

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

Comprehensive Annual Financial Report  
Year Ended June 30, 2013



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

Comprehensive Annual Financial Report  
Year Ended June 30, 2013

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

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



## Table of Contents

<hr/>	
<b>Introductory Section</b>	
<hr/>	
Table of contents	i – ii
Letter of transmittal	iii – viii
Board of Education and School District Officials	ix
GFOA certificate of achievement	x
ASBO certificate of excellence	xi
Organizational chart	xii
<hr/>	
<b>Financial Section</b>	
<hr/>	
Independent auditor's report	1 – 2
Management's discussion and analysis	3 – 15
Basic financial statements:	
Government-wide financial statements:	
Statement of net position	16 – 17
Statement of activities	18 – 19
Fund financial statements:	
Governmental funds:	
Balance sheet	20
Reconciliation of total governmental fund balances to net position of governmental activities	21
Statement of revenues, expenditures and changes in fund balances	22
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	23
Proprietary funds:	
Statement of net position	24
Statement of revenues, expenses and changes in net position	25
Statement of cash flows	26
Fiduciary funds:	
Statement of fiduciary net position, fiduciary and agency funds	27
Statement of changes in fiduciary net position, fiduciary funds	28
Notes to basic financial statements	29 – 52
Required supplementary information:	
Schedule of funding progress, retiree health benefit plan	53
Budgetary comparison schedule – all governmental funds, enterprise funds and private purpose trust funds	54 – 55
Note to required supplementary information	56
Other supplementary information:	
Nonmajor governmental funds:	
Combining balance sheet	57 – 58
Combining statement of revenues, expenditures and changes in fund balances	59 – 60
Nonmajor enterprise funds:	
Combining statement of net position	61 – 62
Combining statement of revenues, expenses and changes in fund net position (deficit)	63 – 64
Combining statement of cash flows	65 – 66

## Table of Contents

<b>Financial Section (Continued)</b>	
Internal service funds:	
Combining statement of net position (deficit)	67
Combining statement of revenues, expenses and changes in fund net position (deficit)	68
Combining statement of cash flows	69
Agency fund, statement of changes in assets and liabilities	70
<b>Statistical Section (Unaudited)</b>	
Statistical section contents	71
Net position by component	72 – 73
Expenses, program revenues and net (expense) revenue	74 – 77
General revenues and total change in net position	78 – 79
Fund balances, governmental funds	80 – 81
Governmental funds revenues	82 – 83
Governmental funds expenditures and debt service ratio	84 – 85
Other financing sources and uses and net change in fund balances – governmental funds	86 – 87
Taxable value and actual value of taxable property	88 – 89
Direct and overlapping property tax rates	90 – 92
Principal property taxpayers	93
Property tax levies and collections	94
Ratios of general bonded debt outstanding	95
Outstanding debt by type	96
Direct and overlapping governmental activities debt	97
Legal debt margin information	98 – 99
Pledged-revenue coverage	100
Demographic and economic statistics	101
Largest public and private employers in greater Des Moines	102
Full-time equivalent district employees by type	103 – 106
Operating statistics	107
School building information	108 – 123
Capital asset information	124 – 125
<b>Compliance Section</b>	
Schedule of expenditures of federal awards	126 – 127
Notes to schedule of expenditures of federal awards	128
Summary schedule of prior audit findings	129
Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	130 – 131
Report on compliance for each major federal program; report on internal control over compliance; and report on schedule of expenditures of federal awards required by OMB Circular A-133	132 – 133
Schedule of findings and questioned costs	134 – 138
Corrective action plan	139



December 10, 2013

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, 2013.

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 unmodified ("clean") opinion on the District's financial statements for the year ended June 30, 2013. 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 2013 was 32,404, making it by far the largest public school district in Iowa.

Here's what others have to say about Des Moines being a great place to live and work:

- Des Moines is the #1 Place for Business and Careers in 2013 - Forbes
- Des Moines ranks #1 "Best Cities for Families." - Kiplinger
- Des Moines Named No. 5 in Top 100 Best Cities for Families. - Parenting Magazine
- Greater Des Moines Ranks #1 Best City for Young Professionals. - Forbes
- Des Moines ranks #2 Best Place for Business. - Forbes
- Des Moines is the #1 richest metro in the nation. - US News & World Report
- Des Moines is the #1 city in the US for home renters. - Time Magazine
- Iowa ranks #9 for best state for business. - CNBC
- Des Moines is the #4 city in the nation for doing business. - MarketWatch
- Des Moines ranks in the top 10 "Best Cities for the Next Decade." - Kiplinger
- Des Moines ranks #1 as the "Best Place for Business and Careers." - Forbes 2010
- Des Moines is one of the 20 strongest-performing metro areas. - Brookings
- Des Moines living costs are 10 percent below the national average. - The Council for Community and Economic Research
- Des Moines is the #6 healthiest place to live. - Parenting Magazine

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 standalone 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.

Des Moines Public Schools may be the biggest provider of public education in Iowa, but the district takes anything but a one-size-fits-all approach to educating students. In fact, families in Des Moines can find more educational options than anywhere in the state, including:

- Advanced Placement. Central Academy, attended by students from 39 central Iowa middle and high schools, is Iowa's top AP program, dedicated to providing a challenging curriculum. The Belin-Blank Center for Gifted Education and Talent Development placed Central Academy "in a class by itself" as a college preparatory school. In addition, DMPS is in the midst of a significant expansion of AP course offerings throughout all five comprehensive high schools, providing thousands of student's access to rigorous and advanced courses.
- International Baccalaureate. Home to the only IB program in Iowa, DMPS offers this world- class educational opportunity at four elementary schools (Hubbell, Park Avenue, Stowe, and Walnut Street) and four middle schools (Brody, Goodrell, Meredith, and Merrill). Central Academy is the only high school in Iowa to offer the renowned International Baccalaureate diploma to graduating seniors.
- Career & Technical Institute. Located at Central Campus, CTI presents students with learning opportunities in several high-skill areas, including graphic design, broadcasting & film, culinary arts, fashion, and automotive technology. Also, DMPS offers one of only three high school aviation programs certified by the FAA and has the largest marine biology program of any non- coastal high school.
- Higher Education Partnerships. Des Moines Public Schools' proximity to Drake University, Iowa State University, Des Moines University, Des Moines Area Community College, and other institutions of higher education have created numerous partnerships and collaborative efforts that support students, teachers, and administrators.
- Downtown School. The Downtown School, located in a brand new home at Central Campus, is a national model where students learn in multiage classes. The school has been nationally recognized for its innovative programming, including an extended calendar, and is a great option for parents who work in the heart of the city.
- Montessori. Cowles Montessori School is the only public Montessori program in Iowa, serving students in grades K-8. Students learn in multiage classrooms and children's natural curiosities are exploited to the fullest as they advance at their own pace.
- Continuous Calendar Schools. In addition to the Downtown School, three other schools in Des Moines offer an extended school year to better serve the educational needs of their students and the scheduling needs of their families. Capitol View Elementary, River Woods Elementary, and Moulton Extended Learning Center begin the school year in mid-July and end in early June, with breaks spread throughout the year.
- Traditional Programs. Jefferson and Phillips elementary schools have dress codes and feature increased emphasis on basic academic skills. The schools also stress personal respect, responsibility, and discipline as cornerstones of a place where academic achievement can be maximized.
- Alternative Programs. Future Pathways, Scavo Alternative High School, Orchard Place, Des Moines Alternative, and Middle School Alternative offer programming for students who may be struggling with attendance requirements at a comprehensive school or have other personal issues and need alternative programming.
- Ruby Van Meter and Smouse schools. Ruby Van Meter School (serving secondary-age children) and Smouse Opportunity School (serving elementary-age children) provide high-quality, specialized instruction to physically and mentally disabled students.

Des Moines educators and staff are recognized as being among the very best in their fields. These are just some of the awards and honors they have earned in recent years:

- 2013 finalist for Iowa Teacher of the Year
- 2013 and 2012 ENERGY STAR Partner of the Year from the Environmental Protection Agency
- 2013 and 2012 Governor's Iowa Environmental Excellence Award
- 2013 Green Ribbon School Award for Des Moines Public Schools from the U.S. Department of Education
- 2013 and 2012: 15 total awards and citations from the National School Public Relations Association for a wide range of communications including a new website, a revamped and more frequent community newsletter, special purpose publications/reports, and video news productions. In both years, DMPS received NSPRA's highest honor, the Award of Excellence, for use of social media, one of only two districts nationwide to achieve that distinction in 2012.
- 2013 recipient of a Sunny Award for having one of the most transparent government websites in the nation

- 2012 and 2010 state finalists for Presidential Award for Excellence in Mathematics and Science Teaching (mathematics)
- 2012 Phyllis Yager Memorial Commitment to Diversity Award from the University of Iowa College of Education
- 2012 Gary Hendrichs Memorial Award from the Iowa School Counselor Association
- 2012 Education Support Personnel of the Year for the State of Iowa
- 2012 honoree as a Champion of Change in education from the White House
- 2012 finalist for America History Teacher of the Year from Iowa Preserve
- 2012 Green Ribbon School Award for Central Campus from the U.S. Department of Education
- 2012, 2011, 2010, 2009, 2008, and 2007 Certificate of Excellence in Financial Reporting from the Association of School Business Officials Association for the school district's comprehensive annual financial report
- 2012, 2011, 2010, 2009, 2008, and 2007 Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the school district's comprehensive annual financial report
- 2011 nominee for U.S. History Teacher of the Year from the Daughters of the American Revolution
- 2011 Outstanding Secondary Art Educator from the Art Educators of Iowa
- 2011 Outstanding Iowa Biology Teacher of the Year from the National Association of Biology Teachers
- 2011 and 2009 James Madison Fellowships for the state of Iowa
- 2011 Educator of the Year from the Printing Industry of the Midwest

## **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.

Des Moines, the city proper, is comprised of 80.87 square miles of land with a population of 207,000, approximately 25% of which is younger than 18. The median household income (2007-2011) in Des Moines was \$44,997, and approximately 17% of persons live below the poverty line.

Today, Iowa's economy stands on firm ground as it recovers from the deep recession that began in 2008. An improved employment outlook nudged Iowa's unemployment rate down to 4.7 percent in April 2013 from 4.9 percent in March 2013. The rate in 2012 was 5.2 percent (Iowa Workforce Development, May 2013). According to a report issued by the Iowa Legislative Services Agency (LSA) in February 2013, Iowa general fund revenues totaled \$4.27 billion for the previous eight months, a 9.1% increase over the same period a year ago. Major sources of tax revenue for that period included personal income taxes (up \$229 million, or 10.3%), sales and use taxes (up \$50 million, or 2%), and corporate taxes (up \$30 million, or 10.9%). Additionally, the LSA reported that fiscal-year-to-date tax receipts were \$355 million higher than in FY 2012 (Petroski, March 2013).

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, 2012 affecting fiscal year 2014 state funding increased 0.02 percent; while the October 1, 2013 enrollment affecting fiscal year 2015 increased 0.01 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 and assigned 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.” In addition during the 12-13 school year, the District's School Board approved a 15.0% minimum for the District's solvency ratio. The solvency ratio for the district increased at year end to 15.9 percent, up from 12.6 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 17.5 percent, up from 17.0 percent for the prior year.

*Major Initiatives:* We are in the third phase of bonding ahead on the Statewide Penny. The district will sell Revenue Bonds in FY 2014 as a way to minimize future inflationary increases by condensing repair and renovation costs from a 10 year plan into a 5 year plan. The bonds would be paid back using Statewide Penny revenue.

Our district continues to treat energy savings/consumption as a priority. The winter of 2012-2013 was colder than the previous few years so we were not able to realize savings as in the past. After saving millions of dollars, we are concentrating on additional savings while sustaining our previous efforts. This will continue to be a challenge for us as we will see energy cost increases. Currently 96% of our classrooms are air conditioned. This is a 23% increase since 2008. 33 of our schools utilize the earth's natural temperatures to heat and cool our buildings. 53 schools are Energy Star qualified which means they operate in the upper 25% of like buildings nationally. A recognition of our sustainability is that the district was recognized with three major awards:

- Energy Star Partner of the Year - 2013 and 2012 (only back to back district nationally)
- Iowa Department of Education Green Ribbon Schools - 2013 (District Wide) and 2012 (Central Campus)
- Governor's Iowa Environmental Excellence Award

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, 2013 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 sixth 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, 2012. 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 sixth time, awarded a Certificate of Excellence in Financial Reporting to the district for the fiscal year ending June 30, 2012. This award represents the highest recognition for school district operations offered by ASBO International.

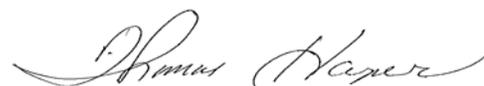
Each Certificate is valid for a period of one year only and the certificates for fiscal year 2012 are included in this report. We believe that our current CAFR continues to meet the GFOA and ASBO International Certificate of Achievement programs' requirements and we are submitting it to both the GFOA 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, Superintendent



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

**Des Moines Independent Community School District**

**Board of Education and School District Officials  
Year Ended June 30, 2013**

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Name	Title	Term Expires
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**Board of Education**

Before November 2012:

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

After November 2012:

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	Superintendent	
Thomas Harper	Secretary and Treasurer	Appointed
Pat Lantz	Attorney	Appointed



Government Finance Officers Association

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, 2012**

Executive Director/CEO

# 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, 2012*

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



A handwritten signature in black ink, reading 'Ron McCulley'. The signature is written over a horizontal line.

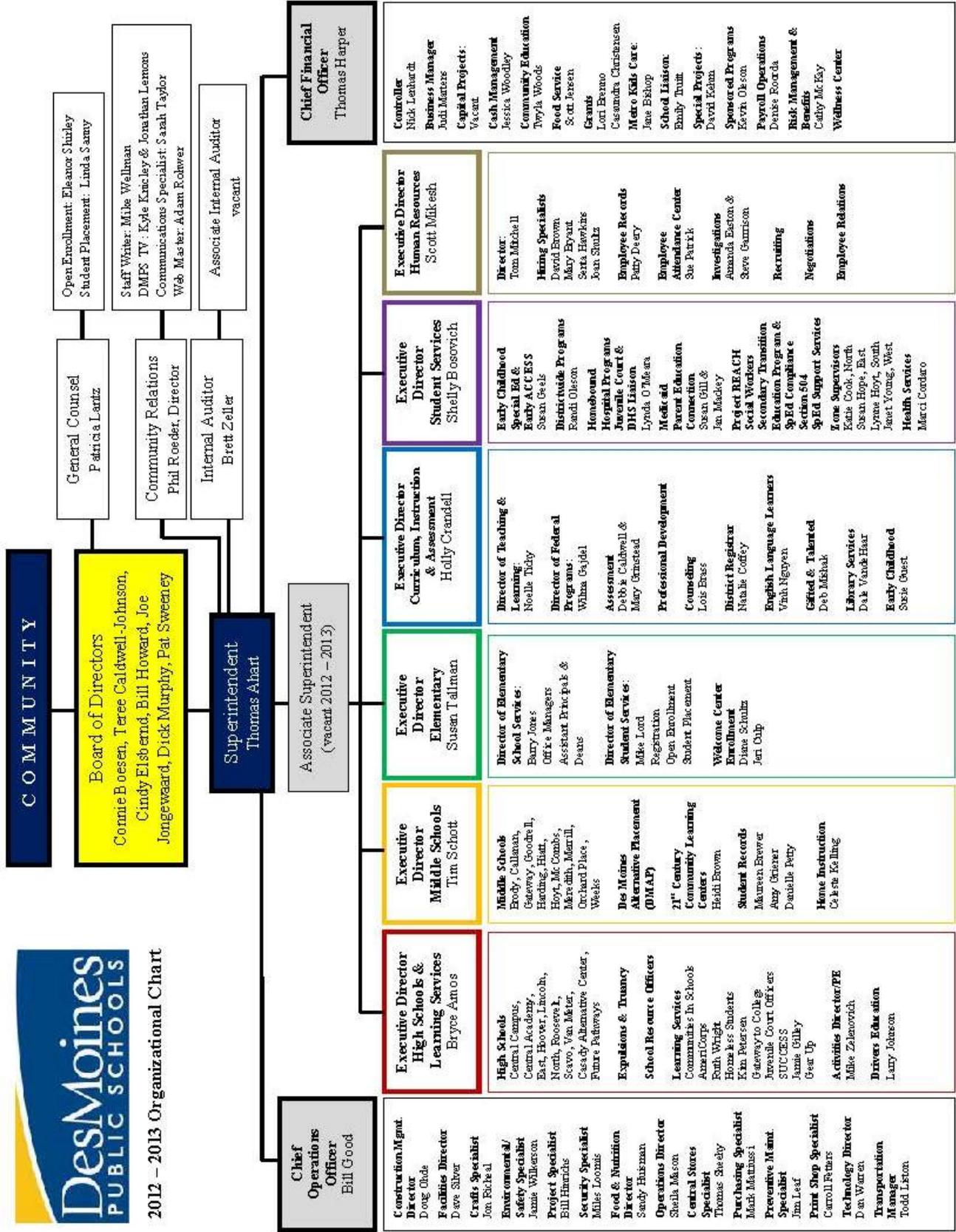
Ron McCulley, CPPB, RSBO  
President

A handwritten signature in black ink, reading 'John D. Musso'. The signature is written over a horizontal line.

John D. Musso, CAE, RSBA  
Executive Director



2012 - 2013 Organizational Chart





## Independent Auditor's Report

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

### Report on the Financial Statements

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 (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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 the 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.

### *Other Information*

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. This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic 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.

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.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*McGladrey LLP*

Des Moines, Iowa  
November 27, 2013

## Des Moines Independent Community School District

### Management's Discussion and Analysis Year Ended June 30, 2013

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This Management's Discussion and Analysis is provided by the management of the Des Moines Independent Community School District (District) to offer readers an overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2013. 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 2012 legislatively approved an allowable growth factor of 2 percent for fiscal year 2013 for the District's General Fund.

In April 2012, the board approved an expenditure budget for fiscal year 2013 for all funds of \$462.7million (including transfers). In May 2013, the board approved a budget amendment to increase expenditures by \$4.5 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, 98.4 percent of budget.

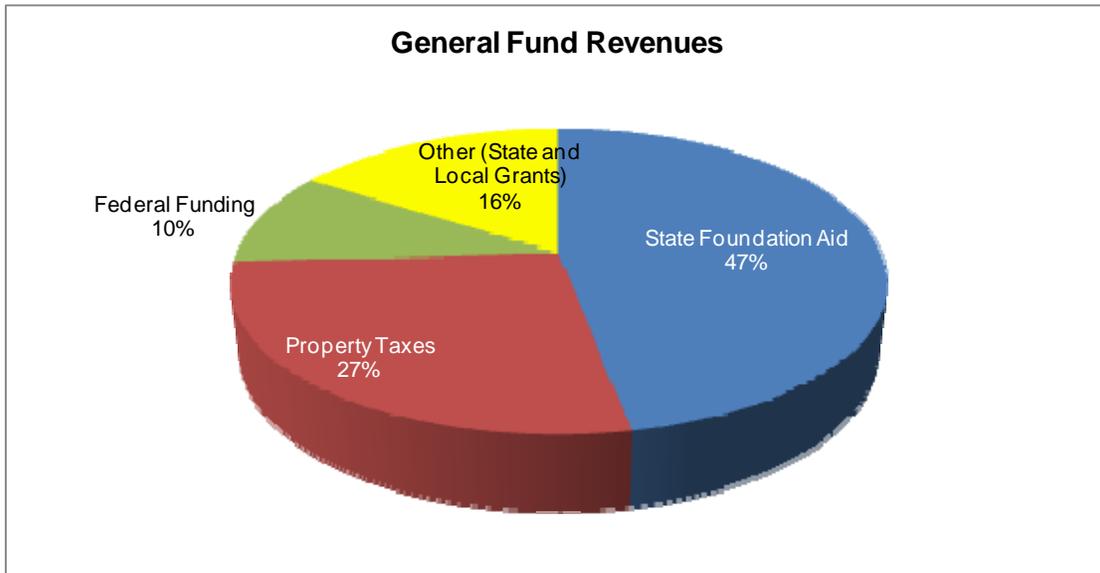
- **Revenue:** Government-wide revenues were \$441.2 million, which primarily consisted of state aid, property taxes, federal grants and local option sales taxes. General Fund revenues accounted for 84 percent of the Government-wide revenue. Program specific revenues in the form of charges for services and grants, and contributions accounted for 24 percent of total fiscal year 2013 revenues.

The General Fund had \$371.5 million in revenues for fiscal year 2013, which primarily consisted of state aid and property taxes. General Fund revenues decreased 0.5 percent in fiscal year 2013, primarily due to a decrease in federal funding.

**Des Moines Independent Community School District**

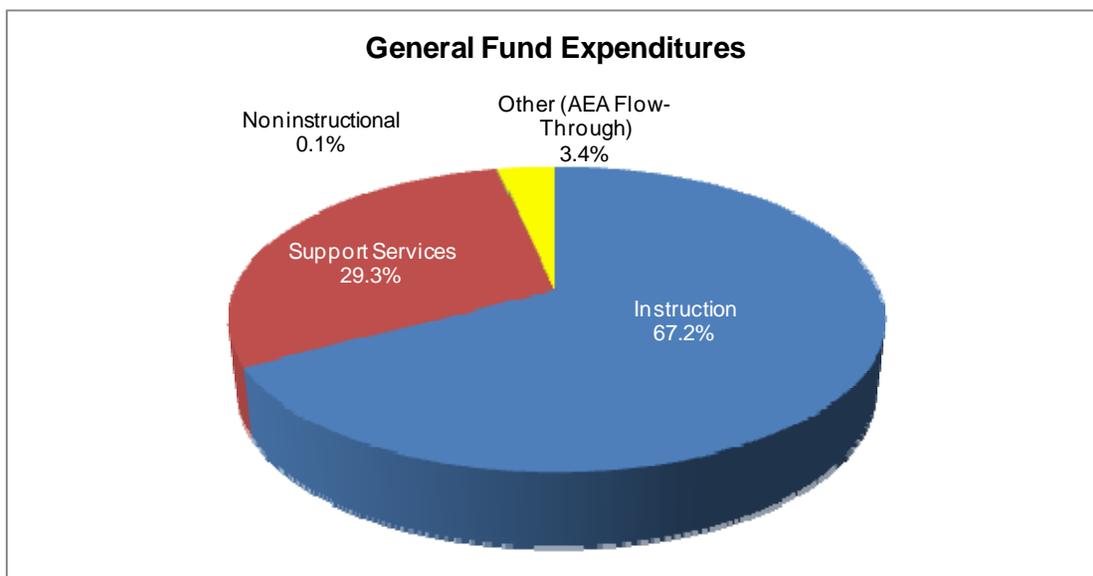
**Management's Discussion and Analysis  
Year Ended June 30, 2013**

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**Expenses:** Government-wide expenses were \$413.0 million related to governmental activities, of which \$120.0 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$321.8 million provided for the remaining costs of these programs.

The General Fund had \$359.0 million in fiscal year 2013 expenditures, which primarily consisted of instructional expenditures. General Fund expenditures increased two percent, primarily due to an increase in overall FTEs, as well as increased benefit costs for previously existing FTEs.



## Des Moines Independent Community School District

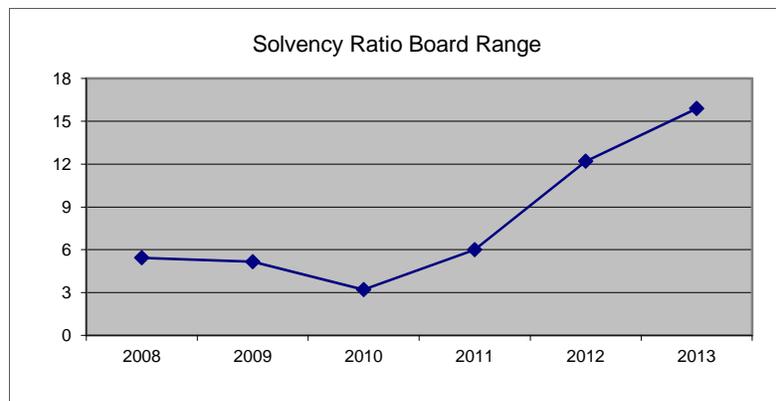
### Management's Discussion and Analysis Year Ended June 30, 2013

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- **General Fund Balance and Solvency Ratio:** The District's overall General Fund balance increased from \$61.7 million as of June 30, 2012 to \$74.0 million as of June 30, 2013, an increase of \$12.3 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 \$45.6 million as of June 30, 2012 to \$49.2 million as of June 30, 2013, an increase of \$3.6 million.

The District's solvency ratio also increased from 12.6 percent as of June 30, 2012 to 15.9 percent as of June 30, 2013.



