

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

Comprehensive Annual Financial Report
Year Ended June 30, 2012

Des Moines Independent Community School District, Des Moines, Iowa

Comprehensive Annual Financial Report
Year Ended June 30, 2012

**Official Issuing Report:
Thomas Harper
Chief Financial Officer**

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

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December 14, 2012

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, 2012.

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, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the District's financial statements for the year ended June 30, 2012. The independent auditor's report is located at the front of the financial section of this report.

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

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

As is the case every year, the District was required to undergo a single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U. S. Office of Management and Budget Circular A-133, Audits of States and Local Governments and Nonprofit Organizations. Information related to this single audit, including a schedule of expenditures of federal awards, summary schedule of prior audit findings, the independent auditor's report on internal control over financial reporting and on compliance and other matters, independent auditor's report on compliance with requirements applicable to each major program and internal control over compliance, a schedule of findings and questioned costs and corrective action 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 2012 was 32,062, making it by far the largest public school district in Iowa.

Kiplinger ranked Des Moines #1 for "Best Cities for Families," and among its top "10 Best Cities for the Next Decade." *Forbes* magazine ranked Des Moines number 2 as the "Best Cities for Jobs;" as well as number one for "Best City for Young Professionals" for 2012. *US News and World Report* ranked Des Moines the number one "Richest Metro in the Nation." 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-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 three preschool centers. It has 38 elementary schools; 11 middle schools; 1 stand alone ninth grade academy; 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 2,800 students attend Central Campus, a Regional Academy, from the Des Moines high and middle schools including 23 other school districts from the Greater Des Moines area. The Advanced Placement program at Central Academy is ranked in the top one percent of 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.
 - Five schools, Capitol View, Downtown, Edmunds, 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 a 9th Grade Academy located separately in or away from each of its high schools.
 - Walnut Street School, Hubbell School, Park Avenue School, Stowe School, Goodrell Middle School, Merrill Middle School, and Central Academy currently offer International Baccalaureate (IB) programmes. Gateway Secondary School, Meredith Middle School and Hoover High School are currently working to become authorized IB programmes.
 - Wright Elementary and Howe Elementary are both recognized as Bernstein Artful Learning schools.
- 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 continues to be promising and ahead of the national trend. As stated above *Forbes* rated Des Moines the #2 "Best Cities for Jobs." In addition *Forbes* rated Des Moines the #4, "Best Places for Business and Careers." 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 October, 2012 unemployment rate for Des Moines was 5.0 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, 2011 affecting fiscal year 2013 state funding increased 0.02 percent; while the October 1, 2012 enrollment affecting fiscal year 2014 increased 0.02 percent. The amount of state funding for fiscal year 2014 is currently being determined by the state; therefore the District is planning conservatively. 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 unassigned fund balance (commonly referred to as the cash reserves) divided by the district's total General Fund revenues, less AEA flow-through. 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 increased at year end to 12.6 percent, up from 6.0 percent in the prior year. The district had plans to increase its solvency ratio over time, primarily by not making one time expenditures using cash reserves.

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 projected unspent spending authority balance ratio is 17.0 percent, up from 14.1 percent for the prior year.

Major Initiatives: We are in the second phase of bonding ahead on the Statewide Penny. Those projects currently not substantially complete are:

- renovations on the west end of the first and second floors at Central Campus
- Construction of Edmunds Elementary School

In 2013 the following major projects will be completed:

- Renovations/additions to Findley, Park Avenue (east wing), Pleasant Hill, Jefferson, Hoyt.

A major element of all of our projects is incorporating energy conservation strategies. In the last four years we have realized a utility cost reduction of approximately \$2.4M. We have 33 of our schools operating systems based upon geothermal. 53 of our schools are Energy Star qualified (up from 0 in 2008) which means they rank in the top 25% of school buildings nationally for optimized energy use. Based upon our energy program we were named 2012 energy star partner of the year nationally. Since 2008 the District has realized a decreased energy cost per square foot of \$0.36, resulting in a total savings of ~\$2.3M to the District. In addition the District has experienced decreasing energy usage while increasing the availability of air conditioning in the classroom (an increase of 21.8% of air conditioning in classrooms from 2008 to 2012).

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, 2012 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 McGladrey, 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 fifth 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, 2011. 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 fifth time, awarded a Certificate of Excellence in Financial Reporting to the district for the fiscal year ending June 30, 2011. 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 2011 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, 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,



Thomas M. Ahart
Interim Superintendent



Thomas L. N. Harper, CPA, CFM, CMA, CIA, SFO, CGFM
Chief Financial Officer

Des Moines Independent Community School District

**Board of Education and School District Officials
Year Ended June 30, 2012**

Name	Title	Term Expires
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Board of Education

Before November 2011:

Connie Boesen	President	2013
Patty Link	Vice President	2013
Teree Caldwell-Johnson	Board Member	2013
Felipe Gallardo	Board Member	2013
Richard Murphy	Board Member	2011
Ginny Strong	Board Member	2011
Jeanette Woods	Board Member	2011

After November 2011:

Richard Murphy	President	2013
Cindy Elsbernd	Vice President	2015
Connie Boesen	Board Member	2013
Teree Caldwell-Johnson	Board Member	2013
Bill Howard	Board Member	2015
Joe Jongewaard	Board Member	2013
Pat Sweeney	Board Member	2015

School District Officials

Thomas Ahart	Interim Superintendent	
Thomas Harper	Secretary and Treasurer	Appointed
Pat Lantz	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, 2011

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.



Christopher P. Moirice

President

Jeffrey R. Emer

Executive Director

Association of School Business Officials International

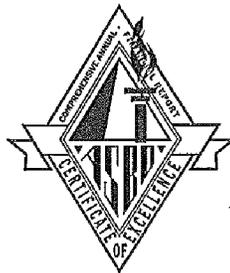


*The Certificate of Excellence in Financial Reporting Award
is presented to*

Des Moines Independent Community School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2011*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in cursive script, reading 'Brian L. Mee', written over a horizontal line.

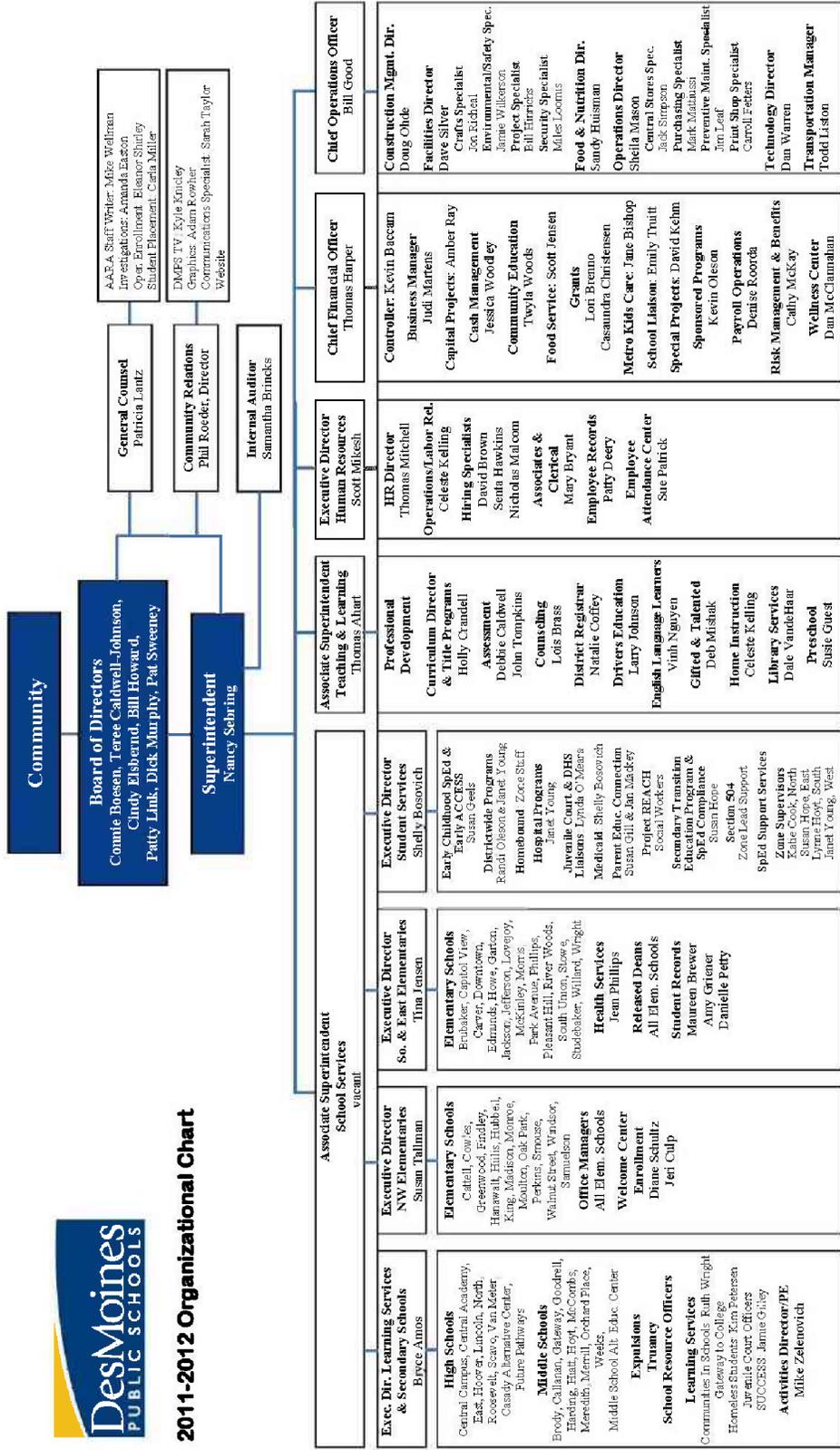
Brian L. Mee, SFO, RSBA
President

A handwritten signature in cursive script, reading 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director



2011-2012 Organizational Chart



October 4, 2011

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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 (District) as of and for the year ended June 30, 2012, 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 District as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows 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 14, 2012 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 15, schedule of funding progress on page 53 and the budgetary comparison schedule on pages 54 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor fund financial statements and individual fund statements, listed in the table of contents as supplementary information, and the accompanying schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments and Nonprofit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

McGladrey LLP

Des Moines, Iowa
December 14, 2012

Des Moines Independent Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

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, 2012. 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 2010 legislatively approved an allowable growth factor of 0 percent for fiscal year 2012 for the District's General Fund; this is the same growth factor that the legislature approved from fiscal year 2009 to fiscal year 2010.

In April 2011, the board approved an expenditure budget for fiscal year 2012 for all funds of \$439.5 million (including transfers). In May 2012, the board approved a budget amendment to increase revenues by \$80.9 million and to increase expenditures by \$20.3 million for a total net impact of \$60.6 million.

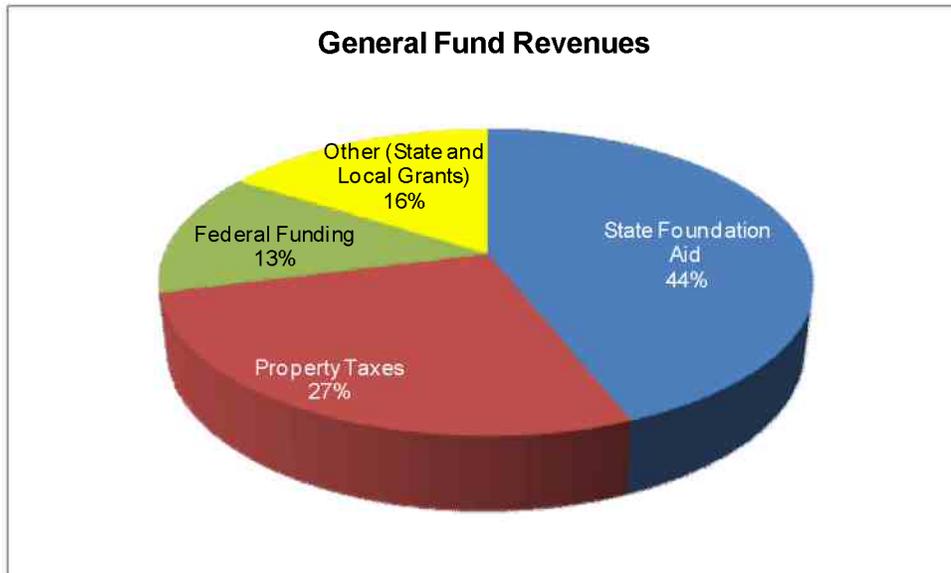
As in past years, the District continued to operate within its total statutory budgetary parameters. That is, expenditures (including transfers) for all funds by major function were less than anticipated, 96.3 percent of budget.

- **Revenue:** Government-wide revenues were \$442.9 million, which primarily consisted of state aid, property taxes, federal grants and local option sales taxes. General Fund revenues accounted for 84 percent of the Government-wide revenue. Program specific revenues in the form of charges for services and grants, and contributions accounted for 29 percent of total fiscal year 2012 revenues.

The General Fund had \$373.6 million in revenues for fiscal year 2012, which primarily consisted of state aid and property taxes. General Fund revenues increased five percent in fiscal year 2012, primarily due to the restoration of foundation aid cut in fiscal year 2010 and in increase in local property taxes.

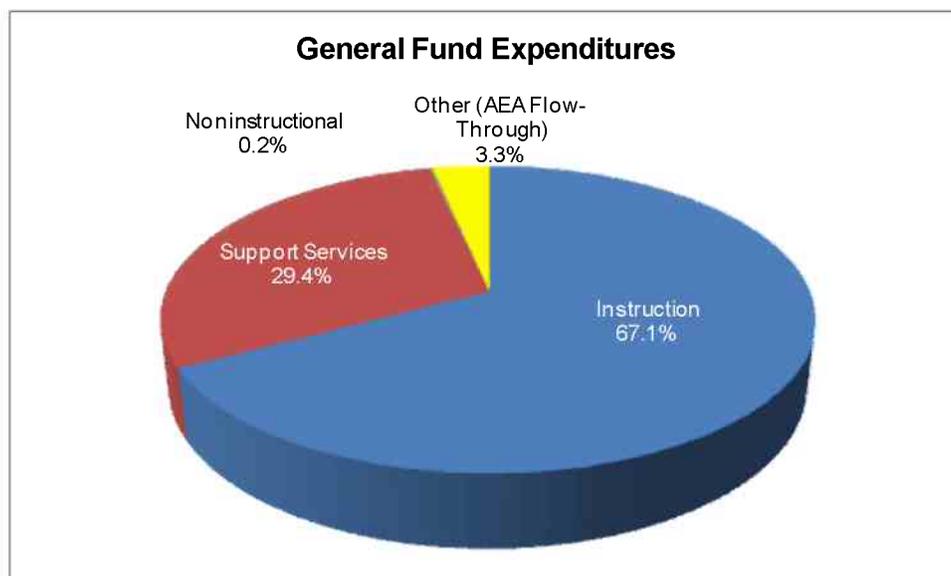
Des Moines Independent Community School District

Management's Discussion and Analysis
Year Ended June 30, 2012



Expenses: Government-wide expenses were \$403.7 million related to governmental activities, of which \$130.6 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$312.4 million provided for the remaining costs of these programs.

The General Fund had \$350.5 million in fiscal year 2012 expenditures, which primarily consisted of instructional expenditures. General Fund expenditures increased three percent, primarily due an increase in overall FTEs, as well as increased benefit costs for previously existing FTEs, and increases in expenditures associated with the receipt of federal grant funding throughout the year.



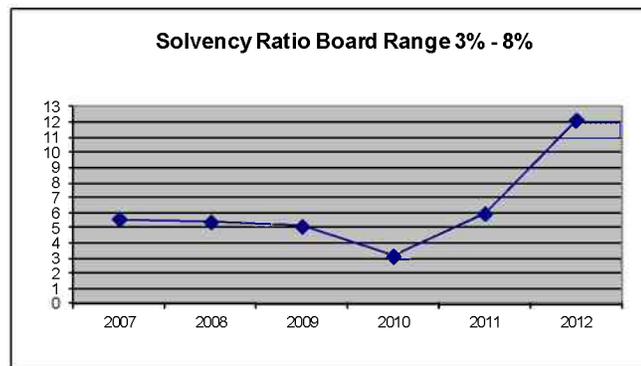
Des Moines Independent Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

- **General Fund Balance and Solvency Ratio:** The District's overall General Fund balance increased from \$38.6 million as of June 30, 2011 to \$61.7 million as of June 30, 2012, an increase of \$23.1 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, one of many strategies the district employed was to ensure revenue and expenditures remained balanced.

The General Fund unassigned portion of fund balance increased from \$20.6 million as of June 30, 2011 to \$45.6 million as of June 30, 2012, an increase of \$25.0 million.

The District's solvency ratio also increased from 6.0 percent as of June 30, 2011 to 12.6 percent as of June 30, 2012.



Board guidelines set a target of an 8 percent solvency ratio for the District's solvency ratio, without prior notification to 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 GFOA recommends at least two months of expenditures of cash on hand, which equates to approximately a 17 percent solvency ratio for the District.

- **Debt:** The District's total long-term debt increased by a net of \$72.4 million during the current fiscal year due to the issuance of \$71.9 million in sales tax revenue bonds in May 2012, and scheduled payments. The total outstanding bond debt at the end of the fiscal year is approximately \$137.67 million, consisting of revenue bonds.

Des Moines Independent Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

- Expenditures decreased by \$2.0 million from fiscal year 2011 to 2012 primarily due to the timing of completion of various capital projects.

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, child care 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.

Des Moines Independent Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

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

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

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

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund and the 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 and DMPS (expendable trust funds); Capital Projects Funds of Physical Plant and Equipment Levy (PPEL) and Public Education and Recreation Levy (PERL); 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 Construction, 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, 2012**

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, 2012

Government-Wide Financial Analysis

Net assets: The following table presents a summary of the District's net assets for the year ended June 30, 2012 with comparison totals as of June 30, 2011:

	Governmental Activities 2012	Governmental Activities 2011	Business-Type Activities 2012	Business-Type Activities 2011	Total 2012	Total 2011
Current assets and other assets	\$ 379,452,701	\$ 306,539,765	\$ 1,029,182	\$ 746,033	\$ 380,481,883	\$ 307,285,798
Capital assets, net	391,240,664	358,820,976	1,989,314	2,283,505	393,229,978	361,104,481
Total assets	770,693,365	665,360,741	3,018,496	3,029,538	773,711,861	668,390,279
Current liabilities	186,219,728	191,681,443	1,214,467	2,060,011	187,434,195	193,741,454
Long-term liabilities	160,980,783	88,599,943	60,155	51,220	161,040,938	88,651,163
Total liabilities	347,200,511	280,281,386	1,274,622	2,111,231	348,475,133	282,392,617
Net assets:						
Invested in capital assets, net of debt	359,352,093	338,928,488	1,989,314	2,283,505	361,341,407	341,211,993
Restricted	28,997,975	31,199,263	-	-	28,997,975	31,199,263
Unrestricted	35,142,786	14,951,604	(245,440)	(1,365,198)	34,897,346	13,586,406
Total net assets	\$ 423,492,854	\$ 385,079,355	\$ 1,743,874	\$ 918,307	\$ 425,236,728	\$ 385,997,662

The District's combined net assets were greater as of June 30, 2012 than June 30, 2011. The increase occurred primarily in the governmental activities net capital assets as a result of the capitalization of school renovation, major repair projects that were completed as part of the District's Schools First and Students First Renovation Plans, as well as the increase derived from the additional revenue bonding the District performed in 2012 (\$71.9M). It should be noted that the District uses these capital assets to provide educational services; consequently, these assets are not available for future spending. The District also expended less than the revenues received, thus causing an increase in net assets.

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, 2012 with comparison totals for the year ended June 30, 2011. 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, 2012

	Governmental Activities 2012	Governmental Activities 2011	Business-Type Activities 2012	Business-Type Activities 2011	Total 2012	Total 2011
Revenues:						
Program revenues:						
Charges for services	\$ 22,577,351	\$ 23,902,894	\$ 6,361,528	\$ 6,095,975	\$ 28,938,879	\$ 29,998,869
Operating grants and contributions	88,937,932	90,715,067	11,973,916	11,561,001	100,911,848	102,276,068
Capital grants and contributions	650,000	89,825	-	-	650,000	89,825
General revenues:						
Property taxes	120,482,984	112,742,827	-	-	120,482,984	112,742,827
Sales tax, capital projects	26,113,779	24,730,755	-	-	26,113,779	24,730,755
Investment earnings	64,564	835,448	-	-	64,564	835,448
State aid and other state sources	163,593,289	151,913,240	-	-	163,593,289	151,913,240
Other including transfers from fiduciary fund	2,102,375	1,130,782	-	-	2,102,375	1,130,782
Gain on sale of capital assets	-	370,163	-	-	-	370,163
Total revenues	424,522,274	406,431,001	18,335,444	17,656,976	442,857,718	424,087,977
Expenses:						
Instruction	256,812,271	251,762,378	-	-	256,812,271	251,762,378
Support services	110,383,667	105,598,773	-	-	110,383,667	105,598,773
Noninstructional	4,204,202	6,831,871	-	-	4,204,202	6,831,871
Other expenses	14,708,635	16,132,736	17,509,877	16,914,145	32,218,512	33,046,881
Total expenses	386,108,775	380,325,758	17,509,877	16,914,145	403,618,652	397,239,903
Change in net assets	38,413,499	26,105,243	825,567	742,831	39,239,066	26,848,074
Net assets, beginning	385,079,355	358,974,112	918,307	175,476	385,997,662	359,149,588
Net assets, ending	\$ 423,492,854	\$ 385,079,355	\$ 1,743,874	\$ 918,307	\$ 425,236,728	\$ 385,997,662

- The main revenue sources of state aid and other state sources, property and sales taxes account for 70.0 percent of total revenue.
- The District's expenses primarily relate to instruction and support services which account for 91.0 percent of the total expenses.
- Overall the District had an increase in net assets of \$39,239,066 which equates to a 10.2 percent increase over the prior year.
- Governmental activities increased the net assets by \$38,413,499 or 10 percent of the total growth in net assets. The change was due primarily to the increase in property tax revenue as well as state aid revenue compared to fiscal year 2011.

