<b>524.9</b>	
30.2	29.2	31.0	31.0	<b>30.5</b>	
115.7	124.0	132.0	126.1	<b>124.5</b>	
172.0	158.6	172.0	185.3	<b>194.8</b>	
1.0	3.0	2.0	1.0	<b>14.2</b>	
2,715.3	2,771.8	2,844.9	2,819.1	<b>2,766.0</b>	5.5%
3.0	3.0	9.6	3.6	<b>5.8</b>	
239.7	245.3	254.5	252.9	<b>219.5</b>	
69.7	66.4	62.8	62.8	<b>52.0</b>	
69.0	70.0	70.5	72.5	<b>63.5</b>	
177.6	183.6	179.7	161.9	<b>154.6</b>	
559.0	568.3	577.1	553.7	<b>495.4</b>	-14.3%

**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				
	2001*	2002*	2003	2004	2005
<b>Specialist, Clerical, and Paraprofessionals</b>					
Central Office		333.7	198.5	188.5	180.6
Elementary Schools		49.5	112.7	109.2	111.7
Middle Schools		24.0	45.1	46.0	40.4
High Schools		60.0	96.2	92.3	90.3
Special Schools		6.0	9.0	13.0	24.5
<b>Total specialists, clerical, and paraprofessionals</b>	<b>435.6</b>	<b>473.2</b>	<b>461.5</b>	<b>449.0</b>	<b>447.5</b>
<b>Food Service, Operations, Transportation and Child Care</b>					
Central Office		322.0	327.0	300.4	333.0
Elementary Schools		283.5	274.2	279.4	282.7
Middle Schools		142.5	140.8	142.2	119.0
High Schools		145.4	141.6	144.6	131.9
Special Schools		6.9	8.4	8.1	11.0
<b>Total food svc, oper, transportation, and child care</b>	<b>817.2</b>	<b>900.4</b>	<b>892.0</b>	<b>874.8</b>	<b>877.7</b>
<b>Total</b>	<b>4,583.9</b>	<b>4,854.4</b>	<b>4,768.2</b>	<b>4,747.8</b>	<b>4,614.9</b>

\* Detail unavailable

Source: District records

Full-Time Equivalent Employees as of June 30					Percentage
2006	2007	2008	2009	2010	Change 2001 - 2010
191.6	199.1	190.4	194.1	<b>189.6</b>	
110.8	112.6	113.7	114.7	<b>105.2</b>	
45.5	57.9	56.1	47.2	<b>58.6</b>	
87.6	99.2	109.4	119.9	<b>109.7</b>	
15.0	15.0	15.1	9.4	<b>22.6</b>	
450.5	483.8	484.7	485.3	<b>485.7</b>	11.5%
326.2	328.8	357.1	365.1	<b>345.6</b>	
282.2	286.2	267.1	272.0	<b>265.3</b>	
117.4	115.2	113.1	111.9	<b>113.1</b>	
128.1	137.5	126.5	127.6	<b>134.3</b>	
10.4	11.0	12.1	12.3	<b>10.8</b>	
864.3	878.6	876.0	888.9	<b>869.1</b>	6.3%
4,707.6	4,823.0	4,906.7	4,878.0	<b>4,746.2</b>	3.5%

**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 Expenses	Cost Per Pupil	Percentage Change
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
2008	31,218.4	346,905,851	11,112	0.09	18,412,253	590	(0.01)
2009	31,128.8	359,402,985	11,546	0.04	18,356,947	590	(0.00)
<b>2010</b>	<b>30,783.0</b>	<b>368,369,974</b>	<b>11,967</b>	<b>0.04</b>	<b>17,514,358</b>	<b>569</b>	<b>(3.56)</b>

Fiscal Year	Teaching Staff	Percentage of Students Receiving Free or Reduced-Priced Meals
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
2008	2,844.9	62
2009	2,819.1	64
<b>2010</b>	<b>2,766.0</b>	<b>65</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	Fiscal Year			
	2001	2002	2003	2004
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	334	321	321	335
<b>Name (Year)</b>	<b>Brooks/Lucas</b>	<b>Brooks</b>	<b>Brooks</b>	<b>Brooks</b>
Square feet	44,090	-	-	-
Capacity	400	-	-	-
Enrollment	545	-	-	-
<b>Name (Year)</b>	<b>Brubaker</b>	<b>Brubaker</b>	<b>Brubaker</b>	<b>Brubaker</b>
Square feet	-	-	-	78,224
Capacity	-	-	-	720
Enrollment	-	-	-	633
<b>Name (Year)</b>	<b>Capital View</b>	<b>Capital View</b>	<b>Capital View</b>	<b>Capital View</b>
Square feet	-	76,525	76,525	76,525
Capacity	-	710	710	710
Enrollment	-	579	668	600
<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	478	446	407	405
<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	107	131	147	137
<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	406	381	372	-
<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	160	264	266	271
<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	299	291	218	237
<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	351	307	296	299
<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	371	371	351	313

(Continued)

		Fiscal Year					
		2005	2006	2007	2008	2009	2010
<b>Adams</b>							
	49,995	49,995	49,995	49,995	49,995	49,995	-
	420	420	420	420	420	432	-
	336	337	294	-	-	-	-
<b>Brooks</b>							
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Brubaker</b>							
	78,224	78,224	78,224	78,224	78,224	78,224	78,224
	720	720	720	720	720	792	792
	664	655	717	715	715	684	680
<b>Capital View</b>							
	76,525	76,525	76,525	75,740	75,740	75,740	75,740
	710	710	710	710	710	720	720
	632	620	619	630	630	541	551
<b>Carver</b>							
	-	-	-	93,627	91,500	91,500	91,500
	-	-	-	690	720	720	720
	-	-	-	647	560	560	606
<b>Cattell</b>							
	47,821	47,821	47,821	47,821	47,821	47,821	47,821
	460	460	460	460	460	408	408
	354	331	339	354	354	400	393
<b>Cowles</b>							
	42,800	42,800	42,800	42,800	42,800	42,800	42,800
	380	380	380	380	380	432	432
	154	194	224	290	299	299	319
<b>Douglas</b>							
	42,601	42,601	42,601	42,601	42,601	42,601	42,601
	575	575	575	575	575	360	360
	-	-	-	-	-	-	-
<b>Downtown</b>							
	32,767	32,767	32,767	32,767	32,767	32,767	34,966
	270	270	270	270	270	264	264
	268	264	272	268	268	258	293
<b>Edmunds</b>							
	45,930	45,930	45,930	45,930	45,930	45,930	45,930
	320	320	320	320	320	240	240
	196	148	143	175	175	180	211
<b>Findley</b>							
	38,354	38,354	38,354	38,354	38,354	38,354	38,354
	380	380	380	380	380	384	384
	302	296	310	358	358	345	323
<b>Garton</b>							
	43,290	43,290	43,290	65,648	65,648	65,648	65,648
	500	500	500	460	720	720	720
	343	330	343	602	619	619	596