The Board established a solvency ratio minimum of 15 percent during FY13. 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 decreased by a net of \$5.8 million during the current fiscal year due to scheduled payments. The total outstanding bond debt at the end of the fiscal year is approximately \$131.86 million, consisting of revenue bonds.

## Des Moines Independent Community School District

### Management's Discussion and Analysis Year Ended June 30, 2013

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#### 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 position 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, 2013

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

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

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

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund and the 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, 2013

#### 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 Position	Balance Sheet	Statement of Net Position	Statement of Fiduciary Net Position
	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Revenues, Expenses and Changes in Net Position  Statement of Cash Flows	Statement of Changes in Fiduciary Net Position
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, 2013

#### Government-Wide Financial Analysis

**Net position:** The following table presents a summary of the District's net position for the year ended June 30, 2013 with comparison totals as of June 30, 2012:

	Governmental Activities 2013	Governmental Activities 2012	Business-Type Activities 2013	Business-Type Activities 2012	Total 2013	Total 2012
Current assets and other assets	\$ 370,298,662	\$ 379,452,701	\$ 1,825,547	\$ 1,029,182	\$ 372,124,209	\$ 380,481,883
Capital assets, net	431,803,090	391,240,664	2,002,716	1,989,314	433,805,806	393,229,978
<b>Total assets</b>	<b>802,101,752</b>	<b>770,693,365</b>	<b>3,828,263</b>	<b>3,018,496</b>	<b>805,930,015</b>	<b>773,711,861</b>
Current liabilities	70,381,343	67,525,591	1,441,372	1,214,467	71,822,715	68,740,058
Long-term liabilities	157,519,803	160,980,783	62,714	60,155	157,582,517	161,040,938
<b>Total liabilities</b>	<b>227,901,146</b>	<b>228,506,374</b>	<b>1,504,086</b>	<b>1,274,622</b>	<b>229,405,232</b>	<b>229,780,996</b>
Deferred inflows of resources	122,372,255	118,694,137	-	-	122,372,255	118,694,137
Net position:						
Net investment in capital assets	373,455,547	359,352,093	2,002,716	1,989,314	375,458,263	361,341,407
Restricted	28,273,606	28,997,975	-	-	28,273,606	28,997,975
Unrestricted	50,099,198	35,142,786	321,461	(245,440)	50,420,659	34,897,346
<b>Total net position</b>	<b>\$ 451,828,351</b>	<b>\$ 423,492,854</b>	<b>\$ 2,324,177</b>	<b>\$ 1,743,874</b>	<b>\$ 454,152,528</b>	<b>\$ 425,236,728</b>

The District's combined net position was greater as of June 30, 2013 than June 30, 2012. 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 position.

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

**Changes in net position:** The following schedule shows the changes in net position for the year ended June 30, 2013 with comparison totals for the year ended June 30, 2012. The difference between revenues and expenditures represents the change in net position.

## Des Moines Independent Community School District

### Management's Discussion and Analysis Year Ended June 30, 2013

	Governmental Activities 2013	Governmental Activities 2012	Business-Type Activities 2013	Business-Type Activities 2012	Total 2013	Total 2012
Revenues:						
Program revenues:						
Charges for services	\$ 23,090,345	\$ 22,577,351	\$ 6,271,284	\$ 6,361,528	\$ 29,361,629	\$ 28,938,879
Operating grants and contributions	76,875,344	88,937,932	13,801,050	11,973,916	90,676,394	100,911,848
Capital grants and contributions	-	650,000	-	-	-	650,000
General revenues:						
Property taxes	118,021,070	120,482,984	-	-	118,021,070	120,482,984
Sales tax, capital projects	27,431,076	26,113,779	-	-	27,431,076	26,113,779
Investment earnings	377,933	64,564	-	-	377,933	64,564
State aid and other state sources	174,578,921	163,593,289	-	-	174,578,921	163,593,289
Other including transfers from fiduciary fund	1,439,852	2,102,375	-	-	1,439,852	2,102,375
<b>Total revenues</b>	<b>421,814,541</b>	<b>424,522,274</b>	<b>20,072,334</b>	<b>18,335,444</b>	<b>441,886,875</b>	<b>442,857,718</b>
Expenses:						
Instruction	258,926,988	256,812,271	-	-	258,926,988	256,812,271
Support services	112,044,073	110,383,667	-	-	112,044,073	110,383,667
Noninstructional	2,904,231	4,204,202	-	-	2,904,231	4,204,202
Other expenses	19,603,752	14,708,635	19,492,031	17,509,877	39,095,783	32,218,512
<b>Total expenses</b>	<b>393,479,044</b>	<b>386,108,775</b>	<b>19,492,031</b>	<b>17,509,877</b>	<b>412,971,075</b>	<b>403,618,652</b>
Change in net position	28,335,497	38,413,499	580,303	825,567	28,915,800	39,239,066
Net position, beginning	423,492,854	385,079,355	1,743,874	918,307	425,236,728	385,997,662
Net position, ending	\$ 451,828,351	\$ 423,492,854	\$ 2,324,177	\$ 1,743,874	\$ 454,152,528	\$ 425,236,728

- The main revenue sources of state aid and other state sources, property and sales taxes account for 72.4 percent of total revenue.
- The District's expenses primarily relate to instruction and support services which account for 89.8 percent of the total expenses.
- Overall the District had an increase in net position of \$28,915,800 which equates to a 6.8 percent increase over the prior year.
- Governmental activities increased the net position by \$28,335,497 or 6.7 percent of the total growth in net position. The change was due primarily to the increase in state aid revenue compared to fiscal year 2012.

## Des Moines Independent Community School District

### Management's Discussion and Analysis Year Ended June 30, 2013

#### Governmental Activities

- State foundation aid and other state sources, property taxes and sales taxes are the primary sources of revenue for the District, 41 percent, 28 percent and 7 percent, respectively, of total governmental activities revenues for fiscal year 2013 compared to 39 percent, 28 percent and 6 percent, respectively, for fiscal year 2012. Overall revenue decreased 1 percent due to a decrease in operating grants and contributions and an offsetting increase in state aid revenue. Instruction constitutes the largest portion of expenditures at \$258.9 million or 66 percent of governmental activities expenses. The District offers a wide array of programs including general and special education, vocational and college preparatory classes.
- The noninstructional and other expenses of the District accounted for 5.7 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 2012:

	2013		2012	
	Total Expenses	Net (Expense) Revenue	Total Expenses	Net (Expense) Revenue
Instruction	\$ 258,926,988	\$ (176,635,655)	\$ 256,812,271	\$ (161,269,632)
Other support services	112,044,073	(106,694,064)	110,383,667	(105,791,813)
Noninstructional programs	2,904,231	(2,815,291)	4,204,202	(3,873,180)
Other expenses	19,603,752	(7,368,345)	14,708,635	(3,008,867)
<b>Total expenses</b>	<b>\$ 393,479,044</b>	<b>\$ (293,513,355)</b>	<b>\$ 386,108,775</b>	<b>\$ (273,943,492)</b>

Net cost of governmental activities was financed by general revenues, which are made up of primarily property taxes and state aid. Federal and state governments and charges for services subsidized certain programs with federal stimulus funds, grants and contributions, and other local revenues of \$100.0 million or 25.4 percent of total governmental activities expenses.

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

- 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 position of \$674,164 for fiscal year 2013.
- 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 position of \$(123,864).

## Des Moines Independent Community School District

### Management's Discussion and Analysis Year Ended June 30, 2013

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

##### Governmental Funds Highlights

###### General Fund:

- The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$12.3 million. The District's solvency ratio (unassigned plus assigned fund balance/General Fund revenues) increased from 12.6 percent to 15.9 percent primarily due to an increase in state aid revenue as well as the District's management of its head count and operational expenses.
- The decrease in General Fund revenues (0.5 percent) compared to fiscal year 2012 was primarily due to state aid increase of 6.7 percent, property tax decrease of 2.2 percent and federal decrease of 21.5 percent.
- The increase in General Fund expenditures (2 percent) compared to fiscal year 2012 was primarily due to an increase in overall FTEs, as well as increased benefit costs for previously existing FTEs.

###### Capital Projects Fund:

- The Capital Projects Fund has a total fund balance of \$78.6 million for 2013 and \$112.4 million for 2012. The net decrease in the Capital Projects fund for the fiscal year was primarily due to consistent expenditures from the state-wide penny projects coupled with no new revenue bonds in FY13 when compared to prior years.

##### Proprietary Fund Highlights

There are no major enterprise funds. The School Nutrition Fund represents 81 percent of the expenses of total enterprise funds. The District's percent of students eligible for free and reduced meals increased from fiscal year 2012 (66.4 percent) to 2013 (68.11 percent), 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 2013.

- 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 98.4 percent of the final budget.

## Des Moines Independent Community School District

### Management's Discussion and Analysis Year Ended June 30, 2013

- The District's General Fund, its principal operating fund, continues to remain financially solvent.
- The District received 102.0 percent of budgeted General Fund revenues. Overall General Fund revenue decreased 0.5 percent over the prior year primarily due to decreases in federal revenue.
- The District spent 96.0 of budgeted General Fund expenditures based on the final budget. General Fund expenditures increased 2.4 percent primarily due to an increase in overall FTEs, increased compensation for existing FTEs and benefit costs.
- At the end of fiscal year 2013, the projected Unspent Authorized Budget ratio for the General Fund was 17.5 percent, a positive increase when compared to 17.0 percent at the end of fiscal year 2012.

### Capital Assets and Debt Administration

**Capital Assets:** As of June 30, 2013, the District had invested \$433.8 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 \$40.6 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, 2013, compared with balances as of June 30, 2012:

	Governmental Activities 2013	Governmental Activities 2012	Business-Type Activities 2013	Business-Type Activities 2012	Total 2013	Total 2012
Land	\$ 4,113,994	\$ 4,117,729	\$ -	\$ -	\$ 4,113,994	\$ 4,117,729
Construction-in-progress	56,161,761	43,057,201	-	-	56,161,761	43,057,201
Land improvements	2,851,079	3,070,676	-	-	2,851,079	3,070,676
Buildings and improvements	359,403,479	332,168,901	-	-	359,403,479	332,168,901
Vehicles, furniture and equipment	9,272,777	8,826,157	2,002,716	1,989,314	11,275,493	10,815,471
<b>Total</b>	<b>\$ 431,803,090</b>	<b>\$ 391,240,664</b>	<b>\$ 2,002,716</b>	<b>\$ 1,989,314</b>	<b>\$ 433,805,806</b>	<b>\$ 393,229,978</b>

Additional information on the District's capital assets can be found in Note 5 to the Basic Financial Statements.

## Des Moines Independent Community School District

### Management's Discussion and Analysis Year Ended June 30, 2013

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**Debt Administration:** As of June 30, 2013, the District had \$131.86 million in bonds outstanding, of which \$6.11 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, 2013, with comparative information as of June 30, 2012:

	<u>2013</u>	<u>2012</u>
Sales tax revenue	<u>\$ 131,860,000</u>	<u>\$ 137,670,000</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 \$546.2 million which is substantially more than the District's outstanding debt.

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

#### Factors Bearing on the District's Future

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

- District enrollment increased slightly from October 2012 to October 2013 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 and 2014 is two percent.
- 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 2013-14, total statewide penny sales tax revenue was projected to increase to \$414,377,340, while statewide enrollment increased to 476,245, producing a statewide average tax revenue per student of \$870 for fiscal year 2013-14. The Iowa Department of Management anticipates the statewide average will continue to increase 1-2 percent each year through fiscal year 2014-15.

**Des Moines Independent Community School District**

**Management's Discussion and Analysis  
Year Ended June 30, 2013**

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**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 Position  
June 30, 2013**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 142,744,246	\$ 635,253	\$ 143,379,499
Cash held with agent	12,158,250	-	12,158,250
Property taxes receivable - current year	1,395,126	-	1,395,126
Property taxes receivable - succeeding year	122,372,255	-	122,372,255
Interest receivable	49,795	-	49,795
Other receivables, net of allowances for uncollectible of \$166,857	305,201	295,428	600,629
Due from other governments	20,017,536	430,011	20,447,547
Assets held for sale	-	32,047	32,047
Inventories	367,307	432,808	800,115
Prepaid expenses	143,088	-	143,088
<b>Total current assets</b>	<b>299,552,804</b>	<b>1,825,547</b>	<b>301,378,351</b>
Noncurrent assets:			
Restricted cash and investments	70,745,858	-	70,745,858
Capital assets:			
Capital assets - nondepreciable	60,275,755	-	60,275,755
Capital assets - depreciable, net	371,527,335	2,002,716	373,530,051
<b>Total capital assets</b>	<b>431,803,090</b>	<b>2,002,716</b>	<b>433,805,806</b>
<b>Total noncurrent assets</b>	<b>502,548,948</b>	<b>2,002,716</b>	<b>504,551,664</b>
<b>Total assets</b>	<b>\$ 802,101,752</b>	<b>\$ 3,828,263</b>	<b>\$ 805,930,015</b>

See Notes to Basic Financial Statements.

	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 8,980,373	\$ 189,076	\$ 9,169,449
Claims payable	5,055,374	-	5,055,374
Accrued payroll	29,827,975	217,264	30,045,239
Accrued interest payable	492,104	-	492,104
Other current liabilities	5,260,588	-	5,260,588
Due to other governments	7,472,003	9,139	7,481,142
Internal balances	(677,879)	677,879	-
Unearned revenue	724,913	187,241	912,154
Compensated absences	2,644,126	160,773	2,804,899
Special termination benefits	4,491,766	-	4,491,766
Revenue bonds	6,110,000	-	6,110,000
<b>Total current liabilities</b>	<b>70,381,343</b>	<b>1,441,372</b>	<b>71,822,715</b>
Noncurrent liabilities:			
Retrospective insurance rating plan	343,220	-	343,220
Compensated absences	1,153,397	62,714	1,216,111
Special termination benefits	8,041,601	-	8,041,601
Other postemployment benefits	13,965,666	-	13,965,666
Pollution remediation liability	438,084	-	438,084
Bond premiums	7,827,835	-	7,827,835
Revenue bonds	125,750,000	-	125,750,000
<b>Total noncurrent liabilities</b>	<b>157,519,803</b>	<b>62,714</b>	<b>157,582,517</b>
<b>Total liabilities</b>	<b>227,901,146</b>	<b>1,504,086</b>	<b>229,405,232</b>
<b>Deferred Inflows of Resources,</b>			
unavailable revenue - property taxes	122,372,255	-	122,372,255
<b>Net Position</b>			
Net investment in capital assets	373,455,547	2,002,716	375,458,263
Restricted for:			
DMPS expendable trust	3,494,769	-	3,494,769
Permanent trust	11,557	-	11,557
Categorical funding	7,927,446	-	7,927,446
Shared programs	1,099,641	-	1,099,641
Special education	17,483	-	17,483
Medicaid	358,112	-	358,112
Grants	375,188	-	375,188
Management levy	3,732,325	-	3,732,325
Physical plant and equipment levy	9,142,993	-	9,142,993
Public education and recreation levy	295,385	-	295,385
Student activities	1,818,707	-	1,818,707
Unrestricted	50,099,198	321,461	50,420,659
<b>Total net position</b>	<b>\$ 451,828,351</b>	<b>\$ 2,324,177</b>	<b>\$ 454,152,528</b>

**Des Moines Independent Community School District**

**Statement of Activities  
Year Ended June 30, 2013**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
Instruction	\$ 258,926,988	\$ 9,694,289	\$ 72,597,044	\$ -
Student services	20,673,660	-	3,730,944	-
Instructional support services	12,021,171	-	429,224	-
General administration	5,186,473	-	-	-
Building administration	18,779,363	-	-	-
Business and central administration	9,892,503	-	-	-
Plant operation and maintenance	34,339,085	644,086	29,192	-
Student transportation	11,151,818	516,563	-	-
Noninstructional	2,904,231	-	88,940	-
AEA support	12,235,407	12,235,407	-	-
Interest on long-term debt	7,368,345	-	-	-
<b>Total governmental activities</b>	<b>393,479,044</b>	<b>23,090,345</b>	<b>76,875,344</b>	<b>-</b>
Business-type activities:				
School nutrition	15,869,943	2,743,057	13,801,050	-
Child care	3,589,842	3,465,978	-	-
Other	32,246	62,249	-	-
<b>Total business-type activities</b>	<b>19,492,031</b>	<b>6,271,284</b>	<b>13,801,050</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 412,971,075</b>	<b>\$ 29,361,629</b>	<b>\$ 90,676,394</b>	<b>\$ -</b>

**General revenues:**

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

**Total general revenues**

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

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Totals
\$ (176,635,655)	\$ -	\$ (176,635,655)
(16,942,716)	-	(16,942,716)
(11,591,947)	-	(11,591,947)
(5,186,473)	-	(5,186,473)
(18,779,363)	-	(18,779,363)
(9,892,503)	-	(9,892,503)
(33,665,807)	-	(33,665,807)
(10,635,255)	-	(10,635,255)
(2,815,291)	-	(2,815,291)
-	-	-
(7,368,345)	-	(7,368,345)
(293,513,355)	-	(293,513,355)
-	674,164	674,164
-	(123,864)	(123,864)
-	30,003	30,003
-	580,303	580,303
(293,513,355)	580,303	(292,933,052)
100,387,919	-	100,387,919
9,939,725	-	9,939,725
6,830,405	-	6,830,405
863,021	-	863,021
27,431,076	-	27,431,076
174,578,921	-	174,578,921
377,933	-	377,933
1,439,852	-	1,439,852
321,848,852	-	321,848,852
28,335,497	580,303	28,915,800
423,492,854	1,743,874	425,236,728
\$ 451,828,351	\$ 2,324,177	\$ 454,152,528

**Des Moines Independent Community School District**

**Balance Sheet  
Governmental Funds  
June 30, 2013**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 103,933,212	\$ -	\$ 20,458,530	\$ 124,391,742
Restricted cash and investments	-	69,182,042	1,563,816	70,745,858
Cash held with agent	-	12,158,250	-	12,158,250
Property taxes receivable - current year	1,193,982	-	201,144	1,395,126
Property taxes receivable - succeeding year	104,264,015	-	18,108,240	122,372,255
Interest receivable	49,795	-	-	49,795
Other receivables	303,201	-	2,000	305,201
Due from other governments	14,229,982	5,787,554	-	20,017,536
Inventories	319,882	-	-	319,882
Prepaid items	108,001	-	30,087	138,088
<b>Total assets</b>	<b>\$ 224,402,070</b>	<b>\$ 87,127,846</b>	<b>\$ 40,363,817</b>	<b>\$ 351,893,733</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 2,686,339	\$ 5,516,124	\$ 830,040	\$ 9,032,503
Accrued payroll	29,800,054	-	26,771	29,826,825
Special termination benefits	337,460	-	2,479,019	2,816,479
Other current liabilities	3,559,660	1,691,886	9,042	5,260,588
Due to other governments	7,425,996	4,658	41,349	7,472,003
Unearned revenue	674,616	-	-	674,616
Compensated absences	353,262	-	-	353,262
<b>Total liabilities</b>	<b>44,837,387</b>	<b>7,212,668</b>	<b>3,386,221</b>	<b>55,436,276</b>
Deferred inflows of resources:				
Unavailable revenue - property taxes	104,264,015	-	18,108,240	122,372,255
Unavailable revenue - sales tax	-	1,362,249	-	1,362,249
Unavailable revenue - intergovernmental	1,266,088	-	313	1,266,401
<b>Total deferred inflows of resources</b>	<b>105,530,103</b>	<b>1,362,249</b>	<b>18,108,553</b>	<b>125,000,905</b>
Fund balances:				
Nonspendable	427,883	-	39,965	467,848
Restricted	9,777,870	78,552,929	18,829,078	107,159,877
Committed	6,632,403	-	-	6,632,403
Assigned	8,000,000	-	-	8,000,000
Unassigned	49,196,424	-	-	49,196,424
<b>Total fund balances</b>	<b>74,034,580</b>	<b>78,552,929</b>	<b>18,869,043</b>	<b>171,456,552</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 224,402,070</b>	<b>\$ 87,127,846</b>	<b>\$ 40,363,817</b>	<b>\$ 351,893,733</b>

See Notes to Basic Financial Statements.

**Des Moines Independent Community School District**

**Reconciliation of Total Governmental Fund Balances to Net Position  
of Governmental Activities**

**June 30, 2013**

Total governmental fund balances \$ 171,456,552

Amount reported for governmental activities in the statement of net position 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	\$ 4,113,994	
Construction-in-progress	56,161,761	
Land improvements	10,008,649	
Buildings and improvements	471,245,524	
Vehicles, furniture and equipment	22,321,645	
Accumulated depreciation	<u>(132,113,717)</u>	431,737,856

Other long-term assets are not available to pay for current-period expenditures and, therefore, reported as deferred inflows of resources - unavailable revenue, in the governmental funds 2,628,650

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 position. 14,630,083

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	(3,430,878)	
Sales tax revenue bonds	(131,860,000)	
Bond premiums	(7,827,835)	
Accrued interest payable	(492,104)	
Claims payable for workers' compensation	(550,115)	
Retrospective insurance rating plan	(343,220)	
Other postemployment benefits	(13,965,666)	
Pollution remediation liability	(438,084)	
Special termination benefits	<u>(9,716,888)</u>	(168,624,790)
<b>Net position of governmental activities</b>		<u><u>\$ 451,828,351</u></u>

See Notes to Basic Financial Statements.

**Des Moines Independent Community School District**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**Governmental Funds**

**Year Ended June 30, 2013**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ 100,350,125	\$ -	\$ 17,626,306	\$ 117,976,431
Other local sources	18,415,712	300,245	1,388,335	20,104,292
Sales tax, for capital projects	-	27,364,977	-	27,364,977
Investment earnings	342,613	81,305	(45,985)	377,933
Intermediate sources	540,171	-	-	540,171
State foundation aid	174,578,921	-	-	174,578,921
Other state sources	39,384,278	-	6,392	39,390,670
Federal sources	37,849,266	-	454	37,849,720
Student activities	54,250	-	2,854,757	2,909,007
<b>Total revenues</b>	<b>371,515,336</b>	<b>27,746,527</b>	<b>21,830,259</b>	<b>421,092,122</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	241,179,221	-	7,390,248	248,569,469
Student services	20,309,171	-	368,113	20,677,284
Instructional support services	12,199,079	-	21,159	12,220,238
General administration	4,411,926	-	674,186	5,086,112
Building administration	18,767,628	-	502,349	19,269,977
Business and central administration	9,148,792	-	291,621	9,440,413
Plant operation and maintenance	30,961,440	-	2,640,106	33,601,546
Student transportation	9,324,703	-	1,078,363	10,403,066
Noninstructional	501,879	-	1,239,571	1,741,450
AEA support	12,235,407	-	-	12,235,407
Capital outlay	-	49,428,189	5,487,728	54,915,917
<b>Debt service:</b>				
Principal retirement	-	-	5,810,000	5,810,000
Interest	-	-	6,348,244	6,348,244
<b>Total expenditures</b>	<b>359,039,246</b>	<b>49,428,189</b>	<b>31,851,688</b>	<b>440,319,123</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>12,476,090</b>	<b>(21,681,662)</b>	<b>(10,021,429)</b>	<b>(19,227,001)</b>
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	11,492	-	96,156	107,648
Transfers in	-	-	12,333,049	12,333,049
Transfers out	(174,805)	(12,158,244)	-	(12,333,049)
<b>Total other financing sources (uses)</b>	<b>(163,313)</b>	<b>(12,158,244)</b>	<b>12,429,205</b>	<b>107,648</b>
<b>Net change in fund balances</b>	<b>12,312,777</b>	<b>(33,839,906)</b>	<b>2,407,776</b>	<b>(19,119,353)</b>
Fund balances, beginning of year	61,721,803	112,392,835	16,461,267	190,575,905
Fund balances, end of year	\$ 74,034,580	\$ 78,552,929	\$ 18,869,043	\$ 171,456,552

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, 2013**

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Net change in fund balances - total governmental funds \$ (19,119,353)

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	\$ 51,387,286	
Depreciation expense	(10,124,520)	
Proceeds from sale of capital assets	(107,648)	
Loss on sale of capital assets	<u>(580,914)</u>	40,574,204

Revenues in statement of activities that do not provide current financial resources are not reported as revenues in the funds, change in deferred inflows of resources - unavailable revenue (152,629)

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 position. Also, governmental funds report the effect of bond premiums, whereas this amount is reported as a liability and amortized in the statement of activities:

Repayment of bond and note principal	5,810,000	
Amortization of bond premiums	<u>(802,039)</u>	5,007,961

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

Decrease in compensated absences	34,714	
Increase in retrospective insurance rating plan	(111,090)	
Increase in interest expense	(218,062)	
Decrease in claims payable for workers' compensation	187,216	
Increase in pollution remediation liability	(277,514)	
Increase in other postemployment benefits	(4,440,000)	
Decrease in special termination benefits	<u>1,630,213</u>	(3,194,523)

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 position in the internal service funds is reported with governmental activities in the statement of activities.