Des Moines Independent Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

Governmental Activities

- State foundation aid and other state sources, property taxes and sales taxes are the primary sources of revenue for the District, 39 percent, 28 percent and 6 percent, respectively, of total governmental activities revenues for fiscal year 2012 compared to 37 percent, 28 percent and 6 percent, respectively, for fiscal year 2011. Overall revenue increased 4 percent due to increases in property tax and state aid revenue. Instruction constitutes the largest portion of expenditures at \$256.8 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 4.9 percent of total costs.

Net Cost: The following table presents the total and net cost of the District's major governmental activities including instruction, other support services, noninstructional programs and other expenses, with comparative totals for 2011:

	2012		2011	
	Total Expenses	Net (Expense) Revenue	Total Expenses	Net (Expense) Revenue
Instruction	\$ 256,812,271	\$ (161,269,632)	\$ 251,762,378	\$ (153,303,753)
Other support services	110,383,667	(105,791,813)	105,598,773	(102,251,894)
Noninstructional programs	4,204,202	(3,873,180)	6,831,871	(6,807,796)
Other expenses	14,708,635	(3,008,867)	16,132,736	(3,254,529)
Total expenses	\$ 386,108,775	\$ (273,943,492)	\$ 380,325,758	\$ (265,617,972)

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 \$112.2 million or 29.1 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 \$725,666 for fiscal year 2012.
- 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 change in net assets of \$114,713.

Des Moines Independent Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

Financial Analysis of the District's Funds

Governmental Funds Highlights

General Fund:

- The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$23.1 million. The District's solvency ratio (unassigned fund balance/General Fund revenues) increased from 6.0 percent to 12.6 percent primarily due to an increase in property tax and state aid revenue as well as the District's management of its head count and operational expenses.
- The increase in General Fund revenues (4.5 percent) compared to fiscal year 2011 was primarily due to the state student foundation aid and the associated property tax revenue increases. Total state aid increased 5 percent, while federal funding decreased 0.2 percent, demonstrating a return to a more "normalized" revenue model that existed prior to the District receiving federal stimulus funding.
- The increase in General Fund expenditures (3 percent) compared to fiscal year 2011 was primarily due to an increase in overall FTEs, as well as increased benefit costs for previously existing FTEs, and increases in expenditures associated with the receipt of federal grant funding throughout the year.

Capital Projects Fund:

- The Capital Projects Fund has a total fund balance of \$112.4 million for 2012 and \$55.6 million for 2011. 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 80 percent of the expenses of total enterprise funds. The District's percent of students eligible for free and reduced meals decreased from fiscal year 2011 (66.9 percent) to 2012 (66.4 percent) as in past years, resulting in a slight increase in 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 2012.

- 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 96.3 percent of the final budget.

Des Moines Independent Community School District

Management's Discussion and Analysis Year Ended June 30, 2012

- The District's General Fund, its principal operating fund, continues to remain financially solvent.
- The District received 99.0 percent of budgeted General Fund revenues. Overall General Fund revenue increased 4.5 percent over the prior year primarily due increases in property tax and state aid revenue.
- The District spent 96.0 of budgeted General Fund expenditures based on the final budget. General Fund expenditures increased 3 percent primarily due to an increase in overall FTEs, as well as expenditures associated with the receipt of additional grant funding throughout the year.
- At the end of fiscal year 2012, the projected Unspent Authorized Budget ratio for the General Fund was 17.0 percent, a positive increase when compared to 14.1 percent at the end of fiscal year 2011.

Capital Assets and Debt Administration

Capital Assets: As of June 30, 2012, the District had invested \$393.2 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 \$32.1 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 fiscal year 2010 as well as again in 2012 (\$71.9M).

The following schedule presents capital asset balances, net of accumulated depreciation, for the fiscal year ended June 30, 2012, compared with balances as of June 30, 2011:

	Governmental Activities 2012	Governmental Activities 2011	Business-Type Activities 2012	Business-Type Activities 2011	Total 2012	Total 2011
Land	\$ 4,117,729	\$ 4,117,729	\$ -	\$ -	\$ 4,117,729	\$ 4,117,729
Construction-in-progress	43,057,201	64,218,395	-	-	43,057,201	64,218,395
Land improvements	3,070,676	3,233,816	-	-	3,070,676	3,233,816
Buildings and improvements	332,168,901	279,570,907	-	-	332,168,901	279,570,907
Vehicles, furniture and equipment	8,826,157	7,680,129	1,989,314	2,283,505	10,815,471	9,963,634
Total	\$ 391,240,664	\$ 358,820,976	\$ 1,989,314	\$ 2,283,505	\$ 393,229,978	\$ 361,104,481

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, 2012

Debt Administration: As of June 30, 2012, the District had \$137.7 million in bonds outstanding, of which \$5.81 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, 2012, with comparative information as of June 30, 2011:

	<u>2012</u>	<u>2011</u>
Sales tax revenue	<u>\$ 137,670,000</u>	<u>\$ 68,360,000</u>

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 \$559.7 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 2011 to October 2012 by 0.02 percent. The enrollment in October 2011 times the district cost per student determines the amount of state foundation aid the district will receive for fiscal year 2013 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. The allowable growth rate for fiscal year 2013 is two percent and for fiscal year 2014 it is currently in the process of being determined by the state.
- Enrollment per modeling done by the Iowa Department of Education is projected to remain stable or increase slightly in future years.
- The statewide penny sales (SWP) tax was implemented in the District on July 1, 2010. The District's SWP tax revenue for each fiscal year is calculated by multiplying the certified enrollment by the statewide average tax revenue per student. The statewide average is calculated by dividing the total statewide penny sales tax revenue by the statewide enrollment. For fiscal year 2011-12, total statewide penny sales tax revenue was projected to increase to \$399,510,690, while statewide enrollment continued to decline to 473,493, producing a statewide average tax revenue per student of \$844 for fiscal year 2011-12. The Iowa Department of Management anticipates the statewide average will continue to increase 1-2 percent each year through fiscal year 2014-15.
- The determination of the 2014 allowable growth model by the state will be critical in determining the District's future funding. A determination is expected in calendar year 2013.

Des Moines Independent Community School District

**Management's Discussion and Analysis
Year Ended June 30, 2012**

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 Thomas Harper, 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, 2012**

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and investments	\$ 118,679,089	\$ 319,418	\$ 118,998,507
Cash held with agent	12,158,250	-	12,158,250
Property taxes receivable - current year	1,472,378	-	1,472,378
Property taxes receivable - succeeding year	118,694,137	-	118,694,137
Interest receivable	5,100	-	5,100
Other receivables, net of allowances for uncollectible of \$40,411	272,769	343,045	615,814
Due from other governments	21,838,141	96,970	21,935,111
Assets held for sale	-	32,047	32,047
Inventories	456,492	236,622	693,114
Prepaid expenses	121,820	1,080	122,900
Total current assets	273,698,176	1,029,182	274,727,358
Noncurrent assets:			
Restricted cash and investments	104,050,104	-	104,050,104
Deferred charges	1,704,421	-	1,704,421
Capital assets:			
Capital assets - nondepreciable	47,174,930	-	47,174,930
Capital assets - depreciable, net	344,065,734	1,989,314	346,055,048
Total capital assets	391,240,664	1,989,314	393,229,978
Total noncurrent assets	496,995,189	1,989,314	498,984,503
Total assets	\$ 770,693,365	\$ 3,018,496	\$ 773,711,861

See Notes to Basic Financial Statements.

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	\$ 10,270,682	\$ 78,218	\$ 10,348,900
Claims payable	5,652,934	-	5,652,934
Accrued payroll	27,841,276	195,289	28,036,565
Accrued interest payable	274,042	-	274,042
Other current liabilities	2,247,564	-	2,247,564
Due to other governments	6,786,578	442	6,787,020
Internal balances	(629,147)	629,147	-
Unearned, succeeding year property taxes	118,694,137	-	118,694,137
Unearned revenue	1,932,089	151,778	2,083,867
Compensated absences	2,481,590	159,593	2,641,183
Special termination benefits	4,857,983	-	4,857,983
Revenue bonds	5,810,000	-	5,810,000
Total current liabilities	186,219,728	1,214,467	187,434,195
Noncurrent liabilities:			
Retrospective insurance rating plan	232,130	-	232,130
Compensated absences	1,164,743	60,155	1,224,898
Special termination benefits	9,307,457	-	9,307,457
Other postemployment benefits	9,525,666	-	9,525,666
Pollution remediation liability	160,570	-	160,570
Bond premiums	8,730,217	-	8,730,217
Revenue bonds	131,860,000	-	131,860,000
Total noncurrent liabilities	160,980,783	60,155	161,040,938
Total liabilities	347,200,511	1,274,622	348,475,133
Net Assets			
Invested in capital assets, net of related debt	359,352,093	1,989,314	361,341,407
Restricted for:			
DMPs expendable trust	3,735,813	-	3,735,813
Permanent trust	11,544	-	11,544
Categorical funding	8,989,023	-	8,989,023
Shared programs	1,057,425	-	1,057,425
Special education	1,900,000	-	1,900,000
Medicaid	365,732	-	365,732
Grants	465,099	-	465,099
Management levy	2,751,470	-	2,751,470
Physical plant and equipment levy	7,539,535	-	7,539,535
Public education and recreation levy	268,950	-	268,950
Student activities	1,913,384	-	1,913,384
Unrestricted assets (deficit)	35,142,786	(245,440)	34,897,346
Total net assets	423,492,854	1,743,874	425,236,728
Total net assets and liabilities	\$ 770,693,365	\$ 3,018,496	\$ 773,711,861

Des Moines Independent Community School District

**Statement of Activities
Year Ended June 30, 2012**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Instruction	\$ 256,812,271	\$ 10,008,887	\$ 85,533,752	\$ -
Student services	20,196,523	-	2,256,630	-
Instructional support services	11,652,847	-	716,528	-
General administration	4,779,422	-	-	-
Building administration	18,738,332	2,698	-	-
Business and central administration	11,704,743	33,103	-	-
Plant operation and maintenance	32,450,434	-	100,000	650,000
Student transportation	10,861,366	832,895	-	-
Noninstructional	4,204,202	-	331,022	-
AEA support	11,699,768	11,699,768	-	-
Interest on long-term debt	3,008,867	-	-	-
Total governmental activities	386,108,775	22,577,351	88,937,932	650,000
Business-type activities:				
School nutrition	14,063,935	2,816,185	11,973,416	-
Child care	3,337,286	3,451,999	-	-
Other	108,656	93,344	500	-
Total business-type activities	17,509,877	6,361,528	11,973,916	-
Total primary government	\$ 403,618,652	\$ 28,938,879	\$ 100,911,848	\$ 650,000

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

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
\$ (161,269,632)	\$ -	\$ (161,269,632)
(17,939,893)	-	(17,939,893)
(10,936,319)	-	(10,936,319)
(4,779,422)	-	(4,779,422)
(18,735,634)	-	(18,735,634)
(11,671,640)	-	(11,671,640)
(31,700,434)	-	(31,700,434)
(10,028,471)	-	(10,028,471)
(3,873,180)	-	(3,873,180)
-	-	-
(3,008,867)	-	(3,008,867)
(273,943,492)	-	(273,943,492)
-	725,666	725,666
-	114,713	114,713
-	(14,812)	(14,812)
-	825,567	825,567
(273,943,492)	825,567	(273,117,925)
102,565,196	-	102,565,196
10,158,367	-	10,158,367
6,877,426	-	6,877,426
881,995	-	881,995
26,113,779	-	26,113,779
163,593,289	-	163,593,289
64,564	-	64,564
2,102,375	-	2,102,375
312,356,991	-	312,356,991
38,413,499	825,567	39,239,066
385,079,355	918,307	385,997,662
\$ 423,492,854	\$ 1,743,874	\$ 425,236,728

Des Moines Independent Community School District

**Balance Sheet
Governmental Funds
June 30, 2012**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 85,818,511	\$ 148,159	\$ 19,220,945	\$ 105,187,615
Restricted cash and investments	-	102,353,396	1,696,708	104,050,104
Cash held with agent	-	12,158,250	-	12,158,250
Property taxes receivable - current year	1,257,536	-	214,842	1,472,378
Property taxes receivable - succeeding year	101,021,272	-	17,672,865	118,694,137
Interest receivable	5,100	-	-	5,100
Other receivables	265,492	-	7,277	272,769
Due from other governments	15,833,220	6,004,921	-	21,838,141
Inventories	412,521	-	-	412,521
Prepaid items	108,379	-	8,441	116,820
Total assets	\$ 204,722,031	\$ 120,664,726	\$ 38,821,078	\$ 364,207,835
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 2,868,029	\$ 5,594,212	\$ 1,959,091	\$ 10,421,332
Accrued payroll	27,806,481	-	33,396	27,839,877
Special termination benefits	251,020	-	2,567,319	2,818,339
Other current liabilities	802,649	1,379,859	65,056	2,247,564
Due to other governments	6,729,314	1,670	55,594	6,786,578
Deferred revenue	1,478,639	1,296,150	6,490	2,781,279
Unearned revenue	102,899,532	-	17,672,865	120,572,397
Compensated absences	164,564	-	-	164,564
Total liabilities	143,000,228	8,271,891	22,359,811	173,631,930
Fund balances:				
Nonspendable	520,900	-	18,319	539,219
Restricted	12,777,279	112,392,835	16,442,948	141,613,062
Committed	2,916,046	-	-	2,916,046
Unassigned	45,507,578	-	-	45,507,578
Total fund balances	61,721,803	112,392,835	16,461,267	190,575,905
Total liabilities and fund balances	\$ 204,722,031	\$ 120,664,726	\$ 38,821,078	\$ 364,207,835

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, 2012

Total governmental fund balances		\$ 190,575,905
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	\$ 4,117,729	
Construction-in-progress	43,057,201	
Land improvements	10,044,149	
Buildings and improvements	436,464,726	
Vehicles, furniture and equipment	20,300,693	
Accumulated depreciation	<u>(122,820,846)</u>	391,163,652
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds - deferred revenue		
		2,781,279
Internal service funds are used by management to charge the costs of certain activities, such as self-insurance benefits for employees and print shop services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		
		9,410,246
Certain liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. These liabilities at year-end consist of:		
Compensated absences	(3,465,592)	
Sales tax revenue bonds	(137,670,000)	
Deferred charges	1,704,421	
Bond premiums	(8,730,217)	
Accrued interest payable	(274,042)	
Claims payable for workers' compensation	(737,331)	
Retrospective insurance rating plan	(232,130)	
Other postemployment benefits	(9,525,666)	
Pollution remediation liability	(160,570)	
Special termination benefit	<u>(11,347,101)</u>	<u>(170,438,228)</u>
Net assets of governmental activities		\$ 423,492,854

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, 2012

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 102,565,196	\$ -	\$ 17,917,788	\$ 120,482,984
Other local sources	19,999,313	1,393,327	2,182,439	23,575,079
Sales tax, for capital projects	-	26,045,238	-	26,045,238
Investment earnings	(100,234)	54,100	110,698	64,564
Intermediate sources	380,240	-	-	380,240
State foundation aid	163,593,289	-	-	163,593,289
Other state sources	38,842,697	-	6,696	38,849,393
Federal sources	48,238,317	500,000	150,000	48,888,317
Student activities	44,743	-	2,730,467	2,775,210
Total revenues	373,563,561	27,992,665	23,098,088	424,654,314
Expenditures:				
Current:				
Instruction	235,003,782	-	7,465,115	242,468,897
Student services	20,061,831	-	385,803	20,447,634
Instructional support services	11,497,451	-	49,645	11,547,096
General administration	3,815,155	-	876,603	4,691,758
Building administration	18,378,278	-	527,574	18,905,852
Business and central administration	10,987,359	-	50,591	11,037,950
Plant operation and maintenance	29,687,463	-	1,874,443	31,561,906
Student transportation	8,810,743	-	1,374,989	10,185,732
Noninstructional	522,280	-	1,935,780	2,458,060
AEA support	11,699,768	-	-	11,699,768
Capital outlay	-	40,232,124	6,891,771	47,123,895
Debt service:				
Principal retirement	-	-	2,590,000	2,590,000
Interest	-	-	3,418,000	3,418,000
Bond issuance costs	-	1,299,592	-	1,299,592
Total expenditures	350,464,110	41,531,716	27,440,314	419,436,140
Excess (deficiency) of revenues over expenditures	23,099,451	(13,539,051)	(4,342,226)	5,218,174
Other financing sources (uses):				
Proceeds from sale of capital assets	19,150	-	2,000	21,150
Issuance of revenue bonds	-	71,900,000	-	71,900,000
Premiums on revenue bonds	-	4,453,970	-	4,453,970
Transfers in	-	-	6,008,000	6,008,000
Transfers out	-	(6,008,000)	-	(6,008,000)
Total other financing sources	19,150	70,345,970	6,010,000	76,375,120
Net change in fund balances	23,118,601	56,806,919	1,667,774	81,593,294
Fund balances, beginning of year	38,603,202	55,585,916	14,793,493	108,982,611
Fund balances, end of year	\$ 61,721,803	\$ 112,392,835	\$ 16,461,267	\$ 190,575,905

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, 2012**

Net change in fund balances - total governmental funds \$ 81,593,294

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	\$ 41,985,618	
Depreciation expense	(9,456,090)	
Proceeds from sale of capital assets	(21,150)	
Loss on sale of capital assets	<u>(77,453)</u>	32,430,925

Revenues in statement of activities that do not provide current financial resources are not reported as revenues in the funds, change in deferred revenues (928,123)

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:

Issuance of revenue bonds	(71,900,000)	
Payment of bond issuance costs	1,299,592	
Premium on revenue bonds	(4,453,970)	
Repayment of bond and note principal	2,590,000	
Amortization of premiums and bond issuance costs	<u>398,342</u>	(72,066,036)

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

Increase in compensated absences	(337,004)	
Decrease in retrospective insurance rating plan	185,678	
Decrease in interest expense	10,791	
Decrease in claims payable for workers' compensation	50,734	
Increase in pollution remediation liability	(82,075)	
Increase in other postemployment benefits	(2,516,666)	
Decrease in special termination benefits	<u>319,642</u>	(2,368,900)

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	<u>(247,661)</u>
	<u><u>\$ 38,413,499</u></u>

See Notes to Basic Financial Statements.

Des Moines Independent Community School District

Statement of Net Assets
 Proprietary Funds
 June 30, 2012

	Nonmajor Enterprise Funds	Internal Service Funds
Assets		
Current assets:		
Cash and cash equivalents	\$ 319,418	\$ 13,491,474
Other receivables, net of allowances for uncollectible of \$40,411	343,045	-
Due from other governments	96,970	-
Due from other funds	-	116,565
Assets held for sale	32,047	-
Inventories	236,622	43,971
Prepaid items	1,080	5,000
Total current assets	<u>1,029,182</u>	<u>13,657,010</u>
Noncurrent assets:		
Advances to other funds	165,297	587,395
Depreciable capital assets, net	1,989,314	77,012
Total noncurrent assets	<u>2,154,611</u>	<u>664,407</u>
Total assets	<u>\$ 3,183,793</u>	<u>\$ 14,321,417</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 78,218	\$ 239,442
Claims payable	-	4,525,511
Accrued payroll	195,289	1,399
Due to other governments	442	-
Due to other funds	116,565	-
Unearned revenue	151,778	53,829
Compensated absences	159,593	8,830
Total current liabilities	<u>701,885</u>	<u>4,829,011</u>
Noncurrent liabilities:		
Advances from other funds	677,879	74,813
Compensated absences	60,155	7,347
Total noncurrent liabilities	<u>738,034</u>	<u>82,160</u>
Total liabilities	<u>1,439,919</u>	<u>4,911,171</u>
Net Assets		
Invested in capital assets	1,989,314	77,012
Unrestricted assets (deficit)	(245,440)	9,333,234
Total net assets	<u>1,743,874</u>	<u>9,410,246</u>
Total liabilities and net assets	<u>\$ 3,183,793</u>	<u>\$ 14,321,417</u>

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, 2012**

	Nonmajor Enterprise Funds	Internal Service Funds
Operating revenues:		
Student activities	\$ 30,512	\$ -
Charges for services:		
Employee benefits	-	49,638,195
Sale of food	2,816,185	-
Child care	3,451,999	-
Miscellaneous	53,995	310,990
Total operating revenues	<u>6,352,691</u>	<u>49,949,185</u>
Operating expenses:		
Student services	13,702,492	-
Depreciation	385,077	11,237
Community services	3,418,915	-
Claims and related costs	-	49,865,468
Miscellaneous	-	320,141
Total operating expenses	<u>17,506,484</u>	<u>50,196,846</u>
Operating (loss)	<u>(11,153,793)</u>	<u>(247,661)</u>
Nonoperating revenues (expenses):		
Other local sources	90,890	-
State sources	130,045	-
Federal sources	11,761,818	-
Loss on disposal of asset held for resale	(3,393)	-
Total nonoperating revenues	<u>11,979,360</u>	<u>-</u>
Change in net assets	<u>825,567</u>	<u>(247,661)</u>
Total net assets, beginning of year	<u>918,307</u>	<u>9,657,907</u>
Total net assets, end of year	<u>\$ 1,743,874</u>	<u>\$ 9,410,246</u>

See Notes to Basic Financial Statements.