**Des Moines Independent Community School District**

**School Building Information (Continued)**

**Last Ten Fiscal Years**

**(Unaudited)**

School	Fiscal Year			
	2001	2002	2003	2004
<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	355	386	371	363
<b>Name (Year)</b>	<b>Greenwood</b>	<b>Greenwood</b>	<b>Greenwood</b>	<b>Greenwood</b>
Square feet	45,662	45,662	58,804	58,804
Capacity	425	425	450	450
Enrollment	426	438	373	427
<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	313	331	376	374
<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	448	461	426	407
<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	299	270	285	262
<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	385	362	323
<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	560	365	370	377
<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	440	431	437	434
<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	340	323	330	371
<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	304	249	261	269
<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	448	405	389	412

(Continued)

		Fiscal Year					
		2005	2006	2007	2008	2009	2010
<b>Granger</b>	<b>Granger</b>			<b>Granger/Mitchell</b>	<b>Granger/Mitchell</b>	<b>Granger/Mitchell</b>	<b>Granger/Mitchell</b>
		39,194	39,194	39,194	-	-	-
		525	525	525	-	-	-
		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	61,744	61,744	61,744
		450	450	450	450	456	456
		444	454	420	454	453	450
<b>Hanawalt</b>	<b>Hanawalt</b>			<b>Hanawalt</b>	<b>Hanawalt</b>	<b>Hanawalt</b>	<b>Hanawalt</b>
		43,246	43,246	43,246	43,246	43,246	43,246
		410	410	410	410	408	408
		349	338	359	418	416	365
<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	57,720	57,720
		410	410	410	410	420	600
		392	399	390	468	460	471
<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	312	312
		252	213	229	340	300	307
<b>Hubbell</b>	<b>Hubbell</b>			<b>Hubbell</b>	<b>Hubbell</b>	<b>Hubbell</b>	<b>Hubbell</b>
		48,072	48,072	48,072	53,327	53,327	53,327
		390	390	390	390	456	456
		294	309	347	402	390	394
<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	45,585
		420	420	420	420	432	456
		407	426	397	402	385	345
<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	408	408
		432	423	424	421	426	432
<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	54,171	54,171
		330	330	330	330	408	408
		378	372	352	347	282	318
<b>Longfellow</b>	<b>Longfellow</b>			<b>Longfellow</b>	<b>Longfellow</b>	<b>Longfellow</b>	<b>Longfellow</b>
		31,420	31,420	-	-	-	-
		300	300	-	-	-	-
		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	288	288
		373	315	323	272	357	366

Des Moines Independent Community School District

School Building Information (Continued)

Last Ten Fiscal Years

(Unaudited)

School	Fiscal Year			
	2001	2002	2003	2004
<b>Elementary:</b>				
<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	350	346	329	334
<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	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	322	280	276	-
<b>Name (Year)</b>	<b>McKinley</b>	<b>McKinley</b>	<b>McKinley</b>	<b>McKinley</b>
Square feet	37,228	37,228	49,994	49,994
Capacity	220	220	380	380
Enrollment	311	286	277	324
<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	262	283	263	275
<b>Name (Year)</b>	<b>Monroe</b>	<b>Monroe</b>	<b>Monroe</b>	<b>Monroe</b>
Square feet	73,997	73,997	73,997	73,997
Capacity	660	660	660	660
Enrollment	445	496	521	513
<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	327	325	337	327
<b>Name (Year)</b>	<b>Morris</b>	<b>Morris</b>	<b>Morris</b>	<b>Morris</b>
Square feet	-	74,684	74,684	74,684
Capacity	-	700	700	700
Enrollment	-	567	528	557
<b>Name (Year)</b>	<b>Moulton</b>	<b>Moulton</b>	<b>Moulton</b>	<b>Moulton</b>
Square feet	99,940	121,650	121,650	121,650
Capacity	475	620	620	620
Enrollment	408	366	445	443

(Continued)

		Fiscal Year									
		2005	2006	2007	2008	2009	2010				
<b>Madison</b>	<b>Madison</b>	42,049	42,049	42,049	42,049	42,049	42,049	42,049	42,049	42,049	42,049
		430	430	430	430	430	430	408	408	408	408
		341	332	314	359	334	368				
<b>Mann</b>	<b>Mann</b>	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940
		325	325	325	325	325	312	312	312	312	312
		-	-	-	-	-	-	-	-	-	-
<b>McKee</b>	<b>McKee</b>	43,400	43,400	43,400	43,400	43,400	43,400	43,400	43,400	43,400	43,400
		375	375	375	375	375	384	384	384	384	384
		-	-	-	-	-	-	-	-	-	-
<b>McKinley</b>	<b>McKinley</b>	49,994	49,994	49,994	49,994	49,994	49,994	49,994	49,994	49,994	49,994
		380	380	380	380	380	360	360	360	360	360
		305	304	337	363	292	292	292	292	292	292
<b>Mitchell</b>	<b>Mitchell - Bridges</b>	31,682	31,682	31,682	31,682	31,682	31,682	31,682	31,682	31,682	31,682
		350	350	350	350	350	264	264	264	264	264
		251	114	118	135	-	-	-	-	-	-
<b>Monroe</b>	<b>Monroe</b>	73,997	73,997	73,997	73,997	73,997	73,997	73,997	73,997	73,997	73,997
		660	660	660	660	660	576	576	576	576	576
		516	492	526	533	523	485	485	485	485	485
<b>Moore</b>	<b>Moore</b>	45,334	45,334	45,334	45,334	45,334	45,334	45,334	45,334	45,334	45,334
		440	440	440	440	440	504	504	504	504	504
		322	320	287	-	-	-	-	-	-	-
<b>Morris</b>	<b>Morris</b>	74,684	74,684	74,684	74,684	70,656	70,656	70,656	70,656	70,656	70,656
		700	700	700	700	700	744	744	744	744	744
		586	563	577	583	630	691	691	691	691	691
<b>Moulton</b>	<b>Moulton</b>	121,650	121,650	121,650	121,650	121,650	121,650	121,650	121,650	121,650	121,650
		620	620	620	620	620	744	744	744	744	744
		444	528	514	460	419	398	398	398	398	398