<b>Change in net position of governmental activities</b>		<u>5,219,837</u>
		<u><u>\$ 28,335,497</u></u>

See Notes to Basic Financial Statements.

**Des Moines Independent Community School District**

**Statement of Net Position  
Proprietary Funds  
June 30, 2013**

	Nonmajor Enterprise Funds	Internal Service Funds
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 635,253	\$ 18,352,504
Other receivables, net	295,428	-
Due from other governments	430,011	-
Assets held for sale	32,047	-
Inventories	432,808	47,425
Prepaid items	-	5,000
<b>Total current assets</b>	<b>1,825,547</b>	<b>18,404,929</b>
Noncurrent assets:		
Advances to other funds	174,045	752,154
Depreciable capital assets, net	2,002,716	65,234
<b>Total noncurrent assets</b>	<b>2,176,761</b>	<b>817,388</b>
<b>Total assets</b>	<b>\$ 4,002,308</b>	<b>\$ 19,222,317</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 189,076	\$ 83,015
Claims payable	-	4,370,114
Accrued payroll	217,264	1,150
Due to other governments	9,139	-
Unearned revenue	187,241	50,297
Compensated absences	160,773	9,287
<b>Total current liabilities</b>	<b>763,493</b>	<b>4,513,863</b>
Noncurrent liabilities:		
Advances from other funds	851,924	74,275
Compensated absences	62,714	4,096
<b>Total noncurrent liabilities</b>	<b>914,638</b>	<b>78,371</b>
<b>Total liabilities</b>	<b>1,678,131</b>	<b>4,592,234</b>
<b>Net Position</b>		
Investment in capital assets	2,002,716	65,234
Unrestricted	321,461	14,564,849
<b>Total net position</b>	<b>\$ 2,324,177</b>	<b>\$ 14,630,083</b>

See Notes to Basic Financial Statements.

**Des Moines Independent Community School District**

**Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
Year Ended June 30, 2013**

	Nonmajor Enterprise Funds	Internal Service Funds
Operating revenues:		
Student activities	\$ 33,605	\$ -
Charges for services:		
Employee benefits	-	54,401,744
Sale of food	2,743,057	-
Child care	3,465,978	-
Miscellaneous	9,852	276,362
<b>Total operating revenues</b>	<b>6,252,492</b>	<b>54,678,106</b>
Operating expenses:		
Student services	15,503,082	-
Depreciation	380,435	11,778
Community services	3,596,096	-
Claims and related costs	-	49,154,943
Miscellaneous	-	291,548
<b>Total operating expenses</b>	<b>19,479,613</b>	<b>49,458,269</b>
<b>Operating income (loss)</b>	<b>(13,227,121)</b>	<b>5,219,837</b>
Nonoperating revenues (expenses):		
Other local sources	226,429	-
State sources	136,542	-
Federal sources	13,456,871	-
Loss on disposal of capital assets	(12,418)	-
<b>Total nonoperating revenues</b>	<b>13,807,424</b>	<b>-</b>
<b>Change in net position</b>	<b>580,303</b>	<b>5,219,837</b>
Total net position, beginning of year	1,743,874	9,410,246
Total net position, end of year	<b>\$ 2,324,177</b>	<b>\$ 14,630,083</b>

See Notes to Basic Financial Statements.

**Des Moines Independent Community School District**

**Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2013**

	Nonmajor Enterprise Funds	Internal Service Funds
Cash flows from operating activities:		
Cash received from user charges	\$ 6,427,639	\$ 54,674,574
Cash payments to employees for services	(10,232,481)	(211,600)
Cash payments to suppliers for goods and services	(7,786,786)	(49,553,212)
<b>Net cash provided by (used in) operating activities</b>	<b>(11,591,628)</b>	<b>4,909,762</b>
Cash flows from noncapital financing activities:		
Payments from other funds	(104,866)	41,392
Payments to other funds	(20,447)	(90,124)
Grants and donations received	12,587,238	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>12,461,925</b>	<b>(48,732)</b>
Cash flows from capital and related financing activities, acquisition of capital assets	(406,255)	-
<b>Net increase in cash and cash equivalents</b>	<b>464,042</b>	<b>4,861,030</b>
Cash and cash equivalents, beginning of year	319,418	13,491,474
Cash and cash equivalents, end of year	<b>\$ 783,460</b>	<b>\$ 18,352,504</b>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (13,227,121)	\$ 5,219,837
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	380,435	11,778
Commodities used	899,563	-
Changes in assets and liabilities:		
Receivables	155,001	-
Inventories	(196,186)	(3,454)
Prepaid items	1,080	-
Accounts payable and due to other governments	95,477	(156,427)
Claims payable	-	(155,397)
Unearned revenue	20,146	(3,532)
Accrued liabilities	279,977	(3,043)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (11,591,628)</b>	<b>\$ 4,909,762</b>
Noncash items, noncapital financing activities, commodities received from the U.S. Department of Agriculture	\$ 899,563	\$ -

See Notes to Basic Financial Statements.

**Des Moines Independent Community School District**

**Statement of Fiduciary Net Position  
Fiduciary and Agency Funds  
June 30, 2013**

	Pension Trust	Private Purpose Trust	Agency Faculty and Staff
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 742,154	\$ 178,649
Investments:			
Money market	6,235,768	-	-
U.S. government securities	3,043,502	5,537	-
Corporate equities	36,817,934	-	-
Mortgage-backed securities	27,222,086	-	-
Corporate obligations	81,426,968	-	-
Preferred stock	3,177,672	-	-
Municipal bonds	75,815,641	-	-
Other fixed income	5,000,406	-	-
Interest receivable	2,647,825	-	-
Other receivables	-	1,500	-
Prepaid items	-	-	107
<b>Total assets</b>	<b>\$ 241,387,802</b>	<b>\$ 749,191</b>	<b>\$ 178,756</b>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ 11,038
Due to other entities	-	-	167,718
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>\$ 178,756</b>
<b>Net Position</b>			
Held in trust for:			
Employees' pension benefits	241,387,802	-	
Scholarships	-	749,191	
<b>Total net position</b>	<b>\$ 241,387,802</b>	<b>\$ 749,191</b>	

See Notes to Basic Financial Statements.

**Des Moines Independent Community School District**

**Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended June 30, 2013**

	Pension Trust	Private Purpose Trust
Additions:		
Contributions:		
Employer	\$ 1,823,978	\$ -
Employee	1,554,561	-
Private source	-	55,505
<b>Total contributions</b>	<b>3,378,539</b>	<b>55,505</b>
Investment earnings:		
Net increase (decrease) in fair value of investments	(5,628,852)	-
Interest	9,759,415	1,521
Dividends	1,823,462	-
<b>Total investment earnings</b>	<b>5,954,025</b>	<b>1,521</b>
Less investment expense	134,863	-
<b>Net investment earnings</b>	<b>5,819,162</b>	<b>1,521</b>
<b>Total additions</b>	<b>9,197,701</b>	<b>57,026</b>
Deductions:		
Benefit payments	14,722,814	-
Resignation refunds	669	-
Beneficiary settlements	61,275	-
Scholarship awarded	-	7,350
Administrative costs	172,626	-
Other	-	131
<b>Total deductions</b>	<b>14,957,384</b>	<b>7,481</b>
<b>Change in net position</b>	<b>(5,759,683)</b>	<b>49,545</b>
Net position, beginning of year	247,147,485	699,646
Net position, end of year	<b>\$ 241,387,802</b>	<b>\$ 749,191</b>

See Notes to Basic Financial Statements.

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

### **Notes to Basic Financial Statements**

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

The financial statements of the Des Moines Independent Community School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. 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 Directors (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 Standards, sets forth additional criteria to determine whether certain organizations for which the District is not financially accountable should be reported as component units based on the nature and significance of their relationship with the District. These criteria include 1) the economic resources being received or held by the separate organization being entirely or almost entirely for the direct benefit of the District, its component units, or its constituents, 2) the District being entitled to, or having the ability to otherwise access, a majority of the economic resources received or held by the District and 3) the economic resources received or held by an individual organization that the District is entitled to, or has the ability to otherwise access, are significant to the District. The District evaluated certain alumni foundations and determined those foundations to not be significant to the District as a whole. Therefore, the District has no component units which meet the GASB criteria and should be included in these basic financial statements.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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

##### Significant accounting policies:

Government-wide financial statements: The statement of net position 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 position presents the District's nonfiduciary assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position.

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.

The District adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in the current year. The adoption of these Statements changed the presentation of certain financial statements to a statement of net position format, reclassified certain assets and liabilities to deferred inflows/outflows of resources and recognizes bond issuance costs as an outflow of resources in the year incurred.

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 position, 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources 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.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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

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

Special Revenue Funds: Account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

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 Section 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 Section 298.3.

Public Education and Recreation Levy (PERL) Fund: This fund is authorized by Iowa Code Section 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.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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

The 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 Section 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 Sections 298A.12 and 279.49.

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.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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

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.

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.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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

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.

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 Directors.

Current year property tax receivable represents unpaid taxes related to the April 2012 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, 2011 assessed property valuations and is revenue for fiscal year ended June 30, 2013.

The succeeding year property tax receivable represents taxes certified by the Board of Directors in April 2013. 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 a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year ended June 30, 2014, 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. The District's nonmajor enterprise funds and business-type activities have reported an allowance of \$166,857 as of June 30, 2013 related to other receivables.

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 in the governmental funds 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. The fund balance in the governmental funds relating to prepaid items is reported as nonspendable.

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

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

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

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

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

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

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

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

Unearned revenue: Unearned revenue in the statement of net position and in the governmental fund financial statements consists of unearned grant proceeds.

Deferred inflows of resources: In addition to liabilities, the statement of net position and balance sheet of the governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from various sources: property taxes, sales tax and intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the District's government-wide statements, only the property tax revenues remain as a deferred inflow of resources under the full accrual basis of accounting and will become an inflow in the year for which they are levied.

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 position. Bond premiums are reported as a liability and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported in the year in which the expenses were incurred.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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

In the fund financial statements, governmental fund types recognize bond premiums 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. Principal payments and bond issuance costs 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 Directors 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. Residual deficit amounts of the governmental funds would also be reported as unassigned.

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 position: Net position represent the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in the Government-wide financial statements. Net investment in capital assets 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 investment in capital assets excludes unspent debt proceeds. Unspent debt proceeds (which includes proceeds reserved for debt retirement) for the Capital Projects Fund was \$81,340,292. Net position is 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 position restricted through enabling legislation as of June 30, 2013 consists of \$3,732,325 for management levy, \$9,142,993 for physical plant and equipment levy and \$295,385 for public education and recreation levy.

Donor restricted net position include \$3,494,769 for net position in the DMPS (Expendable Trust) Fund which is to be used mainly for the Smouse School and \$11,557 in the Permanent Fund to be used for teacher education and training.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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

Net position restricted for other purposes consists of \$11,596,577 restricted for various grants and sponsored programs, including Medicaid programs and Student Activity balances.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position 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 U.S. GAAP 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, 2013, of \$264,478, \$677,879 and \$74,347, 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 through the SBRC process with the state, via modified allowable growth. 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

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#### Note 3. Deposits and Investments

As of June 30, 2013, the District's cash, cash equivalents and investments (including fiduciary fund assets) were as follows:

Cash and other deposits	\$ 65,506,854
Investments, primarily pension trust	388,284,820
	<u>\$ 453,791,674</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. Investment income interest is spent according to the fund parameters as outlined by the District.

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, 2013, 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	\$ 1,567,003	N/A	N/A	N/A	N/A
U.S. Government securities	2,377	\$ -	\$ 2,377	\$ -	\$ -
Fixed income securities	147,975,463	147,975,463	-	-	-
	<u>\$ 149,544,843</u>	<u>\$ 147,975,463</u>	<u>\$ 2,377</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	\$ 6,235,768	N/A	N/A	N/A	N/A
U.S. Government securities	3,043,502	\$ -	\$ -	\$ -	\$ 3,043,502
Corporate equities	36,817,934	N/A	N/A	N/A	N/A
Mortgage-backed securities	27,222,086	2,697	25,133	1,228,187	25,966,069
Corporate obligations	81,426,968	-	8,041,680	12,771,905	60,613,383
Preferred stock	3,177,672	N/A	N/A	N/A	N/A
Municipal bonds	75,815,641	-	1,117,415	6,750,756	67,947,470
Other fixed income	5,000,406	-	1,334,946	-	3,665,460
	<u>\$ 238,739,977</u>	<u>\$ 2,697</u>	<u>\$ 10,519,174</u>	<u>\$ 20,750,848</u>	<u>\$ 161,235,884</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, 2013, the District's investments in debt securities were rated as follows:

Investment Type	Standard & Poor's	Moody's Investor's Services
<b>Investments (excluding DMTRS):</b>		
Fixed Income Securities	AA+	Aaa
U.S. Government Securities	AA+	Aaa
<b>DMTRS Investments:</b>		
U.S. Government Securities	AA+	Aaa
Mortgage-Backed Securities	Not Rated	Not Rated
Corporate Obligations	AAA	Aaa
Corporate Obligations	AA	Aa
Corporate Obligations	AA	A
Corporate Obligations	AA	Not Rated
Corporate Obligations	A	Aa
Corporate Obligations	A	A
Corporate Obligations	A	Baa
Corporate Obligations	BBB	A
Municipal Bonds	AAA	Aaa
Municipal Bonds	AAA	Aa
Municipal Bonds	AA	Aaa
Municipal Bonds	AA	Aa
Municipal Bonds	AA	A
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

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#### **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 10 percent and 23 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, 2013, 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, 2013, 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**

Advances to and from other funds as of June 30, 2013 are as follows:

	Advances To Other Funds	Advances From Other Funds
Nonmajor enterprise funds	\$ 174,045	\$ 851,924
Internal service funds	752,154	74,275
	<u>\$ 926,199</u>	<u>\$ 926,199</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.

\$677,879 of advances from other funds in the nonmajor enterprise funds is attributable to the Preschool fund. The District plans to resolve through the SBRC process with the state, via modified allowable growth.

The \$74,275 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 funds:		
General fund	\$ -	\$ 174,805
Capital projects fund	-	12,158,244
Nonmajor governmental funds	12,333,049	-
	<u>\$ 12,333,049</u>	<u>\$ 12,333,049</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, 2013 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	\$ -	\$ 3,735	\$ 4,113,994
Construction-in-progress	43,057,201	49,237,824	36,133,264	56,161,761
<b>Total capital assets, not being depreciated</b>	<b>47,174,930</b>	<b>49,237,824</b>	<b>36,136,999</b>	<b>60,275,755</b>
Capital assets, being depreciated:				
Land improvements	10,044,149	-	35,500	10,008,649
Buildings and improvements	436,464,726	36,138,548	1,357,750	471,245,524
Vehicles, furniture and equipment	20,509,643	2,144,178	123,226	22,530,595
<b>Total capital assets, being depreciated</b>	<b>467,018,518</b>	<b>38,282,726</b>	<b>1,516,476</b>	<b>503,784,768</b>
Less accumulated depreciation for:				
Land improvements	(6,973,473)	(219,597)	(35,500)	(7,157,570)
Buildings and improvements	(104,295,825)	(8,241,033)	(694,813)	(111,842,045)
Vehicles, furniture and equipment	(11,683,486)	(1,675,668)	(101,336)	(13,257,818)
<b>Total accumulated depreciation</b>	<b>(122,952,784)</b>	<b>(10,136,298)</b>	<b>(831,649)</b>	<b>(132,257,433)</b>
<b>Total capital assets, being depreciated, net</b>	<b>344,065,734</b>	<b>28,146,428</b>	<b>684,827</b>	<b>371,527,335</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 391,240,664</b>	<b>\$ 77,384,252</b>	<b>\$ 36,821,826</b>	<b>\$ 431,803,090</b>
<hr/>				
Business-Type Activities				
Capital assets, being depreciated:				
Vehicles, furniture and equipment	\$ 5,046,813	\$ 406,255	\$ 226,060	\$ 5,227,008
Less accumulated depreciation	(3,057,499)	(380,435)	(213,642)	(3,224,292)
<b>Business-type activities capital assets, net</b>	<b>\$ 1,989,314</b>	<b>\$ 25,820</b>	<b>\$ 12,418</b>	<b>\$ 2,002,716</b>

## 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		\$ 8,669,036
Noninstructional		134,818
Business and central administration		367,347
Plant operation and maintenance		196,971
Student transportation		756,348
Capital assets held by governments internal service funds are charged to the various functions based on their usage of the assets		11,778
<b>Total</b>		<u><u>\$ 10,136,298</u></u>
Business-type activities, school nutrition		<u><u>\$ 380,435</u></u>

#### 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, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Sales tax revenue bonds	\$ 137,670,000	\$ -	\$ 5,810,000	\$ 131,860,000	\$ 6,110,000
Bond premiums	8,730,217	-	902,382	7,827,835	-
Retrospective insurance rating plan	232,130	153,989	42,899	343,220	-
Special termination benefits	14,165,440	3,165,300	4,797,373	12,533,367	4,491,766
Compensated absences	3,646,333	2,847,697	2,696,507	3,797,523	2,644,126
<b>Long-term liabilities</b>	<u><u>\$ 164,444,120</u></u>	<u><u>\$ 6,166,986</u></u>	<u><u>\$ 14,249,161</u></u>	<u><u>\$ 156,361,945</u></u>	<u><u>\$ 13,245,892</u></u>
Business-type activities,					
compensated absences	<u><u>\$ 219,748</u></u>	<u><u>\$ 197,998</u></u>	<u><u>\$ 194,259</u></u>	<u><u>\$ 223,487</u></u>	<u><u>\$ 160,773</u></u>

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 with interest rates ranging from 2 percent to 5 percent and \$71,900,000 of bonds issued May 2012 with an interest rate of 4 percent. 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 \$12,158,244 and \$27,364,977, 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, 2013 for the outstanding sales tax revenue bonds are summarized as follows:

Year Ending June 30:	Governmental Activities		
	Principal	Interest	Total
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	7,005,000	4,759,650	11,764,650
2019 - 2023	39,375,000	18,854,550	58,229,550
2024 - 2028	48,660,000	9,252,700	57,912,700
2029	11,120,000	500,350	11,620,350
<b>Total</b>	<b>\$ 131,860,000</b>	<b>\$ 55,318,300</b>	<b>\$ 187,178,300</b>

As of June 30, 2013, the District did not exceed its legal debt margin, computed as follows:

Total assessed valuation	<u>\$ 10,923,315,289</u>
Debt limit of 5% of total assessed valuation	\$ 546,165,764
Amount of debt applicable to debt limit, total general obligation bonded debt	<u>131,860,000</u>
Excess of debt limit over bonded debt issued, legal debt margin	<u>\$ 414,305,764</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, 2013, the District has \$2,479,019 accrued in the Management Fund, \$337,460 accrued in the General Fund relating to employees over age 65 as they are considered due and expected to be liquidated with expendable available financial resources, plus an additional amount not considered due of \$9,716,888 recorded only in the government-wide financial statements. The current year amount paid by the District was \$4,797,373 which consisted of 68 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

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#### Note 7. Commitments and Contingencies

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

As of June 30, 2013, the District was involved in construction projects with an estimated cost to complete the construction projects of \$19,549,628.

#### 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 \$4,370,114 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,	
	2013	2012
Unpaid claims, beginning of year	\$ 4,525,511	\$ 4,904,523
Current year claims and changes in estimates	48,352,032	49,075,293
Claim payments	(48,507,429)	(49,454,305)
Unpaid claims, end of year	<u>\$ 4,370,114</u>	<u>\$ 4,525,511</u>

As of June 30, 2013, the unpaid claims payable of \$4,370,114 is net of \$524,986 of reimbursement receivable that the District expects to receive as it has exceeded its individual stop-loss amount. A total of \$524,986 reinsurance revenue to be received is netted against claims expense of \$48,352,032.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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

The District self insures its workers' compensation exposures. As of June 30, 2013, the amount of liabilities recorded for estimated claims payable for workers' compensation was \$685,260 of which \$135,145 was recorded in the Management Fund in accounts payable, a nonmajor governmental fund, as that portion of the liability has matured, and an additional \$550,115 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 occurrence. 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,	
	2013	2012
Unpaid claims, beginning of year	\$ 1,127,423	\$ 1,299,926
Current year claims and changes in estimates	2,345,061	3,072,929
Claim payments	(2,787,224)	(3,245,432)
Unpaid claims, end of year	<u>\$ 685,260</u>	<u>\$ 1,127,423</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, 2013, 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 \$343,220. 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 5.78 percent of their annual salary and the District is required to contribute 8.67 percent of annual covered salaries. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$16,364,515, \$14,947,018 and \$12,599,247, respectively, equal to the required contributions for each year.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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#### Note 9. Retirement Systems (Concluded)

Des Moines Teachers' Retirement System:

The Des Moines Teachers' Retirement System is a single employer defined contribution plan that provides pension benefits for all eligible District employees. The Des Moines Teachers' Retirement System was established as of July 1, 1953, in accordance with Sections 294.8 through 294.10 of the Code of Iowa. The plan is administered by the District and the District has the authority to establish or amend the plan provisions or contribution requirements within the sections of the Code. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees who possess professional qualifications as a requirement for their position of employment, such as a teacher's certificate to be a teacher, are permitted to participate from the date of their employment. There are 1,443 active and retired participants as of June 30, 2013. 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, 2013 was \$27,639,623 and the total District payroll was \$218,682,246. The employees' contributions during the year ended June 30, 2013 were \$1,554,561 (5.6 percent of the total covered payroll). The District's General Fund made contributions of \$1,823,978 (6.6 percent of the total covered payroll). Plan assets were \$241,387,802 as of June 30, 2013. 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, 2013 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 2013, the District contributed \$652,000. Retiree and active members receiving benefits contributed through their required monthly contributions of:

Rate Tier	Fiscal Year 2013 Alliance Select	Fiscal Year 2013 Blue Access
Employee	\$ 481.82	\$ 488.65
Employee + One	918.83	931.86
Family	1,464.73	1,485.50

## 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 with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actuarially contributed to the plan and changes in the District's annual OPEB obligation:

Annual required contribution	\$ 5,104,000
Interest on net OPEB obligation	429,000
Adjustment to annual required contribution	(441,000)
Annual OPEB cost	<u>5,092,000</u>
Contributions and payments made	<u>652,000</u>
Increase in net OPEB obligation	4,440,000
Net OPEB obligation - July 1, 2012	<u>9,525,666</u>
Net OPEB obligation - June 30, 2013	<u><u>\$ 13,965,666</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for 2013 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, 2011	\$ 6,123,750	57.33%	\$ 7,009,000
June 30, 2012	6,241,666	59.68	9,525,666
June 30, 2013	5,092,000	12.80	13,965,666

Funded status and funding progress: Postemployment Benefit Obligations under GASB Statement No. 45 calculated as of July 1, 2012, the most recent valuation date is as follows:

	Total	Members
Actuarial Accrued Liability:		
Current retirees, beneficiaries and dependents	\$ 1,822,000	82
Current active members	32,389,000	4,553
Total Actuarial Accrued Liability (AAL)	<u>34,211,000</u>	4,635
Actuarial value of OPEB Plan Assets	-	
Unfunded Actuarial Accrued Liability (UAAL)	34,211,000	

The covered payroll (annual payroll of active employees covered by the plan) was \$218,682,246 and the ratio of the UAAL to the covered payroll was 15.6 percent. The actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio) is zero.