Des Moines Independent Community School District

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2012**

	Nonmajor Enterprise Funds	Internal Service Funds
Cash flows from operating activities:		
Cash received from user charges	\$ 6,237,819	\$ 49,942,655
Cash payments to employees for services	(10,051,714)	(215,118)
Cash payments to suppliers for goods and services	(6,383,829)	(50,343,277)
Net cash (used in) operating activities	(10,197,724)	(615,740)
Cash flows from noncapital financing activities:		
Payments from other funds	61,149	719,354
Payments to other funds	(739,649)	(40,854)
Grants and donations received	11,289,871	-
Net cash provided by noncapital financing activities	10,611,371	678,500
Cash flows from capital and related financing activities, acquisition of capital assets	(94,279)	-
Net increase in cash and cash equivalents	319,368	62,760
Cash and cash equivalents, beginning of year	50	13,428,714
Cash and cash equivalents, end of year	\$ 319,418	\$ 13,491,474
Reconciliation of operating (loss) to net cash (used in) operating activities:		
Operating (loss)	\$ (11,153,793)	\$ (247,661)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation	385,077	11,237
Commodities used	779,762	-
Changes in assets and liabilities:		
Receivables	(133,306)	-
Inventories	82,555	1,998
Prepaid items	90	-
Accounts payable and due to other governments	(122,758)	3,122
Claims payable	-	(379,012)
Unearned revenue	18,434	(6,530)
Accrued liabilities	(53,785)	1,106
Net cash (used in) operating activities	\$ (10,197,724)	\$ (615,740)
Noncash items, noncapital financing activities, commodities received from the U.S. Department of Agriculture	\$ 779,762	\$ -

See Notes to Basic Financial Statements.

Des Moines Independent Community School District

**Statement of Fiduciary Net Assets
Fiduciary and Agency Funds
June 30, 2012**

	Pension Trust	Private Purpose Trust	Agency Faculty and Staff
Assets			
Cash and cash equivalents	\$ -	\$ 693,220	\$ 109,400
Investments:			
Money market	4,552,814	-	-
U.S. government securities	5,232,975	4,926	-
Corporate equities	30,837,248	-	-
Mortgage-backed securities	30,489,148	-	-
Corporate obligations	79,050,871	-	-
Preferred stock	10,407,440	-	-
Municipal bonds	79,292,649	-	-
Other fixed income	4,496,816	-	-
Interest receivable	2,787,524	-	-
Other receivables	-	1,500	-
Total assets	\$ 247,147,485	\$ 699,646	\$ 109,400
Liabilities			
Accounts payable	\$ -	\$ -	\$ 5,075
Due to other governmental units	-	-	104,325
Total liabilities	-	-	\$ 109,400
Net Assets			
Held in trust for:			
Employees' pension benefits	247,147,485	-	
Scholarships	-	699,646	
Total net assets	247,147,485	699,646	
Total liabilities and net assets	\$ 247,147,485	\$ 699,646	

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, 2012**

	Pension Trust	Private Purpose Trust
Additions:		
Contributions:		
Employer	\$ 1,990,777	\$ -
Employee	1,697,249	-
Private source	-	17,000
Total contributions	3,688,026	17,000
Investment earnings:		
Net increase in fair value of investments	13,654,217	-
Interest	9,969,054	1,205
Dividends	1,997,698	-
Total investment earnings	25,620,969	1,205
Less investment expense	125,058	-
Net investment earnings	25,495,911	1,205
Total additions	29,183,937	18,205
Deductions:		
Benefit payments	14,207,794	-
Resignation refunds	17,968	-
Scholarship awarded	-	11,450
Administrative costs	156,577	-
Other	-	17
Total deductions	14,382,339	11,467
Change in net assets	14,801,598	6,738
Net assets, beginning of year	232,345,887	692,908
Net assets, end of year	\$ 247,147,485	\$ 699,646

See Notes to Basic Financial Statements.

Des Moines Independent Community School District

Notes to Basic Financial Statements

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

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

Nature of operations:

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

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

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

Reporting entity:

The District is a primary government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. The financial statements of the District include all District operations required to be included in accordance with 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, GASB Statement No. 39, 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

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 required to be 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 is used to account for and report all financial resources not accounted for and reported 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 and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Des Moines Independent Community School District

Notes to Basic Financial Statements

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

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

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

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 and reports financial resources that are restricted, committed or assigned to expenditure for principal and interest.

Capital Projects Funds: Accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Physical Plant and Equipment (PPEL) Levy Fund: This capital projects fund is authorized by Iowa Code 298.2 and accounts for transactions related to the improvement of facilities and grounds, construction of schoolhouses, 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.

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 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

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 Construction Fund: This fund accounts for transactions for the home building 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 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 Fund: This fund accounts 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 this fund.

Des Moines Independent Community School District

Notes to Basic Financial Statements

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

The 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 District considers revenues to be available if they are collected within 60 days after year-end.

Property tax when levied, for intergovernmental revenues when eligibility requirements have been met (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be measurable and are recorded as revenue, if available. 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, claims and judgments, early retirement payments, other postemployment benefits 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 resources. Thus, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. It is the District’s policy to first apply cost-reimbursement grant resources to such programs and then general resources.

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 claims, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Investments: The investments are stated at fair value. Short-term investments, which consist of nonnegotiable certificates of deposit, 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.

Des Moines Independent Community School District

Notes to Basic Financial Statements

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

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

Property tax receivable: Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the Board of Education.

Current year property tax receivable represents unpaid taxes related to the April 2011 levy certification. Property taxes become due and collectible in September and March of the following fiscal year with a 1½ percent per month penalty for delinquent payments. This tax levy is based on January 1, 2010 assessed property valuations and is revenue for fiscal year ended June 30, 2012.

The succeeding year property tax receivable represents taxes certified by the Board of Education in April 2012. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. The tax asking represents a lien which is effective on the first day of that calendar year. Although the succeeding year property tax receivable has been recorded, the related revenue is unearned in both the government-wide and fund financial statements and will not be recognized as revenue until the year ended June 30, 2013, the year for which it is levied.

Due from other governments and other receivables: Due from other governments and other receivables represents amounts due from the state of Iowa, other school districts, and other various grants, reimbursements and shared revenues. All receivables are shown net of an allowance for uncollectibles, if applicable.

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. The fund balance relating to inventories is reported as nonspendable.

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 if purchased or constructed. Donated capital assets are recorded at the estimated fair value at the date of donation.

Des Moines Independent Community School District

Notes to Basic Financial Statements

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

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

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

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

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

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

Salaries and benefits payable: Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred and unearned revenue: Deferred 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.

Unearned revenue in the statement of net assets and in the governmental fund financial statements, 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

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

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

Fund balance: In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable: Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned: Amounts constrained by the District's intent to use them for a specific purpose. The authority to assign fund balance has been delegated by the District's Board of Education to the Chief Financial Officer and Director/Controller.

Unassigned: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's procedure is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

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 \$114,511,646. 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, 2012 consists of \$2,751,470 for management levy, \$7,539,535 for physical plant and equipment levy and \$268,950 for public education and recreation levy.

Donor restricted net assets include \$3,735,813 for net assets in the DMPS (Expendable Trust) Fund which is to be used mainly for the Smouse School and \$11,544 in the Permanent Fund to be used for teacher education and training.

Des Moines Independent Community School District

Notes to Basic Financial Statements

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

Net assets restricted for other purposes consist of \$14,690,663 restricted 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.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as “due to/from other funds” or “advances to/from other funds” in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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.

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, 2012, of \$140,614, \$677,879 and \$74,716, respectively. In past years, all child care 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 have been accounted for in the General Fund since fiscal year 2007. 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.

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 3. Deposits and Investments

As of June 30, 2012, the District's cash, cash equivalents and investments (including fiduciary fund assets) were as follows:

Cash and other deposits	\$ 55,691,392
Investments, primarily pension trust	412,524,726
	<u>\$ 468,216,118</u>

In addition, the District has cash held with agent of \$12,158,250.

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.

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, 2012, 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 and DMTRS 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.

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 3. Deposits and Investments (Continued)

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	\$ 1,640,655	N/A	N/A	N/A	N/A
U.S. Government securities	2,508	\$ -	\$ 2,508	\$ -	\$ -
Certificate of deposit	18,000,000	N/A	N/A	N/A	N/A
Fixed income securities	148,521,602	148,521,602	-	-	-
	<u>\$ 168,164,765</u>	<u>\$ 148,521,602</u>	<u>\$ 2,508</u>	<u>\$ -</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	\$ 4,552,814	N/A	N/A	N/A	N/A
U.S. Government securities	5,232,975	\$ -	\$ -	\$ -	\$ 5,232,975
Corporate equities	30,837,248	N/A	N/A	N/A	N/A
Mortgage-backed securities	30,489,148	-	39,172	826,331	29,623,645
Corporate obligations	79,050,871	3,637,362	3,462,790	17,275,208	54,675,511
Preferred stock	10,407,440	N/A	N/A	N/A	N/A
Municipal bonds	79,292,649	-	696,246	7,457,860	71,138,543
Other fixed income	4,496,816	-	1,379,131	-	3,117,685
	<u>\$ 244,359,961</u>	<u>\$ 3,637,362</u>	<u>\$ 5,577,339</u>	<u>\$ 25,559,399</u>	<u>\$ 163,788,359</u>

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 3. Deposits 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, 2012, the District's investments in debt securities were rated as follows:

Investment Type	Standard & Poor's	Moody's Investor's Services
Investments (excluding DMTRS):		
Corporate Equities - Donated	Not Rated	Not Rated
Fixed Income Securities	A	Baa1
U.S. Government Securities	AA+	AAA
DMTRS Investments:		
Money Market Mutual Funds	Not Rated	Not Rated
U.S. Government Securities	AA	Aaa
Corporate Equities	Not Rated	Not Rated
Mortgage-Backed Securities	Not Rated	Not Rated
Corporate Obligations	AA	Aa
Corporate Obligations	AA	A
Corporate Obligations	AA	Not Rated
Corporate Obligations	A	A
Corporate Obligations	A	Baa
Corporate Obligations	BBB	A
Corporate Obligations	BBB	Baa
Corporate Obligations	BBB	Ba
Corporate Obligations	Not Rated	Not Rated
Municipal Bonds	AAA	Aaa
Municipal Bonds	AAA	Aa
Municipal Bonds	AA	Aaa
Municipal Bonds	AA	Aa
Municipal Bonds	AA	Not Rated
Municipal Bonds	A	Aa
Municipal Bonds	A	Not Rated
Municipal Bonds	Not Rated	Aaa
Municipal Bonds	Not Rated	Aa
Other Fixed Income Securities	AA	Aa
Other Fixed Income Securities	A	Aa
Other Fixed Income Securities	A	A
Other Fixed Income Securities	A	Baa

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 3. Deposits and Investments (Concluded)

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 with Federal Home Loan Banks and Federal Home Loan Mortgage Corporation. These investments are approximately 23 percent and 9 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, 2012, 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, 2012, none of the District's investments were insured, but they were all registered in the District's name and held by the counterparty or the counterparty's trust department.

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 4. Interfund Receivables/Payables and Transfers

Individual interfund receivable and payable balances as of June 30, 2012 are as follows:

	Due From Other Funds	Due To Other Funds
Nonmajor enterprise funds	\$ -	\$ 116,565
Internal service funds	116,565	-
	<u>\$ 116,565</u>	<u>\$ 116,565</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	\$ 165,297	\$ 677,879
Internal service funds	587,395	74,813
	<u>\$ 752,692</u>	<u>\$ 752,692</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 \$74,813 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
Major fund, capital projects fund	\$ -	\$ 6,008,000
Nonmajor governmental funds	6,008,000	-
	<u>\$ 6,008,000</u>	<u>\$ 6,008,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in a certain 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, 2012 is as follows:

Governmental Activities	Beginning Balance	Additions and Transfers In	Deletions and Transfers Out	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,117,729	\$ -	\$ -	\$ 4,117,729
Construction-in-progress	64,218,395	39,040,065	60,201,259	43,057,201
Total capital assets, not being depreciated	68,336,124	39,040,065	60,201,259	47,174,930
Capital assets, being depreciated:				
Land improvements	9,980,731	63,418	-	10,044,149
Buildings and improvements	376,270,270	60,333,472	139,016	436,464,726
Vehicles, furniture and equipment	18,063,031	2,749,922	303,310	20,509,643
Total capital assets, being depreciated	404,314,032	63,146,812	442,326	467,018,518
Less accumulated depreciation for:				
Land improvements	(6,746,915)	(226,558)	-	(6,973,473)
Buildings and improvements	(96,699,363)	(7,655,892)	(59,430)	(104,295,825)
Vehicles, furniture and equipment	(10,382,902)	(1,584,877)	(284,293)	(11,683,486)
Total accumulated depreciation	(113,829,180)	(9,467,327)	(343,723)	(122,952,784)
Total capital assets, being depreciated, net	290,484,852	53,679,485	98,603	344,065,734
Governmental activities capital assets, net	\$ 358,820,976	\$ 92,719,550	\$ 60,299,862	\$ 391,240,664
Business-Type Activities				
Capital assets, being depreciated:				
Vehicles, furniture and equipment	\$ 5,243,369	\$ 94,279	\$ 290,835	\$ 5,046,813
Less accumulated depreciation	(2,959,864)	(385,077)	(287,442)	(3,057,499)
Business-type activities capital assets, net	\$ 2,283,505	\$ (290,798)	\$ 3,393	\$ 1,989,314

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 5. Capital Assets (Concluded)

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

Governmental activities:	
Instruction	\$ 8,081,618
Noninstructional	134,818
Central support services	322,811
Plant operation and maintenance	171,364
Student transportation	745,479
Capital assets held by governments internal service funds are charged to the various functions based on their usage of the assets	11,237
Total	\$ 9,467,327
Business-type activities, school nutrition	\$ 385,077

As of June 30, 2012, six schools with a combined net book value of approximately \$906,000, were idle and considered impaired.

Note 6. Long-Term Liabilities and Bonds Payable

The following is a summary of changes in bonded and other long-term debt for the year ended June 30, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Sales tax revenue bonds	\$ 68,360,000	\$ 71,900,000	\$ 2,590,000	\$ 137,670,000	\$ 5,810,000
Bond premiums	4,716,243	4,453,970	439,996	8,730,217	-
Retrospective insurance rating plan	417,808	66,506	252,184	232,130	-
Special termination benefits	14,322,872	4,443,850	4,601,282	14,165,440	4,857,983
Compensated absences	3,475,556	2,684,494	2,513,717	3,646,333	2,481,590
Long-term liabilities	\$ 91,292,479	\$ 83,548,820	\$ 10,397,179	\$ 164,444,120	\$ 13,149,573
Business-type activities,					
compensated absences	\$ 207,433	\$ 168,528	\$ 156,213	\$ 219,748	\$ 159,593

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 and \$71,900,000 of bonds issued May 2012. 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 50 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 revenue were \$6,008,000 and \$26,045,238, respectively.

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 6. Long-Term Liabilities and Bonds Payable (Concluded)

Annual debt service requirements to maturity as of June 30, 2012 for the outstanding sales tax revenue bonds are summarized as follows:

Year Ending June 30:	Governmental Activities		
	Principal	Interest	Total
2013	\$ 5,810,000	\$ 6,348,244	\$ 12,158,244
2014	6,110,000	5,905,250	12,015,250
2015	6,315,000	5,633,050	11,948,050
2016	6,515,000	5,351,600	11,866,600
2017	6,760,000	5,061,150	11,821,150
2018 - 2022	37,850,000	20,546,850	58,396,850
2023 - 2027	46,570,000	11,342,200	57,912,200
2028 - 2029	21,740,000	1,478,200	23,218,200
Total	\$ 137,670,000	\$ 61,666,544	\$ 199,336,544

As of June 30, 2012, the District did not exceed its legal debt margin, computed as follows:

Total assessed valuation	<u>\$ 11,195,209,052</u>
Debt limit of 5% of total assessed valuation	\$ 559,760,453
Amount of debt applicable to debt limit, total general obligation bonded debt	<u>137,670,000</u>
Excess of debt limit over bonded debt issued, legal debt margin	<u>\$ 422,090,453</u>

Compensated absences are generally liquidated by the General Fund and the retrospective insurance 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, 2012, the District has \$2,567,319 accrued in the Management Fund, \$251,020 accrued in the General Fund relating to employees over age 65 as they are considered due, plus an additional amount not considered due of \$11,347,101 recorded only in the government-wide financial statements. The current year cost to the District was \$4,601,282 which consisted of 89 participants in the plan. The special termination benefits are generally and mainly liquidated by the Management Fund.

Des Moines Independent Community School District

Notes to Basic Financial Statements

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, 2012, the District was involved in construction projects with an estimated cost to complete the construction projects of \$29,989,275.

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 (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.

The claims liability of \$4,525,511 in the Self Insurance fund is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information indicates that 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,	
	2012	2011
Unpaid claims, beginning of year	\$ 4,904,523	\$ 4,862,861
Current year claims and changes in estimates	49,075,293	48,113,948
Claim payments	(49,454,305)	(48,072,286)
Unpaid claims, end of year	<u>\$ 4,525,511</u>	<u>\$ 4,904,523</u>

As of June 30, 2012, the unpaid claims payable of \$4,525,511 is net of \$695,391 of reimbursement receivable that the District expects to receive as it has exceeded its individual stop-loss amount. A total of \$695,391 reinsurance revenue to be received is recorded with claims expense of \$49,075,293.

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 8. Risk Management (Concluded)

The District self insures its workers' compensation exposures. As of June 30, 2012, the amount of liabilities recorded for estimated claims payable for workers' compensation was \$1,127,423 of which \$390,092 was recorded in the Management Fund in accounts payable, a nonmajor governmental fund, and \$737,331 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,	
	2012	2011
Unpaid claims, beginning of year	\$ 1,299,926	\$ 839,231
Current year claims and changes in estimates	3,072,929	2,565,485
Claim payments	(3,245,432)	(2,104,790)
Unpaid claims, end of year	<u>\$ 1,127,423</u>	<u>\$ 1,299,926</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, 2012, 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 \$232,130. 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 5.38 percent of their annual salary and the District is required to contribute 8.07 percent of annual covered salaries. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$14,947,018, \$12,599,247 and \$12,066,415, respectively, equal to the required contributions for each year.

Des Moines Independent Community School District

Notes to Basic Financial Statements

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 1,468 active and retired participants as of June 30, 2012. The plan requires the employees to contribute a varying percentage of their base pay, from 5.11 percent to 7.94 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, 2012 was \$29,907,522 and the total District payroll was \$216,223,301. The employees' contributions during the year ended June 30, 2012 were \$1,697,249 (5.7 percent of the total covered payroll). The District's General Fund made contributions of \$1,990,777 (6.7 percent of the total covered payroll). Plan net assets were \$247,147,485 as of June 30, 2012. 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, 2012 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 2012, the District contributed \$3,725,000. Retiree and active members receiving benefits contributed through their required monthly contributions of:

Rate Tier	Wellmark	Blue Access	Blue Access Union
Employee	\$ 378.67	\$ 352.76	\$ 403.62
Employee + One	722.12	672.71	769.70
Family	1,151.16	1,072.39	1,227.00

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	\$ 6,130,000
Interest on net OPEB obligation	315,416
Adjustment to annual required contribution	(203,750)
Annual OPEB cost	<u>6,241,666</u>
Contributions and payments made	<u>3,725,000</u>
Increase in net OPEB obligation	2,516,666
Net OPEB obligation - July 1, 2011	<u>7,009,000</u>
Net OPEB obligation - June 30, 2012	<u><u>\$ 9,525,666</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2012 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, 2010	\$ 5,711,000	52.86%	\$ 4,396,250
June 30, 2011	6,123,750	57.33	7,009,000
June 30, 2012	6,241,666	59.68	9,525,666

Funded status and funding progress: Postemployment Benefit Obligations under GASB Statement No. 45 calculated as of July 1, 2010, the most recent valuation date is as follows:

	<u>Total</u>	<u>Members</u>
Actuarial Accrued Liability:		
Current retirees, beneficiaries and dependents	\$ 10,323,000	389
Current active members	35,059,000	4,660
Total Actuarial Accrued Liability (AAL)	<u>45,382,000</u>	<u>5,049</u>
Actuarial value of OPEB Plan Assets	-	
Unfunded Actuarial Accrued Liability (UAAL)	45,382,000	

The covered payroll (annual payroll of active employees covered by the plan) was \$216,222,032 and the ratio of the UAAL to the covered payroll was 21.0 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

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, 2010 actuarial valuation, projected unit credit method was used. The actuarial assumptions included a 4.5 percent annual discount rate, an annual health care cost trend rate of 10.5 percent for select and 5 percent for ultimate initially, but reduced 0.5 percent each year until reaching the ultimate trend and an implicit inflation rate of 3 percent. All rates include a 2 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, 2010, was 30 years.

