

**FY 2023  
POPULAR  
ANNUAL  
FINANCIAL  
REPORT**

Year Ended  
June 30, 2023



Des Moines  
Public Schools  
Des Moines,  
Iowa 50321



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# OUTSTANDING ACHIEVEMENT IN POPULAR ANNUAL FINANCIAL REPORTING

Government Finance Officers Association of the United States and Canada (GFOA) conferred an Award for Outstanding Achievement in Popular Annual Financial Reporting to Des Moines Public Schools for its Popular Annual Financial Report for the fiscal year ended June 30, 2022. This was second year Des Moines Public Schools received a Award for Outstanding Achievement for the PARF.

The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we will submit to GFOA to determine its eligibility for another Award.



Government Finance Officers Association

Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting

Presented to

**Des Moines Independent Community School District  
Iowa**

For its Annual Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO



# TO THE CITIZENS OF THE DES MOINES INDEPENDENT COMMUNITY SCHOOL DISTRICT,

The Des Moines Independent Community School District (the District, also known as Des Moines Public Schools and DMPS) is committed to ensuring residents have access to and understand the District's finances. In furtherance of this commitment, the District has developed its first Popular Annual Financial Report (PAFR) in fiscal year (FY) 2018. The PAFR is an easy-to-read publication that provides citizens with an overview of how their tax dollars are managed and spent. It is designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

The PAFR focuses on the general operating activities and key financial trends of the District's General Fund for fiscal year 2023 (July 1, 2022 – June 30, 2023).

The report includes highlights and simplified information from the District's Annual Comprehensive Financial Report (ACFR) but not replace the ACFR. The ACFR outlines the District's financial position and operating activities each fiscal year presented in conformity with generally accepted accounting principles (GAAP). The PAFR does not conform to GAAP and associated standards set forth by the applicable governing bodies, but it is suitable for those readers who prefer an overview or summary of the District's financial condition.

The most recent and previous Annual Comprehensive Financial Reports are available on the District's Web site on the Financial Reports page (<https://www.dmschools.org/departments/business-finance/financial-reports/annual-comprehensive-financial-report>).

The PAFR is part of the District's ongoing commitment to keep citizens informed about finances in the District and be accountable for the receipt and expenditure of public funds.

Respectfully Submitted,



Shashank Aurora, CPA, SBO  
Chief Financial Officer

**Des Moines Public Schools**  
2100 Fleur Drive  
Des Moines, Iowa 50321

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[www.dmschools.org](http://www.dmschools.org)

## DMPS School Board



# THE NUMBERS BEHIND DES MOINES PUBLIC SCHOOLS



**30,774**  
STUDENTS



**75.6%**  
CLASS OF 2022  
GRADUATION RATE



**49%**  
TEACHERS WITH  
ADVANCED DEGREES



**300**  
VIRTUAL STUDENTS



**18,153**  
LUNCHES SERVED



**43%**  
PARTICIPATION IN I+  
EXTRA-CURRICULAR  
BY SECONDARY  
STUDENTS



**22%**  
STUDENTS  
TRANSPORTED



**100**  
STUDENT BIRTH  
COUNTRIES

**6,119,000**  
SQUARE FEET MAINTAINED

## OUR MISSION

The Des Moines Public Schools exists so that graduates possess the knowledge, skills, and abilities to be successful at the next stage of their lives.