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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

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

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

In the July 1, 2012 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 10.0 percent for select and 5 percent for ultimate initially, but reduced 0.5 percent each year until reaching the ultimate trend for pre 65 medical & RX/Stop loss fees and an annual health care cost trend rate of 5.0 percent for select and ultimate for administrative fees. 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, 2012, 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, 2013 is derived from the construction contracts. The District has recorded a liability of \$127,390 in the Capital Projects Fund included in accounts payable based on services provided by contractors prior to year-end. The District has also recorded an additional liability of \$438,084 in the government-wide financial statements based on the estimated remaining future costs related to the remediation 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, 2013 are as follows:

Fund Balances:	General	Capital Projects	Nonmajor Governmental	Total
<b>Nonspendable:</b>				
Inventories	\$ 319,882	\$ -	\$ -	\$ 319,882
Prepays	108,001	-	30,087	138,088
Permanent Trust	-	-	9,878	9,878
<b>Total Nonspendable</b>	<b>427,883</b>	<b>-</b>	<b>39,965</b>	<b>467,848</b>
<b>Restricted:</b>				
Student activities	-	-	1,818,707	1,818,707
Management levy purposes	-	-	4,075,545	4,075,545
Physical Plant and Equipment	-	-	9,142,993	9,142,993
Public Education and Recreation	-	-	295,385	295,385
DMPS Expendable Trust	-	-	3,494,769	3,494,769
Capital Projects	-	78,552,929	-	78,552,929
Permanent Trust	-	-	1,679	1,679
Categorical Funding	7,927,446	-	-	7,927,446
Shared Programs	1,099,641	-	-	1,099,641
Special Education	17,483	-	-	17,483
Medicaid	358,112	-	-	358,112
Grants	375,188	-	-	375,188
<b>Total Restricted</b>	<b>9,777,870</b>	<b>78,552,929</b>	<b>18,829,078</b>	<b>107,159,877</b>
<b>Committed:</b>				
Special Purpose Board	1,218,608	-	-	1,218,608
Common Core Projects	5,000,000	-	-	5,000,000
Technology	413,795	-	-	413,795
<b>Total Committed</b>	<b>6,632,403</b>	<b>-</b>	<b>-</b>	<b>6,632,403</b>
<b>Assigned, technology</b>	<b>8,000,000</b>	<b>-</b>	<b>-</b>	<b>8,000,000</b>
<b>Unassigned</b>	<b>49,196,424</b>	<b>-</b>	<b>-</b>	<b>49,196,424</b>
<b>Total fund balances</b>	<b>\$ 74,034,580</b>	<b>\$ 78,552,929</b>	<b>\$ 18,869,043</b>	<b>\$ 171,456,552</b>

## Des Moines Independent Community School District

### Notes to Basic Financial Statements

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#### **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. 67, *Financial Reporting for Pension Plans*, issued June 2012, will be effective for the District beginning with its year ending June 30, 2014. This Statement replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. This Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. This Statement enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. This Statement also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information schedules.
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the District for fiscal years beginning after June 15, 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. Under Statement No. 68, each employer participating in a multiple-employer defined benefit pension plan will be required to record a liability representing their "proportionate share" of the plan's net pension liability. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

#### **Note 14. Subsequent Events**

In November 2013, the Board approved issuing \$9,145,000 of School Infrastructure Sales, Services and Use Tax Revenue Bonds for the purpose of providing funds for school infrastructure projects. The issuance is expected to occur in December 2013.

**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]
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
<b>2013</b>	<b>July 1, 2012</b>	-	<b>34,211,000</b>	<b>34,211,000</b>	-	<b>218,682,246</b>	<b>15.60</b>

The information presented in the required supplementary schedule was determined as part of the actuarial valuation date as of July 1, 2012. 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, b) a health care cost trend rate for medical & RX/Stop loss fees of 10.0 percent on a select basis and 5.0 percent on an ultimate basis. Select trends are reduced 0.5 percent each year until reaching the ultimate trend.  
c) a health care cost trend rate for administrative fees of 5.0 percent on a select and ultimate basis.
- 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, 2013**

	Actual			
	Governmental	Enterprise	Private Purpose	Total
	Fund Types	Funds	Trust Funds	
<b>Revenues:</b>				
Local sources	\$ 168,732,640	\$ 6,478,921	\$ 57,026	\$ 175,268,587
Intermediate sources	540,171	-	-	540,171
State sources	213,969,591	136,542	-	214,106,133
Federal sources	37,849,720	13,456,871	-	51,306,591
<b>Total revenues</b>	<b>421,092,122</b>	<b>20,072,334</b>	<b>57,026</b>	<b>441,221,482</b>
<b>Expenditures/Expenses:</b>				
Instruction	248,569,469	-	-	248,569,469
Support services	110,698,636	118,820	-	110,817,456
Noninstructional	1,741,450	19,373,211	7,481	21,122,142
Other	79,309,568	-	-	79,309,568
<b>Total expenditures/expenses</b>	<b>440,319,123</b>	<b>19,492,031</b>	<b>7,481</b>	<b>459,818,635</b>
<b>Excess (deficiency) of revenues over expenditures/expenses</b>	<b>(19,227,001)</b>	<b>580,303</b>	<b>49,545</b>	<b>(18,597,153)</b>
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	107,648	-	-	107,648
Transfers in	12,333,049	-	-	12,333,049
Transfers (out)	(12,333,049)	-	-	(12,333,049)
<b>Net change in fund balances/net position</b>	<b>\$ (19,119,353)</b>	<b>\$ 580,303</b>	<b>\$ 49,545</b>	<b>\$ (18,489,505)</b>

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
\$ 144,580,439	\$ 144,580,439	\$ 30,688,148
500,000	500,000	40,171
242,061,689	242,061,689	(27,955,556)
43,680,928	43,680,928	7,625,663
430,823,056	430,823,056	10,398,426
257,972,406	254,972,406	(6,402,937)
107,937,800	113,937,800	(3,120,344)
21,489,228	21,489,228	(367,086)
75,260,737	76,760,737	2,548,831
462,660,171	467,160,171	(7,341,536)
(31,837,115)	(36,337,115)	17,739,962
-	-	107,648
11,618,665	11,618,665	714,384
(11,618,665)	(11,618,665)	714,384
\$ (31,837,115)	\$ (36,337,115)	\$ 19,276,378

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

### **Note to Required Supplementary Information**

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#### **Note 1. Basis of Presentation**

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

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

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

The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the functional area for budgeted governmental, enterprise, and private purpose trust funds in total, rather than by individual fund type. Formal and legal budgetary control is based on four major classes of expenditures known as functional areas. These four functional areas are instruction, support services, noninstructional programs and other expenditures. During the year ended June 30, 2013, 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 \$4,500,000.

The District is required by the Code of Iowa to budget for its share of media, educational services and special education support provided through the local area education agency. The District's actual amount for this purpose totaled \$12,235,407 for the year ended June 30, 2013.

**Des Moines Independent Community School District**

**Combining Balance Sheet  
All Nonmajor Governmental Funds  
June 30, 2013**

	Special Revenue		
	Student Activity	Management	DMPS
<b>Assets</b>			
Cash and investments	\$ 2,083,802	\$ 6,613,245	\$ 1,932,380
Restricted investments	-	-	1,563,816
Property taxes receivable - current year	-	115,243	-
Property taxes receivable - succeeding year	-	10,196,021	-
Other receivables	2,000	-	-
Prepaid items	29,913	-	174
<b>Total assets</b>	<b>\$ 2,115,715</b>	<b>\$ 16,924,509</b>	<b>\$ 3,496,370</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 252,600	\$ 135,145	\$ 1,287
Accrued payroll	11,930	-	140
Special termination benefits	-	2,479,019	-
Other current liabilities	-	-	-
Due to other governments	2,252	38,779	-
<b>Total liabilities</b>	<b>266,782</b>	<b>2,652,943</b>	<b>1,427</b>
Deferred inflows of resources:			
Unavailable revenue - property taxes	-	10,196,021	-
Unavailable revenue - intergovernmental	313	-	-
<b>Total deferred inflows of resources</b>	<b>313</b>	<b>10,196,021</b>	<b>-</b>
Fund balances:			
Nonspendable	29,913	-	174
Restricted	1,818,707	4,075,545	3,494,769
<b>Total fund balances</b>	<b>1,848,620</b>	<b>4,075,545</b>	<b>3,494,943</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,115,715</b>	<b>\$ 16,924,509</b>	<b>\$ 3,496,370</b>

Capital Projects			
Physical Plant and Equipment Levy	Public Education and Recreation Levy	Permanent	Total Nonmajor Governmental Funds
\$ 9,441,747	\$ 375,799	\$ 11,557	\$ 20,458,530
-	-	-	1,563,816
75,785	10,116	-	201,144
7,026,943	885,276	-	18,108,240
-	-	-	2,000
-	-	-	30,087
<u>\$ 16,544,475</u>	<u>\$ 1,271,191</u>	<u>\$ 11,557</u>	<u>\$ 40,363,817</u>
\$ 366,417	\$ 74,591	\$ -	\$ 830,040
-	14,701	-	26,771
-	-	-	2,479,019
8,122	920	-	9,042
-	318	-	41,349
<u>374,539</u>	<u>90,530</u>	<u>-</u>	<u>3,386,221</u>
7,026,943	885,276	-	18,108,240
-	-	-	313
<u>7,026,943</u>	<u>885,276</u>	<u>-</u>	<u>18,108,553</u>
-	-	9,878	39,965
9,142,993	295,385	1,679	18,829,078
<u>9,142,993</u>	<u>295,385</u>	<u>11,557</u>	<u>18,869,043</u>
<u>\$ 16,544,475</u>	<u>\$ 1,271,191</u>	<u>\$ 11,557</u>	<u>\$ 40,363,817</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, 2013**

	Special Revenue		
	Student Activity	Management	DMPS
Revenues:			
Property taxes	\$ -	\$ 9,935,982	\$ -
Other local sources	-	-	842,005
Investment earnings	1,612	-	(54,105)
Other state sources	-	3,743	-
Federal sources	-	-	-
Student activities	2,837,278	-	1,104
<b>Total revenues</b>	<b>2,838,890</b>	<b>9,939,725</b>	<b>789,004</b>
Expenditures:			
Current:			
Instruction	2,911,345	4,163,315	152,940
Student services	-	368,113	-
Instructional support services	-	-	21,159
General administration	-	674,186	-
Building administration	-	373,222	-
Business and central administration	-	239,868	-
Plant operation and maintenance	-	1,783,581	856,525
Student transportation	-	1,078,363	-
Noninstructional	-	341,937	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>2,911,345</b>	<b>9,022,585</b>	<b>1,030,624</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(72,455)</b>	<b>917,140</b>	<b>(241,620)</b>
Other financing sources:			
Proceeds from sale of capital assets	-	-	-
Transfers in	-	174,805	-
<b>Total other financing sources</b>	<b>-</b>	<b>174,805</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(72,455)</b>	<b>1,091,945</b>	<b>(241,620)</b>
Fund balances, beginning of year	1,921,075	2,983,600	3,736,563
Fund balances, end of year	<b>\$ 1,848,620</b>	<b>\$ 4,075,545</b>	<b>\$ 3,494,943</b>

Debt Service	Capital Projects		Permanent	Total Nonmajor Governmental Funds
	Physical Plant and Equipment Levy	Public Education and Recreation Levy		
\$ -	\$ 6,827,628	\$ 862,696	\$ -	\$ 17,626,306
-	90,430	455,900	-	1,388,335
-	6,495	-	13	(45,985)
-	2,324	325	-	6,392
-	454	-	-	454
-	-	16,375	-	2,854,757
-	6,927,331	1,335,296	13	21,830,259
-	-	162,648	-	7,390,248
-	-	-	-	368,113
-	-	-	-	21,159
-	-	-	-	674,186
-	-	129,127	-	502,349
-	-	51,753	-	291,621
-	-	-	-	2,640,106
-	-	-	-	1,078,363
-	-	897,634	-	1,239,571
-	5,420,029	67,699	-	5,487,728
5,810,000	-	-	-	5,810,000
6,348,244	-	-	-	6,348,244
12,158,244	5,420,029	1,308,861	-	31,851,688
(12,158,244)	1,507,302	26,435	13	(10,021,429)
-	96,156	-	-	96,156
12,158,244	-	-	-	12,333,049
12,158,244	96,156	-	-	12,429,205
-	1,603,458	26,435	13	2,407,776
-	7,539,535	268,950	11,544	16,461,267
\$ -	\$ 9,142,993	\$ 295,385	\$ 11,557	\$ 18,869,043

**Des Moines Independent Community School District**

**Combining Statement of Net Position  
All Nonmajor Enterprise Funds  
June 30, 2013**

	School Nutrition	Child Care	Preschool
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 619,345	\$ 50	\$ -
Other receivables, net of allowances for uncollectibles of \$166,857	188,044	107,384	-
Due from other governments	430,011	-	-
Assets held for sale	-	-	-
Inventories	432,808	-	-
<b>Total current assets</b>	<b>1,670,208</b>	<b>107,434</b>	<b>-</b>
Noncurrent assets:			
Advances to other funds	-	-	-
Depreciable capital assets, net	2,002,716	-	-
<b>Total noncurrent assets</b>	<b>2,002,716</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 3,672,924</b>	<b>\$ 107,434</b>	<b>\$ -</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 145,189	\$ 40,695	\$ -
Accrued payroll	115,397	101,867	-
Due to other governments	250	8,889	-
Unearned revenue	171,924	15,317	-
Compensated absences	139,845	19,809	-
<b>Total current liabilities</b>	<b>572,605</b>	<b>186,577</b>	<b>-</b>
Noncurrent liabilities:			
Advances from other funds	-	174,045	677,879
Compensated absences	51,424	11,290	-
<b>Total noncurrent liabilities</b>	<b>51,424</b>	<b>185,335</b>	<b>677,879</b>
<b>Total liabilities</b>	<b>624,029</b>	<b>371,912</b>	<b>677,879</b>
<b>Net Position (Deficit)</b>			
Investment in capital assets	2,002,716	-	-
Unrestricted (deficit)	1,046,179	(264,478)	(677,879)
<b>Total net position (deficit)</b>	<b>\$ 3,048,895</b>	<b>\$ (264,478)</b>	<b>\$ (677,879)</b>

	Home Construction	Automotive	Wellness Center	Total
\$	-	\$ -	\$ 15,858	\$ 635,253
	-	-	-	295,428
	-	-	-	430,011
	32,047	-	-	32,047
	-	-	-	432,808
	32,047	-	15,858	1,825,547
	88,279	67,339	18,427	174,045
	-	-	-	2,002,716
	88,279	67,339	18,427	2,176,761
\$	120,326	\$ 67,339	\$ 34,285	\$ 4,002,308
\$	-	\$ 3,192	\$ -	\$ 189,076
	-	-	-	217,264
	-	-	-	9,139
	-	-	-	187,241
	-	-	1,119	160,773
	-	3,192	1,119	763,493
	-	-	-	851,924
	-	-	-	62,714
	-	-	-	914,638
	-	3,192	1,119	1,678,131
	-	-	-	2,002,716
	120,326	64,147	33,166	321,461
\$	120,326	\$ 64,147	\$ 33,166	\$ 2,324,177

**Des Moines Independent Community School District**

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position (Deficit)  
All Nonmajor Enterprise Funds  
Year Ended June 30, 2013**

	School Nutrition	Child Care	Preschool
Operating revenues:			
Student activities	\$ -	\$ -	\$ -
Charges for services:			
Sale of food	2,743,057	-	-
Child care	-	3,465,978	-
Miscellaneous	-	-	-
<b>Total operating revenues</b>	<b>2,743,057</b>	<b>3,465,978</b>	<b>-</b>
Operating expenses:			
Student services	15,477,090	-	-
Depreciation	380,435	-	-
Community services	-	3,589,842	-
<b>Total operating expenses</b>	<b>15,857,525</b>	<b>3,589,842</b>	<b>-</b>
<b>Operating income (loss)</b>	<b>(13,114,468)</b>	<b>(123,864)</b>	<b>-</b>
Nonoperating revenues (expenses):			
Other local sources	207,637	-	-
State sources	136,542	-	-
Federal sources	13,456,871	-	-
Loss on disposal of capital assets	(12,418)	-	-
<b>Total nonoperating revenues</b>	<b>13,788,632</b>	<b>-</b>	<b>-</b>
<b>Change in net position (deficit)</b>	<b>674,164</b>	<b>(123,864)</b>	<b>-</b>
Total net position (deficit), beginning of year	2,374,731	(140,614)	(677,879)
Total net position (deficit), end of year	<b>\$ 3,048,895</b>	<b>\$ (264,478)</b>	<b>\$ (677,879)</b>

	Home Construction	Automotive	Wellness Center	Total
\$	-	\$ 33,605	\$ -	\$ 33,605
	-	-	-	2,743,057
	-	-	-	3,465,978
	-	-	9,852	9,852
	-	33,605	9,852	6,252,492
	-	25,992	-	15,503,082
	-	-	-	380,435
	-	-	6,254	3,596,096
	-	25,992	6,254	19,479,613
	-	7,613	3,598	(13,227,121)
	-	18,792	-	226,429
	-	-	-	136,542
	-	-	-	13,456,871
	-	-	-	(12,418)
	-	18,792	-	13,807,424
	-	26,405	3,598	580,303
	120,326	37,742	29,568	1,743,874
\$	\$ 120,326	\$ 64,147	\$ 33,166	\$ 2,324,177

**Des Moines Independent Community School District**

**Combining Statement of Cash Flows  
All Nonmajor Enterprise Funds  
Year Ended June 30, 2013**

	School Nutrition	Child Care	Preschool
Cash flows from operating activities:			
Cash received from user charges	\$ 2,783,211	\$ 3,600,371	\$ -
Cash payments to employees for services	(7,358,605)	(2,868,223)	-
Cash payments to suppliers for goods and services	(7,286,820)	(464,184)	-
<b>Net cash provided by (used in) operating activities</b>	<b>(11,862,214)</b>	<b>267,964</b>	<b>-</b>
Cash flows from noncapital financing activities:			
Payments from other funds	-	(116,565)	-
Payments to other funds	-	-	-
Grants and donations received	12,568,446	-	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>12,568,446</b>	<b>(116,565)</b>	<b>-</b>
Cash flows from capital and related financing activities, acquisition of capital assets			
	(406,255)	-	-
<b>Net increase in cash and cash equivalents</b>	<b>299,977</b>	<b>151,399</b>	<b>-</b>
Cash and cash equivalents, beginning of year	319,368	50	-
Cash and cash equivalents, end of year	<b>\$ 619,345</b>	<b>\$ 151,449</b>	<b>\$ -</b>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (13,114,468)	\$ (123,864)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	380,435	-	-
Commodities used	899,563	-	-
Changes in assets and liabilities:			
Receivables	(7,371)	161,772	-
Inventories	(196,186)	-	-
Prepaid items	-	1,080	-
Accounts payable and due to other governments	118,077	(12,850)	-
Unearned revenue	47,525	(27,379)	-
Accrued liabilities and compensated absences	10,211	269,205	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (11,862,214)</b>	<b>\$ 267,964</b>	<b>\$ -</b>
Noncash items, noncapital financing activities, commodities received from U.S. Department of Agriculture			
	\$ 899,563	\$ -	\$ -

	Home Construction	Automotive	Wellness Center	Total
\$	-	\$ 34,205	\$ 9,852	\$ 6,427,639
	-	-	(5,653)	(10,232,481)
	-	(35,742)	(40)	(7,786,786)
	-	(1,537)	4,159	(11,591,628)
	-	-	11,699	(104,866)
	-	(20,447)	-	(20,447)
	-	18,792	-	12,587,238
	-	(1,655)	11,699	12,461,925
	-	-	-	(406,255)
	-	(3,192)	15,858	464,042
	-	-	-	319,418
\$	-	\$ (3,192)	\$ 15,858	\$ 783,460
\$	-	\$ 7,613	\$ 3,598	\$ (13,227,121)
	-	-	-	380,435
	-	-	-	899,563
	-	600	-	155,001
	-	-	-	(196,186)
	-	-	-	1,080
	-	(9,750)	-	95,477
	-	-	-	20,146
	-	-	561	279,977
\$	-	\$ (1,537)	\$ 4,159	\$ (11,591,628)
\$	-	\$ -	\$ -	\$ 899,563

**Des Moines Independent Community School District**

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

**All Internal Service Funds**

**June 30, 2013**

	Self-Insurance	Risk Management	Collage	Print Shop	Total
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 18,180,635	\$ 155,614	\$ 150	\$ 16,105	\$ 18,352,504
Inventories	-	-	-	47,425	47,425
Prepaid items	5,000	-	-	-	5,000
<b>Total current assets</b>	<b>18,185,635</b>	<b>155,614</b>	<b>150</b>	<b>63,530</b>	<b>18,404,929</b>
Noncurrent assets:					
Advances to other funds	677,879	-	-	74,275	752,154
Depreciable capital assets, net	-	-	-	65,234	65,234
<b>Total noncurrent assets</b>	<b>677,879</b>	<b>-</b>	<b>-</b>	<b>139,509</b>	<b>817,388</b>
<b>Total assets</b>	<b>\$ 18,863,514</b>	<b>\$ 155,614</b>	<b>\$ 150</b>	<b>\$ 203,039</b>	<b>\$ 19,222,317</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ -	\$ 78,642	\$ 96	\$ 4,277	\$ 83,015
Claims payable	4,370,114	-	-	-	4,370,114
Accrued payroll	-	-	126	1,024	1,150
Unearned revenue	50,297	-	-	-	50,297
Compensated absences	-	-	-	9,287	9,287
<b>Total current liabilities</b>	<b>4,420,411</b>	<b>78,642</b>	<b>222</b>	<b>14,588</b>	<b>4,513,863</b>
Noncurrent liabilities:					
Advances from other funds	-	-	74,275	-	74,275
Compensated absences	-	-	-	4,096	4,096
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>74,275</b>	<b>4,096</b>	<b>78,371</b>
<b>Total liabilities</b>	<b>4,420,411</b>	<b>78,642</b>	<b>74,497</b>	<b>18,684</b>	<b>4,592,234</b>
<b>Net Position (Deficit)</b>					
Investment in capital assets	-	-	-	65,234	65,234
Unrestricted	14,443,103	76,972	(74,347)	119,121	14,564,849
<b>Total net position (deficit)</b>	<b>\$ 14,443,103</b>	<b>\$ 76,972</b>	<b>\$ (74,347)</b>	<b>\$ 184,355</b>	<b>\$ 14,630,083</b>

**Des Moines Independent Community School District**

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position (Deficit)  
All Internal Service Funds  
Year Ended June 30, 2013**

	Self-Insurance	Risk Management	Collage	Print Shop	Total
Operating revenues:					
Charges for services:					
Employee benefits	\$ 53,607,969	\$ 793,775	\$ -	\$ -	\$ 54,401,744
Miscellaneous	-	-	18,652	257,710	276,362
<b>Total operating revenues</b>	<b>53,607,969</b>	<b>793,775</b>	<b>18,652</b>	<b>257,710</b>	<b>54,678,106</b>
Operating expenses:					
Claims and related costs	48,352,032	802,911	-	-	49,154,943
Depreciation	-	-	-	11,778	11,778
Miscellaneous	-	-	18,283	273,265	291,548
<b>Total operating expenses</b>	<b>48,352,032</b>	<b>802,911</b>	<b>18,283</b>	<b>285,043</b>	<b>49,458,269</b>
<b>Operating income (loss)</b>	<b>5,255,937</b>	<b>(9,136)</b>	<b>369</b>	<b>(27,333)</b>	<b>5,219,837</b>
Total net position (deficit), beginning of year	9,187,166	86,108	(74,716)	211,688	9,410,246
Total net position (deficit), end of year	\$ 14,443,103	\$ 76,972	\$ (74,347)	\$ 184,355	\$ 14,630,083

## Des Moines Independent Community School District

### Combining Statement of Cash Flows All Internal Service Funds Year Ended June 30, 2013

	Risk				
	Self-Insurance	Management	Collage	Print Shop	Total
Cash flows from operating activities:					
Cash received from user charges	\$ 53,604,437	\$ 793,775	\$ 18,652	\$ 257,710	\$ 54,674,574
Cash payments to employees for services	-	-	(11,237)	(200,363)	(211,600)
Cash payments to suppliers for goods and services	(48,507,429)	(956,272)	(6,877)	(82,634)	(49,553,212)
<b>Net cash provided by (used in) operating activities</b>	<b>5,097,008</b>	<b>(162,497)</b>	<b>538</b>	<b>(25,287)</b>	<b>4,909,762</b>
Cash flows from noncapital financing activities:					
Proceeds from other funds	-	-	-	41,392	41,392
Payments to other funds	(89,586)	-	(538)	-	(90,124)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(89,586)</b>	<b>-</b>	<b>(538)</b>	<b>41,392</b>	<b>(48,732)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>5,007,422</b>	<b>(162,497)</b>	<b>-</b>	<b>16,105</b>	<b>4,861,030</b>
Cash and cash equivalents, beginning of year	13,173,213	318,111	150	-	13,491,474
Cash and cash equivalents, end of year	<b>\$ 18,180,635</b>	<b>\$ 155,614</b>	<b>\$ 150</b>	<b>\$ 16,105</b>	<b>\$ 18,352,504</b>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 5,255,937	\$ (9,136)	\$ 369	\$ (27,333)	\$ 5,219,837
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	-	-	11,778	11,778
Changes in assets and liabilities:					
Inventories	-	-	-	(3,454)	(3,454)
Accounts payable	-	(153,361)	43	(3,109)	(156,427)
Claims payable	(155,397)	-	-	-	(155,397)
Unearned revenue	(3,532)	-	-	-	(3,532)
Accrued liabilities	-	-	126	(3,169)	(3,043)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 5,097,008</b>	<b>\$ (162,497)</b>	<b>\$ 538</b>	<b>\$ (25,287)</b>	<b>\$ 4,909,762</b>