**Des Moines Independent Community School District**

**School Building Information (Continued)**

**Last Ten Fiscal Years**

**(Unaudited)**

School	Fiscal Year			
	2001	2002	2003	2004
<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	20,255	59,497
Capacity	385	385	385	380
Enrollment	405	411	366	320
<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	528	502	507	464
<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	315	321	340	342
<b>Name (Year)</b>	<b>Phillips</b>	<b>Phillips</b>	<b>Phillips</b>	<b>Phillips</b>
Square feet	38,575	38,575	38,575	41,936
Capacity	400	400	400	380
Enrollment	348	340	338	337
<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	307	291	320	307
<b>Name (Year)</b>	<b>Rice</b>	<b>Rice</b>	<b>Rice</b>	<b>Rice</b>
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
<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	58,126	58,126
Capacity	500	500	500	500
Enrollment	490	529	520	508
<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	100	106	108	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										
2005		2006		2007		2008		2009		2010
<b>Oak Park</b>										
59,497	59,497	59,497	59,497	59,497	59,497	59,497	59,497	59,497	59,497	59,497
380	380	380	380	380	380	380	380	408	408	408
331	355	399	405	403	410	410	410	410	410	410
<b>Park Avenue</b>										
59,565	59,565	59,565	59,565	59,565	59,565	59,565	59,565	59,565	59,565	59,565
560	560	560	560	560	560	560	560	552	552	552
474	436	423	481	482	502	502	502	502	502	502
<b>Perkins</b>										
50,440	50,440	56,540	56,540	56,540	56,540	56,540	56,540	56,540	56,540	56,540
440	440	440	440	420	432	432	432	432	432	432
361	361	423	453	460	438	438	438	438	438	438
<b>Phillips</b>										
41,936	41,936	41,936	41,936	41,936	41,936	41,936	41,936	41,936	41,936	41,936
380	380	380	380	380	380	380	380	336	336	336
361	343	344	370	379	394	394	394	394	394	394
<b>Pleasant Hill</b>										
36,161	36,161	36,161	36,161	36,161	36,161	36,161	36,161	36,161	36,161	36,161
310	310	310	310	310	310	310	310	312	312	312
303	316	328	347	316	310	316	316	316	316	310
<b>Rice</b>										
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
<b>River Woods</b>										
58,126	58,126	58,126	58,126	58,126	58,126	58,126	58,126	58,126	58,126	58,126
500	500	500	500	500	500	500	500	504	504	504
537	546	518	491	501	530	530	530	530	530	530
<b>Samuelson</b>										
37,500	37,500	37,500	37,500	37,500	56,586	56,586	56,586	56,586	56,586	56,586
350	350	350	350	350	506	504	504	504	504	504
-	-	-	-	-	-	467	467	467	467	475
<b>Smouse</b>	<b>Smouse</b>	<b>Smouse</b>	<b>Smouse</b>	<b>Smouse ****</b>	<b>Smouse</b>	<b>Smouse</b>				
53,809	53,809	53,809	53,809	53,809	53,809	53,809	53,809	53,809	53,809	53,809
NA	384	384								
108	119	123	121	136	137	137	137	137	137	137
<b>South Union</b>										
-	-	68,508	68,508	68,508	68,508	68,508	68,508	68,508	68,508	68,508
-	-	630	630	630	630	630	630	696	696	696
-	-	553	572	572	572	572	572	560	560	533

**Des Moines Independent Community School District**

**School Building Information (Continued)**

**Last Ten Fiscal Years**

**(Unaudited)**

School	Fiscal Year			
	2001	2002	2003	2004
<b>Elementary:</b>				
<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	332	333	321	313
<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	353	369	414	432
<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	383	356	355	343
<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	-	-	-
Capacity	475	-	-	-
Enrollment	306	-	-	-
<b>Name (Year)</b>	<b>Willard</b>	<b>Willard</b>	<b>Willard</b>	<b>Willard</b>
Square feet	47,700	47,700	59,301	59,301
Capacity	450	450	560	560
Enrollment	428	373	336	366
<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	386	396	379	356
<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	502	461	447	420
<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	295	283	272	280

(Continued)

Fiscal Year											
2005		2006		2007		2008		2009		2010	
<b>Stowe</b>		<b>Stowe</b>		<b>Stowe</b>		<b>Stowe</b>		<b>Stowe</b>		<b>Stowe</b>	
	36,000		36,000		36,000		36,000		56,967		56,967
	400		400		400		400		408		408
	288		294		267		352		364		408
<b>Studebaker</b>		<b>Studebaker</b>		<b>Studebaker</b>		<b>Studebaker</b>		<b>Studebaker</b>		<b>Studebaker</b>	
	42,272		42,272		42,272		42,272		42,272		42,272
	420		420		420		420		456		456
	429		449		477		461		437		435
<b>Wallace</b>		<b>Wallace</b>		<b>Wallace</b>		<b>Wallace</b>		<b>Wallace</b>		<b>Wallace</b>	
	31,960		31,960		31,960		31,960		31,960		31,960
	360		360		360		360		360		360
	344		348		346		-		-		-
<b>Walnut Street +++++</b>		<b>Walnut Street</b>		<b>Walnut Street</b>		<b>Walnut Street +++++</b>		<b>Walnut Street +++++</b>		<b>Walnut Street</b>	
	37,206		37,206		38,800		38,800		58,212		58,212
<b>NA</b>		<b>NA</b>		<b>NA</b>		<b>NA</b>		<b>NA</b>		<b>NA</b>	
	54		93		104		212		248		250
<b>Watrous</b>		<b>Watrous</b>		<b>Watrous</b>		<b>Watrous</b>		<b>Watrous</b>		<b>Watrous</b>	
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
<b>Willard</b>		<b>Willard</b>		<b>Willard</b>		<b>Willard</b>		<b>Willard</b>		<b>Willard</b>	
	59,301		59,301		59,301		59,301		59,301		59,301
	560		560		560		560		600		600
	364		405		387		427		434		437
<b>Windsor</b>		<b>Windsor</b>		<b>Windsor</b>		<b>Windsor</b>		<b>Windsor</b>		<b>Windsor</b>	
	55,510		55,510		55,510		60,475		60,475		60,475
	420		420		420		420		408		408
	367		341		346		375		415		400
<b>Woodlawn</b>		<b>Woodlawn</b>		<b>Woodlawn</b>		<b>Woodlawn</b>		<b>Woodlawn</b>		<b>Woodlawn</b>	
	46,548		46,548		46,548		46,548		46,548		46,548
	450		450		450		450		504		504
	378		417		394		534		-		-
<b>Wright</b>		<b>Wright</b>		<b>Wright</b>		<b>Wright</b>		<b>Wright</b>		<b>Wright</b>	
	30,300		30,300		30,300		30,300		30,300		30,300
	310		310		310		310		312		312
	283		301		282		284		273		252

**Des Moines Independent Community School District**

**School Building Information (Continued)**

**Last Ten Fiscal Years**

**(Unaudited)**

School	Fiscal Year			
	2001	2002	2003	2004
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	756	758	758	740
<b>Name (Year)</b>	<b>Callanan</b>	<b>Callanan</b>	<b>Callanan</b>	<b>Callanan</b>
Square feet	109,920	109,920	116,037	116,037
Capacity	530	530	700	700
Enrollment	602	674	616	619
<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	661	659	630	618
<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	856	839	752	759
<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	619	626	643	588
<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	600	586	597	680
<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	591	585	616	673
<b>Name (Year)</b>	<b>Meredith</b>	<b>Meredith</b>	<b>Meredith</b>	<b>Meredith</b>
Square feet	97,984	97,984	107,316	107,316
Capacity	850	850	850	850
Enrollment	772	846	877	828
<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	598	641	654	660

(Continued)