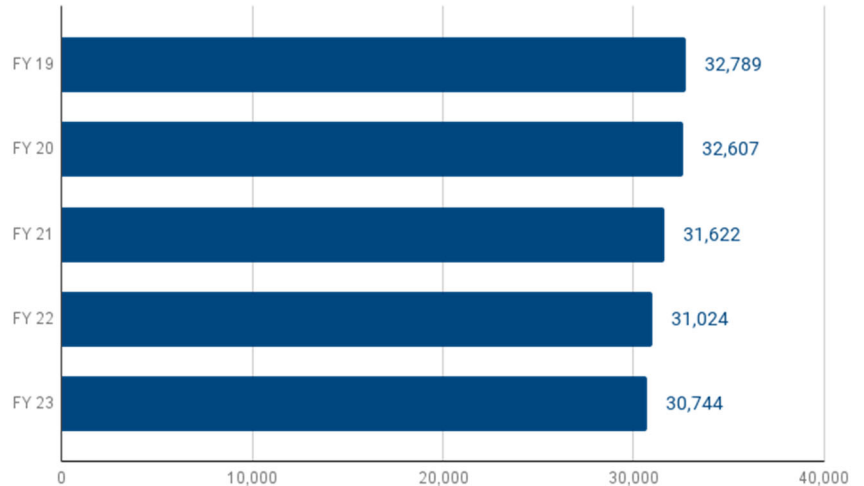
## OUR BELIEFS

1. We believe in every child, and no matter their circumstance, will support them in achieving at their highest level.
2. We believe all students will have the best staff working to provide and support their education.
3. We believe in the full engagement of our parents and community in the support of our students' education.
4. We believe, as a community, in providing the resources necessary to offer PreK-12 education of the highest quality.
5. We believe first-rate facilities are essential to quality education.
6. We believe in a school district that operates with transparency, accountability, and efficiency at every level.

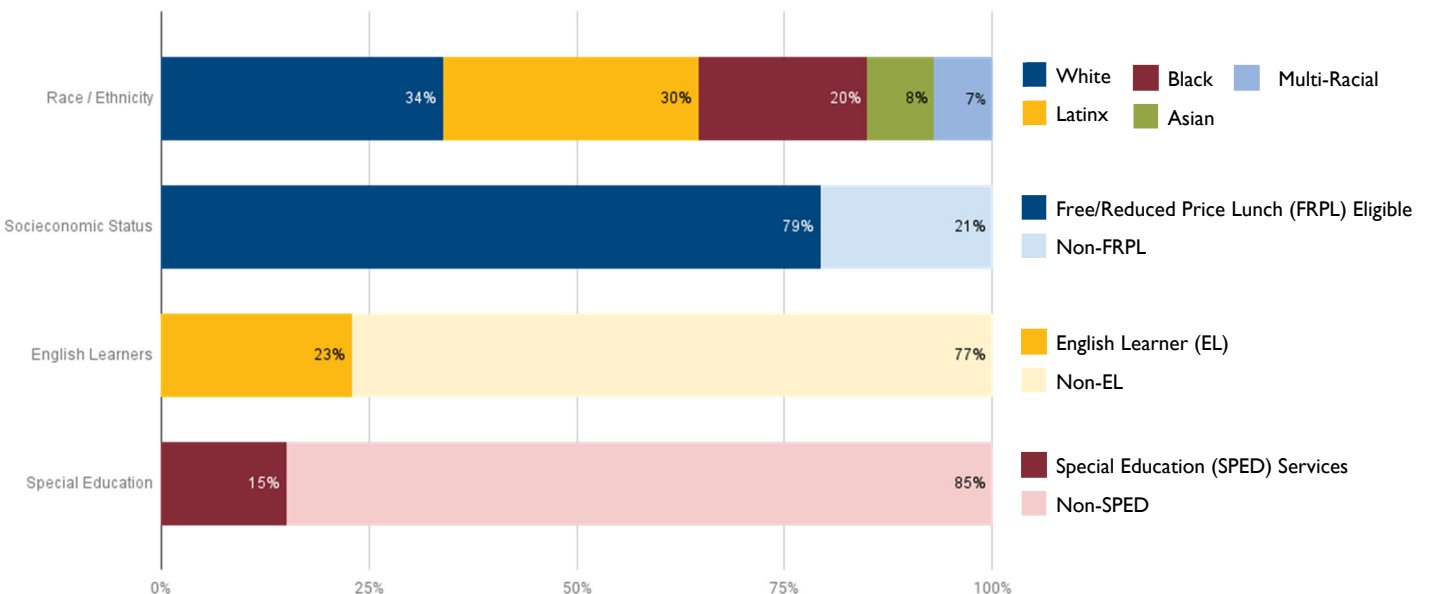
# ENROLLMENT

For more than 100 years, DMPS -- accredited by the North Central Association of Secondary Schools and Colleges and the Iowa Department of Education -- has educated hundreds of thousands of children in the capital city of Iowa. In FY 2022, 31,024 students were educated in Des Moines Public Schools. DMPS is the largest provider of PreK - 12 education in Iowa. Students are served in 38 elementary schools, 10 middle schools, five comprehensive high schools, a secondary career and technical institute, an advanced learning central academy, a virtual school, and other specialty schools and programs. The District also operates preschool programs for more than 1,500 children in four District preschool centers, a half-dozen elementary schools throughout Des Moines, as well as more than a dozen community partners. At DMPS, students and teachers are embraced in an environment where everyone is given the chance to not only thrive but to reach beyond what they thought was possible.