**Des Moines Independent Community School District**

**Statement of Changes in Assets and Liabilities**

**Agency Fund**

**Year Ended June 30, 2013**

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	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
<b>Faculty and Staff</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 109,400	\$ 311,268	\$ 242,019	\$ 178,649
Prepaid items	-	107	-	107
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 311,375</b>	<b>\$ 242,019</b>	<b>\$ 178,756</b>
<b>Liabilities</b>				
Accounts payable	\$ 5,075	\$ 5,963	\$ -	\$ 11,038
Due to other entities	104,325	63,393	-	167,718
<b>Total liabilities</b>	<b>\$ 109,400</b>	<b>\$ 69,356</b>	<b>\$ -</b>	<b>\$ 178,756</b>

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# Des Moines Independent Community School District

## Statistical Section Contents

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

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

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities:				
Net investment in capital assets	\$ 150,807,994	\$ 166,212,168	\$ 193,522,406	\$ 223,847,057
Restricted	4,993,858	8,678,939	31,370,418	35,019,609
Unrestricted	308,782	26,325,637	14,399,109	21,372,567
<b>Total governmental activities net position</b>	<b>\$ 156,110,634</b>	<b>\$ 201,216,744</b>	<b>\$ 239,291,933</b>	<b>\$ 280,239,233</b>
Business-type activities:				
Investment in capital assets	\$ 1,572,525	\$ 2,363,403	\$ 2,391,487	\$ 2,320,931
Restricted	-	-	-	-
Unrestricted	1,017,486	912,110	675,842	(288,605)
<b>Total business-type activities net position</b>	<b>\$ 2,590,011</b>	<b>\$ 3,275,513</b>	<b>\$ 3,067,329</b>	<b>\$ 2,032,326</b>
Primary government:				
Net investment in capital assets	\$ 152,380,519	\$ 168,575,571	\$ 195,913,893	\$ 226,167,988
Restricted	4,993,858	8,678,939	31,370,418	35,019,609
Unrestricted	1,326,268	27,237,747	15,074,951	21,083,962
<b>Total primary government net position</b>	<b>\$ 158,700,645</b>	<b>\$ 204,492,257</b>	<b>\$ 242,359,262</b>	<b>\$ 282,271,559</b>

Source: Comprehensive Annual Financial Report

							Fiscal Year					
2008		2009		2010		2011		2012		2013		
\$	261,303,316	\$	295,531,637	\$	321,900,574	\$	338,928,488	\$	359,352,093	\$	<b>373,455,547</b>	
	28,171,672		27,723,729		26,709,665		31,199,263		29,005,666		<b>28,273,606</b>	
	20,680,456		17,189,578		10,363,873		14,951,604		35,135,095		<b>50,099,198</b>	
<b>\$</b>	<b>310,155,444</b>	<b>\$</b>	<b>340,444,944</b>	<b>\$</b>	<b>358,974,112</b>	<b>\$</b>	<b>385,079,355</b>	<b>\$</b>	<b>423,492,854</b>	<b>\$</b>	<b>451,828,351</b>	
\$	2,380,907	\$	2,606,657	\$	2,411,710	\$	2,283,505	\$	1,989,314	\$	<b>2,002,716</b>	
	-		-		-		-		-		-	
	(1,843,960)		(2,512,906)		(2,236,234)		(1,365,198)		(245,440)		<b>321,461</b>	
<b>\$</b>	<b>536,947</b>	<b>\$</b>	<b>93,751</b>	<b>\$</b>	<b>175,476</b>	<b>\$</b>	<b>918,307</b>	<b>\$</b>	<b>1,743,874</b>	<b>\$</b>	<b>2,324,177</b>	
\$	263,684,223	\$	298,138,294	\$	324,312,284	\$	341,211,993	\$	361,341,407	\$	<b>375,458,263</b>	
	28,171,672		27,723,729		26,709,665		31,199,263		29,005,666		<b>28,273,606</b>	
	18,836,496		14,676,672		8,127,639		13,586,406		34,889,655		<b>50,420,659</b>	
<b>\$</b>	<b>310,692,391</b>	<b>\$</b>	<b>340,538,695</b>	<b>\$</b>	<b>359,149,588</b>	<b>\$</b>	<b>385,997,662</b>	<b>\$</b>	<b>425,236,728</b>	<b>\$</b>	<b>454,152,528</b>	

Des Moines Independent Community School District

Expenses, Program Revenues and Net (Expense) Revenue  
 Last Ten Fiscal Years  
 (accrual basis of accounting)  
 (Unaudited)

	Fiscal Year			
	2004	2005	2006	2007
Expenses:				
Governmental activities:				
Instructional	\$ 196,440,822	\$ 191,094,307	\$ 206,822,872	\$ 210,863,364
Student services	19,304,468	16,566,058	17,175,275	17,565,934
Instructional support services	3,130,123	5,322,439	6,440,206	7,784,381
General administration	5,412,731	5,246,763	4,234,165	3,862,718
Central support services	4,665,921	-	-	-
Building administration	16,006,487	15,046,750	16,616,658	17,965,958
Business administration	2,246,641	-	-	-
Business and central administration	-	6,669,808	7,292,653	9,116,886
Plant operation and maintenance	26,862,744	26,731,721	30,416,184	31,675,467
Student transportation	9,179,699	8,783,899	10,189,064	10,856,840
Noninstructional	2,412,415	1,149,267	1,367,676	1,943,137
AEA support	9,140,786	9,445,390	9,855,798	10,455,648
Interest on long-term debt	90,488	159,296	101,253	894,900
<b>Total governmental activities expenses</b>	<b>294,893,325</b>	<b>286,215,698</b>	<b>310,511,804</b>	<b>322,985,233</b>
Business-type activities:				
School nutrition	11,685,044	12,207,914	12,865,670	13,856,434
Child care	3,887,289	4,277,713	4,461,347	2,530,578
Preschool	-	-	-	2,224,190
Other	89,471	109,722	99,833	112,292
<b>Total business-type activities expenses</b>	<b>15,661,804</b>	<b>16,595,349</b>	<b>17,426,850</b>	<b>18,723,494</b>
<b>Total primary government expenses</b>	<b>\$ 310,555,129</b>	<b>\$ 302,811,047</b>	<b>\$ 327,938,654</b>	<b>\$ 341,708,727</b>
Program revenues:				
Governmental activities:				
Charges for services:				
Instruction	\$ 12,994,023	\$ 12,378,325	\$ 11,123,854	\$ 12,002,157
Support services	10,508,228	10,602,249	11,153,073	11,332,332
Operating grants and contributions	39,594,789	42,485,746	48,330,052	50,812,813
Capital grants and contributions	2,469,240	896,674	1,771,836	3,652,164
<b>Total governmental activities program revenues</b>	<b>65,566,280</b>	<b>66,362,994</b>	<b>72,378,815</b>	<b>77,799,466</b>

(Continued)

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 229,908,604	\$ 238,676,928	\$ 245,423,324	\$ 251,762,378	\$ 256,812,271	\$ 258,926,988	
19,144,119	20,471,493	22,488,603	20,562,462	20,196,523	20,673,660	
8,020,675	8,445,248	8,263,149	11,926,860	11,652,847	12,021,171	
4,806,286	5,282,473	4,442,422	4,752,013	4,779,422	5,186,473	
-	-	-	-	-	-	
18,205,319	18,902,199	19,797,129	17,692,429	18,738,332	18,779,363	
-	-	-	-	-	-	
9,754,807	8,354,561	7,660,791	7,465,018	11,704,743	9,892,503	
33,557,855	35,647,890	33,438,106	32,500,882	32,450,434	34,339,085	
10,635,752	10,518,100	10,352,087	10,699,109	10,861,366	11,151,818	
1,879,027	2,055,069	3,143,025	6,831,871	4,204,202	2,904,231	
10,993,407	11,511,318	12,463,876	12,878,207	11,699,768	12,235,407	
835,766	709,817	897,462	3,254,529	3,008,867	7,368,345	
<b>347,741,617</b>	<b>360,575,096</b>	<b>368,369,974</b>	<b>380,325,758</b>	<b>386,108,775</b>	<b>393,479,044</b>	
14,833,221	14,790,948	14,429,088	13,730,822	14,063,935	15,869,943	
3,479,097	3,468,091	2,947,012	3,055,421	3,337,286	3,589,842	
-	-	-	-	-	-	
99,935	97,908	138,258	127,902	108,656	32,246	
<b>18,412,253</b>	<b>18,356,947</b>	<b>17,514,358</b>	<b>16,914,145</b>	<b>17,509,877</b>	<b>19,492,031</b>	
<b>\$ 366,153,870</b>	<b>\$ 378,932,043</b>	<b>\$ 385,884,332</b>	<b>\$ 397,239,903</b>	<b>\$ 403,618,652</b>	<b>\$ 412,971,075</b>	
\$ 10,969,649	\$ 10,625,291	\$ 9,745,572	\$ 10,548,824	\$ 10,008,887	\$ 9,694,289	
11,417,248	12,351,149	13,282,400	13,354,070	12,568,464	13,396,056	
63,411,312	75,779,208	97,746,607	90,715,067	88,937,932	76,875,344	
700,002	3,436,715	597,248	89,825	650,000	-	
<b>86,498,211</b>	<b>102,192,363</b>	<b>121,371,827</b>	<b>114,707,786</b>	<b>112,165,283</b>	<b>99,965,689</b>	

**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		
	2004	2005	2006
Business-type activities:			
Charges for services:			
School nutrition	\$ 4,469,991	\$ 4,238,988	\$ 3,933,497
Child care	3,887,289	4,276,989	4,516,777
Preschool	-	-	-
Other	89,471	92,967	129,302
Operating grants and contributions	7,542,929	8,049,101	8,639,090
Capital grants and contributions	-	-	-
<b>Total business-type program revenues</b>	<b>15,989,680</b>	<b>16,658,045</b>	<b>17,218,666</b>
<b>Total primary government program revenues</b>	<b>\$ 81,555,960</b>	<b>\$ 83,021,039</b>	<b>\$ 89,597,481</b>
Net (expense) revenue:			
Governmental activities	\$ (229,327,045)	\$ (219,852,704)	\$ (238,132,989)
Business-type activities	(6,331)	62,696	(208,184)
<b>Total primary government net expense</b>	<b>\$ (229,333,376)</b>	<b>\$ (219,790,008)</b>	<b>\$ (238,341,173)</b>

Source: Comprehensive Annual Financial Report

							Fiscal Year
2007	2008	2009	2010	2011	2012	2013	
\$ 3,904,411	\$ 3,845,874	\$ 4,299,682	\$ 3,722,647	\$ 2,945,912	\$ 2,816,185	\$ <b>2,743,057</b>	
2,555,465	3,172,336	3,221,833	2,695,149	3,053,866	3,451,999	<b>3,465,978</b>	
1,909,835	-	-	-	-	-	-	
78,934	72,913	67,550	104,511	96,197	93,344	<b>62,249</b>	
9,239,846	9,825,079	10,324,686	11,061,636	11,561,001	11,973,916	<b>13,801,050</b>	
-	672	-	-	-	-	-	
17,688,491	16,916,874	17,913,751	17,583,943	17,656,976	18,335,444	<b>20,072,334</b>	
<b>\$ 95,487,957</b>	<b>\$ 103,415,085</b>	<b>\$ 120,106,114</b>	<b>\$ 138,955,770</b>	<b>\$ 132,364,762</b>	<b>\$ 130,500,727</b>	<b>\$ 120,038,023</b>	
\$ (245,185,767)	\$ (261,243,406)	\$ (258,382,733)	\$ (246,998,147)	\$ (265,617,972)	\$ (273,943,492)	\$ <b>(293,513,355)</b>	
(1,035,003)	(1,495,379)	(443,196)	69,585	742,831	(825,567)	<b>580,303</b>	
<b>\$ (246,220,770)</b>	<b>\$ (262,738,785)</b>	<b>\$ (258,825,929)</b>	<b>\$ (246,928,562)</b>	<b>\$ (264,875,141)</b>	<b>\$ (274,769,059)</b>	<b>\$ (292,933,052)</b>	

**Des Moines Independent Community School District**

**General Revenues and Total Change in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(Unaudited)**

	Fiscal Year		
	2004	2005	2006
Net (expense) revenue:			
Governmental activities	\$ (229,327,045)	\$ (219,852,704)	\$ (238,132,989)
Business-type activities	(6,331)	62,696	(208,184)
<b>Total primary government net expense</b>	<b>(229,333,376)</b>	<b>(219,790,008)</b>	<b>(238,341,173)</b>
General revenues and other changes in net position:			
Governmental activities:			
Property taxes:			
Levied for general purposes	74,059,381	77,061,329	82,065,094
Levied for management	6,572,485	11,612,920	8,306,453
Levied for property, plant, and equipment	676,558	5,582,876	5,611,478
Levied for playground	1,186,643	711,481	721,094
Levied for debt service	5,249,666	827,636	-
Sales tax, for capital projects	30,279,709	30,341,530	31,448,902
State foundation aid	131,649,151	135,379,841	142,415,603
Investment earnings	539,591	1,396,742	2,719,950
Other local sources	1,440,272	805,062	997,253
State sources	2,290,871	1,862,040	1,922,351
Transfer from fiduciary fund	-	163	-
Transfers	(50,000)	(622,806)	-
Gain on sale of assets	-	-	-
<b>Total governmental activities</b>	<b>253,894,327</b>	<b>264,958,814</b>	<b>276,208,178</b>
Business-type activities:			
Miscellaneous	-	-	-
Investment earnings	-	-	-
Gain on sale of assets	-	-	-
Transfers	50,000	622,806	-
<b>Total business-type activities</b>	<b>50,000</b>	<b>622,806</b>	<b>-</b>
<b>Total primary government</b>	<b>253,944,327</b>	<b>265,581,620</b>	<b>276,208,178</b>
Change in net position:			
Governmental activities	24,567,282	45,106,110	38,075,189
Business-type activities	43,669	685,502	(208,184)
<b>Total primary government</b>	<b>\$ 24,610,951</b>	<b>\$ 45,791,612</b>	<b>\$ 37,867,005</b>

Source: Comprehensive Annual Financial Report

							Fiscal Year
2007	2008	2009	2010	2011	2012	2013	
\$ (245,185,767)	\$ (261,243,406)	\$ (258,382,733)	\$ (246,998,147)	\$ (265,617,972)	\$ (273,943,492)	\$ (293,513,355)	
(1,035,003)	(1,495,379)	(443,196)	69,585	742,831	(825,567)	580,303	
(246,220,770)	(262,738,785)	(258,825,929)	(246,928,562)	(264,875,141)	(274,769,059)	(292,933,052)	
85,406,700	86,343,532	89,272,177	90,708,731	95,287,091	102,565,196	100,387,919	
8,641,311	8,781,855	9,168,606	9,406,937	9,881,280	10,158,367	9,939,725	
5,921,615	6,007,979	6,313,191	6,522,074	6,716,504	6,877,426	6,830,405	
755,290	762,490	796,190	816,470	857,952	881,995	863,021	
-	-	-	-	-	-	-	
30,872,838	31,143,691	28,221,919	28,617,206	24,730,755	26,113,779	27,431,076	
146,594,229	152,188,242	151,858,708	127,914,804	151,836,554	163,593,289	174,578,921	
5,284,862	2,966,414	623,796	189,740	835,448	64,564	377,933	
1,230,586	1,587,590	1,115,926	999,696	1,130,782	2,102,375	1,439,852	
1,425,636	1,357,067	1,301,720	8,999	76,686	-	-	
-	-	-	-	-	-	-	
-	-	-	(12,140)	-	-	-	
-	20,757	-	354,798	370,163	-	-	
286,133,067	291,159,617	288,672,233	265,527,315	291,723,215	312,356,991	321,848,852	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	12,140	-	-	-	
-	-	-	12,140	-	-	-	
286,133,067	291,159,617	288,672,233	265,539,455	291,723,215	312,356,991	321,848,852	
40,947,300	29,916,211	30,289,500	18,529,168	26,105,243	38,413,499	28,335,497	
(1,035,003)	(1,495,379)	(443,196)	81,725	742,831	(825,567)	580,303	
\$ 39,912,297	\$ 28,420,832	\$ 29,846,304	\$ 18,610,893	\$ 26,848,074	\$ 37,587,932	\$ 28,915,800	

**Des Moines Independent Community School District**

**Fund Balances, Governmental Funds**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**(Unaudited)**

	Fiscal Year			
	2004	2005	2006	2007
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	1,551,636	4,508,471	4,833,376	6,352,627
Unreserved	9,945,507	16,062,254	22,338,620	23,016,816
<b>Total General Fund</b>	<b>\$ 11,497,143</b>	<b>\$ 20,570,725</b>	<b>\$ 27,171,996</b>	<b>\$ 29,369,443</b>
All other governmental funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	2,024,598	2,363,581	879,079	437,781
Unreserved, reported in:				
Capital projects funds	(822,926)	13,583,764	18,562,188	21,210,594
Debt service	-	-	-	-
Permanent funds	-	-	-	-
Special revenue funds	2,610,761	7,788,537	9,740,894	9,680,298
<b>Total all other governmental funds</b>	<b>\$ 3,812,433</b>	<b>\$ 23,735,882</b>	<b>\$ 29,182,161</b>	<b>\$ 31,328,673</b>

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

Source: Comprehensive Annual Financial Report

							Fiscal Year				
2008		2009		2010		2011		2012		2013	
\$	-	\$	-	\$	798,809	\$	638,607	\$	520,900	\$	<b>427,883</b>
	-		-		13,429,611		14,421,417		12,777,279		<b>9,777,870</b>
	-		-		1,251,214		2,935,317		2,916,046		<b>6,632,403</b>
	-		-		-		-		-		<b>8,000,000</b>
	-		-		5,636,791		20,607,861		45,507,578		<b>49,196,424</b>
	7,181,428		11,476,112		-		-		-		-
	18,517,645		12,224,448		-		-		-		-
<b>\$</b>	<b>25,699,073</b>	<b>\$</b>	<b>23,700,560</b>	<b>\$</b>	<b>21,116,425</b>	<b>\$</b>	<b>38,603,202</b>	<b>\$</b>	<b>61,721,803</b>	<b>\$</b>	<b>74,034,580</b>
\$	-	\$	-	\$	21,537	\$	-	\$	10,628	\$	<b>39,965</b>
	-		-		86,496,045		70,379,409		128,843,474		<b>97,382,007</b>
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	702,247		2,826,104		-		-		-		-
	14,048,083		6,030,119		-		-		-		-
	-		-		-		-		-		-
	1,515		1,641		-		-		-		-
	9,254,412		10,887,744		-		-		-		-
<b>\$</b>	<b>24,006,257</b>	<b>\$</b>	<b>19,745,608</b>	<b>\$</b>	<b>86,517,582</b>	<b>\$</b>	<b>70,379,409</b>	<b>\$</b>	<b>128,854,102</b>	<b>\$</b>	<b>97,421,972</b>

**Des Moines Independent Community School District**

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

	Fiscal Year			
	2004	2005	2006	2007
Federal sources, federal grants and other outside sources	\$ 21,409,808	\$ 23,768,893	\$ 28,517,075	\$ 23,682,244
State sources, state foundation aid and other sources	153,222,634	156,939,811	165,966,827	173,169,285
Intermediate sources	6,835,392	7,021,145	7,427,928	8,184,914
Local sources, local and other sources	136,392,286	143,679,034	146,054,311	152,490,096
<b>Total revenues</b>	<b>\$ 317,860,120</b>	<b>\$ 331,408,883</b>	<b>\$ 347,966,141</b>	<b>\$ 357,526,539</b>

Source: Comprehensive Annual Financial Report

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

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						Fiscal Year
2008	2009	2010	2011	2012	<b>2013</b>	
\$ 30,387,722	\$ 35,826,527	\$ 55,991,777	\$ 48,798,707	\$ 48,888,317	\$ <b>37,849,720</b>	
186,768,387	192,271,659	167,612,566	193,034,832	202,442,682	<b>213,969,591</b>	
9,203,713	827,589	490,869	425,109	380,240	<b>540,171</b>	
151,092,795	163,293,732	157,464,731	166,804,026	172,943,075	<b>168,732,640</b>	
<b>\$ 377,452,617</b>	<b>\$ 392,219,507</b>	<b>\$ 381,559,943</b>	<b>\$ 409,062,674</b>	<b>\$ 424,654,314</b>	<b>\$ 421,092,122</b>	

**Des Moines Independent Community School District**

**Governmental Funds Expenditures and Debt Service Ratio**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**(Unaudited)**

	Fiscal Year			
	2004	2005	2006	2007
Instruction	\$ 185,632,366	\$ 185,395,424	\$ 199,686,716	\$ 204,333,386
Student services	18,959,957	16,530,525	17,263,980	17,993,709
Instructional support services	3,081,329	5,279,975	6,467,422	7,685,131
General administration	5,195,648	5,117,631	4,328,391	3,930,504
Building administration	15,078,066	15,179,285	16,642,315	18,113,129
Business and central administration	-	6,312,099	7,263,248	9,100,426
Business administration	2,247,970	-	-	-
Central support services, including debt service	4,558,016	-	-	-
Plant operation & maintenance	26,862,859	27,167,978	30,232,224	31,913,066
Insurance	-	-	-	-
Student transportation	8,525,861	8,382,171	9,452,879	10,187,970
Non-instructional	670,356	899,519	1,158,221	1,952,323
AEA support	9,140,786	9,445,390	9,855,798	10,455,648
Unemployment compensation	-	-	-	-
Capital outlay	48,675,157	20,498,715	32,154,840	56,005,258
Capital outlay not capitalized	-	-	1,304,604	79,949
Debt service:				
Principal retirement	1,020,000	1,445,000	470,000	1,285,000
Interest	90,488	158,810	100,767	806,381
Bond issuance costs	25,344	-	-	65,000
<b>Total expenditures</b>	<b>\$ 329,764,203</b>	<b>\$ 301,812,522</b>	<b>\$ 336,381,405</b>	<b>\$ 373,906,880</b>
Debt service as a percentage of noncapital expenditures	0.40%	0.57%	0.19%	0.66%

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					
2008		2009		2010		2011		2012		2013		
\$	225,309,061	\$	232,694,472	\$	232,362,118	\$	235,454,394	\$	242,468,897	\$	<b>248,569,469</b>	
	19,497,475		20,831,163		21,746,835		19,847,087		20,447,634		<b>20,677,284</b>	
	8,138,207		8,604,544		8,101,158		11,724,151		11,547,096		<b>12,220,238</b>	
	4,778,387		5,175,484		4,399,564		4,490,055		4,691,758		<b>5,086,112</b>	
	18,519,205		19,539,562		19,622,589		17,422,604		18,905,852		<b>19,269,977</b>	
	9,240,852		7,447,867		7,232,503		7,930,388		11,037,950		<b>9,440,413</b>	
	-		-		-		-		-		-	
	-		-		-		-		-		-	
	33,505,014		35,133,406		32,886,528		31,519,245		31,561,906		<b>33,601,546</b>	
	-		-		-		-		-		-	
	10,009,481		9,876,399		9,602,623		9,825,338		10,185,732		<b>10,403,066</b>	
	1,981,376		2,020,184		2,092,321		2,253,303		2,458,060		<b>1,741,450</b>	
	10,993,407		11,511,318		12,463,876		12,878,207		11,699,768		<b>12,235,407</b>	
	-		-		-		-		-		-	
	41,304,558		22,482,126		38,124,836		39,884,842		41,985,618		<b>51,387,286</b>	
	2,302,867		4,114,439		3,392,283		7,772,199		5,138,277		<b>3,528,631</b>	
	2,090,000		18,810,000		520,000		3,180,000		2,590,000		<b>5,810,000</b>	
	822,738		741,648		39,078		4,334,020		3,418,000		<b>6,348,244</b>	
	-		-		499,051		-		1,299,592		-	
<b>\$</b>	<b>388,492,628</b>	<b>\$</b>	<b>398,982,612</b>	<b>\$</b>	<b>393,085,363</b>	<b>\$</b>	<b>408,515,833</b>	<b>\$</b>	<b>419,436,140</b>	<b>\$</b>	<b>440,319,123</b>	
	0.84%		5.19%		0.16%		2.04%		1.59%		3.13%	

**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			
	2004	2005	2006	2007
Excess of revenues over (under) expenditures	\$ (11,904,083)	\$ 29,596,361	\$ 11,584,736	\$ (16,380,341)
Other financing sources (uses):				
Issuance of debt	4,100,000	-	-	20,700,000
Proceeds from sale of capital assets	23,665	23,313	462,814	24,300
Proceeds from insurance recoveries	-	-	-	-
Premiums	21,939	-	-	-
Transfers in	1,067,945	614,771	823,295	2,091,381
Transfers out	(1,117,945)	(1,237,414)	(823,295)	(2,091,381)
<b>Total other financing sources (uses)</b>	<b>4,095,604</b>	<b>(599,330)</b>	<b>462,814</b>	<b>20,724,300</b>
<b>Net change in fund balances</b>	<b>\$ (7,808,479)</b>	<b>\$ 28,997,031</b>	<b>\$ 12,047,550</b>	<b>\$ 4,343,959</b>