Note 11. Pollution Remediation Liability

The District has initiated remodeling several 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, 2012 is derived from the construction contracts. The District has recorded a liability of \$64,150 in the Capital Projects Fund included in accounts payable and other current liabilities based on services provided by contractors prior to year-end. The District has also recorded an additional liability of \$160,570 in the government-wide financial statements based on remaining future costs related to the removal projects.

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 12. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The details for the District's fund balance as of June 30, 2012 are as follows:

Fund Balances:	General	Capital Projects	Nonmajor Governmental	Total
Nonspendable:				
Inventories	\$ 412,521	\$ -	\$ -	\$ 412,521
Prepays	108,379	-	8,441	116,820
Permanent Trust	-	-	9,878	9,878
Total Nonspendable	520,900	-	18,319	539,219
Restricted:				
Student activities	-	-	1,913,384	1,913,384
Management levy purposes	-	-	2,983,600	2,983,600
Physical Plant and Equipment	-	-	7,539,535	7,539,535
Public Education and Recreation	-	-	268,950	268,950
DMPS Expendable Trust	-	-	3,735,813	3,735,813
Capital Projects	-	112,392,835	-	112,392,835
Permanent Trust	-	-	1,666	1,666
Categorical Funding	8,989,023	-	-	8,989,023
Shared Programs	1,057,425	-	-	1,057,425
Special Education	1,900,000	-	-	1,900,000
Medicaid	365,732	-	-	365,732
Grants	465,099	-	-	465,099
Total Restricted	12,777,279	112,392,835	16,442,948	141,613,062
Committed:				
Special Purpose Board	1,229,955	-	-	1,229,955
Technology	1,686,091	-	-	1,686,091
Total Committed	2,916,046	-	-	2,916,046
Unassigned	45,507,578	-	-	45,507,578
Total fund balances	\$ 61,721,803	\$ 112,392,835	\$ 16,461,267	\$ 190,575,905

Des Moines Independent Community School District

Notes to Basic Financial Statements

Note 13. Pending Governmental Accounting Standards Board (GASB) Pronouncements

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. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued July 2011, will be effective for the District beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.
- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued April 2012, will be effective for the District beginning with its year ending June 30, 2014. This Statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, this Statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, the Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources.
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the District beginning with its year ending June 30, 2015. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. This Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

Des Moines Independent Community School District

**Required Supplementary Information
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]
2010	July 1, 2009	\$ -	\$ 42,780,000	\$ 42,780,000	\$ -	\$ 217,402,778	19.68%
2011	July 1, 2010	-	45,382,000	45,382,000	-	212,793,902	21.33
2012	July 1, 2010	-	45,382,000	45,382,000	-	216,222,032	21.00

The information presented in the required supplementary schedule was determined as part of the actuarial valuation date as of July 1, 2010. 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 10.5 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, 2012**

	Actual			
	Governmental	Enterprise	Private Purpose	Total
	Fund Types	Funds	Trust Funds	
Revenues:				
Local sources	\$ 172,943,075	\$ 6,443,581	\$ 18,205	\$ 179,404,861
Intermediate sources	380,240	-	-	380,240
State sources	202,442,682	130,045	-	202,572,727
Federal sources	48,888,317	11,761,818	-	60,650,135
Total revenues	424,654,314	18,335,444	18,205	443,007,963
Expenditures/Expenses:				
Instruction	242,468,897	-	-	242,468,897
Support services	108,377,928	-	-	108,377,928
Noninstructional	2,458,060	17,509,877	11,467	19,979,404
Other	66,131,255	-	-	66,131,255
Total expenditures/expenses	419,436,140	17,509,877	11,467	436,957,484
Excess of revenues over expenditures/expenses	5,218,174	825,567	6,738	6,050,479
Other financing sources (uses):				
Proceeds from sale of capital assets	21,150	-	-	21,150
Issuance of revenue bonds	71,900,000	-	-	71,900,000
Premiums on revenue bonds	4,453,970	-	-	4,453,970
Transfers in	6,008,000	-	-	6,008,000
Transfers (out)	(6,008,000)	-	-	(6,008,000)
Net change in fund balances	\$ 81,593,294	\$ 825,567	\$ 6,738	\$ 82,425,599

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

See Note to Required Supplementary Information.

Budget			
Original	Final		Final Budget to Actual Variance
\$ 176,057,412	\$ 176,057,412	\$	3,347,449
607,000	607,000		(226,760)
199,383,595	199,383,595		3,189,132
51,066,897	51,066,897		9,583,238
<u>427,114,904</u>	<u>427,114,904</u>		<u>15,893,059</u>
253,134,675	253,134,675		(10,665,778)
105,416,994	112,838,584		(4,460,656)
19,739,724	20,107,503		(128,099)
55,171,286	67,711,763		(1,580,508)
<u>433,462,679</u>	<u>453,792,525</u>		<u>(16,835,041)</u>
(6,347,775)	(26,677,621)		32,728,100
-	-		21,150
-	-		71,900,000
-	-		4,453,970
6,008,000	6,008,000		-
(6,008,000)	(6,008,000)		-
<u>\$ (6,347,775)</u>	<u>\$ (26,677,621)</u>	<u>\$</u>	<u>109,103,220</u>

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Des Moines Independent Community School District

Note to Required Supplementary Information

Note 1. Basis of Presentation

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

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

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

The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the functional area for budgeted governmental, enterprise, and private purpose trust funds in total, rather than by individual fund type. Formal and legal budgetary control is based on four major classes of expenditures known as functional areas. These four functional areas are instruction, support services, noninstructional programs and other expenditures. During the year ended June 30, 2012, the District did not overexpend in any functional area. 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, one budget amendment increased budgeted expenditures by \$20,329,846.

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 \$11,699,768 for the year ended June 30, 2012.

Des Moines Independent Community School District

**Combining Balance Sheet
All Nonmajor Governmental Funds
June 30, 2012**

	Special Revenue		
	Student	Management	DMPS
	Activity		
Assets			
Cash and investments	\$ 2,091,442	\$ 5,867,839	\$ 2,258,056
Restricted investments	-	-	1,696,708
Property taxes receivable - current year	-	124,550	-
Property taxes receivable - succeeding year	-	9,959,850	-
Other receivables	7,277	-	-
Prepaid items	7,691	-	750
Total assets	\$ 2,106,410	\$ 15,952,239	\$ 3,955,514
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 168,589	\$ 396,012	\$ 208,573
Accrued payroll	245	-	-
Special termination benefits	-	2,567,319	-
Other current liabilities	-	-	10,378
Due to other governments	10,011	45,458	-
Deferred revenue	6,490	-	-
Unearned revenue	-	9,959,850	-
Total liabilities	185,335	12,968,639	218,951
Fund balances:			
Nonspendable	7,691	-	750
Restricted	1,913,384	2,983,600	3,735,813
Total fund balances	1,921,075	2,983,600	3,736,563
Total liabilities and fund balances	\$ 2,106,410	\$ 15,952,239	\$ 3,955,514

Capital Projects				
Physical Plant and Equipment Levy	Public Education and Recreation Levy	Permanent	Total Nonmajor Governmental Funds	
\$ 8,648,500	\$ 343,564	\$ 11,544	\$ 19,220,945	
-	-	-	1,696,708	
79,368	10,924	-	214,842	
6,848,245	864,770	-	17,672,865	
-	-	-	7,277	
-	-	-	8,441	
<u>\$ 15,576,113</u>	<u>\$ 1,219,258</u>	<u>\$ 11,544</u>	<u>\$ 38,821,078</u>	
\$ 1,133,655	\$ 52,262	\$ -	\$ 1,959,091	
-	33,151	-	33,396	
-	-	-	2,567,319	
54,678	-	-	65,056	
-	125	-	55,594	
-	-	-	6,490	
6,848,245	864,770	-	17,672,865	
<u>8,036,578</u>	<u>950,308</u>	<u>-</u>	<u>22,359,811</u>	
-	-	9,878	18,319	
7,539,535	268,950	1,666	16,442,948	
<u>7,539,535</u>	<u>268,950</u>	<u>11,544</u>	<u>16,461,267</u>	
<u>\$ 15,576,113</u>	<u>\$ 1,219,258</u>	<u>\$ 11,544</u>	<u>\$ 38,821,078</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, 2012

	Special Revenue		
	Student		
	Activity	Management	DMPS
Revenues:			
Property taxes	\$ -	\$ 10,158,367	\$ -
Other local sources	-	-	1,624,855
Investment earnings	1,929	-	99,974
State sources	-	3,925	-
Federal sources	-	-	-
Student activities	2,709,158	-	772
Total revenues	2,711,087	10,162,292	1,725,601
Expenditures:			
Current:			
Instruction	2,851,807	4,157,808	455,500
Student services	-	385,803	-
Instructional support services	-	-	49,645
General administration	-	876,603	-
Building administration	-	527,574	-
Business and central administration	-	-	-
Plant operation and maintenance	-	1,874,443	-
Student transportation	-	1,374,989	-
Noninstructional	-	786,472	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Total expenditures	2,851,807	9,983,692	505,145
Excess (deficiency) of revenues over expenditures	(140,720)	178,600	1,220,456
Other financing sources (uses):			
Proceeds from sale of capital assets	-	-	-
Transfers in	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(140,720)	178,600	1,220,456
Fund balances, beginning of year	2,061,795	2,805,000	2,516,107
Fund balances, end of year	\$ 1,921,075	\$ 2,983,600	\$ 3,736,563

Debt Service	Capital Projects			Permanent	Total Nonmajor Governmental Funds
	Physical Plant and Equipment Levy	Public Education and Recreation Levy			
\$ -	\$ 6,877,426	\$ 881,995	\$ -	\$ -	\$ 17,917,788
-	104,102	453,482	-	-	2,182,439
-	8,789	-	6	-	110,698
-	2,430	341	-	-	6,696
-	150,000	-	-	-	150,000
-	-	20,537	-	-	2,730,467
-	7,142,747	1,356,355	6	-	23,098,088
-	-	-	-	-	7,465,115
-	-	-	-	-	385,803
-	-	-	-	-	49,645
-	-	-	-	-	876,603
-	-	-	-	-	527,574
-	-	50,591	-	-	50,591
-	-	-	-	-	1,874,443
-	-	-	-	-	1,374,989
-	-	1,149,308	-	-	1,935,780
-	6,757,130	134,641	-	-	6,891,771
2,590,000	-	-	-	-	2,590,000
3,418,000	-	-	-	-	3,418,000
6,008,000	6,757,130	1,334,540	-	-	27,440,314
(6,008,000)	385,617	21,815	6	-	(4,342,226)
-	2,000	-	-	-	2,000
6,008,000	-	-	-	-	6,008,000
6,008,000	2,000	-	-	-	6,010,000
-	387,617	21,815	6	-	1,667,774
-	7,151,918	247,135	11,538	-	14,793,493
\$ -	\$ 7,539,535	\$ 268,950	\$ 11,544	\$ -	\$ 16,461,267

Des Moines Independent Community School District

Combining Statement of Net Assets

All Nonmajor Enterprise Funds

June 30, 2012

	School Nutrition	Child Care	Preschool
Assets			
Current assets:			
Cash and cash equivalents	\$ 319,368	\$ 50	\$ -
Other receivables, net of allowances for uncollectibles of \$40,411	180,673	161,772	-
Due from other governments	96,970	-	-
Assets held for sale	-	-	-
Inventories	236,622	-	-
Prepaid items	-	1,080	-
Total current assets	833,633	162,902	-
Noncurrent assets:			
Advances to other funds	-	-	-
Depreciable assets, net	1,989,314	-	-
Total noncurrent assets	1,989,314	-	-
Total assets	\$ 2,822,947	\$ 162,902	\$ -
Liabilities			
Current liabilities:			
Accounts payable	\$ 27,362	\$ 41,106	\$ -
Accrued payroll	106,017	89,272	-
Due to other governments	-	442	-
Due to other funds	-	116,565	-
Unearned revenue	124,399	27,379	-
Compensated absences	137,649	21,386	-
Total current liabilities	395,427	296,150	-
Noncurrent liabilities:			
Advances from other funds	-	-	677,879
Compensated absences	52,789	7,366	-
Total noncurrent liabilities	52,789	7,366	677,879
Total liabilities	448,216	303,516	677,879
Net Assets (Deficit)			
Invested in capital assets	1,989,314	-	-
Unrestricted	385,417	(140,614)	(677,879)
Total net assets (deficit)	2,374,731	(140,614)	(677,879)
Total liabilities and net assets	\$ 2,822,947	\$ 162,902	\$ -

	Home Construction	Automotive	Wellness Center	Total
\$	-	\$ -	\$ -	\$ 319,418
	-	600	-	343,045
	-	-	-	96,970
	32,047	-	-	32,047
	-	-	-	236,622
	-	-	-	1,080
	<u>32,047</u>	<u>600</u>	<u>-</u>	<u>1,029,182</u>
	88,279	46,892	30,126	165,297
	-	-	-	1,989,314
	<u>88,279</u>	<u>46,892</u>	<u>30,126</u>	<u>2,154,611</u>
\$	<u>120,326</u>	\$ <u>47,492</u>	\$ <u>30,126</u>	\$ <u>3,183,793</u>
\$	-	\$ 9,750	\$ -	\$ 78,218
	-	-	-	195,289
	-	-	-	442
	-	-	-	116,565
	-	-	-	151,778
	-	-	558	159,593
	-	<u>9,750</u>	<u>558</u>	<u>701,885</u>
	-	-	-	677,879
	-	-	-	60,155
	-	-	-	738,034
	-	<u>9,750</u>	<u>558</u>	<u>1,439,919</u>
	-	-	-	1,989,314
	<u>120,326</u>	<u>37,742</u>	<u>29,568</u>	<u>(245,440)</u>
	<u>120,326</u>	<u>37,742</u>	<u>29,568</u>	<u>1,743,874</u>
\$	<u>120,326</u>	\$ <u>47,492</u>	\$ <u>30,126</u>	\$ <u>3,183,793</u>

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, 2012

	School Nutrition	Child Care	Preschool
Operating revenues:			
Student activities	\$ -	\$ -	\$ -
Charges for services:			
Sale of food	2,816,185	-	-
Child care	-	3,451,999	-
Miscellaneous	-	-	-
Total operating revenues	2,816,185	3,451,999	-
Operating expenses:			
Student services	13,675,465	-	-
School nutrition, depreciation	385,077	-	-
Community services	-	3,337,286	-
Total operating expenses	14,060,542	3,337,286	-
Operating income (loss)	(11,244,357)	114,713	-
Nonoperating revenues (expenses):			
Other local sources	81,553	-	-
State sources	130,045	-	-
Federal sources	11,761,818	-	-
Loss on disposal of capital assets	(3,393)	-	-
Total nonoperating revenues	11,970,023	-	-
Change in net assets (deficit)	725,666	114,713	-
Total net assets (deficit), beginning of year	1,649,065	(255,327)	(677,879)
Total net assets (deficit), end of year	\$ 2,374,731	\$ (140,614)	\$ (677,879)

	Home Construction	Automotive	Wellness Center	Total
\$	-	\$ 30,512	\$ -	\$ 30,512
	-	-	-	2,816,185
	-	-	-	3,451,999
	-	-	53,995	53,995
	-	30,512	53,995	6,352,691
	-	27,027	-	13,702,492
	-	-	-	385,077
	-	-	81,629	3,418,915
	-	27,027	81,629	17,506,484
	-	3,485	(27,634)	(11,153,793)
	-	9,337	-	90,890
	-	-	-	130,045
	-	-	-	11,761,818
	-	-	-	(3,393)
	-	9,337	-	11,979,360
	-	12,822	(27,634)	825,567
	120,326	24,920	57,202	918,307
\$	\$ 120,326	\$ 37,742	\$ 29,568	\$ 1,743,874

Des Moines Independent Community School District

**Combining Statement of Cash Flows
All Nonmajor Enterprise Funds
Year Ended June 30, 2012**

	School Nutrition	Child Care	Preschool
Cash flows from operating activities:			
Cash received from user charges	\$ 2,813,981	\$ 3,339,931	\$ -
Cash payments to employees for services	(6,985,903)	(2,990,390)	-
Cash payments to suppliers for goods and services	(5,973,137)	(381,639)	-
Net cash provided by (used in) operating activities	(10,145,059)	(32,098)	-
Cash flows from noncapital financing activities:			
Payments from other funds	-	32,098	-
Payments to other funds	(721,828)	-	-
Grants and donations received	11,280,534	-	-
Net cash provided by (used in) noncapital financing activities	10,558,706	32,098	-
Cash flows from capital and related financing activities, acquisition of capital assets			
	(94,279)	-	-
Net increase in cash and cash equivalents	319,368	-	-
Cash and cash equivalents, beginning of year	-	50	-
Cash and cash equivalents, end of year	<u>\$ 319,368</u>	<u>\$ 50</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (11,244,357)	\$ 114,713	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	385,077	-	-
Commodities used	779,762	-	-
Changes in assets and liabilities:			
Receivables	(15,485)	(117,221)	-
Inventories	82,555	-	-
Prepaid items	-	90	-
Accounts payable and due to other governments	(151,933)	23,576	-
Unearned revenue	13,281	5,153	-
Accrued liabilities and compensated absences	6,041	(58,409)	-
Net cash provided by (used in) operating activities	\$ (10,145,059)	\$ (32,098)	\$ -
Noncash items, noncapital financing activities, commodities received from U.S. Department of Agriculture			
	\$ 779,762	\$ -	\$ -

	Home Construction	Automotive	Wellness Center	Total
\$	-	\$ 29,912	\$ 53,995	\$ 6,237,819
	-	-	(75,421)	(10,051,714)
	-	(21,428)	(7,625)	(6,383,829)
	-	8,484	(29,051)	(10,197,724)
	-	-	29,051	61,149
	-	(17,821)	-	(739,649)
	-	9,337	-	11,289,871
	-	(8,484)	29,051	10,611,371
	-	-	-	(94,279)
	-	-	-	319,368
	-	-	-	50
\$	-	\$ -	\$ -	\$ 319,418
\$	-	\$ 3,485	\$ (27,634)	\$ (11,153,793)
	-	-	-	385,077
	-	-	-	779,762
	-	(600)	-	(133,306)
	-	-	-	82,555
	-	-	-	90
	-	5,599	-	(122,758)
	-	-	-	18,434
	-	-	(1,417)	(53,785)
\$	-	\$ 8,484	\$ (29,051)	\$ (10,197,724)
\$	-	\$ -	\$ -	\$ 779,762

Des Moines Independent Community School District

Combining Statement of Net Assets (Deficit)

All Internal Service Funds

June 30, 2012

	Self-Insurance	Risk Management	Collage	Print Shop	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 13,173,213	\$ 318,111	\$ 150	\$ -	\$ 13,491,474
Due from other funds	898	-	-	115,667	116,565
Inventories	-	-	-	43,971	43,971
Prepaid items	5,000	-	-	-	5,000
Total current assets	13,179,111	318,111	150	159,638	13,657,010
Noncurrent assets:					
Advances to other funds	587,395	-	-	-	587,395
Depreciable assets, net	-	-	-	77,012	77,012
Total noncurrent assets	587,395	-	-	77,012	664,407
Total assets	\$ 13,766,506	\$ 318,111	\$ 150	\$ 236,650	\$ 14,321,417
Liabilities					
Current liabilities:					
Accounts payable	\$ -	\$ 232,003	\$ 53	\$ 7,386	\$ 239,442
Claims payable	4,525,511	-	-	-	4,525,511
Accrued payroll	-	-	-	1,399	1,399
Unearned revenue	53,829	-	-	-	53,829
Compensated absences	-	-	-	8,830	8,830
Total current liabilities	4,579,340	232,003	53	17,615	4,829,011
Noncurrent liabilities:					
Advances from other funds	-	-	74,813	-	74,813
Compensated absences	-	-	-	7,347	7,347
Total noncurrent liabilities	-	-	74,813	7,347	82,160
Total liabilities	4,579,340	232,003	74,866	24,962	4,911,171
Net Assets (Deficit)					
Invested in capital assets	-	-	-	77,012	77,012
Unrestricted	9,187,166	86,108	(74,716)	134,676	9,333,234
Total net assets (deficit)	9,187,166	86,108	(74,716)	211,688	9,410,246
Total liabilities and net assets (deficit)	\$ 13,766,506	\$ 318,111	\$ 150	\$ 236,650	\$ 14,321,417

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, 2012

	Self-Insurance	Risk Management	Collage	Print Shop	Total
Operating revenues:					
Charges for services:					
Employee benefits	\$ 48,842,439	\$ 795,756	\$ -	\$ -	\$ 49,638,195
Miscellaneous	-	-	24,632	286,358	310,990
Total operating revenues	48,842,439	795,756	24,632	286,358	49,949,185
Operating expenses:					
Claims and related costs	49,075,293	790,175	-	-	49,865,468
Depreciation	-	-	-	11,237	11,237
Miscellaneous	-	-	21,386	298,755	320,141
Total operating expenses	49,075,293	790,175	21,386	309,992	50,196,846
Operating income (loss)	(232,854)	5,581	3,246	(23,634)	(247,661)
Total net assets (deficit), beginning of year	9,420,020	80,527	(77,962)	235,322	9,657,907
Total net assets (deficit), end of year	\$ 9,187,166	\$ 86,108	\$ (74,716)	\$ 211,688	\$ 9,410,246