The District continues to experience declining enrollment. After a decade of steadily increasing enrollment, certified enrollment peaked in the 2017-18 school year at 33,057 students. Enrollment began declining in the 2018-19 school year. The District experienced the largest enrollment decline during the COVID-19 pandemic. Since the peak enrollment, certified enrollment has decreased by more than 2,200 students. Enrollment in school year 2022-23 declined from the previous year by 250; enrollment is projected to continue to decrease in future years.



DMPS is an urban school district that is enriched by its diverse student population. From families who have been a part of Des Moines since its founding to first-generation Americans, DMPS is where everyone is welcome. Students in Des Moines come from more than 100 countries, giving the District a global perspective. A cultural richness found nowhere else in Iowa strengthens educational offerings and prepares students for life.



# UNBUNDLING THE TAX RATE

Below are the main components of the District’s total tax rate for fiscal year 2021. The total tax rate is comprised of individual levies that are required to be kept separate by Iowa law.

**GENERAL:** The General Fund Levy is a function of the state-directed school funding formula. Money from all sources is accounted for in the General Fund, except money required by law to be accounted for in another fund. Expenditures include the cost of providing an educational program to school-age children and day-to-day operations.

**MANAGEMENT:** Revenues from the Management Levy are used to pay the costs of unemployment benefits, costs of liability insurance and agreements, costs of judgments, and costs of certain early retirement benefits.

**PHYSICAL PLANT AND EQUIPMENT LEVY (PPEL):** Generally, PPEL revenue is to maintain/improve school buildings, buy equipment/technology, and purchase transportation equipment.

**PUBLIC EDUCATION AND RECREATION LEVY (PERL):** Revenues from PERL may be used to establish and maintain school playgrounds, provide public educational and recreational activities within the district boundaries, and for community education.

**DEBT SERVICE:** Revenues from the Debt Service Levy are used to retire principal and interest on the voter-approved general obligation bonds. NOTE: DMPS does not have any general obligation bonds.

Property taxes levied by the District had remained relatively flat for the previous decade. However, beginning in fiscal year 2022, the District hit the cash reserve limitation clause, resulting in a decrease to the General Fund Levy. Additionally, the electorate voted to increase the voted-PPEL to its max in fiscal year 2022.

Levy	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
General	\$15.90574	\$15.71186	\$14.27664	\$11.89536	\$11.18003
Management	1.60000	1.80000	3.24028	2.35901	2.3594
PPEL	0.96000	0.96000	0.96000	1.67000	1.6700
PERL	0.13500	0.13500	0.13500	0.13500	0.13500
Debt Service	0	0	0	0	0
<b>TOTAL TAX RATE</b>	<b>\$18.60074</b>	<b>\$18.60686</b>	<b>\$18.61192</b>	<b>\$16.05937</b>	<b>\$15.34447</b>