Source: Comprehensive Annual Financial Report

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ (11,040,011)	\$ (6,763,105)	\$ (11,525,420)	\$ 546,841	\$ 5,218,174	\$ (19,227,001)
-	-	70,000,000	-	71,900,000	-
47,225	116,446	441,743	801,763	21,150	107,648
-	387,497	-	-	-	-
-	-	5,271,516	-	4,453,970	-
2,912,738	19,551,648	559,078	7,514,020	6,008,000	12,333,049
(2,912,738)	(19,551,648)	(559,078)	(7,514,020)	(6,008,000)	(12,333,049)
47,225	503,943	75,713,259	801,763	76,375,120	107,648
\$ (10,992,786)	\$ (6,259,162)	\$ 64,187,839	\$ 1,348,604	\$ 81,593,294	\$ (19,119,353)

**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
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	-	-
<b>2011</b>	<b>2012-13</b>	<b>6,845,833,397</b>	<b>10,453,353,698</b>	-	-

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

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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	
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
<b>55,092,528</b>	<b>55,092,528</b>	<b>232,662,908</b>	<b>345,375,275</b>	<b>7,133,588,833</b>	<b>10,853,821,501</b>	<b>18.34845</b>

**Des Moines Independent Community School District**

**Direct and Overlapping Property Tax Rates**

**Last Ten Fiscal Years**

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

**(Unaudited)**

Levy Year	Collection Year	District Direct Rates						Total
		General Fund	Management Fund	PPEL Fund	PERL Fund	Schoolhouse	Debt Service	
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
<b>2011</b>	<b>2012-13</b>	<b>15.69861</b>	<b>1.55484</b>	<b>0.96000</b>	<b>0.13500</b>	-	-	<b>18.34845</b>

(Continued)

Overlapping Rates

Polk County	County Hospital	City of Des Moines	City of Norwalk	City of Pleasant Hill	City of Urbandale	City of Windsor Hts	City of WDM	Bloomfield Township	Ag Extension	Assessor
\$ 6.34845	\$ 3.05863	\$ 17.04806	\$ 12.43276	\$ 11.48189	\$ 9.07000	\$ 12.35119	\$ 11.60206	\$ 0.99259	\$ 0.38030	\$ 0.31715
6.35281	3.25699	17.05539	12.43283	11.48228	9.07306	12.62510	11.72777	1.26683	0.03735	0.31745
6.34845	3.20245	16.52000	12.43282	11.48189	9.07010	12.62896	11.72540	1.20791	0.03791	0.35437
6.34845	3.49157	16.45083	13.92023	11.48197	9.07393	12.21843	11.95000	1.18175	0.03771	0.29738
6.84207	2.96959	16.59028	14.98315	11.48209	9.22000	12.40322	12.04999	0.60759	0.03703	0.31349
6.83696	2.92408	16.57606	14.36542	11.48208	9.22000	14.79484	12.05000	0.60766	0.03717	0.32711
6.82855	2.80423	16.57614	14.60000	11.65000	9.22000	13.76398	12.05000	0.87750	0.03752	0.30104
6.81833	2.92111	16.57614	14.60000	11.65006	9.32000	13.31499	12.05000	0.87750	0.03631	0.27848
6.80992	2.92193	16.58000	16.34634	11.65000	9.52000	13.31486	12.05000	0.87750	0.03696	0.24628
<b>6.80992</b>	<b>2.97819</b>	<b>16.91982</b>	<b>15.69000</b>	<b>11.65000</b>	<b>9.62000</b>	<b>13.31499</b>	<b>12.05000</b>	<b>0.87750</b>	<b>0.03866</b>	<b>0.24382</b>

Des Moines Independent Community School District

Direct and Overlapping Property Tax Rates (Continued)

Last Ten Fiscal Years

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

(Unaudited)

Levy Year	Collection Year	Overlapping Rates							
		State	Area XI College	Urbandale-WH SS Dist	Downtown SSMID	Sherman Hills Lighting #1	Sherman Hills Lighting #2	Highland Park SSMID	Ingersoll SSMID
2002	2003-04	\$ 0.00400	\$ 0.58184	\$ 0.04365	\$ 1.00000	\$ 1.50000	\$ 1.50000	\$ -	\$ -
2003	2004-05	0.00400	0.59856	0.08701	0.99883	0.80377	1.50003	-	-
2004	2005-06	0.00400	0.68408	0.17530	1.00000	1.49508	1.50003	1.75000	-
2005	2006-07	0.00400	0.68688	0.16805	1.00000	1.50003	1.50002	1.74996	-
2006	2007-08	0.00350	0.60276	0.16848	1.00000	1.49988	1.50000	1.74996	1.74997
2007	2008-09	0.00350	0.56386	0.16550	0.99813	1.49999	1.49999	1.75000	1.75000
2008	2009-10	0.00300	0.56778	0.24131	1.00000	1.49983	1.49996	1.74992	1.75000
2009	2010-11	0.00340	0.56008	0.28411	1.00472	1.49989	1.50727	1.75003	1.75001
2010	2011-12	0.00320	0.59018	0.38435	1.00472	1.49996	1.50727	1.74999	1.75004
<b>2011</b>	<b>2012-13</b>	<b>0.00330</b>	<b>0.58466</b>	<b>0.47069</b>	<b>1.00000</b>	<b>1.50011</b>	<b>1.50002</b>	<b>1.75001</b>	<b>1.75001</b>

Source: Polk County Auditor

Des Moines Independent Community School District

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

Taxpayer	2013			2004		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Principal Financial Group, Inc.	200,090,200	1	2.80%	214,643,000	1	3.68%
Nationwide Mutual Insurance	173,946,600	2	2.44%	82,334,700	3	1.41%
Mercy Medical Plaza	156,563,000	3	2.19%	91,976,200	2	1.58%
Wellmark, Inc	126,790,000	4	1.78%			
Wells Fargo Financial Inc.	96,811,700	5	1.36%	50,464,920	4	0.87%
Employers Mutual Casualty Co	54,607,770	6	0.77%	46,519,500	6	0.80%
IA Methodist Medical CNT & Plaza	48,360,000	7	0.68%	46,616,690	5	0.80%
Meredith Corporation	30,990,900	8	0.43%	44,208,560	7	0.76%
LB Properties XLLC	28,950,000	9	0.41%			
Lexington TNI Des Moines LP	26,857,000	10	0.38%			
Hubbell Realty Co.				43,768,600	8	0.75%
Ruan Center				41,523,000	9	0.71%
Merle Hay Mall				38,116,000	10	0.65%
<b>Total</b>	<b>\$ 943,967,170</b>		<b>13.23%</b>	<b>\$ 700,171,170</b>		<b>12.01%</b>

Source: Polk County Assessor/Auditors

## Des Moines Independent Community School District

### Property Tax Levies and Collections

#### Last Ten Fiscal Years

(Unaudited)

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Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
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%
<b>2013</b>	<b>118,233,562</b>	<b>117,976,885</b>	<b>99.78%</b>

Source: Polk County Auditor and District records.

Des Moines Independent Community School District

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

Fiscal Year	Population	Assessed Value Property	Legal Debt Limit (5%)	General Bonded Debt Outstanding				Debt to Assessed	
				General Obligation Bonds	General Obligation Capital Loan Notes	Qualified Zone Academy Bonds	Total	Value	Per Capita
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	206,599	11,195,209,052	560,590,108	-	-	-	-	0.00%	-
<b>2013</b>	<b>206,688</b>	<b>10,853,821,501</b>	<b>542,691,075</b>	-	-	-	-	<b>0.00%</b>	-

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					
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	
2013	-	-	-	131,860,000	131,860,000	1.41%	\$ 637.97	

Source: District Records

**Des Moines Independent Community School District**

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2013**

**(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Overlapping:			
City of Des Moines	\$ 349,159,746	96.4%	\$ 336,590,000
City of Pleasant Hill	11,036,067	24.1%	2,660,000
City of Urbandale	47,575,432	10.0%	4,758,000
City of Windsor Heights	10,810,000	0.9%	97,000
City of West Des Moines	79,144,733	0.1%	79,000
Des Moines Area Community College	74,420,000	30.1%	22,400,000
Polk County	225,911,123	35.3%	79,747,000
Warren County	173,844	5.4%	9,000
<b>Subtotal, overlapping debt</b>	<u>798,230,945</u>		<u>446,340,000</u>
Direct, Des Moines Independent Community School District:			
Sales tax revenue bond	<u>131,860,000</u>	100.0%	<u>131,860,000</u>
<b>Subtotal direct debt</b>	<u>131,860,000</u>		<u>131,860,000</u>
<b>Total direct and overlapping debt</b>	<u><u>\$ 930,090,945</u></u>		<u><u>\$ 578,200,000</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)

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	2004	2005	2006	2007
Debt limit	\$ 416,717,620	\$ 437,021,003	\$ 443,119,899	\$ 486,808,786
Total net debt applicable to limit	5,460,000	4,015,000	3,545,000	22,960,000
Legal debt margin	\$ 411,257,620	\$ 433,006,003	\$ 439,574,899	\$ 463,848,786
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	1.31%	0.92%	0.80%	4.72%

Source: Polk County Auditor and District Records

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	<b>\$ 10,923,315,289</b>
Debt limit (5% of assessed value)	<b>\$ 546,165,764</b>
Debt applicable to limit	<b>131,860,000</b>
Legal debt margin	<b>\$ 414,305,764</b>

	2008	2009	2010	2011	2012	2013
	\$ 494,153,352	\$ 534,253,535	\$ 544,040,013	\$ 556,496,654	\$ 559,760,453	\$ 546,165,764
	20,870,000	2,060,000	71,540,000	68,360,000	137,670,000	131,860,000
	\$ 473,283,352	\$ 532,193,535	\$ 472,500,013	\$ 488,136,654	\$ 422,090,453	\$ 414,305,764
	4.22%	0.39%	13.15%	12.28%	24.59%	24.14%

**Des Moines Independent Community School District**

**Pledged-Revenue Coverage**

**Last Ten Fiscal Years**

**(Unaudited)**

Fiscal Year	Local Option Sales and Services Tax				Coverage
	Revenue	Debt Service		Interest	
		Principal			
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%
<b>2013</b>	<b>27,364,977</b>	<b>5,810,000</b>	<b>6,348,244</b>		<b>44.43%</b>

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

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

**Note:**

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.

**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
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%
<b>2012</b>	<b>206,688</b>	<b>45,356</b>	<b>9,374,540,928</b>	<b>4.8%</b>

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	2013			2004		
	Employees *	Rank	Percentage of Total Employment	Employees *	Rank	Percentage of Total Employment
Wells Fargo	13,500	1	4.9%		8	
Mercy Medical Center	7,100	2	2.6%		3	
Principal Financial Group, Inc.	6,131	3	2.2%		1	
UnityPoint Health(Iowa Health System)	5,505	4	2.0%		2	
Nationwide/Allied Insurance	5,000	5	1.8%		10	
Des Moines Independent CSD	4,967	6	1.8%			
John Deere companies	3,100	7	1.1%		9	
Dupont Pioneer	2,849	8	1.0%			
Hy-Vee Food Stores Inc.	2,100	9	0.8%			
Kum & Go	1,820	10	0.7%			
Bridgestone America Tire(Firestone)	1,600		0.6%		7	
HP Enterprise Services(CDS)	1,500		0.5%		5	
Blank Children's Pediatric(now part of UnityPoint)					4	
Des Moines Register					6	
Total employment **	275,000					

Source:

\* Greater Des Moines Partnership

\*\* Bureau of Labor Statistics, US Dept. of Labor:  
County employment and wages in Iowa, second quarter 2012:  
Polk County

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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				
	2004	2005	2006	2007	2008
<b>Administrators</b>					
Central Office	33.5	33.5	32.5	32.5	32.0
Elementary Schools	35.0	33.0	33.0	33.0	33.0
Middle Schools	21.5	21.5	21.5	22.0	22.0
High Schools	24.5	24.5	24.5	26.0	29.0
Special Schools	7.0	7.0	7.0	7.0	8.0
<b>Total Administrators</b>	<b>121.5</b>	<b>119.5</b>	<b>118.5</b>	<b>120.5</b>	<b>124.0</b>
<b>Teachers</b>					
Athletic Directors	6.0	6.0	6.0	6.0	-
Non-classroom teachers	14.7	33.8	35.5	36.7	30.1
Classroom teachers	1,521.4	1,442.6	1,474.9	1,500.0	1,541.5
Technology consultants	2.4	2.4	2.4	2.4	2.0
Counselors	88.4	75.0	73.9	75.2	76.7
Dean of Students	24.0	26.3	27.7	31.2	34.0
Educational tech support	2.0	2.0	1.2	3.4	4.2
ELL	66.0	66.5	67.1	85.7	84.3
Facilitator	6.9	7.9	7.9	7.9	7.0
Gifted and Talented	11.1	8.5	8.5	8.5	7.5
Head Start	14.0	15.0	15.0	15.0	16.0
Home Instruction	10.5	9.5	9.5	9.5	8.5
Library/Media specialists	22.1	14.4	9.4	9.4	8.4
Literacy trainer	9.2	7.2	6.0	6.0	-
Montessori	7.0	6.9	-	-	-
New Horizons teachers	7.0	5.0	5.0	5.5	6.5
Nurses	55.2	54.9	54.0	53.6	55.8
Nursery	1.0	1.0	-	-	-
Preschool	21.1	20.5	20.5	20.5	47.5
Reading facilitators	-	-	-	-	-
Special Ed literacy support	7.8	5.8	10.6	8.6	-
Special Ed teachers	539.8	533.2	561.4	572.0	577.9
Special Ed consultants	33.4	32.4	30.2	29.2	31.0
Special Ed Support	103.7	100.3	115.7	124.0	132.0
Title I	165.9	156.8	172.0	158.6	172.0
Float	0.5	0.5	1.0	3.0	2.0
<b>Total teachers</b>	<b>2,741.0</b>	<b>2,634.4</b>	<b>2,715.3</b>	<b>2,771.8</b>	<b>2,844.9</b>
<b>Associates</b>					
Central Office	6.6	4.6	3.0	3.0	9.6
Elementary Schools	212.0	208.5	239.7	245.3	254.5
Middle Schools	71.6	68.9	69.7	66.4	62.8
High Schools	74.6	58.4	69.0	70.0	70.5
Special Schools	196.8	195.5	177.6	183.6	179.7
<b>Total associates</b>	<b>561.6</b>	<b>535.9</b>	<b>559.0</b>	<b>568.3</b>	<b>577.1</b>

Source: District records

(Continued)

Full-Time Equivalent Employees as of June 30						Percentage Change
2008	2009	2010	2011	2012	2013	2004 - 2013
32.0	40.0	39.0	29.0	30.0	<b>35.0</b>	4.5%
33.0	36.0	37.0	37.0	37.0	<b>37.0</b>	5.7%
22.0	22.0	20.0	22.0	21.0	<b>21.0</b>	-2.3%
29.0	28.0	29.0	21.0	22.0	<b>22.0</b>	-10.2%
8.0	5.0	5.0	6.0	7.0	<b>8.0</b>	14.3%
124.0	131.0	130.0	115.0	117.0	<b>123.0</b>	1.2%
-	-	-	-	-	-	-100.0%
30.1	21.8	22.6	52.7	60.4	<b>54.4</b>	271.3%
1,541.5	1,538.5	1,514.4	1,493.9	1,503.6	<b>1,499.5</b>	-1.4%
2.0	1.0	-	-	-	-	-100.0%
76.7	81.9	76.1	57.0	51.5	<b>58.3</b>	-34.0%
34.0	31.4	31.0	15.0	17.0	<b>16.2</b>	-32.5%
4.2	3.0	2.5	3.0	-	-	-100.0%
84.3	81.3	81.3	84.3	85.3	<b>86.8</b>	31.5%
7.0	8.0	2.0	1.0	1.0	-	-100.0%
7.5	7.5	7.5	8.0	9.0	<b>11.0</b>	-0.9%
16.0	15.0	18.5	17.5	15.5	<b>14.5</b>	3.6%
8.5	8.5	8.0	7.0	7.0	<b>7.0</b>	-33.3%
8.4	8.0	8.0	5.0	5.0	<b>3.0</b>	-86.4%
-	-	-	-	-	-	-100.0%
-	-	-	-	-	-	-100.0%
6.5	8.0	4.0	-	-	-	-100.0%
55.8	55.4	54.7	57.9	57.3	<b>57.6</b>	4.4%
-	-	-	-	-	-	-100.0%
47.5	48.0	46.5	43.5	34.5	<b>38.5</b>	82.5%
-	-	-	-	-	-	0.0%
-	-	-	-	-	-	-100.0%
577.9	558.4	524.9	493.9	506.4	<b>508.8</b>	-5.7%
31.0	31.0	30.5	33.0	32.0	<b>30.0</b>	-10.2%
132.0	126.1	124.5	112.7	124.2	<b>128.2</b>	23.6%
172.0	185.3	194.8	180.8	181.0	<b>171.4</b>	3.3%
2.0	1.0	14.2	1.0	-	<b>2.0</b>	300.0%
2,844.9	2,819.1	2,766.0	2,667.2	<b>2,690.7</b>	<b>2,687.2</b>	-2.0%
9.6	3.6	5.8	8.8	7.8	<b>9.8</b>	48.5%
254.5	252.9	219.5	202.3	223.8	<b>211.0</b>	-0.5%
62.8	62.8	52.0	58.8	59.5	<b>62.0</b>	-13.4%
70.5	72.5	63.5	56.0	53.2	<b>44.6</b>	-40.2%
179.7	161.9	154.6	164.4	163.5	<b>191.9</b>	-2.5%
577.1	553.7	495.4	490.3	507.8	<b>519.3</b>	-7.5%

**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				
	2004	2005	2006	2007	2008
<b>Specialist, Clerical, and Paraprofessionals</b>					
Central Office	188.5	180.6	191.6	199.1	190.4
Elementary Schools	109.2	111.7	110.8	112.6	113.7
Middle Schools	46.0	40.4	45.5	57.9	56.1
High Schools	92.3	90.3	87.6	99.2	109.4
Special Schools	13.0	24.5	15.0	15.0	15.1
<b>Total specialists, clerical, and paraprofessionals</b>	<b>449.0</b>	<b>447.5</b>	<b>450.5</b>	<b>483.8</b>	<b>484.7</b>
<b>Food Service, Operations, Transportation and Child Care</b>					
Central Office	300.4	333.0	326.2	328.8	357.1
Elementary Schools	279.4	282.7	282.2	286.2	267.1
Middle Schools	142.2	119.0	117.4	115.2	113.1
High Schools	144.6	131.9	128.1	137.5	126.5
Special Schools	8.1	11.0	10.4	11.0	12.1
<b>Total food svc, oper, transportation, and child care</b>	<b>874.8</b>	<b>877.7</b>	<b>864.3</b>	<b>878.6</b>	<b>876.0</b>
<b>Total</b>	<b>4,747.8</b>	<b>4,614.9</b>	<b>4,707.6</b>	<b>4,823.0</b>	<b>4,906.7</b>

\* Detail unavailable

Source: District records

Full-Time Equivalent Employees as of June 30					Percentage
2009	2010	2011	2012	<b>2013</b>	Change 2004 - 2013
194.1	189.6	191.1	187.0	<b>181.7</b>	(0.0)
114.7	105.2	101.0	100.6	<b>119.4</b>	0.1
47.2	58.6	61.4	63.6	<b>63.9</b>	0.4
119.9	109.7	126.3	125.1	<b>122.9</b>	0.3
9.4	22.6	11.4	19.0	<b>20.9</b>	0.6
485.3	485.7	491.2	495.3	<b>508.8</b>	0.1
365.1	345.6	414.6	380.6	<b>373.0</b>	0.2
272.0	265.3	166.9	215.8	<b>216.4</b>	(0.2)
111.9	113.1	105.9	100.9	<b>97.0</b>	(0.3)
127.6	134.3	131.4	118.3	<b>119.1</b>	(0.2)
12.3	10.8	12.8	10.4	<b>11.2</b>	0.4
888.9	869.1	831.6	826.0	<b>816.7</b>	(0.1)
4,878.0	4,746.2	4,595.3	4,641.6	<b>4,655.0</b>	(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
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)
<b>2013</b>	<b>32,062.1</b>	<b>386,110,699</b>	<b>12,043</b>	<b>0.01</b>	<b>19,492,031</b>	<b>608</b>	<b>0.07</b>

Fiscal Year	Teaching Staff	Percentage of Students Receiving Free or Reduced-Priced Meals
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
<b>2013</b>	<b>2,687.2</b>	<b>68</b>

Source: District Records

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

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

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# Des Moines Independent Community School District

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

School	Fiscal Year			
	2004	2005	2006	2007
Elementary:				
<b>Name (Year)</b>	<b>Adams</b>	<b>Adams</b>	<b>Adams</b>	<b>Adams</b>
Square feet	49,995	49,995	49,995	49,995
Capacity	420	420	420	420
Enrollment	335	336	337	294
<b>Name (Year)</b>	<b>Brubaker</b>	<b>Brubaker</b>	<b>Brubaker</b>	<b>Brubaker</b>
Square feet	78,224	78,224	78,224	78,224
Capacity	720	720	720	720
Enrollment	633	664	655	717
<b>Name (Year)</b>	<b>Capital View</b>	<b>Capital View</b>	<b>Capital View</b>	<b>Capital View</b>
Square feet	76,525	76,525	76,525	76,525
Capacity	710	710	710	710
Enrollment	600	632	620	619
<b>Name (Year)</b>	<b>Carver</b>	<b>Carver</b>	<b>Carver</b>	<b>Carver</b>
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
<b>Name (Year)</b>	<b>Cattell</b>	<b>Cattell</b>	<b>Cattell</b>	<b>Cattell</b>
Square feet	47,821	47,821	47,821	47,821
Capacity	460	460	460	460
Enrollment	405	354	331	339
<b>Name (Year)</b>	<b>Cowles</b>	<b>Cowles</b>	<b>Cowles</b>	<b>Cowles</b>
Square feet	42,800	42,800	42,800	42,800
Capacity	380	380	380	380
Enrollment	137	154	194	224
<b>Name (Year)</b>	<b>Downtown</b>	<b>Downtown</b>	<b>Downtown</b>	<b>Downtown</b>
Square feet	32,767	32,767	32,767	32,767
Capacity	270	270	270	270
Enrollment	271	268	264	272
<b>Name (Year)</b>	<b>Edmunds</b>	<b>Edmunds</b>	<b>Edmunds</b>	<b>Edmunds</b>
Square feet	45,930	45,930	45,930	45,930
Capacity	320	320	320	320
Enrollment	237	196	148	143
<b>Name (Year)</b>	<b>Findley</b>	<b>Findley</b>	<b>Findley</b>	<b>Findley</b>
Square feet	38,354	38,354	38,354	38,354
Capacity	380	380	380	380
Enrollment	299	302	296	310
<b>Name (Year)</b>	<b>Garton</b>	<b>Garton</b>	<b>Garton</b>	<b>Garton</b>
Square feet	43,290	43,290	43,290	43,290
Capacity	500	500	500	500
Enrollment	313	343	330	343

(Continued)

		Fiscal Year					
		2008	2009	2010	2011	2012	2013
<b>Adams</b>	<b>Adams</b>	49,995	49,995	-	-	-	-
		420	432	-	-	-	-
		-	-	-	-	-	-
<b>Brubaker</b>	<b>Brubaker</b>	78,224	78,224	78,224	78,224	78,224	<b>78,224</b>
		720	792	792	792	792	<b>792</b>
		715	684	680	661	694	<b>672</b>
<b>Capital View</b>	<b>Capital View</b>	75,740	75,740	75,740	75,740	75,740	<b>75,740</b>
		710	720	720	720	720	<b>720</b>
		630	541	551	518	483	<b>539</b>
<b>Carver</b>	<b>Carver</b>	93,627	91,500	91,500	91,500	91,500	<b>91,500</b>
		690	720	720	720	720	<b>720</b>
		647	560	606	558	557	<b>611</b>
<b>Cattell</b>	<b>Cattell</b>	47,821	47,821	47,821	47,821	47,821	<b>47,821</b>
		460	408	408	408	408	<b>408</b>
		354	400	393	405	393	<b>408</b>
<b>Cowles</b>	<b>Cowles</b>	42,800	42,800	42,800	42,800	42,800	<b>42,800</b>
		380	432	432	432	432	<b>432</b>
		290	299	319	261	284	<b>348</b>
<b>Downtown</b>	<b>Downtown</b>	32,767	32,767	34,966	34,966	34,966	<b>38,125</b>
		270	264	264	264	264	<b>312</b>
		268	258	293	285	278	<b>274</b>
<b>Edmunds</b>	<b>Edmunds</b>	45,930	45,930	45,930	45,930	45,930	<b>76,385</b>
		320	240	240	240	240	<b>240</b>
		175	180	211	171	274	<b>287</b>
<b>Findley</b>	<b>Findley</b>	38,354	38,354	38,354	38,354	38,354	<b>43,548</b>
		380	384	384	384	384	<b>384</b>
		358	345	323	273	292	<b>314</b>
<b>Garton</b>	<b>Garton</b>	65,648	65,648	65,648	65,648	65,648	<b>65,648</b>
		460	720	720	720	720	<b>720</b>
		602	619	596	596	522	<b>564</b>