Fiscal Year											
2005		2006		2007		2008		2009		2010	
<b>Brody</b>											
90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500
650	650	650	650	650	650	650	650	650	650	650	650
673	646	646	709	709	738	720	720	720	688	688	688
<b>Callanan</b>											
116,037	116,037	116,037	116,037	116,037	116,037	116,037	116,037	116,037	116,037	116,037	116,037
700	700	700	700	700	700	700	700	700	828	828	828
603	644	644	621	621	591	612	612	612	604	604	604
<b>Goodrell</b>											
102,230	102,230	102,230	102,230	102,230	110,495	110,495	110,495	110,495	110,495	110,495	110,495
700	700	700	700	700	700	700	700	700	871	871	871
644	674	674	631	631	611	591	591	591	614	614	614
<b>Harding</b>											
125,339	125,339	125,339	125,339	125,339	125,339	125,339	125,339	125,339	125,339	125,339	125,339
840	840	840	840	840	840	840	840	840	828	828	828
689	589	589	562	562	530	557	557	557	581	581	581
<b>Hiatt</b>											
103,060	103,060	103,060	103,060	103,060	103,060	103,060	103,060	103,060	103,060	103,060	103,060
800	800	800	800	800	800	800	800	800	743	743	743
567	495	495	465	465	484	504	504	504	533	533	533
<b>Hoyt</b>											
99,874	99,874	99,874	99,874	99,874	99,874	99,874	99,874	99,874	99,874	99,874	99,874
750	750	750	750	750	750	750	750	750	850	850	850
658	632	632	625	625	590	608	608	608	594	594	594
<b>Kurtz</b>	<b>Kurtz</b>	<b>Kurtz</b>	<b>Kurtz</b>	<b>Kurtz</b>	<b>Kurtz %</b>						
106,264	106,264	106,264	106,264	106,264	106,264	106,264	106,264	106,264	106,264	106,264	106,264
730	730	730	730	730	730	730	730	730	637	637	637
<b>McCombs</b>											
78,978	78,978	78,978	78,978	78,978	78,978	78,978	78,978	78,978	78,978	78,978	78,978
650	650	650	650	650	650	650	650	650	701	701	701
667	628	628	611	611	589	582	582	582	594	594	594
<b>Meredith</b>											
107,316	107,316	107,316	107,316	107,316	107,316	107,316	107,316	107,316	107,316	107,316	107,316
850	850	850	850	850	850	850	850	850	871	871	871
769	745	745	676	676	654	645	645	645	638	638	638
<b>Merrill</b>											
89,500	89,500	89,500	89,500	89,500	89,500	89,500	89,500	89,500	89,500	89,500	89,500
650	650	650	650	650	650	650	650	650	658	658	658
633	620	620	627	627	608	592	592	592	615	615	615

**Des Moines Independent Community School District**

**School Building Information (Continued)**

**Last Ten Fiscal Years**

**(Unaudited)**

School	Fiscal Year			
	2001	2002	2003	2004
<b>Middle:</b>				
<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	207	234	234	229
<b>Name (Year)</b>	<b>Weeks</b>	<b>Weeks</b>	<b>Weeks</b>	<b>Weeks</b>
Square feet	103,564	103,564	103,564	118,770
Capacity	880	880	880	900
Enrollment	847	881	865	822
<b>High:</b>				
<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	2,913	2,824	2,440	2,414
<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	1,667	1,732	1,841	1,970
<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	1,238	1,251	1,260	1,197
<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	2,131	2,221	2,330	2,179
<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	1,132	1,164	1,262	1,198
<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	1,587	1,616	1,610	1,583

(Continued)

Fiscal Year						
2005	2006	2007	2008	2009	2010	
<b>Van Meter</b>	<b>Van Meter</b>	<b>Van Meter</b>	<b>Van Meter ****</b>	<b>Van Meter ****</b>	<b>Van Meter ****</b>	<b>Van Meter ****</b>
56,460	56,460	56,460	56,460	56,460	56,460	56,460
NA						
231	218	211	192	189	170	403
<b>Weeks</b>						
118,770	118,770	118,770	112,390	112,390	112,390	112,390
900	900	900	900	1,041	1,041	1,041
813	789	728	754	757	749	749
<b>Central Academy \$</b>	<b>Central Academy @</b>					
-	-	-	86,426	86,426	86,426	86,426
-	-	-	-	658	658	658
<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	1,615	1,615
2,543	2,499	2,587	2,635		305	305
<b>East</b>						
355,293	355,293	355,293	344,376	344,376	344,376	344,376
2,100	2,100	2,100	2,100	2,337	2,337	2,337
2,125	2,115	2,191	2,216	2,160	2,224	2,224
<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	1,083	1,083	1,083
1,210	1,212	1,188	1,174	1,115	1,130	1,130
<b>Lincoln</b>						
269,905	269,905	269,905	312,628	312,628	312,628	312,628
1,800	1,800	1,900	1,800	1,848	1,848	1,848
2,157	2,126	2,175	2,203	2,181	2,262	2,262
<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	1,147	1,147	1,147
1,186	1,156	1,132	1,139	1,133	1,170	1,170
<b>Roosevelt</b>						
282,050	282,050	282,050	282,050	282,050	282,050	239,117
1,550	1,550	1,550	1,550	1,145	1,678	1,678
1,636	1,591	1,622	1,671	1,654	1,654	1,654

**Des Moines Independent Community School District**

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

School	Fiscal Year			
	2001	2002	2003	2004
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	-	-	-	-
<b>Name (Year)</b>	<b>CNC</b>	<b>CNC</b>	<b>CNC</b>	<b>CNC</b>
Square feet	-	-	-	56,186
Capacity	-	-	-	Varies
Enrollment	-	-	-	-
<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>Operations Center</b>	<b>Operations Center</b>	<b>Operations Center</b>	<b>Operations Center</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	-	-	33,481	33,481
Capacity	-	-	Varies	Varies
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.

% These buildings are being used to house the 9th graders from our high schools. The numbers for capacity and enrollment are rolled in with the high schools.

^ FY2009 information has updated square footages and capacity calculations per Facilities Department.

\$ Building in process of renovation for student use in FY09, therefore, no ideal capacity or enrollment data for FY08.

		Fiscal Year					
		2005	2006	2007	2008	2009	2010
<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>CNC</b>	<b>CNC</b>	56,186	56,186	56,186	56,186	56,186	56,186
		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>Operations Center</b>	<b>Operations Center</b>						97,404
		-	-	-	-	-	Varies
		-	-	-	-	-	-
<b>Walker Street</b>	<b>Walker Street</b>	33,481	33,481	33,481	33,481	33,481	33,481
		Varies	Varies	Varies	Varies	467	467
		-	-	-	-	-	-
<b>Walnut St Administration</b>	<b>Walnut St Administration</b>			77,600	77,600	58,212	58,212
		-	-	Varies	Varies	Varies	Varies
		-	-	-	-	-	-
<b>Welcome Center</b>	<b>Welcome Center</b>	6,200	6,200	6,200	6,200	6,200	6,200
		Varies	Varies	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	Fiscal Year				
	2001	2002	2003	2004	2005
Elementary:					
Buildings	44	44	44	45	46
Square feet	1,903,941	2,004,103	1,998,470	2,139,676	2,176,882
Capacity	17,550	18,255	18,525	19,200	19,200
Enrollment	15,274	15,091	15,064	14,805	14,786
Middle:					
Buildings	12	12	12	12	12
Square feet	1,163,673	1,163,673	1,179,122	1,194,328	1,194,328
Capacity	8,030	8,030	8,200	8,220	8,220
Enrollment	7,109	7,329	7,242	7,216	6,947
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	9,275
Enrollment	10,668	10,808	10,743	10,541	10,857
Other:					
Buildings	2	2	3	4	5
Square feet	118,530	118,530	152,011	208,197	214,397
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	122	134	128	138
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	44	44	44	45	46

Source: District records.