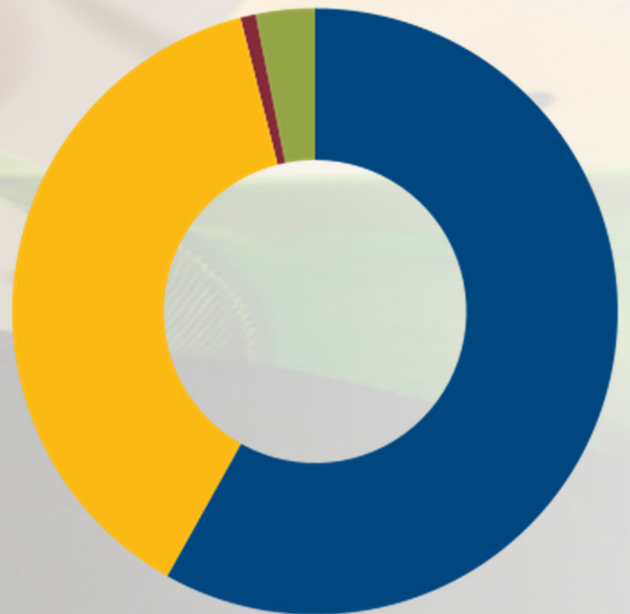
# FY 2023 GENERAL FUND REVENUES



■	State Foundation Aid	43.2%
■	Property Taxes	20.4%
■	Federal Funding	13.8%
■	Other (State & Local Grants)	22.6%

# FY 2023 GENERAL FUND EXPENDITURES

■	Instruction	58.1%
■	Support Services	37.9%
■	Non-Instructional	0.8%
■	AEA Flowthrough	3.2%





# TERMINOLOGY EXPLAINED

## Revenues

**STATE FOUNDATION AID** – The school aid formula provides funding to local school districts and area education agencies (AEAs). Funding is generated for a variety of specific school district and AEA programs through the school aid formula.

**PROPERTY TAXES** – Iowa statutes determine which local authorities have the power to levy tax dollars. These authorities determine their own budgetary needs. The budgets are used to provide the required and desired services received by local taxpayers. Approved budgets are submitted to the county auditor, who then determines levy rates associated to each authority based on the aggregate taxable value for each authority. The sum of the levy rates for each authority is considered the consolidated levy rate for each tax district, which is the unique combination of authorities. The consolidated levy rates are expressed as mills or dollars per thousand.

**FEDERAL FUNDING** – Federal education funding is distributed to states and school districts through a variety of formula and competitive grant programs. Federal funding includes all Title funding and IDEA Special Education funds.

## Expenditures

**INSTRUCTION** – Teaching activities dealing with direct interaction between teachers and students provided for in or outside of the classroom or any other approved medium, such as a computer.

**SUPPORT SERVICES** – Support services covers the following areas:

**STUDENT SERVICES** – Activities designed to assess and improve the well-being of students and to supplement the teaching process.

**INSTRUCTIONAL SUPPORT SERVICES** – Activities associated with assisting instructional staff with the content and process of providing learning experiences for students and staff.

**GENERAL ADMINISTRATION** – Activities concerned with establishing and administering policy for operating the district.

**BUILDING ADMINISTRATION** – Activities concerned with overall administrative responsibility for a school.

**BUSINESS & CENTRAL ADMINISTRATION** – Activities concerned with paying, transporting, exchanging, and maintaining goods and services for the district. Included are fiscal, human resources, and internal services necessary for operating the district. Also included are activities, other than general administration, which support each of the other instructional and supporting services programs. These activities include planning, research, development, evaluation, information, staff, and data processing services.

**PLANT OPERATION & MAINTENANCE** – Activities concerned with keeping the physical plant open, comfortable, and safe for use; keeping the grounds, buildings, and equipment in effective working condition and state of repair; and maintaining safety in buildings, on the grounds, and in the vicinity of schools.

**STUDENT TRANSPORTATION** – Activities concerned with conveying students to and from school, as provided by State and Federal law. This includes trips between home and school and trips to school activities.

**NONINSTRUCTIONAL** – Activities concerned with providing non-instructional services — such as family engagement activities — to students, staff, or the community.

**AEA FLOWTHROUGH** – State funding for the local Area Education Association (AEA) for the instructional support of school districts within its geographical region that passes through the school district's budget.

# SUMMARIZED FINANCIAL REPORTS

Figures in the summarized Statement of Revenues and Expenditures (General Fund) and summarized Balance Sheet (General Fund) are taken from the District's Comprehensive Annual Financial Report but are presented here in a non-GAAP format.

This PAFR focuses on the District's operating fund, the General Fund. The District's Comprehensive Annual Financial Report can be found on the DMPS Web site at:

[www.dmschools.org/departments/business-finance/financial-reports/comprehensive-annual-financial-report/](http://www.dmschools.org/departments/business-finance/financial-reports/comprehensive-annual-financial-report/)

## Revenues over Expenditures

The Statement of Revenues and Expenditures provides a summary of receipts and resources received by the District compared to the disbursements and services provided by the District that are accounted for in the General Fund.