Des Moines Independent Community School District

**Combining Statement of Cash Flows
All Internal Service Funds
Year Ended June 30, 2012**

	Risk				
	Self-Insurance	Management	Collage	Print Shop	Total
Cash flows from operating activities:					
Cash received from user charges	\$ 48,835,909	\$ 795,756	\$ 24,632	\$ 286,358	\$ 49,942,655
Cash payments to employees for services	-	-	(11,206)	(203,912)	(215,118)
Cash payments to suppliers for goods and services	(49,454,305)	(789,356)	(10,345)	(89,271)	(50,343,277)
Net cash provided by (used in) operating activities	(618,396)	6,400	3,081	(6,825)	(615,740)
Cash flows from noncapital financing activities:					
Proceeds from other funds	719,354	-	-	-	719,354
Payments to other funds	-	-	(3,081)	(37,773)	(40,854)
Net cash provided by (used in) noncapital financing activities	719,354	-	(3,081)	(37,773)	678,500
Net increase (decrease) in cash and cash equivalents	100,958	6,400	-	(44,598)	62,760
Cash and cash equivalents, beginning of year	13,072,255	311,711	150	44,598	13,428,714
Cash and cash equivalents, end of year	\$ 13,173,213	\$ 318,111	\$ 150	\$ -	\$ 13,491,474
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (232,854)	\$ 5,581	\$ 3,246	\$ (23,634)	\$ (247,661)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	-	-	11,237	11,237
Changes in assets and liabilities:					
Inventories	-	-	-	1,998	1,998
Accounts payable	-	819	29	2,274	3,122
Claims payable	(379,012)	-	-	-	(379,012)
Unearned revenue	(6,530)	-	-	-	(6,530)
Accrued liabilities	-	-	(194)	1,300	1,106
Net cash provided by (used in) operating activities	\$ (618,396)	\$ 6,400	\$ 3,081	\$ (6,825)	\$ (615,740)

Des Moines Independent Community School District

Statement of Changes in Assets and Liabilities

Agency Fund

June 30, 2012

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Faculty and Staff				
Assets				
Cash and cash equivalents	\$ 107,289	\$ 228,554	\$ 226,443	\$ 109,400
Liabilities				
Accounts payable	\$ 2,308	\$ 2,767	\$ -	\$ 5,075
Due to other governmental units	104,981	-	656	104,325
Total liabilities	\$ 107,289	\$ 2,767	\$ 656	\$ 109,400

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Des Moines Independent Community School District

Statistical Section Contents

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

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	72 - 87
Revenue Capacity	
These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax (or sales tax).	88 - 94
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.	95 - 100
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	101 - 102
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	103 - 125

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

Des Moines Independent Community School District

**Net Assets By Component
Last Ten Fiscal Years
(Accrual Basis Of Accounting)
(Unaudited)**

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	\$ 110,972,196	\$ 150,807,994	\$ 166,212,168	\$ 193,522,406
Restricted	7,890,843	4,993,858	8,678,939	31,370,418
Unrestricted	12,680,313	308,782	26,325,637	14,399,109
Total governmental activities net assets	\$ 131,543,352	\$ 156,110,634	\$ 201,216,744	\$ 239,291,933
Business-type activities:				
Invested in capital assets, net of related debt	\$ 1,395,717	\$ 1,572,525	\$ 2,363,403	\$ 2,391,487
Restricted	-	-	-	-
Unrestricted	1,150,625	1,017,486	912,110	675,842
Total business-type activities net assets	\$ 2,546,342	\$ 2,590,011	\$ 3,275,513	\$ 3,067,329
Primary government:				
Invested in capital assets, net of related debt	\$ 112,367,913	\$ 152,380,519	\$ 168,575,571	\$ 195,913,893
Restricted	7,890,843	4,993,858	8,678,939	31,370,418
Unrestricted	13,830,938	1,326,268	27,237,747	15,074,951
Total primary government net assets	\$ 134,089,694	\$ 158,700,645	\$ 204,492,257	\$ 242,359,262

Source: Comprehensive Annual Financial Report

							Fiscal Year					
2007		2008		2009		2010		2011		2012		
\$	223,847,057	\$	261,303,316	\$	295,531,637	\$	321,900,574	\$	338,928,488	\$	359,352,093	
	35,019,609		28,171,672		27,723,729		26,709,665		31,199,263		29,005,666	
	21,372,567		20,680,456		17,189,578		10,363,873		14,951,604		35,135,095	
<hr/>												
\$	280,239,233	\$	310,155,444	\$	340,444,944	\$	358,974,112	\$	385,079,355	\$	423,492,854	
<hr/>												
\$	2,320,931	\$	2,380,907	\$	2,606,657	\$	2,411,710	\$	2,283,505	\$	1,989,314	
	-		-		-		-		-		-	
	(288,605)		(1,843,960)		(2,512,906)		(2,236,234)		(1,365,198)		(245,440)	
<hr/>												
\$	2,032,326	\$	536,947	\$	93,751	\$	175,476	\$	918,307	\$	1,743,874	
<hr/>												
\$	226,167,988	\$	263,684,223	\$	298,138,294	\$	324,312,284	\$	341,211,993	\$	361,341,407	
	35,019,609		28,171,672		27,723,729		26,709,665		31,199,263		29,005,666	
	21,083,962		18,836,496		14,676,672		8,127,639		13,586,406		34,889,655	
<hr/>												
\$	282,271,559	\$	310,692,391	\$	340,538,695	\$	359,149,588	\$	385,997,662	\$	425,236,728	
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Des Moines Independent Community School District

Expenses, Program Revenues and Net (Expense) Revenue

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year		
	2003	2004	2005
Expenses:			
Governmental activities:			
Instructional	\$ 188,029,574	\$ 196,440,822	\$ 191,094,307
Student services	18,385,785	19,304,468	16,566,058
Instructional support services	3,285,811	3,130,123	5,322,439
General administration	4,685,483	5,412,731	5,246,763
Central support services	4,239,135	4,665,921	-
Building administration	15,042,128	16,006,487	15,046,750
Business administration	1,907,336	2,246,641	-
Business and central administration	-	-	6,669,808
Plant operation and maintenance	27,399,239	26,862,744	26,731,721
Student transportation	8,262,991	9,179,699	8,783,899
Noninstructional	4,931,839	2,412,415	1,149,267
AEA support	9,837,474	9,140,786	9,445,390
Interest on long-term debt	130,334	90,488	159,296
Total governmental activities expenses	286,137,129	294,893,325	286,215,698
Business-type activities:			
School nutrition	11,562,068	11,685,044	12,207,914
Child care	3,226,813	3,887,289	4,277,713
Preschool	-	-	-
Other	104,149	89,471	109,722
Total business-type activities expenses	14,893,030	15,661,804	16,595,349
Total primary government expenses	\$ 301,030,159	\$ 310,555,129	\$ 302,811,047
Program revenues:			
Governmental activities:			
Charges for services:			
Instruction	\$ 12,835,587	\$ 12,994,023	\$ 12,378,325
Support services	10,477,043	10,508,228	10,602,249
Operating grants and contributions	40,202,197	39,594,789	42,485,746
Capital grants and contributions	956,208	2,469,240	896,674
Total governmental activities program revenues	64,471,035	65,566,280	66,362,994

(Continued)

							Fiscal Year						
2006		2007		2008		2009		2010		2011		2012	
\$	206,822,872	\$	210,863,364	\$	229,908,604	\$	238,676,928	\$	245,423,324	\$	251,762,378	\$	256,812,271
	17,175,275		17,565,934		19,144,119		20,471,493		22,488,603		20,562,462		20,196,523
	6,440,206		7,784,381		8,020,675		8,445,248		8,263,149		11,926,860		11,652,847
	4,234,165		3,862,718		4,806,286		5,282,473		4,442,422		4,752,013		4,779,422
	-		-		-		-		-		-		-
	16,616,658		17,965,958		18,205,319		18,902,199		19,797,129		17,692,429		18,738,332
	-		-		-		-		-		-		-
	7,292,653		9,116,886		9,754,807		8,354,561		7,660,791		7,465,018		11,704,743
	30,416,184		31,675,467		33,557,855		35,647,890		33,438,106		32,500,882		32,450,434
	10,189,064		10,856,840		10,635,752		10,518,100		10,352,087		10,699,109		10,861,366
	1,367,676		1,943,137		1,879,027		2,055,069		3,143,025		6,831,871		4,204,202
	9,855,798		10,455,648		10,993,407		11,511,318		12,463,876		12,878,207		11,699,768
	101,253		894,900		835,766		709,817		897,462		3,254,529		3,008,867
	310,511,804		322,985,233		347,741,617		360,575,096		368,369,974		380,325,758		386,108,775
	12,865,670		13,856,434		14,833,221		14,790,948		14,429,088		13,730,822		14,063,935
	4,461,347		2,530,578		3,479,097		3,468,091		2,947,012		3,055,421		3,337,286
	-		2,224,190		-		-		-		-		-
	99,833		112,292		99,935		97,908		138,258		127,902		108,656
	17,426,850		18,723,494		18,412,253		18,356,947		17,514,358		16,914,145		17,509,877
\$	327,938,654	\$	341,708,727	\$	366,153,870	\$	378,932,043	\$	385,884,332	\$	397,239,903	\$	403,618,652
\$	11,123,854	\$	12,002,157	\$	10,969,649	\$	10,625,291	\$	9,745,572	\$	10,548,824	\$	10,008,887
	11,153,073		11,332,332		11,417,248		12,351,149		13,282,400		13,354,070		12,568,464
	48,330,052		50,812,813		63,411,312		75,779,208		97,746,607		90,715,067		88,937,932
	1,771,836		3,652,164		700,002		3,436,715		597,248		89,825		650,000
	72,378,815		77,799,466		86,498,211		102,192,363		121,371,827		114,707,786		112,165,283

Des Moines Independent Community School District

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

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year		
	2003	2004	2005
Business-type activities:			
Charges for services:			
School nutrition	\$ 4,689,138	\$ 4,469,991	\$ 4,238,988
Child care	3,183,993	3,887,289	4,276,989
Preschool	-	-	-
Other	111,231	89,471	92,967
Operating grants and contributions	7,452,843	7,542,929	8,049,101
Capital grants and contributions	-	-	-
Total business-type program revenues	15,437,205	15,989,680	16,658,045
Total primary government program revenues	\$ 79,908,240	\$ 81,555,960	\$ 83,021,039
Net (expense) revenue:			
Governmental activities	\$ (221,666,094)	\$ (229,327,045)	\$ (219,852,704)
Business-type activities	544,175	(6,331)	62,696
Total primary government net expense	\$ (221,121,919)	\$ (229,333,376)	\$ (219,790,008)

Source: Comprehensive Annual Financial Report

							Fiscal Year
2006	2007	2008	2009	2010	2011	2012	
\$ 3,933,497	\$ 3,904,411	\$ 3,845,874	\$ 4,299,682	\$ 3,722,647	\$ 2,945,912	\$ 2,816,185	
4,516,777	2,555,465	3,172,336	3,221,833	2,695,149	3,053,866	3,451,999	
-	1,909,835	-	-	-	-	-	
129,302	78,934	72,913	67,550	104,511	96,197	93,344	
8,639,090	9,239,846	9,825,079	10,324,686	11,061,636	11,561,001	11,973,916	
-	-	672	-	-	-	-	
17,218,666	17,688,491	16,916,874	17,913,751	17,583,943	17,656,976	18,335,444	
\$ 89,597,481	\$ 95,487,957	\$ 103,415,085	\$ 120,106,114	\$ 138,955,770	\$ 132,364,762	\$ 130,500,727	
\$ (238,132,989)	\$ (245,185,767)	\$ (261,243,406)	\$ (258,382,733)	\$ (246,998,147)	\$ (265,617,972)	\$ (273,943,492)	
(208,184)	(1,035,003)	(1,495,379)	(443,196)	69,585	742,831	(825,567)	
\$ (238,341,173)	\$ (246,220,770)	\$ (262,738,785)	\$ (258,825,929)	\$ (246,928,562)	\$ (264,875,141)	\$ (274,769,059)	

Des Moines Independent Community School District

General Revenues and Total Change in Net Assets

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year		
	2003	2004	2005
Net (expense) revenue:			
Governmental activities	\$ (221,666,094)	\$ (229,327,045)	\$ (219,852,704)
Business-type activities	544,175	(6,331)	62,696
Total primary government net expense	(221,121,919)	(229,333,376)	(219,790,008)
General revenues and other changes in net assets:			
Governmental activities:			
Property taxes:			
Levied for general purposes	72,848,724	74,059,381	77,061,329
Levied for management	5,061,800	6,572,485	11,612,920
Levied for property, plant, and equipment	5,110,145	676,558	5,582,876
Levied for playground	665,028	1,186,643	711,481
Levied for debt service	1,163,329	5,249,666	827,636
Sales tax, for capital projects	29,144,228	30,279,709	30,341,530
State foundation aid	129,967,615	131,649,151	135,379,841
Investment earnings	611,507	539,591	1,396,742
Other local sources	1,304,930	1,440,272	805,062
State sources	2,403,800	2,290,871	1,862,040
Transfer from fiduciary fund	-	-	163
Transfers	-	(50,000)	(622,806)
Gain on sale of assets	86,296	-	-
Total governmental activities	248,367,402	253,894,327	264,958,814
Business-type activities:			
Miscellaneous	-	-	-
Investment earnings	-	-	-
Gain on sale of assets	-	-	-
Transfers	-	50,000	622,806
Total business-type activities	-	50,000	622,806
Total primary government	248,367,402	253,944,327	265,581,620
Change in net assets:			
Governmental activities	26,701,308	24,567,282	45,106,110
Business-type activities	544,175	43,669	685,502
Total primary government	\$ 27,245,483	\$ 24,610,951	\$ 45,791,612

Source: Comprehensive Annual Financial Report

							Fiscal Year
2006	2007	2008	2009	2010	2011	2012	
\$ (238,132,989)	\$ (245,185,767)	\$ (261,243,406)	\$ (258,382,733)	\$ (246,998,147)	\$ (265,617,972)	\$ (273,943,492)	
(208,184)	(1,035,003)	(1,495,379)	(443,196)	69,585	742,831	(825,567)	
(238,341,173)	(246,220,770)	(262,738,785)	(258,825,929)	(246,928,562)	(264,875,141)	(274,769,059)	
82,065,094	85,406,700	86,343,532	89,272,177	90,708,731	95,287,091	102,565,196	
8,306,453	8,641,311	8,781,855	9,168,606	9,406,937	9,881,280	10,158,367	
5,611,478	5,921,615	6,007,979	6,313,191	6,522,074	6,716,504	6,877,426	
721,094	755,290	762,490	796,190	816,470	857,952	881,995	
-	-	-	-	-	-	-	
31,448,902	30,872,838	31,143,691	28,221,919	28,617,206	24,730,755	26,113,779	
142,415,603	146,594,229	152,188,242	151,858,708	127,914,804	151,836,554	163,593,289	
2,719,950	5,284,862	2,966,414	623,796	189,740	835,448	64,564	
997,253	1,230,586	1,587,590	1,115,926	999,696	1,130,782	2,102,375	
1,922,351	1,425,636	1,357,067	1,301,720	8,999	76,686	-	
-	-	-	-	-	-	-	
-	-	-	-	(12,140)	-	-	
-	-	20,757	-	354,798	370,163	-	
276,208,178	286,133,067	291,159,617	288,672,233	265,527,315	291,723,215	312,356,991	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	12,140	-	-	
-	-	-	-	12,140	-	-	
276,208,178	286,133,067	291,159,617	288,672,233	265,539,455	291,723,215	312,356,991	
38,075,189	40,947,300	29,916,211	30,289,500	18,529,168	26,105,243	38,413,499	
(208,184)	(1,035,003)	(1,495,379)	(443,196)	81,725	742,831	(825,567)	
\$ 37,867,005	\$ 39,912,297	\$ 28,420,832	\$ 29,846,304	\$ 18,610,893	\$ 26,848,074	\$ 37,587,932	

Des Moines Independent Community School District

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	3,601,968	1,551,636	4,508,471	4,833,376
Unreserved	9,062,956	9,945,507	16,062,254	22,338,620
Total General Fund	\$ 12,664,924	\$ 11,497,143	\$ 20,570,725	\$ 27,171,996
All other governmental funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	3,905,384	2,024,598	2,363,581	879,079
Unreserved, reported in:				
Capital projects funds	-	(822,926)	13,583,764	18,562,188
Debt service	-	-	-	-
Permanent funds	-	-	-	-
Special revenue funds	6,547,747	2,610,761	7,788,537	9,740,894
Total all other governmental funds	\$ 10,453,131	\$ 3,812,433	\$ 23,735,882	\$ 29,182,161

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, implemented in fiscal year 2011

Source: Comprehensive Annual Financial Report

		Fiscal Year									
		2007	2008	2009	2010	2011	2012				
\$	-	\$	-	\$	-	\$	798,809	\$	638,607	\$	520,900
	-		-		-		13,429,611		14,421,417		12,777,279
	-		-		-		1,251,214		2,935,317		2,916,046
	-		-		-		-		-		-
	-		-		-		5,636,791		20,607,861		45,507,578
	6,352,627		7,181,428		11,476,112		-		-		-
	23,016,816		18,517,645		12,224,448		-		-		-
\$	29,369,443	\$	25,699,073	\$	23,700,560	\$	21,116,425	\$	38,603,202	\$	61,721,803
\$	-	\$	-	\$	-	\$	21,537	\$	-	\$	10,628
	-		-		-		86,496,045		70,379,409		128,843,474
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	437,781		702,247		2,826,104		-		-		-
	21,210,594		14,048,083		6,030,119		-		-		-
	-		-		-		-		-		-
	-		1,515		1,641		-		-		-
	9,680,298		9,254,412		10,887,744		-		-		-
\$	31,328,673	\$	24,006,257	\$	19,745,608	\$	86,517,582	\$	70,379,409	\$	128,854,102

Des Moines Independent Community School District

Governmental Funds Revenues

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Federal sources, federal grants and other outside sources	\$ 20,848,556	\$ 21,409,808	\$ 23,768,893	\$ 28,517,075
State sources, state foundation aid and other sources	152,676,070	153,222,634	156,939,811	165,966,827
Intermediate sources	7,263,637	6,835,392	7,021,145	7,427,928
Local sources, local and other sources	131,382,524	136,392,286	143,679,034	146,054,311
Total revenues	\$ 312,170,787	\$ 317,860,120	\$ 331,408,883	\$ 347,966,141

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.