**Des Moines Independent Community School District**

**School Building Information (Continued)**

**Last Ten Fiscal Years**

**(Unaudited)**

School	Fiscal Year			
	2004	2005	2006	2007
<b>Elementary:</b>				
<b>Name (Year)</b>	<b>Granger</b>	<b>Granger</b>	<b>Granger</b>	<b>Granger/Mitchell</b>
Square feet	39,194	39,194	39,194	39,194
Capacity	525	525	525	525
Enrollment	363	351	335	550
<b>Name (Year)</b>	<b>Greenwood</b>	<b>Greenwood</b>	<b>Greenwood</b>	<b>Greenwood</b>
Square feet	58,804	58,804	58,804	58,804
Capacity	450	450	450	450
Enrollment	427	444	454	420
<b>Name (Year)</b>	<b>Hanawalt</b>	<b>Hanawalt</b>	<b>Hanawalt</b>	<b>Hanawalt</b>
Square feet	33,043	43,246	43,246	43,246
Capacity	380	410	410	410
Enrollment	374	349	338	359
<b>Name (Year)</b>	<b>Hillis</b>	<b>Hillis</b>	<b>Hillis</b>	<b>Hillis</b>
Square feet	44,825	44,825	44,825	44,825
Capacity	410	410	410	410
Enrollment	407	392	399	390
<b>Name (Year)</b>	<b>Howe</b>	<b>Howe</b>	<b>Howe</b>	<b>Howe</b>
Square feet	38,505	38,505	38,505	38,505
Capacity	320	320	320	320
Enrollment	262	252	213	229
<b>Name (Year)</b>	<b>Hubbell</b>	<b>Hubbell</b>	<b>Hubbell</b>	<b>Hubbell</b>
Square feet	37,896	48,072	48,072	48,072
Capacity	440	390	390	390
Enrollment	323	294	309	347
<b>Name (Year)</b>	<b>Jackson</b>	<b>Jackson</b>	<b>Jackson</b>	<b>Jackson</b>
Square feet	35,872	35,872	35,872	35,872
Capacity	420	420	420	420
Enrollment	377	407	426	397
<b>Name (Year)</b>	<b>Jefferson</b>	<b>Jefferson</b>	<b>Jefferson</b>	<b>Jefferson</b>
Square feet	42,750	42,750	42,750	42,750
Capacity	480	480	480	480
Enrollment	434	432	423	424
<b>Name (Year)</b>	<b>King</b>	<b>King</b>	<b>King</b>	<b>King</b>
Square feet	51,414	51,414	51,414	51,414
Capacity	330	330	330	330
Enrollment	371	378	372	352
<b>Name (Year)</b>	<b>Longfellow</b>	<b>Longfellow</b>	<b>Longfellow</b>	<b>Longfellow</b>
Square feet	31,420	31,420	31,420	31,420
Capacity	300	300	300	300
Enrollment	269	236	206	184
<b>Name (Year)</b>	<b>Lovejoy</b>	<b>Lovejoy</b>	<b>Lovejoy</b>	<b>Lovejoy</b>
Square feet	31,806	31,806	31,806	31,806
Capacity	310	310	310	310
Enrollment	412	373	315	323

(Continued)

Fiscal Year						
2008	2009	2010	2011	2012	2013	
<b>Granger/Mitchell</b>						
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<b>Greenwood</b>						
61,744	61,744	61,744	61,744	61,744	61,744	61,744
450	456	456	456	456	456	456
454	453	450	450	412	413	446
<b>Hanawalt</b>						
43,246	43,246	43,246	43,246	43,246	43,246	43,246
410	408	408	408	408	408	408
418	416	365	358	345	352	352
<b>Hillis</b>						
44,825	57,720	57,720	57,720	57,720	57,720	57,720
410	420	600	600	600	600	600
468	460	471	431	425	483	483
<b>Howe</b>						
38,505	38,505	38,505	38,505	38,505	38,505	38,505
320	312	312	312	312	312	312
340	300	307	304	276	297	297
<b>Hubbell</b>						
53,327	53,327	53,327	53,327	53,327	53,327	53,327
390	456	456	456	456	456	456
402	390	394	405	435	455	455
<b>Jackson</b>						
35,872	35,872	45,585	45,585	45,585	45,585	45,585
420	432	456	456	456	456	456
402	385	345	403	395	413	413
<b>Jefferson</b>						
42,750	42,750	42,750	42,750	42,750	42,750	45,830
480	408	408	408	408	408	408
421	426	432	426	433	434	434
<b>King</b>						
51,414	54,171	54,171	54,171	54,171	54,171	54,171
330	408	408	408	408	408	408
347	282	318	344	335	335	335
<b>Longfellow</b>						
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<b>Lovejoy</b>						
31,806	31,806	31,806	31,806	31,806	31,806	39,154
310	288	288	288	288	288	456
272	357	366	322	333	332	332

**Des Moines Independent Community School District**

**School Building Information (Continued)**

**Last Ten Fiscal Years**

**(Unaudited)**

School	Fiscal Year			
	2004	2005	2006	2007
<b>Elementary:</b>				
<b>Name (Year)</b>	<b>Madison</b>	<b>Madison</b>	<b>Madison</b>	<b>Madison</b>
Square feet	42,049	42,049	42,049	42,049
Capacity	430	430	430	430
Enrollment	334	341	332	314
<b>Name (Year)</b>	<b>Mann</b>	<b>Mann</b>	<b>Mann</b>	<b>Mann</b>
Square feet	32,940	32,940	32,940	32,940
Capacity	325	325	325	325
Enrollment	-	-	-	-
<b>Name (Year)</b>	<b>McKee</b>	<b>McKee</b>	<b>McKee</b>	<b>McKee</b>
Square feet	43,400	43,400	43,400	43,400
Capacity	375	375	375	375
Enrollment	-	-	-	-
<b>Name (Year)</b>	<b>McKinley</b>	<b>McKinley</b>	<b>McKinley</b>	<b>McKinley</b>
Square feet	49,994	49,994	49,994	49,994
Capacity	380	380	380	380
Enrollment	324	305	304	337
<b>Name (Year)</b>	<b>Mitchell</b>	<b>Mitchell</b>	<b>Mitchell - Bridges</b>	<b>Mitchell - Bridges</b>
Square feet	31,682	31,682	31,682	31,682
Capacity	350	350	350	350
Enrollment	275	251	114	118
<b>Name (Year)</b>	<b>Monroe</b>	<b>Monroe</b>	<b>Monroe</b>	<b>Monroe</b>
Square feet	73,997	73,997	73,997	73,997
Capacity	660	660	660	660
Enrollment	513	516	492	526
<b>Name (Year)</b>	<b>Moore</b>	<b>Moore</b>	<b>Moore</b>	<b>Moore</b>
Square feet	45,334	45,334	45,334	45,334
Capacity	440	440	440	440
Enrollment	327	322	320	287
<b>Name (Year)</b>	<b>Morris</b>	<b>Morris</b>	<b>Morris</b>	<b>Morris</b>
Square feet	74,684	74,684	74,684	74,684
Capacity	700	700	700	700
Enrollment	557	586	563	577
<b>Name (Year)</b>	<b>Moulton</b>	<b>Moulton</b>	<b>Moulton</b>	<b>Moulton</b>
Square feet	121,650	121,650	121,650	121,650
Capacity	620	620	620	620
Enrollment	443	444	528	514

(Continued)

		Fiscal Year							
		2008	2009	2010	2011	2012	2013		
<b>Madison</b>	<b>Madison</b>	<b>Madison</b>	<b>Madison</b>	<b>Madison</b>	<b>Madison</b>	<b>Madison</b>	<b>Madison</b>	<b>Madison</b>	
	42,049	42,049	42,049	42,049	42,049	42,049	42,049	42,049	<b>42,049</b>
	430	408	408	408	408	408	408	408	<b>408</b>
	359	334	368	316	333	316	333	316	<b>409</b>
<b>Mann</b>	<b>Mann</b>	<b>Mann</b>	<b>Mann</b>	<b>Mann</b>	<b>Mann</b>	<b>Mann</b>	<b>Mann</b>	<b>Mann</b>	
	32,940	32,940	32,940	32,940	32,940	32,940	32,940	32,940	<b>32,940</b>
	325	312	312	312	312	312	312	312	<b>312</b>
	-	-	-	-	-	-	-	-	<b>-</b>
<b>McKee</b>	<b>McKee</b>	<b>McKee</b>	<b>McKee</b>	<b>McKee</b>	<b>McKee</b>	<b>McKee</b>	<b>McKee</b>	<b>McKee</b>	
	43,400	43,400	43,400	43,400	43,400	43,400	43,400	43,400	<b>43,400</b>
	375	384	Varies	Varies	Varies	Varies	Varies	Varies	<b>Varies</b>
	-	-	-	-	-	-	-	-	<b>-</b>
<b>McKinley</b>	<b>McKinley</b>	<b>McKinley</b>	<b>McKinley</b>	<b>McKinley</b>	<b>McKinley</b>	<b>McKinley</b>	<b>McKinley</b>	<b>McKinley</b>	
	49,994	49,994	49,994	49,994	49,994	49,994	49,994	49,994	<b>49,994</b>
	380	360	360	360	360	360	360	360	<b>360</b>
	363	292	292	316	342	316	342	316	<b>319</b>
<b>Mitchell - Bridges</b>	<b>Mitchell</b>								
	31,682	31,682	31,682	31,682	31,682	31,682	31,682	31,682	<b>31,682</b>
	350	264	Varies	Varies	Varies	Varies	Varies	Varies	<b>Varies</b>
	135	-	-	-	-	-	-	-	<b>-</b>
<b>Monroe</b>	<b>Monroe</b>	<b>Monroe</b>	<b>Monroe</b>	<b>Monroe</b>	<b>Monroe</b>	<b>Monroe</b>	<b>Monroe</b>	<b>Monroe</b>	
	73,997	73,997	73,997	73,997	73,997	73,997	73,997	73,997	<b>73,997</b>
	660	576	576	576	576	576	576	576	<b>576</b>
	533	523	485	501	495	501	495	501	<b>533</b>
<b>Moore</b>	<b>Moore</b>	<b>Moore</b>	<b>Moore</b>	<b>Moore</b>	<b>Moore</b>	<b>Moore</b>	<b>Moore</b>	<b>Moore</b>	
	45,334	45,334	45,334	45,334	45,334	45,334	45,334	45,334	<b>45,334</b>
	440	504	504	504	504	504	504	504	<b>504</b>
	-	-	-	-	-	-	-	-	<b>-</b>
<b>Morris</b>	<b>Morris</b>	<b>Morris</b>	<b>Morris</b>	<b>Morris</b>	<b>Morris</b>	<b>Morris</b>	<b>Morris</b>	<b>Morris</b>	
	70,656	70,656	70,656	70,656	70,656	70,656	70,656	70,656	<b>70,656</b>
	700	744	744	744	744	744	744	744	<b>744</b>
	583	630	691	602	616	602	616	602	<b>617</b>
<b>Moulton</b>	<b>Moulton</b>	<b>Moulton</b>	<b>Moulton</b>	<b>Moulton</b>	<b>Moulton</b>	<b>Moulton</b>	<b>Moulton</b>	<b>Moulton</b>	
	121,650	121,650	121,650	121,650	121,650	121,650	121,650	121,650	<b>121,650</b>
	620	744	744	744	744	744	744	744	<b>744</b>
	460	419	398	366	357	366	357	366	<b>428</b>

**Des Moines Independent Community School District**

**School Building Information (Continued)**

**Last Ten Fiscal Years**

**(Unaudited)**

School	Fiscal Year			
	2004	2005	2006	2007
<b>Elementary:</b>				
<b>Name (Year)</b>	<b>Oak Park</b>	<b>Oak Park</b>	<b>Oak Park</b>	<b>Oak Park</b>
Square feet	59,497	59,497	59,497	59,497
Capacity	380	380	380	380
Enrollment	320	331	355	399
<b>Name (Year)</b>	<b>Park Avenue</b>	<b>Park Avenue</b>	<b>Park Avenue</b>	<b>Park Avenue</b>
Square feet	59,565	59,565	59,565	59,565
Capacity	560	560	560	560
Enrollment	464	474	436	423
<b>Name (Year)</b>	<b>Perkins</b>	<b>Perkins</b>	<b>Perkins</b>	<b>Perkins</b>
Square feet	50,440	50,440	50,440	56,540
Capacity	440	440	440	440
Enrollment	342	361	361	423
<b>Name (Year)</b>	<b>Phillips</b>	<b>Phillips</b>	<b>Phillips</b>	<b>Phillips</b>
Square feet	41,936	41,936	41,936	41,936
Capacity	380	380	380	380
Enrollment	337	361	343	344
<b>Name (Year)</b>	<b>Pleasant Hill</b>	<b>Pleasant Hill</b>	<b>Pleasant Hill</b>	<b>Pleasant Hill</b>
Square feet	36,161	36,161	36,161	36,161
Capacity	310	310	310	310
Enrollment	307	303	316	328
<b>Name (Year)</b>	<b>River Woods</b>	<b>River Woods</b>	<b>River Woods</b>	<b>River Woods</b>
Square feet	58,126	58,126	58,126	58,126
Capacity	500	500	500	500
Enrollment	508	537	546	518
<b>Name (Year)</b>	<b>Samuelson</b>	<b>Samuelson</b>	<b>Samuelson</b>	<b>Samuelson</b>
Square feet	37,500	37,500	37,500	37,500
Capacity	350	350	350	350
Enrollment	-	-	-	-
<b>Name (Year)</b>	<b>Smouse</b>	<b>Smouse</b>	<b>Smouse</b>	<b>Smouse</b>
Square feet	53,809	53,809	53,809	53,809
Capacity	NA	NA	NA	NA
Enrollment	106	108	119	123
<b>Name (Year)</b>	<b>South Union</b>	<b>South Union</b>	<b>South Union</b>	<b>South Union</b>
Square feet	-	-	-	68,508
Capacity	-	-	-	630
Enrollment	-	-	-	553

(Continued)

		Fiscal Year					
		2008	2009	2010	2011	2012	2013
<b>Oak Park</b>							
	59,497	59,497	59,497	59,497	59,497	59,497	59,497
	380	408	408	408	408	408	408
	405	403	410	403	407	407	399
<b>Park Avenue</b>							
	59,565	59,565	59,565	59,565	59,565	59,565	69,925
	560	552	552	552	552	552	552
	481	482	502	457	465	465	472
<b>Perkins</b>							
	56,540	56,540	56,540	56,540	56,540	56,540	56,540
	420	432	432	432	432	432	432
	453	460	438	461	436	436	438
<b>Phillips</b>							
	41,936	41,936	41,936	41,936	41,936	41,936	41,936
	380	336	336	336	336	336	336
	370	379	394	359	362	362	404
<b>Pleasant Hill</b>							
	36,161	36,161	36,161	36,161	36,161	36,161	41,270
	310	312	312	312	312	312	312
	347	316	310	270	283	283	312
<b>River Woods</b>							
	58,126	58,126	58,126	58,126	58,126	58,126	59,950
	500	504	504	504	504	504	504
	491	501	530	489	509	509	509
<b>Samuelson</b>							
	56,586	56,586	56,586	56,586	56,586	56,586	58,678
	506	504	504	504	504	504	528
	-	467	475	481	514	514	526
<b>Smouse ****</b>	<b>Smouse ****</b>	<b>Smouse</b>	<b>Smouse</b>	<b>Smouse</b>	<b>Smouse</b>	<b>Smouse</b>	<b>Smouse</b>
	53,809	53,809	53,809	53,809	53,809	53,809	53,809
<b>NA</b>	<b>NA</b>		384	384	384	384	384
	121	136	137	110	100	100	128
<b>South Union</b>							
	68,508	68,508	68,508	68,508	68,508	68,508	68,508
	630	696	696	696	696	696	696
	572	560	533	542	545	545	578

**Des Moines Independent Community School District**

**School Building Information (Continued)**

**Last Ten Fiscal Years**

**(Unaudited)**

School	Fiscal Year			
	2004	2005	2006	2007
<b>Elementary:</b>				
<b>Name (Year)</b>	<b>Stowe</b>	<b>Stowe</b>	<b>Stowe</b>	<b>Stowe</b>
Square feet	36,000	36,000	36,000	36,000
Capacity	400	400	400	400
Enrollment	313	288	294	267
<b>Name (Year)</b>	<b>Studebaker</b>	<b>Studebaker</b>	<b>Studebaker</b>	<b>Studebaker</b>
Square feet	42,272	42,272	42,272	42,272
Capacity	420	420	420	420
Enrollment	432	429	449	477
<b>Name (Year)</b>	<b>Wallace</b>	<b>Wallace</b>	<b>Wallace</b>	<b>Wallace</b>
Square feet	31,960	31,960	31,960	31,960
Capacity	360	360	360	360
Enrollment	343	344	348	346
<b>Name (Year)</b>	<b>Walnut Street</b>	<b>Walnut Street</b>	<b>Walnut Street</b>	<b>Walnut Street</b>
Square feet	-	37,206	37,206	38,800
Capacity	-	NA	NA	NA
Enrollment	-	54	93	104
<b>Name (Year)</b>	<b>Willard</b>	<b>Willard</b>	<b>Willard</b>	<b>Willard</b>
Square feet	59,301	59,301	59,301	59,301
Capacity	560	560	560	560
Enrollment	366	364	405	387
<b>Name (Year)</b>	<b>Windsor</b>	<b>Windsor</b>	<b>Windsor</b>	<b>Windsor</b>
Square feet	55,510	55,510	55,510	55,510
Capacity	420	420	420	420
Enrollment	356	367	341	346
<b>Name (Year)</b>	<b>Woodlawn</b>	<b>Woodlawn</b>	<b>Woodlawn</b>	<b>Woodlawn</b>
Square feet	46,548	46,548	46,548	46,548
Capacity	450	450	450	450
Enrollment	420	378	417	394
<b>Name (Year)</b>	<b>Wright</b>	<b>Wright</b>	<b>Wright</b>	<b>Wright</b>
Square feet	30,300	30,300	30,300	30,300
Capacity	310	310	310	310
Enrollment	280	283	301	282

(Continued)

		Fiscal Year					
		2008	2009	2010	2011	2012	2013
<b>Stowe</b>	<b>Stowe</b>						
		36,000	56,967	56,967	56,967	56,967	56,967
		400	408	408	408	408	408
		352	364	408	416	389	362
<b>Studebaker</b>	<b>Studebaker</b>						
		42,272	42,272	42,272	42,272	42,272	45,400
		420	456	456	456	456	504
		461	437	435	454	401	416
<b>Wallace</b>	<b>Wallace</b>						
		31,960	31,960	31,960	31,960	31,960	31,960
		360	360	360	360	360	360
		-	-	-	-	-	-
<b>Walnut Street</b>	<b>Walnut Street</b>						
		38,800	58,212	58,212	58,212	58,212	58,212
<b>NA</b>			384	384	384	384	384
		212	248	250	205	281	312
<b>Willard</b>	<b>Willard</b>						
		59,301	59,301	59,301	59,301	59,301	59,301
		560	600	600	600	600	600
		427	434	437	432	439	426
<b>Windsor</b>	<b>Windsor</b>						
		60,475	60,475	60,475	60,475	60,475	60,475
		420	408	408	408	408	408
		375	415	400	384	416	425
<b>Woodlawn</b>	<b>Woodlawn</b>						
		46,548	46,548	46,548	46,548	46,548	46,548
		450	504	504	504	504	504
		534	-	-	-	-	-
<b>Wright</b>	<b>Wright</b>						
		30,300	30,300	30,300	30,300	30,300	30,300
		310	312	312	312	312	312
		284	273	252	273	248	271

**Des Moines Independent Community School District**

**School Building Information (Continued)**

**Last Ten Fiscal Years**

**(Unaudited)**

School	Fiscal Year			
	2004	2005	2006	2007
<b>Middle:</b>				
<b>Name (Year)</b>	<b>Brody</b>	<b>Brody</b>	<b>Brody</b>	<b>Brody</b>
Square feet	90,500	90,500	90,500	90,500
Capacity	650	650	650	650
Enrollment	740	673	646	709
<b>Name (Year)</b>	<b>Callanan</b>	<b>Callanan</b>	<b>Callanan</b>	<b>Callanan</b>
Square feet	116,037	116,037	116,037	116,037
Capacity	700	700	700	700
Enrollment	619	603	644	621
<b>Name (Year)</b>	<b>Goodrell</b>	<b>Goodrell</b>	<b>Goodrell</b>	<b>Goodrell</b>
Square feet	102,230	102,230	102,230	102,230
Capacity	700	700	700	700
Enrollment	618	644	674	631
<b>Name (Year)</b>	<b>Harding</b>	<b>Harding</b>	<b>Harding</b>	<b>Harding</b>
Square feet	125,339	125,339	125,339	125,339
Capacity	840	840	840	840
Enrollment	759	689	589	562
<b>Name (Year)</b>	<b>Hiatt</b>	<b>Hiatt</b>	<b>Hiatt</b>	<b>Hiatt</b>
Square feet	103,060	103,060	103,060	103,060
Capacity	800	800	800	800
Enrollment	588	567	495	465
<b>Name (Year)</b>	<b>Hoyt</b>	<b>Hoyt</b>	<b>Hoyt</b>	<b>Hoyt</b>
Square feet	99,874	99,874	99,874	99,874
Capacity	750	750	750	750
Enrollment	680	658	632	625
<b>Name (Year)</b>	<b>Kurtz</b>	<b>Kurtz</b>	<b>Kurtz</b>	<b>Kurtz</b>
Square feet	106,264	106,264	106,264	106,264
Capacity	730	730	730	730
Enrollment	-	-	-	-
<b>Name (Year)</b>	<b>McCombs</b>	<b>McCombs</b>	<b>McCombs</b>	<b>McCombs</b>
Square feet	78,978	78,978	78,978	78,978
Capacity	650	650	650	650
Enrollment	673	667	628	611
<b>Name (Year)</b>	<b>Meredith</b>	<b>Meredith</b>	<b>Meredith</b>	<b>Meredith</b>
Square feet	107,316	107,316	107,316	107,316
Capacity	850	850	850	850
Enrollment	828	769	745	676
<b>Name (Year)</b>	<b>Merrill</b>	<b>Merrill</b>	<b>Merrill</b>	<b>Merrill</b>
Square feet	89,500	89,500	89,500	89,500
Capacity	650	650	650	650
Enrollment	660	633	620	627

(Continued)

								Fiscal Year			
2008		2009		2010		2011		2012		2013	
<b>Brody</b>											
	90,500		90,500		90,500		90,500		90,500		90,500
	650		637		637		637		637		871
	738		720		688		689		680		702
<b>Callanan</b>											
	116,037		116,037		116,037		116,037		116,037		116,037
	700		828		828		828		828		828
	591		612		604		607		643		626
<b>Goodrell</b>											
	110,495		110,495		110,495		110,495		110,495		110,495
	700		871		871		871		871		871
	611		591		614		608		594		591
<b>Harding</b>											
	125,339		125,339		125,339		125,339		125,339		125,339
	840		828		828		828		828		828
	530		557		581		556		534		619
<b>Hiatt</b>											
	103,060		103,060		103,060		103,060		103,060		103,060
	800		743		743		743		743		850
	484		504		533		579		609		634
<b>Hoyt</b>											
	99,874		99,874		99,874		99,874		99,874		99,874
	750		850		850		850		850		850
	590		608		594		580		533		518
<b>Kurtz %</b>											
	106,264		106,264		106,264		106,264		106,264		106,264
	730		637		637		637		637		637
	-		-		-		-		-		-
<b>McCombs</b>											
	78,978		78,978		78,978		78,978		78,978		78,978
	650		701		701		701		701		807
	589		582		594		626		591		664
<b>Meredith</b>											
	107,316		107,316		107,316		107,316		107,316		107,316
	850		871		871		871		891		891
	654		645		638		607		687		666
<b>Merrill</b>											
	89,500		89,500		89,500		89,500		89,500		89,500
	650		658		658		658		658		658
	608		592		615		623		671		658