The General Fund is the principal operating fund of the District.

General Fund revenues increased 6.4% (approximately \$29.3 million) in fiscal year 2023 primarily due to an increase in federal funds, state foundation aid, and other local source revenues. Federal funds increased \$10.0 million of which \$6.0 million was from Emergency Connectivity funds. Other local source revenue increased \$19.9 million primarily from an increase in investment earnings of \$15.1 million and capital contributions for various renovation projects. Property tax revenues decreased by \$6.1 million due to a decrease in the property tax rate from 16.06 to 15.34.

General Fund expenditures increased 4.5%. Increases in expenditures are the result of wage increases, tuition out costs, and other operational costs.

The amounts below for the District's General Fund are shown on a modified accrual basis.

Revenues (in thousands)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
State Foundation Aid	\$203,948	\$206,655	\$207,396	\$205,760	\$211,143
Property Taxes	124,085	125,444	125,822	105,721	\$99,669
Federal Sources	35,855	38,615	90,860	57,515	\$67,577
Other (State & Local Grants)	86,559	90,613	84,085	90,377	\$110,304
<b>TOTAL REVENUES</b>	<b>\$450,447</b>	<b>\$461,327</b>	<b>\$508,163</b>	<b>\$459,373</b>	<b>\$488,692</b>

Revenues (in thousands)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Instruction	\$272,973	\$268,288	\$262,364	\$270,827	\$282,759
Support Services	164,493	161,960	\$186,186	\$168,303	184,554
Non-Instructional	1,339	1,247	846	2,955	3,960
AEA Flowthrough	14,915	15,109	15,424	15,406	15,350
Miscellaneous	--	--	--	--	11
Capital Outlay	--	--	--	8,354	--
<b>TOTAL EXPENDITURES</b>	<b>\$440,144</b>	<b>\$432,742</b>	<b>\$450,242</b>	<b>\$465,845</b>	<b>\$486,634</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER</b>	<b>\$10,303</b>	<b>\$28,585</b>	<b>\$57,921</b>	<b>(\$6,472)</b>	<b>\$2,058</b>

## Assets over Liabilities & Deferred Inflows

The summarized General Fund Balance Sheet reports the assets available to provide services along with the liabilities (amounts for which the District is obligated to pay in the future) and deferred inflows (primarily assets that do not finance the current fiscal year). The excess of assets over liabilities and deferred inflows provides the net position, or net worth, of the District's General Fund.

Assets (in thousands)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Cash & Investments	\$110,825	\$152,270	\$158,409	\$192,192	\$196,551
Receivables	162,754	149,495	184,902	152,795	\$156,897
Other Assets	3,968	2,187	1,818	1,947	\$1,731
<b>TOTAL ASSETS</b>	<b>\$277,547</b>	<b>\$303,952</b>	<b>\$345,147</b>	<b>\$346,934</b>	<b>\$196,551</b>

Liabilities & Deferred Inflows (in thousands)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Liabilities	\$57,734	\$56,597	\$54,393	\$58,953	\$66,380
Deferred Inflows	123,028	122,295	106,488	108,135	\$104,473
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS</b>	<b>\$178,253</b>	<b>\$180,762</b>	<b>\$178,892</b>	<b>\$160,881</b>	<b>\$170,853</b>
<b>ASSETS OVER LIABILITIES &amp; DEFERRED INFLOWS</b>	<b>\$84,117</b>	<b>\$96,785</b>	<b>\$125,060</b>	<b>\$184,265</b>	<b>\$184,326</b>

## 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. It is the District's policy that the authority to assign fund balance has been delegated by the Board to the Chief Financial Officer and Controller through the adoption of the budget.