						Fiscal Year					
2007		2008		2009		2010		2011		2012	
\$	23,682,244	\$	30,387,722	\$	35,826,527	\$	55,991,777	\$	48,798,707	\$	48,888,317
	173,169,285		186,768,387		192,271,659		167,612,566		193,034,832		202,442,682
	8,184,914		9,203,713		827,589		490,869		425,109		380,240
	152,490,096		151,092,795		163,293,732		157,464,731		166,804,026		172,943,075
\$	357,526,539	\$	377,452,617	\$	392,219,507	\$	381,559,943	\$	409,062,674	\$	424,654,314

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			
	2003	2004	2005	2006
Instruction	\$ 184,245,408	\$ 185,632,366	\$ 185,395,424	\$ 199,686,716
Student services	18,568,437	18,959,957	16,530,525	17,263,980
Instructional support services	3,321,896	3,081,329	5,279,975	6,467,422
General administration	4,705,436	5,195,648	5,117,631	4,328,391
Building administration	15,213,947	15,078,066	15,179,285	16,642,315
Business and central administration	-	-	6,312,099	7,263,248
Business administration	1,925,782	2,247,970	-	-
Central support services, including debt service	4,254,090	4,558,016	-	-
Plant operation & maintenance	28,084,315	26,862,859	27,167,978	30,232,224
Insurance	-	-	-	-
Student transportation	8,239,923	8,525,861	8,382,171	9,452,879
Non-instructional	537,008	670,356	899,519	1,158,221
AEA support	9,837,474	9,140,786	9,445,390	9,855,798
Unemployment compensation	-	-	-	-
Capital outlay	43,516,436	48,675,157	20,498,715	32,154,840
Capital outlay not capitalized	-	-	-	1,304,604
Debt service:				
Principal retirement	970,000	1,020,000	1,445,000	470,000
Interest	130,334	90,488	158,810	100,767
Bond issuance costs	-	25,344	-	-
Total expenditures	\$ 323,550,486	\$ 329,764,203	\$ 301,812,522	\$ 336,381,405
Debt service as a percentage of noncapital expenditures	0.39%	0.40%	0.57%	0.19%

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					
2007		2008		2009		2010		2011		2012		
\$	204,333,386	\$	225,309,061	\$	232,694,472	\$	232,362,118	\$	235,454,394	\$	242,468,897	
	17,993,709		19,497,475		20,831,163		21,746,835		19,847,087		20,447,634	
	7,685,131		8,138,207		8,604,544		8,101,158		11,724,151		11,547,096	
	3,930,504		4,778,387		5,175,484		4,399,564		4,490,055		4,691,758	
	18,113,129		18,519,205		19,539,562		19,622,589		17,422,604		18,905,852	
	9,100,426		9,240,852		7,447,867		7,232,503		7,930,388		11,037,950	
	-		-		-		-		-		-	
	-		-		-		-		-		-	
	31,913,066		33,505,014		35,133,406		32,886,528		31,519,245		31,561,906	
	-		-		-		-		-		-	
	10,187,970		10,009,481		9,876,399		9,602,623		9,825,338		10,185,732	
	1,952,323		1,981,376		2,020,184		2,092,321		2,253,303		2,458,060	
	10,455,648		10,993,407		11,511,318		12,463,876		12,878,207		11,699,768	
	-		-		-		-		-		-	
	56,005,258		41,304,558		22,482,126		38,124,836		39,884,842		41,985,618	
	79,949		2,302,867		4,114,439		3,392,283		7,772,199		5,138,277	
	1,285,000		2,090,000		18,810,000		520,000		3,180,000		2,590,000	
	806,381		822,738		741,648		39,078		4,334,020		3,418,000	
	65,000		-		-		499,051		-		1,299,592	
\$	373,906,880	\$	388,492,628	\$	398,982,612	\$	393,085,363	\$	408,515,833	\$	419,436,140	
	0.66%		0.84%		5.19%		0.16%		2.04%		1.59%	

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			
	2003	2004	2005	2006
Excess of revenues over (under) expenditures	\$ (11,379,699)	\$ (11,904,083)	\$ 29,596,361	\$ 11,584,736
Other financing sources (uses):				
Issuance of debt	-	4,100,000	-	-
Proceeds from sale of capital assets	222,104	23,665	23,313	462,814
Proceeds from insurance recoveries	-	-	-	-
Premiums	-	21,939	-	-
Transfers in	169,250	1,067,945	614,771	823,295
Transfers out	(169,250)	(1,117,945)	(1,237,414)	(823,295)
Total other financing sources (uses)	222,104	4,095,604	(599,330)	462,814
Net change in fund balances	\$ (11,157,595)	\$ (7,808,479)	\$ 28,997,031	\$ 12,047,550

Source: Comprehensive Annual Financial Report

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ (16,380,341)	\$ (11,040,011)	\$ (6,763,105)	\$ (11,525,420)	\$ 546,841	\$ 5,218,174
20,700,000	-	-	70,000,000	-	71,900,000
24,300	47,225	116,446	441,743	801,763	21,150
-	-	387,497	-	-	-
-	-	-	5,271,516	-	4,453,970
2,091,381	2,912,738	19,551,648	559,078	7,514,020	6,008,000
(2,091,381)	(2,912,738)	(19,551,648)	(559,078)	(7,514,020)	(6,008,000)
20,724,300	47,225	503,943	75,713,259	801,763	76,375,120
\$ 4,343,959	\$ (10,992,786)	\$ (6,259,162)	\$ 64,187,839	\$ 1,348,604	\$ 81,593,294

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
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	-	-
2008	2009-10	6,492,990,940	10,515,202,140	-	-
2009	2010-11	6,787,866,460	10,753,974,740	-	-
2010	2011-12	6,906,961,444	10,805,005,808		

Source: Polk County Auditor, Warren County Auditor, and Iowa Department of Management

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	
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
44,706,450	45,515,560	233,093,334	320,082,558	6,770,790,724	10,880,800,258	17.64277
47,026,045	47,026,045	222,317,184	328,932,292	7,057,209,689	11,129,933,077	17.64347
52,757,932	52,757,932	235,362,890	337,445,312	7,195,082,266	11,195,209,052	18.34848

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	
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
2008	2009-10	14.99293	1.55484	0.96000	0.13500	-	-	17.64277
2009	2010-11	14.99363	1.55484	0.96000	0.13500	-	-	17.64347
2010	2011-12	15.69864	1.55484	0.96000	0.13500	-	-	18.34848

(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	\$ 2.99339	\$ 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
6.82855	2.80423	16.57614	11.65000	9.22000	13.76398	12.05000	0.87750	0.03752	0.30104	0.00300
6.81833	2.92111	16.57614	11.65006	9.32000	13.31499	12.05000	0.87750	0.03631	0.27848	0.00340
6.80992	2.92193	16.58000	11.65000	9.52000	13.31486	12.05000	0.87750	0.03696	0.24628	0.00320

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	
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	
2008	2009-10	0.56778	0.24131	1.00000	1.49983	1.49996	1.74992	1.75000	
2009	2010-11	0.56008	0.28411	1.00472	1.49989	1.50727	1.75003	1.75001	
2010	2011-12	0.59018	0.38435	1.00472	1.49996	1.50727	1.74999	1.75004	

Source: Polk County Auditor

Des Moines Independent Community School District

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

Taxpayer	2012			2003		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Principal Financial Group, Inc.	200,689,400	1	2.79%	221,176,000	1	4.14%
Nationwide Mutual Insurance	174,018,700	2	2.42%	80,910,000	3	1.52%
Mercy Medical Plaza	156,563,000	3	2.18%	97,040,600	2	1.82%
Wellmark, Inc	126,790,000	4	1.76%			
Wells Fargo Financial Inc.	97,968,700	5	1.36%	49,433,000	5	0.93%
IA Methodist Medical Plaza	55,930,000	6	0.78%	53,817,690	4	1.01%
Employers Mutual Casualty Co	52,550,570	7	0.73%	46,114,000	7	0.86%
Meredith Corporation	31,212,800	8	0.43%	48,800,610	6	0.91%
Ruan Center	29,660,000	9	0.41%	41,523,000	9	0.78%
Merle Hay Mall	29,354,000	10	0.41%	38,116,000	10	0.71%
Hubbell Realty Co.				45,149,300	8	0.85%
Total	\$ 954,737,170		14.13%	\$ 722,080,200		14.05%

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
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%	-	-	-
2010	107,733,427	107,454,211	99.74%	-	-	-
2011	113,255,898	112,742,827	99.55%	-	-	-
2012	120,926,483	120,482,983	99.63%			

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	
				General Obligation Bonds	General Obligation Capital Loan Notes	Qualified Zone Academy Bonds	Total	Value	Per Capita
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
2010	193,886	10,880,800,258	544,040,013	-	540,000	1,000,000	1,540,000	0.01%	7.94
2011	193,886	11,129,933,077	556,496,654	-	-	-	-	0.00%	-
2012	203,433	11,211,802,154	560,590,108	-	-	-	-	0.00%	-

Source: Polk County Auditor, Warren County Auditor, Iowa Department of Management, and District Records

Des Moines Independent Community School District

Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities				LOST/ Statewide Penny Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	General Obligation Capital Loan Notes	Qualified Zone Academy Bonds					
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	
2010	-	540,000	1,000,000	70,000,000	71,540,000	0.86%	\$ 368.98	
2011	-	-	-	68,360,000	68,360,000	0.83%	\$ 352.58	
2012	-	-	-	137,670,000	137,670,000	1.51%	\$ 666.36	

Source: District Records

Des Moines Independent Community School District

Direct and Overlapping Governmental Activities Debt

As of June 30, 2012

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Overlapping:			
City of Des Moines	\$ 392,467,178	96.4%	\$ 378,338,000
City of Pleasant Hill	11,240,000	24.1%	2,709,000
City of Urbandale	55,100,000	10.0%	5,510,000
City of Windsor Heights	12,055,000	0.9%	108,000
City of West Des Moines	92,330,733	0.1%	92,000
Des Moines Area Community College	79,395,000	30.1%	23,898,000
Polk County	232,029,000	35.3%	81,906,000
Warren County	212,199	5.4%	11,000
Subtotal, overlapping debt	<u>874,829,110</u>		<u>492,572,000</u>
Direct, Des Moines Independent Community School District:			
Sales tax revenue bond	<u>137,670,000</u>	100.0%	<u>137,670,000</u>
Subtotal direct debt	<u>137,670,000</u>		<u>137,670,000</u>
Total direct and overlapping debt	<u><u>\$ 1,012,499,110</u></u>		<u><u>\$ 630,242,000</u></u>

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

The percentage applicable to the District is determined by the portion of the District geographical boundary included in the total boundary of the respective governmental entity.

Des Moines Independent Community School District

Legal Debt Margin Information

Last Ten Fiscal Years

(Unaudited)

	2003	2004	2005	2006
Debt limit	\$ 387,768,768	\$ 416,717,620	\$ 437,021,003	\$ 443,119,899
Total net debt applicable to limit	3,380,000	5,460,000	4,015,000	3,545,000
Legal debt margin	\$ 384,388,768	\$ 411,257,620	\$ 433,006,003	\$ 439,574,899
Total net debt applicable to the limit as a percentage of debt limit	0.87%	1.31%	0.92%	0.80%

Source: Polk County Auditor and District Records

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value \$ 11,195,209,052

Debt limit (5% of assessed value) \$ 559,760,453

Debt applicable to limit 137,670,000

Legal debt margin \$ 422,090,453

	2007	2008	2009	2010	2011	2012
\$	486,808,786	\$ 494,153,352	\$ 534,253,535	\$ 544,040,013	\$ 556,496,654	\$ 559,760,453
	22,960,000	20,870,000	2,060,000	71,540,000	68,360,000	137,670,000
\$	463,848,786	\$ 473,283,352	\$ 532,193,535	\$ 472,500,013	\$ 488,136,654	\$ 422,090,453
	4.72%	4.22%	0.39%	13.15%	12.28%	24.59%

Des Moines Independent Community School District

Pledged-Revenue Coverage

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Local Option Sales and Services Tax				Coverage
	Revenue	Debt Service			
		Principal	Interest		
2003	N/A	N/A	N/A	N/A	N/A
2004	N/A	N/A	N/A	N/A	N/A
2005	N/A	N/A	N/A	N/A	N/A
2006	N/A	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%
2010	24,841,106	#	#		0.00%
2011	28,174,783	1,640,000	4,313,500		21.13%
2012	26,045,238	2,590,000	3,418,000		23.07%

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)

Calendar Year	Population	Per Capita Personal Income	Personal Income for Polk County	Unemployment Rate
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%
2009	193,886	43,098	8,356,098,828	6.4%
2010	193,886	42,381	8,217,082,566	6.0%
2011	206,599	44,178	9,127,130,622	5.4%

Note: FY2000 through FY2009 from the 2000 US Census.

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

FY11 Population data based on Census 2006, 2010 data not available for Des Moines

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	2012			2003		
	Employees *	Rank	Percentage of Total Employment	Employees *	Rank	Percentage of Total Employment
Wells Fargo	12,900	1				
Mercy Medical Center	6,900	2				
Principal Financial Group, Inc.	6,547	3		1		
Iowa Health System	5,005	4		3		
Des Moines Independent CSD	4,913	5		2		
Nationwide/Allied Insurance	4,396	6				
Dupont Pioneer	3,166	7		7		
John Deere companies	3,100	8				
Hy-Vee Food Stores Inc.	2,200	9				
Kum & Go	1,820	10				
United Parcel Service	1,600			9		
Firestone Agricultural Tire	1,500			6		
CDS Global	1,100			5		
Blank Children's Pediatric(now part of Ia. Health)				4		
Lutheran Services of Iowa(now part of Ia. Health)				8		
Younkers				10		

Source 2012: Greater Des Moines Partnership

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

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Des Moines Independent Community School District

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

	Full-Time Equivalent Employees as of June 30				
	2003	2004	2005	2006	2007
Administrators					
Central Office	36.5	33.5	33.5	32.5	32.5
Elementary Schools	42.0	35.0	33.0	33.0	33.0
Middle Schools	22.0	21.5	21.5	21.5	22.0
High Schools	26.0	24.5	24.5	24.5	26.0
Special Schools	6.0	7.0	7.0	7.0	7.0
Total Administrators	132.5	121.5	119.5	118.5	120.5
Teachers					
Athletic Directors	6.0	6.0	6.0	6.0	6.0
Non-classroom teachers	9.2	14.7	33.8	35.5	36.7
Classroom teachers	1,529.8	1,521.4	1,442.6	1,474.9	1,500.0
Technology consultants	2.4	2.4	2.4	2.4	2.4
Counselors	90.9	88.4	75.0	73.9	75.2
Dean of Students	21.0	24.0	26.3	27.7	31.2
Educational tech support	2.0	2.0	2.0	1.2	3.4
ELL	65.8	66.0	66.5	67.1	85.7
Facilitator	5.8	6.9	7.9	7.9	7.9
Gifted and Talented	12.1	11.1	8.5	8.5	8.5
Head Start	16.0	14.0	15.0	15.0	15.0
Home Instruction	9.5	10.5	9.5	9.5	9.5
Library/Media specialists	24.1	22.1	14.4	9.4	9.4
Literacy trainer	5.0	9.2	7.2	6.0	6.0
Montessori	6.4	7.0	6.9	-	-
New Horizons teachers	6.0	7.0	5.0	5.0	5.5
Nurses	56.9	55.2	54.9	54.0	53.6
Nursery	1.0	1.0	1.0	-	-
Preschool	12.1	21.1	20.5	20.5	20.5
Reading facilitators	-	-	-	-	-
Special Ed literacy support	2.8	7.8	5.8	10.6	8.6
Special Ed teachers	516.3	539.8	533.2	561.4	572.0
Special Ed consultants	32.9	33.4	32.4	30.2	29.2
Special Ed Support	99.6	103.7	100.3	115.7	124.0
Title I	174.3	165.9	156.8	172.0	158.6
Float	3.5	0.5	0.5	1.0	3.0
Total teachers	2,711.3	2,741.0	2,634.4	2,715.3	2,771.8
Associates					
Central Office	5.8	6.6	4.6	3.0	3.0
Elementary Schools	224.6	212.0	208.5	239.7	245.3
Middle Schools	72.8	71.6	68.9	69.7	66.4
High Schools	95.1	74.6	58.4	69.0	70.0
Special Schools	172.6	196.8	195.5	177.6	183.6
Total associates	570.9	561.6	535.9	559.0	568.3

* Detail unavailable
Source: District records

(Continued)

Full-Time Equivalent Employees as of June 30					Percentage
2008	2009	2010	2011	2012	Change 2003 - 2012
32.0	40.0	39.0	29.0	30.0	-17.8%
33.0	36.0	37.0	37.0	37.0	-11.9%
22.0	22.0	20.0	22.0	21.0	-4.5%
29.0	28.0	29.0	21.0	22.0	-15.4%
8.0	5.0	5.0	6.0	7.0	16.7%
124.0	131.0	130.0	115.0	117.0	-11.7%
-	-	-	-	-	-100.0%
30.1	21.8	22.6	52.7	60.4	560.1%
1,541.5	1,538.5	1,514.4	1,493.9	1,503.6	-1.7%
2.0	1.0	-	-	-	-100.0%
76.7	81.9	76.1	57.0	51.5	-43.3%
34.0	31.4	31.0	15.0	17.0	-19.0%
4.2	3.0	2.5	3.0	-	-100.0%
84.3	81.3	81.3	84.3	85.3	29.6%
7.0	8.0	2.0	1.0	1.0	-82.8%
7.5	7.5	7.5	8.0	9.0	-25.6%
16.0	15.0	18.5	17.5	15.5	-3.1%
8.5	8.5	8.0	7.0	7.0	-26.3%
8.4	8.0	8.0	5.0	5.0	-79.3%
-	-	-	-	-	-100.0%
-	-	-	-	-	-100.0%
6.5	8.0	4.0	-	-	-100.0%
55.8	55.4	54.7	57.9	57.3	0.6%
-	-	-	-	-	-100.0%
47.5	48.0	46.5	43.5	34.5	185.1%
-	-	-	-	-	-
-	-	-	-	-	-100.0%
577.9	558.4	524.9	493.9	506.4	-1.9%
31.0	31.0	30.5	33.0	32.0	-2.7%
132.0	126.1	124.5	112.7	124.2	24.7%
172.0	185.3	194.8	180.8	181.0	3.9%
2.0	1.0	14.2	1.0	-	-100.0%
2,844.9	2,819.1	2,766.0	2,667.2	2,690.7	-0.8%
9.6	3.6	5.8	8.8	7.8	34.5%
254.5	252.9	219.5	202.3	223.8	-0.4%
62.8	62.8	52.0	58.8	59.5	-18.3%
70.5	72.5	63.5	56.0	53.2	-44.0%
179.7	161.9	154.6	164.4	168.3	-2.5%
577.1	553.7	495.4	490.3	512.6	-10.2%

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				
	2003	2004	2005	2006	2007
Specialist, Clerical, and Paraprofessionals					
Central Office	198.5	188.5	180.6	191.6	199.1
Elementary Schools	112.7	109.2	111.7	110.8	112.6
Middle Schools	45.1	46.0	40.4	45.5	57.9
High Schools	96.2	92.3	90.3	87.6	99.2
Special Schools	9.0	13.0	24.5	15.0	15.0
Total specialists, clerical, and paraprofessionals	461.5	449.0	447.5	450.5	483.8
Food Service, Operations, Transportation and Child Care					
Central Office	327.0	300.4	333.0	326.2	328.8
Elementary Schools	274.2	279.4	282.7	282.2	286.2
Middle Schools	140.8	142.2	119.0	117.4	115.2
High Schools	141.6	144.6	131.9	128.1	137.5
Special Schools	8.4	8.1	11.0	10.4	11.0
Total food svc, oper, transportation, and child care	892.0	874.8	877.7	864.3	878.6
Total	4,768.2	4,747.8	4,614.9	4,707.6	4,823.0

* Detail unavailable

Source: District records

Full-Time Equivalent Employees as of June 30					Percentage
2008	2009	2010	2011	2012	Change 2003 - 2012
190.4	194.1	189.6	191.1	187.0	(0.1)
113.7	114.7	105.2	101.0	100.6	(0.1)
56.1	47.2	58.6	61.4	63.6	0.4
109.4	119.9	109.7	126.3	125.1	0.3
15.1	9.4	22.6	11.4	19.0	1.1
484.7	485.3	485.7	491.2	495.3	0.1
357.1	365.1	345.6	414.6	380.6	0.2
267.1	272.0	265.3	166.9	215.8	(0.2)
113.1	111.9	113.1	105.9	100.9	(0.3)
126.5	127.6	134.3	131.4	118.3	(0.2)
12.1	12.3	10.8	12.8	10.4	0.2
876.0	888.9	869.1	831.6	826.0	(0.1)
4,906.7	4,878.0	4,746.2	4,595.3	4,641.6	(0.0)

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
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)
2010	30,783.0	368,369,974	11,967	0.04	17,514,358	569	(3.56)
2011	30,953.9	377,071,229	12,282	0.03	16,914,145	546	(0.04)
2012	31,546.3	383,099,908	12,144	0.01	17,509,877	555	(0.02)

Fiscal Year	Teaching Staff	Percentage of Students Receiving Free or Reduced-Priced Meals
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
2010	2,766.0	65
2011	2,667.0	67
2012	2,690.7	66

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			
	2003	2004	2005	2006
Elementary:				
Name (Year)	Adams	Adams	Adams	Adams
Square feet	49,995	49,995	49,995	49,995
Capacity	420	420	420	420
Enrollment	321	335	336	337
Name (Year)	Brubaker	Brubaker	Brubaker	Brubaker
Square feet	-	78,224	78,224	78,224
Capacity	-	720	720	720
Enrollment	-	633	664	655
Name (Year)	Capital View	Capital View	Capital View	Capital View
Square feet	76,525	76,525	76,525	76,525
Capacity	710	710	710	710
Enrollment	668	600	632	620
Name (Year)	Carver	Carver	Carver	Carver
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Name (Year)	Cattell	Cattell	Cattell	Cattell
Square feet	47,821	47,821	47,821	47,821
Capacity	460	460	460	460
Enrollment	407	405	354	331
Name (Year)	Cowles	Cowles	Cowles	Cowles
Square feet	42,800	42,800	42,800	42,800
Capacity	380	380	380	380
Enrollment	147	137	154	194
Name (Year)	Douglas	Douglas	Douglas	Douglas
Square feet	42,601	42,601	42,601	42,601
Capacity	575	575	575	575
Enrollment	372	-	-	-
Name (Year)	Downtown	Downtown	Downtown	Downtown
Square feet	32,767	32,767	32,767	32,767
Capacity	270	270	270	270
Enrollment	266	271	268	264
Name (Year)	Edmunds	Edmunds	Edmunds	Edmunds
Square feet	45,930	45,930	45,930	45,930
Capacity	320	320	320	320
Enrollment	218	237	196	148
Name (Year)	Findley	Findley	Findley	Findley
Square feet	38,354	38,354	38,354	38,354
Capacity	380	380	380	380
Enrollment	296	299	302	296
Name (Year)	Garton	Garton	Garton	Garton
Square feet	43,290	43,290	43,290	43,290
Capacity	500	500	500	500
Enrollment	351	313	343	330

(Continued)