Fiscal Year				
2006	2007	2008	2009	2010
45	45	46	46	<b>43</b>
2,145,462	2,229,859	2,365,082	2,418,986	<b>2,305,821</b>
18,900	19,055	19,791	20,532	<b>20,040</b>
14,927	15,012	15,881	15,428	<b>15,565</b>
12	12	12	12	<b>12</b>
1,194,328	1,194,328	1,196,213	1,196,213	<b>1,196,213</b>
8,220	8,220	8,220	8,665	<b>9,068</b>
6,680	6,466	6,341	6,357	<b>6,380</b>
6	6	7	7	<b>7</b>
1,768,268	1,768,268	1,886,500	1,886,500	<b>1,843,567</b>
9,275	9,375	9,275	9,833	<b>10,366</b>
10,699	10,895	11,038	8,243	<b>8,745</b>
5	6	6	6	<b>8</b>
214,397	214,397	214,397	214,397	<b>445,095</b>
Varies	Varies	Varies	Varies	<b>Varies</b>
NA	NA	NA	NA	<b>NA</b>
1	1	1	1	<b>1</b>
43,709	77,600	77,600	58,212	<b>58,212</b>
1	1	1	1	<b>1</b>
139	138	131	131	<b>134</b>
5	5	5	5	<b>5</b>
-	-	-	-	<b>-</b>
6	6	6	6	<b>6</b>
10	10	10	10	<b>10</b>
8	8	8	8	<b>8</b>
45	45	46	46	<b>46</b>

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**Des Moines Independent Community School District**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2010**

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	\$ 1,785,514
National School Lunch Program	10.555	42-6004525	7,368,140
NSLP - Fruit and Vegetable Program	10.555	42-6004525	294,834
Child and Adult Care Food Program	10.558	42-6004525	320,975
Summer Food Service Program for Children	10.559	42-6004525	208,325
NSLP - USDA Commodities	10.555	42-6004525	786,928
NSLP - USDA Commodities	10.555	42-6004525	90,000
			10,854,716
(Passed through Iowa Department of Public Health):			
State Administrative Matching Grants for Food Stamp Program	10.561	42-6004523	73,143
<b>Total U.S. Department of Agriculture</b>			<b>10,927,859</b>
<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	63,071
<b>U.S. Department of Education:</b>			
(Direct):			
Readiness & Emergency Management Grant	84.184E	42-6001433	90,003
Elementary & Secondary Counseling Demonstration Grant	84.215E	42-6001433	379,448
Smaller Learning Communities - Implementation	84.215L	42-6001433	994,128
Teaching American History	84.215X	42-6001433	190,480
Early Childhood Harkin Earmark Grant	84.215K	42-6001433	404,962
Gaining Early Awareness and Readiness (GEAR UP)	84.334	42-6001433	1,257,706
Full Service Community Harking Earmark Grant	84.215K	42-6001433	147,614
Fitness on the Move Carol White PE Grant	84.215K	42-6001433	546,852
Preparing Early Readers for Kindergarten Grant	84.359B	42-6001433	1,212,475
Fine Arts Model for Education (FAME) Grant	84.351C	42-6001433	306,429
Des Moines Partnership for Teacher Quality	84.336C	42-6001433	134,445
			5,664,542

(Continued)

**Des Moines Independent Community School District**

**Schedule of Expenditures of Federal Awards (Continued)**

**Year Ended June 30, 2010**

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	9,287,047
Special Education Grants to States, Online			
Units for Component Instruction	84.027	42-6004525	6,232
Iowa Fire Life Safety Grant	84.215K	42-6004525	132,200
Iowa Demonstration Construction Grants	84.215K	42-6004525	500,000
Math Partnership Program	84.281	42-6004525	196,107
Science Partnership Program	84.366B	42-6004525	42,503
Secondary Professional Development	84.323A	42-6004525	25,337
Vocational Education Basic Grants to States	84.048	42-6004525	476,836
Safe and Drug Free Schools and Communities	84.186	42-6004525	126,830
Improving Teacher Quality State Grant (Title II)	84.367	42-6004525	2,082,140
Education Technology State Grant (Technology Literacy			
Challenge Grant)	84.318	42-6004525	156,635
Education for Homeless Children & Youth	84.196	42-6004525	25,621
English Language Acquisition Grants (Title III ELL/LEP)	84.365	42-6004525	658,547
English Language Acquisition Grants (Title III Immigrant Children)	84.365	42-6004525	132,829
Reading First	84.357	42-6004525	414,500
Grants for State Assessments & Related Activities	84.369	42-6004525	190,470
Advanced Placement Program	84.330	42-6004525	20,662
21st Century Community Learning Centers	84.287	42-6004525	1,390,472
ARRA - State Fiscal Stabilization for Teacher Professional Development	84.394	42-6004525	144,513
ARRA - State Fiscal Stabilization for State Aid	84.394	42-6004525	14,040,746
ARRA - State Fiscal Stabilization for Instructional Support	84.394	42-6004525	1,166,857
ARRA - Education for Homeless Children and Youth	84.387A	42-6004525	23,349
ARRA - Title I Basic	84.389	42-6004525	2,829,572
			34,070,005
(Passed through Heartland Area Education Agency 11):			
Special Education Grants to States (Individuals with Disabilities			
Education Act)	84.027	42-1028173	1,878,261
Special Education Grants to States (Handicapped Preschool			
Program Vocational Assessment)	84.027	42-1028173	5,601,712
Parent Education Project	84.029	42-1028173	30,159
Special Education Preschool Grants (Least Restrictive			
Environment Coordinator)	84.173	42-1028173	171,320
Special Education Grants to States (Grants for Infants and			
Families with Disabilities)	84.181	42-1028173	190,572
Reading First	84.357	42-1028173	3,718
ARRA - Stabilization - Special Ed IDEA Part B Section 611	84.391	42-1028173	4,189,575
ARRA - Stabilization - Special Ed IDEA Part B Section 619	84.392	42-1028173	146,906
ARRA - Stabilization - Special Ed IDEA Part C	84.393	42-1028173	63,013
			12,275,236

(Continued)

**Des Moines Independent Community School District**

**Schedule of Expenditures of Federal Awards (Continued)**

**Year Ended June 30, 2010**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
(Passed through Iowa College Student Aid Commission): Gaining Early Awareness and Readiness (GEAR UP)	84.334	42-00891451	165,968
(Passed through School Administrators of Iowa): Parent Information Resource Center Grant	84.310A	42-1300888	4,894
<b>Total U.S. Department of Education</b>			<u>52,180,645</u>
<b>U.S. Department of Health and Human Services:</b>			
(Passed through Iowa Department of Education): Comprehensive School Health Programs	93.938	42-6004525	1,300
Refugee Assistance Program	93.576	42-6004525	131,657
			<u>132,957</u>
(Passed through State of Iowa Department of Public Health), Youth Suicide Prevention (Teen Screen)	93.243	42-6004525	22,364
(Passed through American Alliance for health, physical education, recreation and Dance), Head Start Body Start	93.600	N/A	5,000
(Passed through Drake University) Head Start	93.600	42-0680460	1,597,919
ARRA - Special Ed IDEA Part B	93.708	N/A	94,940
			<u>1,692,859</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>1,853,180</u>
<b>Corporation for National and Community Services:</b>			
(Passed through Iowa Department of Education), Comm Serv Iowa	94.004	42-6004525	6,257
<b>U.S. Department of Defense,</b>			
(Direct) Air Education & Training Command	12.999	N/A	114,120
<b>U.S. Department of Justice</b>			
(Passed through City of Des Moines), Secure our School	16.710	42-6004514	48,080
<b>Total Expenditures of Federal Awards</b>			<u>\$ 65,193,212</u>

See Notes to Schedule of Expenditures of Federal Awards.