**Des Moines Independent Community School District**

**School Building Information (Continued)**

**Last Ten Fiscal Years**

**(Unaudited)**

School	Fiscal Year			
	2004	2005	2006	2007
<b>Middle:</b>				
<b>Name (Year)</b>	<b>Van Meter</b>	<b>Van Meter</b>	<b>Van Meter</b>	<b>Van Meter</b>
Square feet	56,460	56,460	56,460	56,460
Capacity	NA	NA	NA	NA
Enrollment	229	231	218	211
<b>Name (Year)</b>	<b>Weeks</b>	<b>Weeks</b>	<b>Weeks</b>	<b>Weeks</b>
Square feet	118,770	118,770	118,770	118,770
Capacity	900	900	900	900
Enrollment	822	813	789	728
<b>High:</b>				
<b>Name (Year)</b>	<b>Central Campus</b>	<b>Central Campus</b>	<b>Central Campus</b>	<b>Central Campus</b>
Square feet	456,660	456,660	456,660	456,660
Capacity	1,500	1,500	1,500	1,500
Enrollment	\$	\$	\$	\$
<b>Name (Year)</b>				
Square feet				
Capacity				
Enrollment				
<b>Name (Year)</b>	<b>Scavo @ Central Campus</b>			
Square feet	see Central Campus	-----	-----	-----
Capacity	see Central Campus	-----	-----	-----
Enrollment	N/A	N/A	N/A	287
<b>Name (Year)</b>	<b>East</b>	<b>East</b>	<b>East</b>	<b>East</b>
Square feet	355,293	355,293	355,293	355,293
Capacity	1,950	2,100	2,100	2,100
Enrollment	1,970	2,125	2,115	2,191
<b>Name (Year)</b>	<b>Hoover</b>	<b>Hoover</b>	<b>Hoover</b>	<b>Hoover</b>
Square feet	183,400	183,400	183,400	183,400
Capacity	1,175	1,175	1,175	1,175
Enrollment	1,197	1,210	1,212	1,188
<b>Name (Year)</b>	<b>Lincoln</b>	<b>Lincoln</b>	<b>Lincoln</b>	<b>Lincoln</b>
Square feet	269,905	269,905	269,905	269,905
Capacity	1,800	1,800	1,800	1,900
Enrollment	2,179	2,157	2,126	2,175
<b>Name (Year)</b>	<b>North</b>	<b>North</b>	<b>North</b>	<b>North</b>
Square feet	220,960	220,960	220,960	220,960
Capacity	1,150	1,150	1,150	1,150
Enrollment	1,198	1,186	1,156	1,132
<b>Name (Year)</b>	<b>Roosevelt</b>	<b>Roosevelt</b>	<b>Roosevelt</b>	<b>Roosevelt</b>
Square feet	282,050	282,050	282,050	282,050
Capacity	1,550	1,550	1,550	1,550
Enrollment	1,583	1,636	1,591	1,622

(Continued)

		Fiscal Year					
		2008	2009	2010	2011	2012	2013
<b>Van Meter ****</b>	<b>Van Meter ****</b>	<b>Van Meter ****</b>	<b>Van Meter ****</b>	<b>Van Meter ****</b>	<b>Van Meter ****</b>	<b>Van Meter ****</b>	<b>Van Meter ****</b>
	56,460	56,460	56,460	56,460	56,460	56,460	56,460
	NA	NA	403	403	403	403	403
	192	189	170	168	174	174	170
<b>Weeks</b>	<b>Weeks</b>	<b>Weeks</b>	<b>Weeks</b>	<b>Weeks</b>	<b>Weeks</b>	<b>Weeks</b>	<b>Weeks</b>
	112,390	112,390	112,390	112,390	112,390	112,390	112,390
	900	1,041	1,041	1,041	1,041	1,041	1,041
	754	757	749	677	675	675	689
<b>Central Campus</b>	<b>Central Campus</b>	<b>Central Campus</b>	<b>Central Campus</b>	<b>Central Campus</b>	<b>Central Campus</b>	<b>Central Campus</b>	<b>Central Campus</b>
	456,660	456,660	456,660	456,660	456,660	456,660	456,660
	1,500	1,615	1,615	1,615	1,530	1,530	1,328
	\$	\$	\$	\$	\$	\$	\$
<b>Central Academy \$</b>	<b>Central Academy \$</b>	<b>Central Academy \$</b>	<b>Central Academy \$</b>	<b>Central Academy \$</b>	<b>Central Academy \$</b>	<b>Central Academy \$</b>	<b>Central Academy \$</b>
	86,426	86,426	86,426	86,426	86,426	86,426	86,426
	658	658	658	658	658	658	658
	\$	\$	\$	\$	\$	\$	\$
<b>Scavo @ Central Campus</b>	<b>Scavo @ Central Campus</b>	<b>Scavo @ Central Campus</b>	<b>Scavo @ Moore</b>				
see Central Campus	-----	-----	45,334	45,334	45,334	45,334	45,334
see Central Campus	-----	-----	504	504	504	504	504
	394	399	301	266	272	304	304
<b>East</b>	<b>East</b>	<b>East</b>	<b>East</b>	<b>East</b>	<b>East</b>	<b>East</b>	<b>East</b>
	344,376	344,376	344,376	344,376	344,376	344,376	344,376
	2,100	2,337	2,337	2,337	2,337	2,337	2,337
	2,216	2,160	2,224	2,266	2,230	2,288	2,288
<b>Hoover</b>	<b>Hoover</b>	<b>Hoover</b>	<b>Hoover</b>	<b>Hoover</b>	<b>Hoover</b>	<b>Hoover</b>	<b>Hoover</b>
	183,400	183,400	183,400	183,400	183,400	183,400	183,400
	1,175	1,083	1,083	1,083	1,105	1,105	1,105
	1,174	1,115	1,130	1,075	1,065	1,028	1,028
<b>Lincoln</b>	<b>Lincoln</b>	<b>Lincoln</b>	<b>Lincoln</b>	<b>Lincoln</b>	<b>Lincoln</b>	<b>Lincoln</b>	<b>Lincoln</b>
	312,628	312,628	312,628	312,628	312,628	312,628	312,628
	1,800	1,848	1,848	1,848	1,848	1,848	1,848
	2,203	2,181	2,262	2,252	2,218	2,144	2,144
<b>North</b>	<b>North</b>	<b>North</b>	<b>North</b>	<b>North</b>	<b>North</b>	<b>North</b>	<b>North</b>
	220,960	220,960	220,960	220,960	220,960	220,960	220,960
	1,150	1,147	1,147	1,147	1,253	1,253	1,253
	1,139	1,133	1,170	1,133	1,121	1,182	1,182
<b>Roosevelt</b>	<b>Roosevelt</b>	<b>Roosevelt</b>	<b>Roosevelt</b>	<b>Roosevelt</b>	<b>Roosevelt</b>	<b>Roosevelt</b>	<b>Roosevelt</b>
	282,050	282,050	239,117	239,117	239,117	239,117	239,117
	1,550	1,145	1,678	1,678	1,785	1,785	1,785
	1,671	1,654	1,654	1,628	1,659	1,658	1,658

**Des Moines Independent Community School District**

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

School	Fiscal Year			
	2004	2005	2006	2007
<b>Other:</b>				
<b>Name (Year)</b>	<b>Casady</b>	<b>Casady</b>	<b>Casady</b>	<b>Casady</b>
Square feet	43,709	43,709	43,709	43,709
Capacity	Varies	Varies	Varies	Varies
Enrollment	-	-	-	-
<b>Name (Year)</b>	<b>Walker Street</b>	<b>Walker Street</b>	<b>Walker Street</b>	<b>Walker Street</b>
Square feet	33,481	33,481	33,481	33,481
Capacity	Varies	Varies	Varies	Varies
Enrollment	-	-	-	-
<b>Name (Year)</b>	<b>CNC</b>	<b>CNC</b>	<b>CNC</b>	<b>CNC</b>
Square feet	56,186	56,186	56,186	56,186
<b>Name (Year)</b>	<b>MSSV</b>	<b>MSSV</b>	<b>MSSV</b>	<b>MSSV</b>
Square feet	52,573	52,573	52,573	52,573
<b>Name (Year)</b>	<b>Walnut St Administration</b>	<b>Walnut St Administration</b>	<b>Walnut St Administration</b>	<b>Walnut St Administration</b>
Square feet	-	-	-	77,600
<b>Name (Year)</b>	<b>Welcome Center</b>	<b>Welcome Center</b>	<b>Welcome Center</b>	<b>Welcome Center</b>
Square feet	-	6,200	6,200	6,200
<b>Name (Year)</b>	<b>Grounds Maintenance</b>	<b>Grounds Maintenance</b>	<b>Grounds Maintenance</b>	<b>Grounds Maintenance</b>
Square feet	22,248	22,248	22,248	22,248
<b>Name (Year)</b>	<b>Operations Center</b>	<b>Operations Center</b>	<b>Operations Center</b>	<b>Operations Center</b>
Square feet	-	-	-	-

Source: District records.

\*\*\*\* 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.

% 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.

\$ Magnet schools, students who attend are included with enrollment totals at home Middle or High Schools.

		Fiscal Year					
		2008	2009	2010	2011	2012	2013
<b>Casady</b>							
	43,709	43,709	43,709	43,709	43,709	43,709	43,709
	Varies						
	-	-	-	-	-	-	-
<b>Walker Street %</b>							
	33,481	33,481	33,481	33,481	33,481	33,481	33,481
	Varies	467	467	467	467	467	467
	-	-	-	-	-	-	-
<b>CNC</b>							
	56,186	56,186	56,186	56,186	56,186	56,186	56,186
<b>MSSV</b>							
	52,573	52,573	52,573	52,573	52,573	52,573	52,573
<b>Walnut St Administration</b>							
	77,600	58,212	58,212	58,212	58,212	58,212	58,212
<b>Welcome Center</b>							
	6,200	6,200	6,200	6,200	6,200	6,200	6,200
<b>Grounds Maintenance</b>							
	22,248	22,248	22,248	-	-	-	-
<b>Operations Center</b>							
	-	-	97,404	97,404	97,404	97,404	97,404

**Des Moines Independent Community School District**

**Capital Asset Information**

**Last Ten Fiscal Years**

**(Unaudited)**

Schools	Fiscal Year			
	2004	2005	2006	2007
Elementary:				
Buildings	45	46	45	45
Square feet	2,139,676	2,176,882	2,145,462	2,229,859
Capacity	19,200	19,200	18,900	19,055
Enrollment	14,805	14,786	14,927	15,012
Middle:				
Buildings	12	12	12	12
Square feet	1,194,328	1,194,328	1,194,328	1,194,328
Capacity	8,220	8,220	8,220	8,220
Enrollment	7,216	6,947	6,680	6,466
High:				
Buildings	6	6	6	6
Square feet	1,768,268	1,768,268	1,768,268	1,768,268
Capacity	9,125	9,275	9,275	9,375
Enrollment	10,541	10,857	10,699	10,895
Other:				
Buildings	4	5	5	6
Square feet	208,197	214,397	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	77600
Transportation:				
Garages	1	1	1	1
Buses	128	138	139	138
Athletics:				
Football fields	5	5	5	5
Soccer fields	-	-	-	-
Running tracks	6	6	6	6
Baseball/softball	10	10	10	10
Swimming pools	8	8	8	8
Playgrounds	45	46	45	45

**Source:** District records.

Fiscal Year					
2008	2009	2010	2011	2012	<b>2013</b>
46	46	43	44	44	<b>44</b>
2,365,082	2,418,986	2,305,821	2,335,017	2,338,302	<b>2,410,051</b>
19,791	20,532	20,040	19,584	19,680	<b>19,968</b>
15,881	15,428	15,565	15,286	15,105	<b>15,848</b>
12	12	12	12	12	<b>12</b>
1,196,213	1,196,213	1,196,213	1,196,213	1,196,213	<b>1,196,213</b>
8,220	8,665	9,068	9,068	9,088	<b>9,535</b>
6,341	6,357	6,380	6,320	6,391	<b>6,537</b>
7	7	7	8	8	<b>8</b>
1,886,500	1,886,500	1,843,567	1,888,901	1,888,901	<b>1,888,901</b>
9,275	9,833	10,366	10,870	11,020	<b>10,818</b>
11,038	8,243	8,745	11,262	8,565	<b>8,604</b>
6	6	8	7	7	<b>7</b>
214,397	214,397	445,095	289,553	347,765	<b>347,765</b>
Varies	Varies	Varies	Varies	Varies	Varies
NA	NA	NA	NA	NA	NA
1	1	1	1	1	1
77,600	58,212	58,212	58,212	58,212	58,212
1	1	1	1	1	1
131	131	134	135	135	132
5	5	5	5	5	5
-	-	-	-	-	-
6	6	6	6	6	6
10	10	10	10	10	10
8	8	8	8	8	8
46	46	46	44	44	44

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**Des Moines Independent Community School District**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2013**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. Department of Agriculture:</b>			
(Passed through Iowa Department of Education):			
School Breakfast Program	10.553	42-6004525	\$ 2,767,969
National School Lunch Program	10.555	42-6004525	8,763,023
NSLP - Fruit and Vegetable Program	10.555	42-6004525	425,195
			9,188,218
Child and Adult Care Food Program	10.558	42-6004525	342,762
Summer Food Service Program for Children	10.559	42-6004525	258,359
NSLP - USDA Commodities	10.550	77-1737	676,093
NSLP - USDA Commodities	10.550	77-1737	223,470
			899,563
			13,456,871
(Passed through Iowa Department of Public Health),			
State Administrative Matching Grants for Food Stamp Program	10.561	42-6004523	116,964
<b>Total U.S. Department of Agriculture</b>			13,573,835
<b>U.S. Department of Housing and Urban Development:</b>			
(Passed through City of Des Moines),			
Community Development Block Grant (CDBG)	14.218	42-6004514	19,532
<b>U.S. Department of Education:</b>			
(Direct):			
Smaller Learning Communities - Implementation	84.215L	42-6001433	557,156
Teaching American History	84.215X	42-6001433	18,729
Gaining Early Awareness and Readiness (GEAR UP)	84.334	42-6001433	333,173
Preparing Early Readers for Kindergarten	84.359B	42-6001433	13,148
High School Graduation Initiative	84.360	42-6001433	1,047,345
			1,969,551
(Passed through Iowa Department of Education):			
Title I Grants to Local Educational Agencies	84.010A	42-6004525	10,158,327
Title I School Improvement	84.377	42-6004525	2,115,565
DE IA Assessment Study	84.027	42-6004525	365
Special Education High Cost Fund	84.027	42-6004525	5,510
			5,875
Vocational Education Basic Grants to States	84.048	42-6004525	443,020
Improving Teacher Quality State Grant (Title II)	84.367	42-6004525	1,542,124
Education for Homeless Children & Youth	84.196	42-6004525	24,000
English Language Acquisition Grants (Title III ELL/LEP)	84.365	42-6004525	671,332
English Language Acquisition Grants (Title III Immigrant Children)	84.365	42-6004525	164,897
			836,229
Grants for State Assessments & Related Activities	84.369	42-6004525	197,795
Science Partnership Program	84.366B	42-6004525	40,856
21st Century Community Learning Centers	84.287	42-6004525	916,684
Safe and Supportive Schools	84.184Y	42-6004525	93,607
ARRA - Title I School Improvement	84.388	42-6004525	4,908,604
			21,282,686

(Continued)

**Des Moines Independent Community School District**

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2013**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
(Passed through Heartland Area Education Agency 11):			
Special Education Grants to States (Individuals with Disabilities Education Act)	84.027	42-1028173	1,961,284
Special Education Grants to States (Handicapped Preschool Program Vocational Assessment)	84.027	42-1028173	5,756,855
Parent Education Project	84.027	42-1028173	17,914
			<u>5,774,769</u>
Special Education Grants to States (Grants for Infants and Families with Disabilities)	84.181	42-1028173	187,187
Special Education Preschool Grants (Least Restrictive Environment Coordinator)	84.173	42-1028173	170,942
			<u>8,094,182</u>
(Passed through Iowa College Student Aid Commission), Gaining Early Awareness and Readiness (GEAR UP)	84.334	42-00891451	418,615
(Passed through School Administrators of Iowa), Parent Information Resource Center Grant	84.310A	42-1300888	2,157
<b>Total U.S. Department of Education</b>			<u>31,767,191</u>
<b>U.S. Department of Health and Human Services:</b>			
(Passed through Iowa Department of Education):			
Youth At Risk	93.938	42-6004525	500
Refugee Assistance Program	93.576	42-6004525	145,248
(Passed through State of Iowa Vocational Rehabilitation), Project SEARCH	84.126	42-6004525	62,925
(Passed through Iowa Economic Development Authority), AmerCorp	94.006	42-6004525	134,016
(Passed through Drake University), Head Start	93.600	42-0680460	1,566,758
<b>Total U.S. Department of Health and Human Services</b>			<u>1,909,447</u>
<b>U.S. Department of Defense:</b>			
(Direct):			
Air Education & Training Command	12.999	N/A	120,086
National Security Agency - Startalk	12.900	N/A	117,392
<b>Total U.S. Department of Defense</b>			<u>237,478</u>
<b>U.S. Department of Justice:</b>			
(Passed through City of Des Moines), Secure our School	16.710	42-6004514	116,187
<b>Total Expenditures of Federal Awards</b>			<u>\$ 47,623,670</u>

See Notes to Schedule of Expenditures of Federal Awards.

**Des Moines Independent Community School District**

**Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2013**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Des Moines Independent Community School District for the year ended June 30, 2013. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental or nonprofit entities 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	\$ 95,788
Project SEARCH	84.126	42,315
Improving Teacher Quality State Grant (Title II)	84.367	16,069

**Note 4. Noncash Assistance**

The schedule includes federal awards in the form of noncash assistance (commodities) received during the year in the amount of \$899,563 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, 2013

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	Findings	Status	Corrective Action Plan or Other Explanation
<b>Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Auditing Standards</b>			
<b>Internal Control</b>			
12-II-A	The District does not have adequate segregation of duties needed over student activity funds at the schools.	Corrected	The District has implemented several compensating controls that has mitigated this significant deficiency.
<b>Other Findings Related to Required Statutory Reporting</b>			
12-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 13-IV-G
12-IV-G	Various certified enrollment variances identified by the State.	Uncorrected	See similar finding and corrective action plan at 13-IV-G
12-IV-I	The District held deposits and investments at two institution in excess of the amount authorized by the Board of Education.	Corrected	
12-IV-M	The Preschool Fund, Child Care Fund and Collage Fund had deficit balances as of June 30, 2013 of \$677,879, \$41,649 and \$74,716, respectively.	Uncorrected	See similar finding and corrective action plan at 13-IV-M



**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***

**Independent Auditor's Report**

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Des Moines Independent Community School District (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 27, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 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 are not intended to constitute legal interpretations of those statutes.

## **District's Response to Findings**

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 them.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Des Moines, Iowa  
November 27, 2013



**Report on Compliance For Each Major Federal Program;  
Report on Internal Control Over Compliance; and  
Report on Schedule of Expenditures of Federal Awards  
Required by OMB Circular A-133**

**Independent Auditor's Report**

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

**Report on Compliance for Each Major Federal Program**

We have audited Des Moines Independent Community School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular No. A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2013-001. Our opinion on each major federal program is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Des Moines, Iowa  
November 27, 2013

**Des Moines Independent Community School District**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013**

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**I. Summary of the Independent Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

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: Unmodified

- 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
	Special Education Cluster:
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants
	School Improvement Grants Cluster:
84.377	Title I School Improvement
84.388	ARRA - Title I School Improvement
84.367	Improving Teacher Quality State Grant (Title II)

Dollar threshold used to distinguish between type A and type B programs: \$1,428,710

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, 2013

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

**A. Internal Control**

No matters reported.

**B. Compliance Findings**

No matters reported.

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

**A. Internal Control**

No matters reported.

**B. Compliance Findings**

**2013-001**

**U.S. Department of Education**

**Passed Through Iowa Department of Education**

**Special Education Grants to States (CFDA 84.027)**

**ARRA – Title I School Improvement (CFDA 84.388)**

**Federal Award Year: 2012-2013**

Finding: The District was unable to provide semiannual certification or activity sheets for two employees that are funded by Special Education and Title I grants.

Condition: The District was unable to produce semiannual certification or activity sheets for two out of a sample of 31 employees that are funded by these federal programs. Other controls are in place to ensure allowability of costs, but the District has not met the documentation standard for employee time and effort related to federal awards.

Criteria: The Office of Management and Budget (OMB) Circular A-87 requires semiannual certifications to support charges to a single federal award program and requires distribution of salaries be supported by personnel activity reports or equivalent documentation for all employees who work for more than one cost objective and the documentation be signed by the employee or their supervisor.

Cause: Documentation was not retained due to an administrative oversight.

Effect: The District has not met the documentation standard for employee time and effort related to federal awards as required by Circular A-87.

Questioned Costs: None

Prevalence: Two of the 31 employees tested.

Recommendation: We recommend the District obtain the required semiannual certifications or personnel activity reports for those employees fully or partially funded by federal awards.

(Continued)

**Des Moines Independent Community School District**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2013**

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Corrective Action Plan: The District has procedures in place to document time and effort of employees. The District will reiterate the procedures at the necessary schools to ensure that the policy is followed in spite of administrator changes at various school locations.

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

**13-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.

**13-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.

**13-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.

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

**13-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.

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

**13-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.

Finding: There were various certified enrollment variances identified by the State that resulted in a reduction of 4.12 students from the October 1, 2012 certified enrollment numbers reported by the District.

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

(Continued)

**Des Moines Independent Community School District**

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2013**

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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.

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

**13-IV-I – Deposits and Investments** – The District's policy for deposits and investments is in compliance with the Code of Iowa.

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

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

**13-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, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 112,392,834
Local option sales tax		27,364,977
Earnings on investments		81,305
Other local and federal sources		-
Other local sources		300,245
		<u>27,746,527</u>
Other sources:		
Issuance of revenue bonds		-
Premiums on revenue bonds		-
		<u>-</u>
Expenditures/transfers out:		
School infrastructure:		
Land	\$	-
Buildings		47,254,277
Equipment		1,602,832
Other improvements		571,081
Debt service for school infrastructure:		
General obligation debt		-
Bond issue costs		-
Revenue debt		12,158,244
		<u>61,586,433</u>
Ending balance		<u><u>\$ 78,552,928</u></u>

**Des Moines Independent Community School District**

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2013**

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For the year ended June 30, 2013, the District did not reduce any levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.

**13-IV-M – Deficit Balances** – The Preschool Fund, Child Care Fund and Collage Fund had deficit balances as of June 30, 2013 of \$ 677,879, \$264,478 and \$74,347, respectively.

Finding: In the current and prior year, the Preschool Fund, the Child Care 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.

**13-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.

**13-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.

**13-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, 2013**

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Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
<b>Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Auditing Standards</b>				
<b>Compliance</b>				
2013-001	The District was unable to provide semiannual certification or activity sheets for two employees that are funded by federal programs.	See response and corrective action plan at 2013-001.	June 30, 2014	Thomas Harper, CFO
<b>Other Findings Related to Required Statutory Reporting</b>				
13-IV-G	Documentation to support the number of foster care students reported as enrolled is not maintained.	See response and corrective action plan at 13-IV-G.	N/A	Bryce Amos
13-IV-G	Various certified enrollment variances identified by the State.	See response and corrective action plan at 13-IV-G.	June 30, 2014	Thomas Harper, CFO
13-IV-M	The Preschool Fund, Child Care Fund and Collage Fund had deficit balances as of June 30, 2012 of \$677,879, \$264,478 and \$74,347, respectively.	See response and corrective action plan at 13-IV-M.	June 30, 2014	Thomas Harper, CFO



To Management and the Board of Directors  
Des Moines Independent Community School District  
Des Moines, Iowa

In planning and performing our audit of the financial statements of Des Moines Independent Community School District (the District) as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) 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 competence 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 entity's 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.

Certain deficiencies in internal control 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 deficiencies in internal control that we determined did not constitute significant deficiencies or material weaknesses:

**Accounts Receivable from Other Districts:** During the audit, the District was unable to provide a subsidiary ledger of amounts receivable from other school districts for shared programs, open enrollment and other related receivables. We recommend the District implement a reconciliation process to ensure all transactions are properly accounted for and recorded in the District's financial statements, and to better monitor collections on these receivables.

**Des Moines Teachers' Retirement System (DMTRS):** 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 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.

**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 Directors and the Audit Committee and is not intended to be, and should not be, used by anyone other than these specified parties.

*McGladrey LLP*

Des Moines, Iowa  
November 27, 2013