		Fiscal Year					
		2007	2008	2009	2010	2011	2012
Adams							
	49,995	49,995	49,995	-	-	-	-
	420	420	432	-	-	-	-
	294	-	-	-	-	-	-
Brubaker							
	78,224	78,224	78,224	78,224	78,224	78,224	78,224
	720	720	792	792	792	792	792
	717	715	684	680	661	661	694
Capital View							
	76,525	75,740	75,740	75,740	75,740	75,740	75,740
	710	710	720	720	720	720	720
	619	630	541	551	518	518	483
Carver							
	-	93,627	91,500	91,500	91,500	91,500	91,500
	-	690	720	720	720	720	720
	-	647	560	606	558	558	557
Cattell							
	47,821	47,821	47,821	47,821	47,821	47,821	47,821
	460	460	408	408	408	408	408
	339	354	400	393	405	405	393
Cowles							
	42,800	42,800	42,800	42,800	42,800	42,800	42,800
	380	380	432	432	432	432	432
	224	290	299	319	261	261	284
Douglas							
	42,601	42,601	42,601	42,601	42,601	-	-
	575	575	360	360	360	-	-
	-	-	-	-	-	-	-
Downtown							
	32,767	32,767	32,767	32,767	34,966	34,966	34,966
	270	270	264	264	264	264	264
	272	268	258	293	285	285	278
Edmunds							
	45,930	45,930	45,930	45,930	45,930	45,930	45,930
	320	320	240	240	240	240	240
	143	175	180	211	171	171	274
Findley							
	38,354	38,354	38,354	38,354	38,354	38,354	38,354
	380	380	384	384	384	384	384
	310	358	345	323	273	273	292
Garton							
	43,290	65,648	65,648	65,648	65,648	65,648	65,648
	500	460	720	720	720	720	720
	343	602	619	596	596	596	522

Des Moines Independent Community School District

School Building Information (Continued)

Last Ten Fiscal Years

(Unaudited)

School	Fiscal Year			
	2003	2004	2005	2006
Elementary:				
Name (Year)	Granger	Granger	Granger	Granger
Square feet	39,194	39,194	39,194	39,194
Capacity	525	525	525	525
Enrollment	371	363	351	335
Name (Year)	Greenwood	Greenwood	Greenwood	Greenwood
Square feet	58,804	58,804	58,804	58,804
Capacity	450	450	450	450
Enrollment	373	427	444	454
Name (Year)	Hanawalt	Hanawalt	Hanawalt	Hanawalt
Square feet	33,043	33,043	43,246	43,246
Capacity	380	380	410	410
Enrollment	376	374	349	338
Name (Year)	Hillis	Hillis	Hillis	Hillis
Square feet	44,825	44,825	44,825	44,825
Capacity	410	410	410	410
Enrollment	426	407	392	399
Name (Year)	Howe	Howe	Howe	Howe
Square feet	38,505	38,505	38,505	38,505
Capacity	320	320	320	320
Enrollment	285	262	252	213
Name (Year)	Hubbell	Hubbell	Hubbell	Hubbell
Square feet	37,896	37,896	48,072	48,072
Capacity	440	440	390	390
Enrollment	362	323	294	309
Name (Year)	Jackson	Jackson	Jackson	Jackson
Square feet	35,872	35,872	35,872	35,872
Capacity	420	420	420	420
Enrollment	370	377	407	426
Name (Year)	Jefferson	Jefferson	Jefferson	Jefferson
Square feet	42,750	42,750	42,750	42,750
Capacity	480	480	480	480
Enrollment	437	434	432	423
Name (Year)	King	King	King	King
Square feet	51,414	51,414	51,414	51,414
Capacity	330	330	330	330
Enrollment	330	371	378	372
Name (Year)	Longfellow	Longfellow	Longfellow	Longfellow
Square feet	31,420	31,420	31,420	31,420
Capacity	300	300	300	300
Enrollment	261	269	236	206
Name (Year)	Lovejoy	Lovejoy	Lovejoy	Lovejoy
Square feet	31,806	31,806	31,806	31,806
Capacity	310	310	310	310
Enrollment	389	412	373	315

(Continued)

		Fiscal Year					
		2007	2008	2009	2010	2011	2012
Granger/Mitchell							
	39,194	-	-	-	-	-	-
	525	-	-	-	-	-	-
	550	-	-	-	-	-	-
Greenwood							
	58,804	61,744	61,744	61,744	61,744	61,744	61,744
	450	450	456	456	456	456	456
	420	454	453	450	412	412	413
Hanawalt							
	43,246	43,246	43,246	43,246	43,246	43,246	43,246
	410	410	408	408	408	408	408
	359	418	416	365	358	358	345
Hillis							
	44,825	44,825	57,720	57,720	57,720	57,720	57,720
	410	410	420	600	600	600	600
	390	468	460	471	431	431	425
Howe							
	38,505	38,505	38,505	38,505	38,505	38,505	38,505
	320	320	312	312	312	312	312
	229	340	300	307	304	304	276
Hubbell							
	48,072	53,327	53,327	53,327	53,327	53,327	53,327
	390	390	456	456	456	456	456
	347	402	390	394	405	405	435
Jackson							
	35,872	35,872	35,872	45,585	45,585	45,585	45,585
	420	420	432	456	456	456	456
	397	402	385	345	403	403	395
Jefferson							
	42,750	42,750	42,750	42,750	42,750	42,750	42,750
	480	480	408	408	408	408	408
	424	421	426	432	426	426	433
King							
	51,414	51,414	54,171	54,171	54,171	54,171	54,171
	330	330	408	408	408	408	408
	352	347	282	318	344	344	335
Longfellow							
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	184	-	-	-	-	-	-
Lovejoy							
	31,806	31,806	31,806	31,806	31,806	31,806	31,806
	310	310	288	288	288	288	288
	323	272	357	366	322	322	333

Des Moines Independent Community School District

School Building Information (Continued)

Last Ten Fiscal Years

(Unaudited)

School	Fiscal Year			
	2003	2004	2005	2006
Elementary:				
Name (Year)	Madison	Madison	Madison	Madison
Square feet	42,049	42,049	42,049	42,049
Capacity	430	430	430	430
Enrollment	329	334	341	332
Name (Year)	Mann	Mann	Mann	Mann
Square feet	32,940	32,940	32,940	32,940
Capacity	325	325	325	325
Enrollment	-	-	-	-
Name (Year)	McKee	McKee	McKee	McKee
Square feet	43,400	43,400	43,400	43,400
Capacity	375	375	375	375
Enrollment	276	-	-	-
Name (Year)	McKinley	McKinley	McKinley	McKinley
Square feet	49,994	49,994	49,994	49,994
Capacity	380	380	380	380
Enrollment	277	324	305	304
Name (Year)	Mitchell	Mitchell	Mitchell	Mitchell - Bridges
Square feet	31,682	31,682	31,682	31,682
Capacity	350	350	350	350
Enrollment	263	275	251	114
Name (Year)	Monroe	Monroe	Monroe	Monroe
Square feet	73,997	73,997	73,997	73,997
Capacity	660	660	660	660
Enrollment	521	513	516	492
Name (Year)	Moore	Moore	Moore	Moore
Square feet	45,334	45,334	45,334	45,334
Capacity	440	440	440	440
Enrollment	337	327	322	320
Name (Year)	Morris	Morris	Morris	Morris
Square feet	74,684	74,684	74,684	74,684
Capacity	700	700	700	700
Enrollment	528	557	586	563
Name (Year)	Moulton	Moulton	Moulton	Moulton
Square feet	121,650	121,650	121,650	121,650
Capacity	620	620	620	620
Enrollment	445	443	444	528

(Continued)

		Fiscal Year							
		2007	2008	2009	2010	2011	2012		
Madison	Madison								
		42,049	42,049	42,049	42,049	42,049	42,049		42,049
		430	430	408	408	408	408		408
		314	359	334	368	316	316		333
Mann	Mann								
		32,940	32,940	32,940	32,940	32,940	32,940		32,940
		325	325	312	312	312	312		312
		-	-	-	-	-	-		-
McKee	McKee								
		43,400	43,400	43,400	43,400	43,400	43,400		43,400
		375	375	384	Varies	Varies	Varies		Varies
		-	-	-	-	-	-		-
McKinley	McKinley								
		49,994	49,994	49,994	49,994	49,994	49,994		49,994
		380	380	360	360	360	360		360
		337	363	292	292	316	316		342
Mitchell - Bridges	Mitchell - Bridges								
		31,682	31,682	31,682	31,682	31,682	31,682		31,682
		350	350	264	Varies	Varies	Varies		Varies
		118	135	-	-	-	-		-
Monroe	Monroe								
		73,997	73,997	73,997	73,997	73,997	73,997		73,997
		660	660	576	576	576	576		576
		526	533	523	485	501	501		495
Moore	Moore								
		45,334	45,334	45,334	45,334	45,334	45,334		45,334
		440	440	504	504	504	504		504
		287	-	-	-	266	266		272
Morris	Morris								
		74,684	70,656	70,656	70,656	70,656	70,656		70,656
		700	700	744	744	744	744		744
		577	583	630	691	602	602		616
Moulton	Moulton								
		121,650	121,650	121,650	121,650	121,650	121,650		121,650
		620	620	744	744	744	744		744
		514	460	419	398	366	366		357

Des Moines Independent Community School District

School Building Information (Continued)

Last Ten Fiscal Years

(Unaudited)

School	Fiscal Year			
	2003	2004	2005	2006
Elementary:				
Name (Year)	Oak Park	Oak Park	Oak Park	Oak Park
Square feet	20,255	59,497	59,497	59,497
Capacity	385	380	380	380
Enrollment	366	320	331	355
Name (Year)	Park Avenue	Park Avenue	Park Avenue	Park Avenue
Square feet	59,565	59,565	59,565	59,565
Capacity	560	560	560	560
Enrollment	507	464	474	436
Name (Year)	Perkins	Perkins	Perkins	Perkins
Square feet	50,440	50,440	50,440	50,440
Capacity	440	440	440	440
Enrollment	340	342	361	361
Name (Year)	Phillips	Phillips	Phillips	Phillips
Square feet	38,575	41,936	41,936	41,936
Capacity	400	380	380	380
Enrollment	338	337	361	343
Name (Year)	Pleasant Hill	Pleasant Hill	Pleasant Hill	Pleasant Hill
Square feet	36,161	36,161	36,161	36,161
Capacity	310	310	310	310
Enrollment	320	307	303	316
Name (Year)	River Woods	River Woods	River Woods	River Woods
Square feet	58,126	58,126	58,126	58,126
Capacity	500	500	500	500
Enrollment	520	508	537	546
Name (Year)	Samuelson	Samuelson	Samuelson	Samuelson
Square feet	37,500	37,500	37,500	37,500
Capacity	350	350	350	350
Enrollment	-	-	-	-
Name (Year)	Smouse	Smouse	Smouse	Smouse
Square feet	53,809	53,809	53,809	53,809
Capacity	NA	NA	NA	NA
Enrollment	108	106	108	119
Name (Year)	South Union	South Union	South Union	South Union
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-

(Continued)

		Fiscal Year					
		2007	2008	2009	2010	2011	2012
Oak Park							
	59,497	59,497	59,497	59,497	59,497	59,497	59,497
	380	380	408	408	408	408	408
	399	405	403	410	403	407	407
Park Avenue							
	59,565	59,565	59,565	59,565	59,565	59,565	59,565
	560	560	552	552	552	552	552
	423	481	482	502	457	465	465
Perkins							
	56,540	56,540	56,540	56,540	56,540	56,540	56,540
	440	420	432	432	432	432	432
	423	453	460	438	461	436	436
Phillips							
	41,936	41,936	41,936	41,936	41,936	41,936	41,936
	380	380	336	336	336	336	336
	344	370	379	394	359	362	362
Pleasant Hill							
	36,161	36,161	36,161	36,161	36,161	36,161	36,161
	310	310	312	312	312	312	312
	328	347	316	310	270	283	283
River Woods							
	58,126	58,126	58,126	58,126	58,126	58,126	58,126
	500	500	504	504	504	504	504
	518	491	501	530	489	509	509
Samuelson							
	37,500	56,586	56,586	56,586	56,586	56,586	56,586
	350	506	504	504	504	504	504
	-	-	467	475	481	514	514
Smouse	Smouse ****	Smouse ****	Smouse	Smouse	Smouse	Smouse	Smouse
	53,809	53,809	53,809	53,809	53,809	53,809	53,809
NA	NA	NA	NA	384	384	384	384
	123	121	136	137	110	100	100
South Union							
	68,508	68,508	68,508	68,508	68,508	68,508	68,508
	630	630	696	696	696	696	696
	553	572	560	533	542	545	545

Des Moines Independent Community School District

School Building Information (Continued)

Last Ten Fiscal Years

(Unaudited)

School	Fiscal Year			
	2003	2004	2005	2006
Elementary:				
Name (Year)	Stowe	Stowe	Stowe	Stowe
Square feet	36,000	36,000	36,000	36,000
Capacity	400	400	400	400
Enrollment	321	313	288	294
Name (Year)	Studebaker	Studebaker	Studebaker	Studebaker
Square feet	42,272	42,272	42,272	42,272
Capacity	420	420	420	420
Enrollment	414	432	429	449
Name (Year)	Wallace	Wallace	Wallace	Wallace
Square feet	31,960	31,960	31,960	31,960
Capacity	360	360	360	360
Enrollment	355	343	344	348
Name (Year)	Walnut Street	Walnut Street	Walnut Street +---	Walnut Street
Square feet	-	-	37,206	37,206
Capacity	-	-	NA	NA
Enrollment	-	-	54	93
Name (Year)	Willard	Willard	Willard	Willard
Square feet	59,301	59,301	59,301	59,301
Capacity	560	560	560	560
Enrollment	336	366	364	405
Name (Year)	Windsor	Windsor	Windsor	Windsor
Square feet	55,510	55,510	55,510	55,510
Capacity	420	420	420	420
Enrollment	379	356	367	341
Name (Year)	Woodlawn	Woodlawn	Woodlawn	Woodlawn
Square feet	46,548	46,548	46,548	46,548
Capacity	450	450	450	450
Enrollment	447	420	378	417
Name (Year)	Wright	Wright	Wright	Wright
Square feet	30,300	30,300	30,300	30,300
Capacity	310	310	310	310
Enrollment	272	280	283	301

(Continued)

		Fiscal Year					
		2007	2008	2009	2010	2011	2012
Stowe	Stowe	Stowe	Stowe	Stowe	Stowe	Stowe	Stowe
	36,000	36,000	56,967	56,967	56,967	56,967	56,967
	400	400	408	408	408	408	408
	267	352	364	408	416	389	389
Studebaker	Studebaker	Studebaker	Studebaker	Studebaker	Studebaker	Studebaker	Studebaker
	42,272	42,272	42,272	42,272	42,272	42,272	42,272
	420	420	456	456	456	456	456
	477	461	437	435	454	401	401
Wallace	Wallace	Wallace	Wallace	Wallace	Wallace	Wallace	Wallace
	31,960	31,960	31,960	31,960	31,960	31,960	31,960
	360	360	360	360	360	360	360
	346	-	-	-	-	-	-
Walnut Street	Walnut Street ****	Walnut Street ****	Walnut Street				
	38,800	38,800	58,212	58,212	58,212	58,212	58,212
NA	NA		384	384	384	384	384
	104	212	248	250	205	281	281
Willard	Willard	Willard	Willard	Willard	Willard	Willard	Willard
	59,301	59,301	59,301	59,301	59,301	59,301	59,301
	560	560	600	600	600	600	600
	387	427	434	437	432	439	439
Windsor	Windsor	Windsor	Windsor	Windsor	Windsor	Windsor	Windsor
	55,510	60,475	60,475	60,475	60,475	60,475	60,475
	420	420	408	408	408	408	408
	346	375	415	400	384	416	416
Woodlawn	Woodlawn	Woodlawn	Woodlawn	Woodlawn	Woodlawn	Woodlawn	Woodlawn
	46,548	46,548	46,548	46,548	46,548	46,548	46,548
	450	450	504	504	504	504	504
	394	534	-	-	-	-	-
Wright	Wright	Wright	Wright	Wright	Wright	Wright	Wright
	30,300	30,300	30,300	30,300	30,300	30,300	30,300
	310	310	312	312	312	312	312
	282	284	273	252	273	248	248

Des Moines Independent Community School District

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

School	Fiscal Year			
	2003	2004	2005	2006
Middle:				
Name (Year)	Brody	Brody	Brody	Brody
Square feet	90,500	90,500	90,500	90,500
Capacity	650	650	650	650
Enrollment	758	740	673	646
Name (Year)	Callanan	Callanan	Callanan	Callanan
Square feet	116,037	116,037	116,037	116,037
Capacity	700	700	700	700
Enrollment	616	619	603	644
Name (Year)	Goodrell	Goodrell	Goodrell	Goodrell
Square feet	102,230	102,230	102,230	102,230
Capacity	700	700	700	700
Enrollment	630	618	644	674
Name (Year)	Harding	Harding	Harding	Harding
Square feet	125,339	125,339	125,339	125,339
Capacity	840	840	840	840
Enrollment	752	759	689	589
Name (Year)	Hiatt	Hiatt	Hiatt	Hiatt
Square feet	103,060	103,060	103,060	103,060
Capacity	800	800	800	800
Enrollment	643	588	567	495
Name (Year)	Hoyt	Hoyt	Hoyt	Hoyt
Square feet	99,874	99,874	99,874	99,874
Capacity	750	750	750	750
Enrollment	597	680	658	632
Name (Year)	Kurtz	Kurtz	Kurtz	Kurtz
Square feet	106,264	106,264	106,264	106,264
Capacity	730	730	730	730
Enrollment	-	-	-	-
Name (Year)	McCombs	McCombs	McCombs	McCombs
Square feet	78,978	78,978	78,978	78,978
Capacity	650	650	650	650
Enrollment	616	673	667	628
Name (Year)	Meredith	Meredith	Meredith	Meredith
Square feet	107,316	107,316	107,316	107,316
Capacity	850	850	850	850
Enrollment	877	828	769	745
Name (Year)	Merrill	Merrill	Merrill	Merrill
Square feet	89,500	89,500	89,500	89,500
Capacity	650	650	650	650
Enrollment	654	660	633	620

(Continued)

		Fiscal Year					
		2007	2008	2009	2010	2011	2012
Brody							
	90,500	90,500	90,500	90,500	90,500	90,500	90,500
	650	650	637	637	637	637	637
	709	738	720	688	689	689	680
Callanan							
	116,037	116,037	116,037	116,037	116,037	116,037	116,037
	700	700	828	828	828	828	828
	621	591	612	604	607	607	643
Goodrell							
	102,230	110,495	110,495	110,495	110,495	110,495	110,495
	700	700	871	871	871	871	871
	631	611	591	614	608	608	594
Harding							
	125,339	125,339	125,339	125,339	125,339	125,339	125,339
	840	840	828	828	828	828	828
	562	530	557	581	556	556	534
Hiatt							
	103,060	103,060	103,060	103,060	103,060	103,060	103,060
	800	800	743	743	743	743	743
	465	484	504	533	579	579	609
Hoyt							
	99,874	99,874	99,874	99,874	99,874	99,874	99,874
	750	750	850	850	850	850	850
	625	590	608	594	580	580	533
Kurtz	Kurtz %	Kurtz%					
	106,264	106,264	106,264	106,264	106,264	106,264	106,264
	730	730	637	637	637	637	637
	-	-	-	-	-	-	-
McCombs							
	78,978	78,978	78,978	78,978	78,978	78,978	78,978
	650	650	701	701	701	701	701
	611	589	582	594	626	626	591
Meredith							
	107,316	107,316	107,316	107,316	107,316	107,316	107,316
	850	850	871	871	871	871	871
	676	654	645	638	607	607	687
Merrill							
	89,500	89,500	89,500	89,500	89,500	89,500	89,500
	650	650	658	658	658	658	658
	627	608	592	615	623	623	671

Des Moines Independent Community School District

School Building Information (Continued)

Last Ten Fiscal Years

(Unaudited)

School	Fiscal Year			
	2003	2004	2005	2006
Middle:				
Name (Year)	Van Meter	Van Meter	Van Meter	Van Meter
Square feet	56,460	56,460	56,460	56,460
Capacity	NA	NA	NA	NA
Enrollment	234	229	231	218
Name (Year)	Weeks	Weeks	Weeks	Weeks
Square feet	103,564	118,770	118,770	118,770
Capacity	880	900	900	900
Enrollment	865	822	813	789
High:				
Name (Year)	Central Academy \$	Central Academy \$	Central Academy \$	Central Academy \$
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Name (Year)	Central Campus/ Scavo @	Central Campus/ Scavo @	Central Campus/ Scavo @	Central Campus/ Scavo @
Square feet	456,660	456,660	456,660	456,660
Capacity	1,500	1,500	1,500	1,500
Enrollment	2,440	2,414	2,543	2,499
Name (Year)	East	East	East	East
Square feet	355,293	355,293	355,293	355,293
Capacity	1,950	1,950	2,100	2,100
Enrollment	1,841	1,970	2,125	2,115
Name (Year)	Hoover	Hoover	Hoover	Hoover
Square feet	183,400	183,400	183,400	183,400
Capacity	1,175	1,175	1,175	1,175
Enrollment	1,260	1,197	1,210	1,212
Name (Year)	Lincoln	Lincoln	Lincoln	Lincoln
Square feet	269,905	269,905	269,905	269,905
Capacity	1,800	1,800	1,800	1,800
Enrollment	2,330	2,179	2,157	2,126
Name (Year)	North	North	North	North
Square feet	220,960	220,960	220,960	220,960
Capacity	1,150	1,150	1,150	1,150
Enrollment	1,262	1,198	1,186	1,156
Name (Year)	Roosevelt	Roosevelt	Roosevelt	Roosevelt
Square feet	282,050	282,050	282,050	282,050
Capacity	1,550	1,550	1,550	1,550
Enrollment	1,610	1,583	1,636	1,591