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**Des Moines Independent Community School District**

**Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2010**

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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, 2010. 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 to Local Educational Agencies	84.010A	\$ 106,755
Education for Homeless Children and Youth	84.196	23,130
ARRA - Title I Basic	84.389	35,150

**Des Moines Independent Community School District**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2010**

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	Findings	Status	Corrective Action Plan or Other Explanation
<b>Significant Deficiencies in Internal Control:</b>			
09-II-A	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 10-II-A
<b>Instances of Noncompliance over Federal Awards</b>			
09-III-A	The District did not have a system in place to document the time of split funded employee payroll costs related to Title I, Title II, Special Education, Reading First and HeadStart until January 1, 2009.	Partially corrected	See similar finding and corrective action plan at 10-III-C
09-III-B	The District did not serve eligible schools or attendance areas in rank order according to their poverty level.	Partially corrected	See similar finding and corrective action plan at 10-III-A
09-III-C	The District ensures vendors providing one time services in excess of \$25,000 are not suspended or debarred. However, the District did not ensure vendors were not suspended or debarred in situations where the District paid multiple invoices less than \$25,000 that exceeded \$25,000 in aggregate.	Partially corrected	See similar finding and corrective action plan at 10-III-B
09-III-D	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 for the period July 1, 2008 to November 4, 2008.	Corrected	

(Continued)

**Des Moines Independent Community School District**

**Summary Schedule of Prior Audit Findings (Continued)  
Year Ended June 30, 2010**

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	Findings	Status	Corrective Action Plan
<b>Other Findings Related to Required Statutory Reporting</b>			
09-IV-A	Expenditures for the year ended June 30, 2009 exceeded the final amended certified budget amounts in the instruction function by \$410,779.	Uncorrected	See similar finding and corrective action plan at 10-IV-A
09-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 10-IV-G
09-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 tuitioned in-out, open enrolled in and tuitioned in students.	Corrected	
09-IV-H	The District purchased short-term investments that were not in accordance with the statutory rates established by the State Rate Setting Committee.	Corrected	
09-IV-J	The Preschool Fund, Child Care Fund and Collage Fund had deficit balances as of June 30, 2009 of \$677,879, \$1,909 and \$55,847, respectively.	Uncorrected	See similar finding and corrective action plan at 10-IV-M

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**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 (the District) as of and for the year ended June 30, 2010, which collectively comprise the Des Moines Independent Community School District's basic financial statements and have issued our report thereon dated December 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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 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.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 10-II-A that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, 2010 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.

The 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.

We noted certain matters that we reported to management of the District in a separate letter dated December 10, 2010.

This report is intended solely for the information and use of the Board of Education, audit committee, management, others within the District 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 10, 2010



**Independent Auditor's Report on Compliance With  
Requirements that Could Have a Direct and Material  
Effect on 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 Des Moines Independent Community School District's (the District) compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The 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 Non-Profit 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 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 District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which 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 10-III-A through 10-III-D.

## Internal Control Over Compliance

Management of the 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 District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

The 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 and use of the Board of Education, audit committee, management, others within the District 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 10, 2010

**Des Moines Independent Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2010**

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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?  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?  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
<b>Title I Cluster:</b>	
84.010A	Title I Grants to Local Educational Agencies
84.389	ARRA - Title I Basic
<b>Early Intervening Services Cluster:</b>	
84.181	Special Education - Grants for Infants
84.393	ARRA - Stabilization - Special Ed IDEA Part C
<b>Special Education Cluster:</b>	
84.027	Special education grants to states
84.173	Special Education Preschool Grants
84.391	ARRA - Stabilization Special Ed IDEA Part B Section 611
84.392	ARRA - Stabilization Special Ed IDEA Part B Section 619
84.394	ARRA - State Fiscal Stabilization for State Aid

Dollar threshold used to distinguish between type A and type B programs: \$1,955,796

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, 2010**

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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 Deficiency in Internal Control**

**10-II-A**

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

Criteria: A significant deficiency is a control deficiency that adversely affects the entity's ability to authorize, initiate, 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.

Condition/Context: 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.

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

Cause: Improper segregation of duties.

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

Response and Corrective Action Plan: The District and its auditors recognize 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, 2010**

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**III. Findings and Questioned Costs for Federal Awards**

**A. Significant Deficiencies in Administering Federal Awards**

None

**B. Instances of Noncompliance**

**10-III-A**

**U.S. Department of Education  
Passed Through Iowa Department of Education  
Title 1 Cluster  
Title I Grants to Local Educational Agencies  
ARRA – Title 1 Basic  
(CFDA 84.010A & 84.389) (Fiscal Years 2009, 2010)**

Finding: The District did not serve eligible schools or attendance areas in rank order according to their poverty level.

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

Condition: The District properly established a rank order based on poverty levels in calculating resources to allocate to Title I schools. Included in the allocation were budgets for each school to be spent on general Title I related expenditures. However, the District did not properly communicate these budgets to the schools and the amounts went unexpended; resulting in schools not being served in the rank order originally established.

Questioned Costs: None

Context: All eligible schools under Title 1.

Effect: The schools did not receive Title I services in rank order according to poverty level.

Cause: The District does not properly communicate budgets to the schools and the amounts were unexpended.

Recommendation: The District should review its procedures for delivering Title I funds to schools operating schoolwide programs. Through this review, they should implement procedures to ensure that the planned amount of Title I funds are properly delivered to each school.

Response and Corrective Action: The District developed procedures to appropriately provide resources to Title I schools in rank order according to poverty levels; however, failed to communicate additional budgets to those schools. The District will develop procedures to effectively communicate budgets to Title I schools.

(Continued)

**Des Moines Independent Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010**

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**10-III-B**

**U.S. Department of Education  
Passed Through Iowa Department of Education  
Title 1 Cluster  
Title I Grants to Local Educational Agencies  
ARRA – Title 1 Basic  
(CFDA 84.010A & 84.389) (Fiscal Years 2009, 2010)**

**U.S. Department of Education  
Passed Through Heartland Area Education Agency II  
Early Intervening Services Cluster Special Education Grants to States  
ARRA – Stabilization – Special Education IDEA Part C  
(CFDA 84.181 and 84.393) (Fiscal Year 2010)**

Finding: The District did not ensure vendors providing goods and services under covered transactions were not suspended or debarred prior to contracting. However, per the EPLS website the vendors are not currently suspended or debarred.

Criteria: OMB Circular A-133 dictates when the District enters into a covered transaction, it is required to verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity or adding a clause or condition to the covered transaction with the entity.

Condition: The District has a policy for obtaining certification for all new vendors that the entity is not suspended or debarred, however the policy does not apply to previously used vendors.

Questioned Costs: None

Context: The District received services from 3 vendors under covered transactions.

Effect: The District could enter into a transaction with a previously used vendor that has become suspended or debarred.

Cause: The District was unaware they should verify vendors previously used by the District.

Recommendation: The District should review its procedures to ensure previously used vendors are also reviewed for the suspension and debarment requirement, as vendor status can change.

Response and Corrective Action Plan: The District will develop procedures to periodically review the EPLS website during the year to ensure that covered vendors are not suspended or debarred.

(Continued)

Des Moines Independent Community School District

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010

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10-III-C

U.S. Department of Education  
Passed Through Iowa Department of Education  
Title 1 Cluster  
Title I Grants to Local Educational Agencies  
ARRA – Title 1 Basic  
(CFDA 84.010A & 84.389) (Fiscal Years 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010)

U.S. Department of Education  
Passed Through Heartland Area Education Agency II  
Early Intervening Services Cluster Special Education Grants to States  
ARRA – Stabilization Special Ed IDEA Part C  
(CFDA 84.181 and 84.393) (Fiscal Year 2010)

U.S. Department of Education  
Passed Through Iowa Department of Education  
Passed Through Heartland Area Education Agency II  
Special Education Cluster  
Special Education Grants to States  
Special Education Grants  
(CFDA 84.027 and CFDA 84.173) (Fiscal Years 2004, 2005, 2006, 2007, 2008, 2009, 2010)  
ARRA – Stabilization – Special Education Grants to States IDEA Part B  
(CFDA 84.391 and 84.392) (Fiscal Years 2009, 2010)

Finding: The District has a system in place to document employee's federal time with semi-annual certifications or federal activity reports. However, the District was unable to provide documentation of Federal activity for multiple employees that were charged to the program.

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.

Condition: The District was unable to produce documentation to support some of the fully funded and partially funded employees selected.

Questioned Costs: None

Context: The District was unable to provide documentation of Federal activity for 12 out of 52 Title I Cluster selections requested, 1 out of 17 Early Intervening Services Cluster selections requested, and 17 out of 56 Special Education Cluster selections requested.

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

(Continued)

**Des Moines Independent Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010**

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Cause: Documentation was unavailable.

Recommendation: The District should review its procedures to ensure all Federal activity is properly documented and maintained

Response and Corrective Action Plan: The District will communicate with site administrators that were unable to provide sufficient documentation for the certifications in question. The District will continue to selectively review sites for adherence to procedures regarding federally funded employees.

**10-III-D**

**U.S. Department of Education  
Passed Through Iowa Department of Education  
Title 1 Cluster  
Title I Grants to Local Educational Agencies  
ARRA – Title 1 Basic  
(CFDA 84.010A & 84.389) (Fiscal Year 2010)**

Finding: The District did not notify the State in a timely manner of its intent to spend less than 20% of its Title I allocation on choice related transportation and supplemental educational services.

Criteria: The OMB Circular A-133 requires Districts that spend less than 20% of the Title I allocation must notify the SEA of its intent to do so.

Condition: The District meets all criteria to spend less than 20% of its Title I allocation on choice related transportation and supplemental services. However, the District did not notify the SEA in a timely manner.

Questioned Costs: None

Context: Choice related transportation and supplemental education services.

Effect: The State did not have the opportunity to accept or reject the District's plan to spend less than the required amount.

Cause: The District was not aware of the notification requirement.

Recommendation: In the future, the District should ensure the state is notified that it intends to spend less than 20% of its Title I allocation on choice transportation and supplemental services.

Response and Corrective Action Plan: The District will develop procedures to notify the state in a timely manner if less than 20 percent of Title I funds are intended to be spent on choice transportation and supplemental services.

(Continued)

**Des Moines Independent Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010**

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

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

Finding: Expenditures for the year ended June 30, 2010 exceeded the final amended certified budget amounts in the other function by \$283,658 or 0.5 percent.

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

Response: The budget was exceeded due to bond issuance costs which were not budgeted. The District will ensure that expenditures do not exceed the final amended budget for each functional area.

Conclusion: Response accepted.

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

**10-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.

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

**10-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 the coverage is adequate for current operations.

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

Finding: The District did not publish board minutes as required by Chapter 279.35 and 279.36 of the Code of Iowa.

Recommendation: The Board secretary should furnish a copy of the Board proceedings to be published within two weeks of each meeting.

Response and Corrective Action Plan: The Board Secretary will furnish a copy of the Board proceedings for publication within two weeks of each meeting.

Conclusion: Response accepted.

(Continued)

**Des Moines Independent Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010**

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**10-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: 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 cannot 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.

**10-IV-H – Supplementary Weighting** – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

**10-IV-I – Deposits and Investments** – The District's policy for deposits and investments is in compliance with the Code of Iowa, with the following exception:

Finding: The District held deposits and investments at one institution in excess of the maximum amount authorized by the Board of Education, as the result of a bond issuance.

Recommendation: The District should review its procedures to ensure it is in compliance with all board policies.

Response and Corrective Action Plan: The District will develop procedures to ensure that deposits and investments made with qualified depositories are within the limits authorized by the Board.

Conclusion: Response accepted.

**10-IV-J – Certified Annual Report** – The Certified Annual Report (CAR) was filed with the Iowa Department of Education timely. However, we did note the following item:

Finding: The District reported the value of the investments held in the Pension Trust Fund at cost; with no adjustment for fair value. This resulted in a \$15.3 million difference in the amount reported on the CAR and the amount reported on the District's financial statements.

Recommendation: We recommend the District report investments at fair value on the CAR in the future.

Response and Corrective Action Plan: The District will develop procedures to ensure that investments are reported at fair market value on the Certified Annual Report to the State.

Conclusion: Response accepted.

(Continued)

**Des Moines Independent Community School District**

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2010**

**10-IV-K – Categorical Funding** - No instances of categorical funding being used to supplant rather than supplement other funds were noted.

**10-IV-L – Statewide Sales, Services and Use Tax** - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales, services and use tax revenue are as follows:

Beginning balance		<u>\$ 8,081,713</u>
Local option sales tax		24,841,106
Earnings on investments		21,936
Other local and federal sources		1,165,326
Other local sources		<u>1,135</u>
		26,029,503
Other sources:		
Issuance of revenue bonds		70,000,000
Premiums on revenue bonds		<u>5,271,516</u>
		101,301,019
Expenditures/transfers out:		
School infrastructure:		
Land	\$ -	
Buildings	29,726,648	
Equipment	1,521,000	
Other improvements	3,096,087	
Debt service for school infrastructure:		
General obligation debt	-	
Revenue debt	-	<u>34,343,735</u>
Ending balance		<u><u>\$ 75,038,997</u></u>

The statewide sales, services and use tax (SSSUT) revenue received during the year ended June 30, 2010 is equivalent to a potential reduction in the following levies had the District not had the SSUT and had instead asked the voters to approve a levy for general obligation debt equal to the amount of the SSSUT revenue received during fiscal year 2010:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
	<u>                    </u>	<u>                    </u>
Debt service levy	\$ 3.64735	\$ 24,841,106

(Continued)

**Des Moines Independent Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010**

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**10-IV-M – Deficit Balances** – The Preschool Fund, Child Care Fund and Collage Fund had deficit balances as of June 30, 2010 of \$677,879, \$253,772 and \$79,158, respectfully.

Finding: In the current and prior year, the Child Care Fund, Preschool Fund and Collage Fund have reported a deficit balance.

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.

The District continues to analyze the Collage Fund's activities and have taken steps to reduce the negative fund balance.

Conclusion: Response accepted.