(Continued)

		Fiscal Year					
		2007	2008	2009	2010	2011	2012
Van Meter	Van Meter ****						
	56,460	56,460	56,460	56,460	56,460	56,460	56,460
	NA	NA	NA	NA	403	403	403
	211	192	189	170	168	174	174
Weeks							
	118,770	112,390	112,390	112,390	112,390	112,390	112,390
	900	900	1,041	1,041	1,041	1,041	1,041
	728	754	757	749	677	675	675
Central Academy \$	Central Academy \$	Central Academy \$	Central Academy @				
	-	86,426	86,426	86,426	86,426	86,426	86,426
	-	-	658	658	658	658	658
	-	-	-	-	959	-	-
Central Campus/ Scavo @							
	456,660	456,660	456,660	456,660	456,660	456,660	456,660
	1,500	1,500	1,615	1,615	1,615	1,615	1,615
	2,587	2,635		305	1,683		
East							
	355,293	344,376	344,376	344,376	344,376	344,376	344,376
	2,100	2,100	2,337	2,337	2,337	2,337	2,337
	2,191	2,216	2,160	2,224	2,266	2,230	2,230
Hoover							
	183,400	183,400	183,400	183,400	183,400	183,400	183,400
	1,175	1,175	1,083	1,083	1,083	1,083	1,083
	1,188	1,174	1,115	1,130	1,075	1,065	1,065
Lincoln							
	269,905	312,628	312,628	312,628	312,628	312,628	312,628
	1,900	1,800	1,848	1,848	1,848	1,848	1,848
	2,175	2,203	2,181	2,262	2,252	2,218	2,218
North							
	220,960	220,960	220,960	220,960	220,960	220,960	220,960
	1,150	1,150	1,147	1,147	1,147	1,147	1,147
	1,132	1,139	1,133	1,170	1,133	1,121	1,121
Roosevelt							
	282,050	282,050	282,050	239,117	239,117	239,117	239,117
	1,550	1,550	1,145	1,678	1,678	1,678	1,678
	1,622	1,671	1,654	1,654	1,628	1,659	1,659

Des Moines Independent Community School District

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

School	Fiscal Year			
	2003	2004	2005	2006
Other:				
Name (Year)	Casady	Casady	Casady	Casady
Square feet	43,709	43,709	43,709	43,709
Capacity	Varies	Varies	Varies	Varies
Enrollment	-	-	-	-
Name (Year)	CNC	CNC	CNC	CNC
Square feet	-	56,186	56,186	56,186
Capacity	-	Varies	Varies	Varies
Enrollment	-	-	-	-
Name (Year)	MSSV	MSSV	MSSV	MSSV
Square feet	52,573	52,573	52,573	52,573
Capacity	Varies	Varies	Varies	Varies
Enrollment	-	-	-	-
Name (Year)	Operations Center	Operations Center	Operations Center	Operations Center
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Name (Year)	Walker Street	Walker Street	Walker Street	Walker Street
Square feet	33,481	33,481	33,481	33,481
Capacity	Varies	Varies	Varies	Varies
Enrollment	-	-	-	-
Name (Year)	Walnut St Administration	Walnut St Administration	Walnut St Administration	Walnut St Administration
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
Name (Year)	Welcome Center	Welcome Center	Welcome Center	Welcome Center
Square feet	-	-	6,200	6,200
Capacity	-	-	Varies	Varies
Enrollment	-	-	-	-
Name (Year)	Grounds Maintenance	Grounds Maintenance	Grounds Maintenance	Grounds Maintenance
Square feet	22,248	22,248	22,248	22,248
Capacity	Varies	Varies	Varies	Varies
Enrollment	-	-	-	-

Source: District records.

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

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

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

% 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					
		2007	2008	2009	2010	2011	2012
Casady	Casady	43,709	43,709	43,709	43,709	43,709	43,709
		Varies	Varies	Varies	Varies	Varies	Varies
		-	-	-	-	-	-
CNC	CNC	56,186	56,186	56,186	56,186	56,186	56,186
		Varies	Varies	Varies	Varies	Varies	Varies
		-	-	-	-	-	-
MSSV	MSSV	52,573	52,573	52,573	52,573	52,573	52,573
		Varies	Varies	Varies	Varies	Varies	Varies
		-	-	-	-	-	-
Operations Center	Operations Center	-	-	-	97,404	97,404	97,404
		-	-	-	Varies	Varies	Varies
		-	-	-	-	-	-
Walker Street	Walker Street %	33,481	33,481	33,481	33,481	33,481	33,481
		Varies	Varies	467	467	467	467
		-	-	-	-	-	-
Walnut St Administration	Walnut St Administration	77,600	77,600	58,212	58,212	58,212	58,212
		Varies	Varies	Varies	Varies	Varies	Varies
		-	-	-	-	-	-
Welcome Center	Welcome Center	6,200	6,200	6,200	6,200	6,200	6,200
		Varies	Varies	Varies	Varies	Varies	Varies
		-	-	-	-	-	-
Grounds Maintenance	Grounds Maintenance	22,248	22,248	22,248	22,248	-	-
		Varies	Varies	Varies	Varies	-	-
		-	-	-	-	-	-

Des Moines Independent Community School District

Capital Asset Information

Last Ten Fiscal Years

(Unaudited)

Schools	Fiscal Year			
	2003	2004	2005	2006
Elementary:				
Buildings	44	45	46	45
Square feet	1,998,470	2,139,676	2,176,882	2,145,462
Capacity	18,525	19,200	19,200	18,900
Enrollment	15,064	14,805	14,786	14,927
Middle:				
Buildings	12	12	12	12
Square feet	1,179,122	1,194,328	1,194,328	1,194,328
Capacity	8,200	8,220	8,220	8,220
Enrollment	7,242	7,216	6,947	6,680
High:				
Buildings	6	6	6	6
Square feet	1,768,268	1,768,268	1,768,268	1,768,268
Capacity	9,125	9,125	9,275	9,275
Enrollment	10,743	10,541	10,857	10,699
Other:				
Buildings	3	4	5	5
Square feet	152,011	208,197	214,397	214,397
Capacity	Varies	Varies	Varies	Varies
Enrollment	NA	NA	NA	NA
Administrative:				
Buildings	1	1	1	1
Square feet	43,709	43,709	43,709	43,709
Transportation:				
Garages	1	1	1	1
Buses	134	128	138	139
Athletics:				
Football fields	5	5	5	5
Soccer fields	-	-	-	-
Running tracks	6	6	6	6
Baseball/softball	10	10	10	10
Swimming pools	8	8	8	8
Playgrounds	44	45	46	45

Source: District records.

Fiscal Year					
2007	2008	2009	2010	2011	2012
45	46	46	43	44	44
2,229,859	2,365,082	2,418,986	2,305,821	2,335,017	2,335,017
19,055	19,791	20,532	20,040	19,584	19,584
15,012	15,881	15,428	15,565	15,286	15,133
12	12	12	12	12	12
1,194,328	1,196,213	1,196,213	1,196,213	1,196,213	1,196,213
8,220	8,220	8,665	9,068	9,068	9,068
6,466	6,341	6,357	6,380	6,320	6,462
6	7	7	7	8	8
1,768,268	1,886,500	1,886,500	1,843,567	1,888,901	1,888,901
9,375	9,275	9,833	10,366	10,870	10,870
10,895	11,038	8,243	8,745	11,262	8,565
6	6	6	8	7	7
214,397	214,397	214,397	445,095	289,553	289,553
Varies	Varies	Varies	Varies	Varies	Varies
NA	NA	NA	NA	NA	270
1	1	1	1	1	1
77600	77,600	58,212	58,212	58,212	58,212
1	1	1	1	1	1
138	131	131	134	135	135
5	5	5	5	5	5
-	-	-	-	-	-
6	6	6	6	6	6
10	10	10	10	10	10
8	8	8	8	8	8
45	46	46	46	44	44

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Des Moines Independent Community School District

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Agriculture:			
(Passed through Iowa Department of Education):			
School Breakfast Program	10.553	42-6004525	\$ 1,968,585
National School Lunch Program	10.555	42-6004525	7,999,391
NSLP - Fruit and Vegetable Program	10.555	42-6004525	414,556
Child and Adult Care Food Program	10.558	42-6004525	347,622
Summer Food Service Program for Children	10.559	42-6004525	251,903
Team Nutrition	10.574	42-6004525	1,352
NSLP - USDA Commodities	10.550	77-1737	609,723
NSLP - USDA Commodities	10.550	77-1737	170,039
			<u>11,763,171</u>
(Passed through Iowa Department of Public Health):			
State Administrative Matching Grants for Food Stamp Program	10.561	42-6004523	92,359
Total U.S. Department of Agriculture			<u>11,855,530</u>
U.S. Department of Housing and Urban Development:			
(Passed through City of Des Moines),			
Community Development Block Grant (CDBG)	14.218	42-6004514	8,168
U.S. Department of Education:			
(Direct):			
Elementary & Secondary Counseling Demonstration Grant	84.215E	42-6001433	592
Smaller Learning Communities - Implementation	84.215L	42-6001433	1,525,516
Teaching American History	84.215X	42-6001433	445,130
Gaining Early Awareness and Readiness (GEAR UP)	84.334	42-6001433	1,006,774
Early Childhood Harkin Earmark Grant	84.215K	42-6001433	696,857
Full Service Community Harkin Earmark Grant	84.215K	42-6001433	4,930
Fitness on the Move Carol White PE Grant	84.215F	42-6001433	54,918
Preparing Early Readers for Kindergarten Grant	84.359B	42-6001433	1,060,313
Fine Arts Model for Education (FAME) Grant	84.351C	42-6001433	34,654
High School Graduation Initiative	84.360	42-6001433	1,197,995
			<u>6,027,679</u>

(Continued)

Des Moines Independent Community School District

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012**

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	15,869,692
DE IA Assessment Study	84.027	42-6004525	340
Special Education High Cost Fund	84.027	42-6004525	53,825
Secondary Professional Development	84.323A	42-6004525	8,717
Vocational Education Basic Grants to States	84.048	42-6004525	510,141
Safe and Drug Free Schools and Communities	84.186	42-6004525	67,119
Improving Teacher Quality State Grant (Title II)	84.367	42-6004525	1,679,163
Education Technology State Grant (Technology Literacy Challenge Grant)	84.318	42-6004525	89,796
Education for Homeless Children & Youth	84.196	42-6004525	21,645
English Language Acquisition Grants (Title III ELL/LEP)	84.365	42-6004525	470,098
English Language Acquisition Grants (Title III Immigrant Children)	84.365	42-6004525	237,925
Grants for State Assessments & Related Activities	84.369	42-6004525	195,234
Iowa Demonstration Construction Grant - McCombs	84.215K	42-6004525	500,000
Iowa Fire Life Safety Grant - Brody	84.215K	42-6004525	75,450
Math Partnership Program	84.281	42-6004525	24,427
Science Partnership Program	84.366B	42-6004525	147,461
Advanced Placement Program	84.330	42-6004525	13,528
21st Century Community Learning Centers	84.287	42-6004525	678,871
Safe and Supportive Schools	84.184Y	42-6004525	29,234
Teacher Quality Partnership	84.405	42-6004525	1,010
ARRA - Title I Basic	84.389	42-6004525	531,676
ARRA - Title I School Improvement	84.388	42-6004525	2,560,940
ARRA - Enhancing Education through Technology	84.386	42-6004525	1,798
Education Jobs Fund	84.410	42-6004525	5,178,799
			28,946,889
(Passed through Heartland Area Education Agency 11):			
Special Education Grants to States (Individuals with Disabilities Education Act)	84.027	42-1028173	1,876,628
Special Education Grants to States (Handicapped Preschool Program Vocational Assessment)	84.027	42-1028173	5,828,644
Special Education Grants to States (Grants for Infants and Families with Disabilities)	84.181	42-1028173	195,603
Parent Education Project	84.027	42-1028173	30,159
Special Education Preschool Grants (Least Restrictive Environment Coordinator)	84.173	42-1028173	170,227
			8,101,261

(Continued)

Des Moines Independent Community School District

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012**

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	<u>350,521</u>
(Passed through School Administrators of Iowa): Parent Information Resource Center Grant	84.310A	42-1300888	<u>1,943</u>
Total U.S. Department of Education			<u><u>43,428,293</u></u>
U.S. Department of Health and Human Services:			
(Passed through Iowa Department of Human Services): Refugee Assistance Program	93.576	42-6004525	<u>221,666</u>
(Passed through State of Iowa Department of Public Health): Walking with a Purpose	93.283	42-6004525	<u>500</u>
(Passed through State of Iowa Economic Development): AmerCorp	93.006	42-6004525	<u>126,351</u>
(Passed through Drake University): Head Start	93.600	42-0680460	<u>1,577,594</u>
Total U.S. Department of Health and Human Services			<u><u>1,926,111</u></u>
U.S. Department of Defense:			
(Direct): Air Education & Training Command	12.999	N/A	119,105
National Security Agency - Startalk	12.900	N/A	<u>80,641</u>
			<u>199,746</u>
U.S. Department of Justice:			
(Passed through City of Des Moines), Secure our School	16.710	42-6004514	<u>169,409</u>
Total Expenditures of Federal Awards			<u><u>\$ 57,587,257</u></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, 2012**

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, 2012. 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	\$ 115,007
Education for Homeless Children & Youth	84.196	20,000

Note 4. Noncash Assistance

The schedule includes federal awards in the form of noncash assistance (commodities) received during the year in the amount of \$779,762 related to USDA Commodities grants provided by the U.S. Department of Agriculture and passed through the Iowa Department of Education.

Des Moines Independent Community School District

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2012**

	Findings	Status	Corrective Action Plan or Other Explanation
Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Auditing Standards			
Internal Control			
11-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 12-II-A
Findings and Questioned Costs Over Federal Awards			
11-III-A	The District was unable to provide documentation of Federal activity for multiple employees that were charged to the program.	Corrected	
11-III-B	The District did not provide an allocation of Federal funding to a new charter school	Corrected	
Other Findings Related to Required Statutory Reporting			
11-IV-G	Documentation to support the number of foster care students reported as enrolled is not maintained.	Uncorrected	See similar finding and corrective action plan at 12-IV-G
11-IV-H	The District's supporting documentation for supplementary weighting did not agree to the amount certified to the IDE in October 2009	Corrected	
11-IV-I	The District held deposits and investments at two institutions in excess of the amount authorized by the Board of Education.	Partially correct	See similar finding and corrective action plan at 12-IV-I
11-IV-M	The Preschool Fund, Child Care Fund and Collage Fund had deficit balances as of June 30, 2011 of \$677,879, \$255,328 and \$77,962, respectfully.	Uncorrected	See similar finding and corrective action plan at 12-IV-M



**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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the District is responsible for establishing and maintaining effective 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 a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 12-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, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the District. Since our audit was based on tests and samples not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters in Section IV of the schedule of findings and questioned costs are not intended to constitute legal interpretation of those statutes.

We noted certain matters that we reported to management of the City in a separate letter dated December 14, 2012.

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 these specified parties.



Des Moines, Iowa
December 14, 2012



**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 the compliance of the Des Moines Independent Community School District (the District) 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, 2012. 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 are could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

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 in order to determine our 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.

This report is intended solely for the information and use of the Board of Education, the 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 LLP

Des Moines, Iowa
December 14, 2012

Des Moines Independent Community School District

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2012**

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 programs:

CFDA Number	Name of Federal Program
	Title I Cluster:
84.010A	Title I Grants to Local Educational Agencies
84.389	ARRA - Title I Basic
84.388	ARRA - Title I School Improvement

Dollar threshold used to distinguish between type A and type B programs: \$1,727,617

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, 2012**

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

A. Internal Control

12-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. In addition, the District has begun implementing an e-commerce solution to reduce the need to transact in cash.

B. Compliance Findings

No matters reported.

(Continued)

Des Moines Independent Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2012**

III. Findings and Questioned Costs for Federal Awards

A. Internal Controls

No matters reported.

B. Compliance Findings

No matters reported.

IV. Other Findings Related to Required Statutory Requirements

12-IV-A – Certified Budget and General Fund Spending Authority: The District's certified budget was not in excess of spending authority. District expenditures did not exceed the certified budget.

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

12-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.

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

12-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.

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

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

(Continued)

Des Moines Independent Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2012**

Finding: There were various certified enrollment variances identified by the State that resulted in an additional 106.29 students for the certified enrollment numbers for fiscal year 2011.

Recommendation: The District should correct the errors prior to providing the information to the State to avoid adjustments made by the State.

Response and Corrective Action Plan: The District has reviewed and agreed to the certified enrollment variances identified by the State as well as responded to the State with the District's assessment performed.

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

12-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.

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

Response and Corrective Action Plan: The District increased the limit for funds held with this institution in May of 2012 and will develop procedures to ensure that deposits and investments made with qualified depositories are within the limits authorized by the Board.

12-IV-J – Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.

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

12-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. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2012, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

(Continued)

Des Moines Independent Community School District

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2012**

12-IV-L – Statewide Sales, Services and Use Tax (continued)

Beginning balance		\$ 55,585,915
Local option sales tax		26,045,238
Earnings on investments		54,100
Other local and federal sources		500,000
Other local sources		1,393,327
		<u>27,992,665</u>
Other sources:		
Issuance of revenue bonds		71,900,000
Premiums on revenue bonds		4,453,970
		<u>76,353,970</u>
Expenditures/transfers out:		
School infrastructure:		
Land	\$ -	
Buildings	35,016,965	
Equipment	1,663,288	
Other improvements	3,551,871	
Debt service for school infrastructure:		
General obligation debt	-	
Bond issue costs	1,299,592	
Revenue debt	6,008,000	47,539,716
Ending balance		<u><u>\$ 112,392,834</u></u>

For the year ended June 30, 2012, the District did not reduce any levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.

12-IV-M – Deficit Balances – The Preschool Fund, Child Care Fund and Collage Fund had deficit balances as of June 30, 2011 of \$ 677,879, \$140,614 and \$74,716, respectively.

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 activity 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.

Des Moines Independent Community School District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2012

12-IV-N – Revenue Bonds – The District has established the reserve account required by the revenue bond resolution for the Series 2010 and Series 2012 bonds. The required monthly transfers from the revenue account to the sinking account were made by the District.

12-IV-O – Student Activity Fund – No instances of noncompliance with the use of student activity funds provisions of Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1) were noted.

12-IV-P – Early Childhood Iowa Area Board – The District is not the fiscal agent for the Early Childhood Iowa Area Board.

Des Moines Independent Community School District

**Corrective Action Plan
Year Ended June 30, 2012**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
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**Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with
Generally Accepted Auditing Standards**

Internal Control

12-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 12-II-A.	June 30, 2013	Thomas Harper
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Other Findings Related to Required Statutory Reporting

12-IV-G	Documentation to support the number of foster care students reported as enrolled is not maintained.	See response and corrective action plan at 12-IV-G.	N/A	Bryce Amos
12-IV-G	Various certified enrollment variances identified by the state.	See response and corrective action plan at 12-IV-G.	June 30, 2013	Thomas Harper
12-IV-I	The District held deposits and investments at two institutions in excess of the amount authorized by the Board of Education.	See response and corrective action plan at 12-IV-I.	June 30, 2013	Thomas Harper
12-IV-M	The Preschool Fund, Child Care Fund and Collage Fund had deficit balances as of June 30, 2012 of \$677,879, \$41,649 and \$74,716, respectfully.	See response and corrective action plan at 10-IV-M	June 30, 2013	Thomas Harper

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

In connection with our audit of the basic financial statements of the Des Moines Independent Community School District as of and for the year ended June 30, 2012, 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:

Des Moines Teachers' Retirement System (DTRS): We noted the District records the pension at cost, instead of fair market value for internal purposes throughout the year. As a result of this, there were audit adjustments that were proposed to the pension trial balance in order to record the investments of the DTRS at fair market value. We recommend the District record the investments of the DTRS at fair market value throughout the year in order to reflect a more accurate financial position of the DTRS for internal management reporting and decision-making purposes.

In addition to the deficiency described above, we noted an additional deficiency relating to the DTRS. The consultant for the pension plan receives monthly statements from the third party custodian and prepares summaries that are presented to the investment committees on a regular basis for their review. There is not a secondary review performed on the consultant's summary of this information nor a review of the consultant's calculation of new retiree benefit payments. We also recommend that an individual in the District's finance or human resource department periodically review, edit reports from the custodian which summarize changes and/or additions to accounts. Although the District has established mitigating controls to reduce the risks of error through the investment committees review of these summaries, failure of one or more complimentary or compensating controls could expose the District to future risks related to error or fraud as there are no secondary reviews performed of the investment statements. We recommend the District perform a review of the investment summaries and reconcile these to the custodian investment statements.

Capital Assets: The system of recording and maintaining capital asset records is largely a manual process and there is minimal review of the balances and current year activity information after it is updated each year. We noted multiple errors due to the improper recording of balances and keying errors. We recommend the District perform adequate reviews over the capital asset information to ensure the information is accurate and automate the process, where practical, in order to reduce the likelihood of errors.

Financial Reporting: During the audit, we noted certain transactions that were not recorded in the District's financial statements relating to year-end receivable and accrual balances. 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 in their 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.

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 LLP

Des Moines, Iowa
December 14, 2012