**10-IV-N – Property Disposal:** The District did not properly advertise property disposals in the current year

Finding: The District did not comply with Iowa State code section 297.22 which states that "property having a value of not more than five thousand dollars, other than real property, may be disposed of by any procedure which is adopted by the board and each sale shall be published by at least one insertion each week for two consecutive weeks in a newspaper having general circulation in the district". The District advertised the sales through an online auction website instead of the newspaper, which violates the Iowa code.

Recommendation: The District should adopt a policy that is consistent with the Iowa code.

Response and Corrective Action Plan: In the past the District used a "live" auction service and properly advertised those events in the newspaper. In order to expand our audience and to improve financial returns of assets being liquidated, the District changed its procedures in December 2009 to begin utilizing an online auction service. The District's understanding was that notices sent by the online auction service to the Iowa Press Association were being published in the local newspaper. We have been unable to conform that those notices were published in the newspaper. In order to prevent timing issues with the online auction service and the issuance of the publications, the District has negotiated with the service to have them send notices to the Des Moines Register regarding the date and time for each online auction event. To further ensure compliance the District will request that each event's publication be documented in an affidavit to be sent to and retained by the District's purchasing department.

Conclusion: Response accepted.

**Des Moines Independent Community School District**

**Corrective Action Plan  
Year Ended June 30, 2010**

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Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
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**Significant Deficiency in Internal Control:**

10-II-A	The District does not have adequate segregation of duties needed over student activity funds at the schools.	See response and corrective action plan at 10-II-A.	June 30, 2011	Patricia Schroeder
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**Instances of Noncompliance over Federal Awards**

10-III-A	The District did not serve eligible schools or attendance areas in rank order according to their poverty level.	See response and corrective action plan at 10-III-A.	June 30, 2011	Jo Ellen Latham
10-III-B	The District did not ensure vendors providing goods and services under covered transactions were not suspended or debarred.	See response and corrective action plan at 10-III-B.	June 30, 2011	Sheila Mason
10-III-C	The District was unable to provide documentation of Federal activity for multiple employees that were charged to the program.	See response and corrective action plan at 10-III-C.	June 30, 2011	Twyla Woods
10-III-D	The District did not notify the State of its intent to spend less than 20% of its Title I allocation on choice related transportation or supplemental services.	See response and corrective action plan at 10-III-D.	June 30, 2011	Jo Ellen Latham

(Continued)

**Des Moines Independent Community School District**

**Corrective Action Plan (Continued)  
Year Ended June 30, 2010**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
<b>Other Findings Related to Required Statutory Reporting</b>				
10-IV-A	Expenditures for the year ended June 30, 2010 exceeded the final amended certified budget amounts in the other function by \$283,658.	See response and corrective action plan at 10-IV-A.	June 30, 2011	Patricia Schroeder
10-IV-F	The District did not publish board minutes as required by Chapter 279.35 and 279.36 of the Code of Iowa.	See response and corrective action plan at 10-IV-F.	June 30, 2011	Elizabeth Nigut
10-IV-G	Documentation to support the number of foster care students reported as enrolled is not maintained.	See response and corrective action plan at 10-IV-G.	June 30, 2011	Greg Davis
10-IV-I	The District held deposits and investments at one institution in excess of the amount authorized by the Board of Education.	See response and corrective action plan at 10-IV-I.	June 30, 2011	Patricia Schroeder
10-IV-J	The District reported the value of the investments held in the Pension Trust Fund at cost; with no adjustment for fair value. This resulted in a \$15.3 million difference in the amount reported on the CAR and the amount reported on the District's financial statements.	See response and corrective action plan at 10-IV-J	June 30, 2011	Patricia Schroeder
10-IV-M	The Preschool Fund, Child Care Fund and Collage Fund had deficit balances as of June 30, 2010 of \$677,879, \$253,772 and \$79,158, respectfully.	See response and corrective action plan at 10-IV-M	June 30, 2011	Patricia Schroeder
10-IV-N	The District did not properly advertise disposals of property having a value of not more than five thousand dollars.	See response and corrective action plan at 10-IV-N	June 30, 2011	Bill Good



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

In connection with our audit of the financial statements of the Des Moines Independent Community School District (the District) as of and for the year ended June 30, 2010, 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 and correct 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 would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We have separately communicated, to you and the Audit Committee, an identified deficiency that we determined to be a significant deficiency. Certain control deficiencies that have been previously communicated to you, in writing, by us or by others within your organization are not repeated herein.

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

### **Financial Reporting**

During the audit, we noted 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. In addition, the District does not account for government-wide transactions on the general ledger. We recommend the District continue to strengthen procedures to ensure all transactions are properly accounted for and recorded in the District's financial statements.

### **Contribution rates of pension plan participants**

During the audit, we noted certain employees were not being charged the appropriate pension contribution rates. Per the plan document, employees are charged a specific rate based on age at their hire date. We noted several instances where incorrect ages had been used to determine the contribution rate. The majority of these differences were a one year age difference due to rounding, but other instances were noted that were greater than one year. We recommend the District implement secondary review procedures over the pension contribution rates determined for new employees.

## **E-Rate Program**

The E-Rate Program is a rebate program through the FCC that allows that District reimbursements for certain qualified telecommunication expenditures. The District submits a preliminary budget by project that may be eligible for reimbursement. Once approved, the District determines available funding and which projects will be worked and completed. Based on the actual work completed and paid, the District submits itemized documentation and a prescribed form to the vendors used for the project. The vendors verify that work was completed and payment received and forwards the District's documentation and prescribed form to the FCC indicating the amount to be reimbursed. Any change made to this form by the vendor triggers a cancellation of the original form and requires a resubmittal of the form by the District. Reimbursement by the FCC is sent directly to the vendors and subsequently, the vendors issue a check to the District for the reimbursement amount. The District does not have an effective reconciliation process to ensure that all funds requested via the vendor to the FCC are received from the vendor. We recommend the District reconcile reimbursements received for E-Rate funding to the amounts requested.

## **Interest Earned on Federal Grant Funds**

The OMB Circular A-133 requires the interest earned by local government grantees and subgrantees on advances to be submitted promptly, but at least quarterly, to the Federal agency. In our testing of the single audit major programs, we noted the District annually estimates the amount of interest earned, and has historically concluded it is not material. The OMB identifies a threshold of \$250, and we estimated interest earned of approximately \$1,589 in total from three major programs, using the District's applicable interest rates, which is in excess of this amount. We recommend the District monitor interest earnings on advance cash received and remit interest earned to the U.S. Treasury.

## **Cut-off Procedures to Identify Liabilities as of Year End**

To help determine expenditure accruals at year-end, the District reviews all invoices received up to 60 days after year-end. After 60 days, invoices for services or good received prior to year-end are reviewed to determine if an accrual is necessary. We noted several expenditures we believe should have been accrued and were not. Generally accepted accounting principles (GAAP) requires all expenditures be recognized in the period they are incurred regardless of when the invoice is received. While it is acceptable to establish a policy such as a 60-day accrual period, implementation of the policy should not result in financial statements that are materially different than GAAP financial statements would be. The expenditures that should have been accrued were considered to be immaterial and were not posted to the general ledger. Instead the aggregate total of these expenditures was listed as an uncorrected misstatement. We recommend the District establish a specific dollar threshold that ensure expenditure accruals are not materially different than GAAP accruals.

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

*McGladrey & Pullen, LLP*

Davenport, Iowa  
December 10, 2010