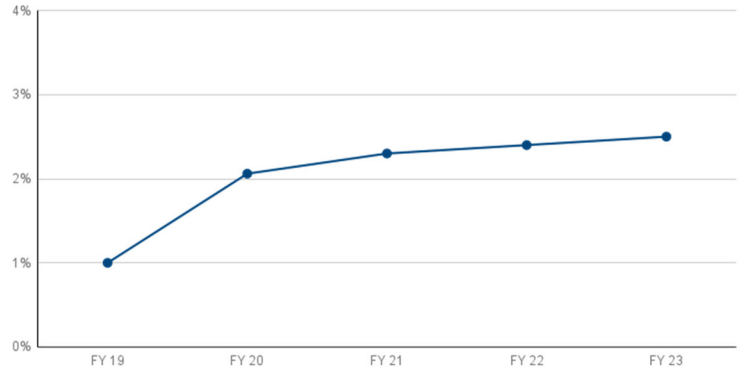
**UNASSIGNED:** All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of the other governmental funds would also be reported as unassigned.

The amounts below are for the District's General Fund.

Fund Balances (in thousands)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Nonspendable	\$3,968	\$2,187	\$1,818	\$1,948	\$1,731
Restricted	15,816	17,589	16,614	9,694	7,806
Committed	11,500	11,500	11,500	11,500	11,500
Assigned	2,887	2,374	2,374	2,331	2,703
Unassigned	62,614	91,410	151,959	154,373	160,587
<b>TOTAL FUND BALANCES</b>	<b>\$84,117</b>	<b>\$96,785</b>	<b>\$125,060</b>	<b>\$184,265</b>	<b>\$184,327</b>

# SUPPLEMENTAL STATE AID

Supplemental State Aid is the annual percent of growth that is calculated into Iowa’s school foundation formula. The foundation formula is a system established in Iowa Code to determine the level of funding school districts receive from state aid and property taxes. Not only does Supplemental State Aid determine the per pupil funding upon which each district’s budget is based, it also drives the funding for Special Education, English Language Learners, Gifted & Talented, and other needed supplemental educational services. Over the past decade, the rate of annual growth to Supplemental State Aid allocated by the state has averaged approximately 2%.



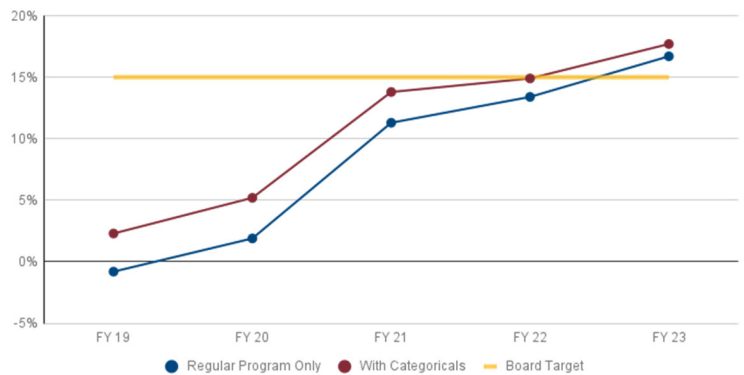
Supplemental State Aid is vital as costs paid for with funding from the General Fund — such as health care, other compensation components, fuel costs, and cost of goods and services — continue to rise. Especially given the high rate of inflation that is expected to continue, insufficient SSA is an increasing concern.

# SPENDING AUTHORITY

The state controls the maximum amount each district can spend annually through the spending authority function. Under spending authority control, it is illegal for a school district to exceed its maximum authorized budget. Note that the limit on spending is the amount of spending authority a district has, not the amount of cash or fund balance a district has. The District’s total spending authority includes the current-year authorized budget plus the unspent authorized budget from the prior year (e.g., the amount of money that a district was authorized to spend in a fiscal year but did not, similar to “savings”). In situations where spending authority is not growing, if no adjustments are made to expenses, the unspent budget is tapped into to cover expenses.

The unspent Spending Authority Ratio is a measure of the district’s authorized spending capacity and is defined as: the District’s unspent spending authority divided by the District’s maximum budget authority. Spending Authority is directly tied to student enrollment and can increase with: (1) increased State Supplemental Aid, (2) increased enrollment, or (3) increased miscellaneous income.

The District’s target for unspent Spending Authority Ratio — as set by the Board of Education (Board) — is 15%.

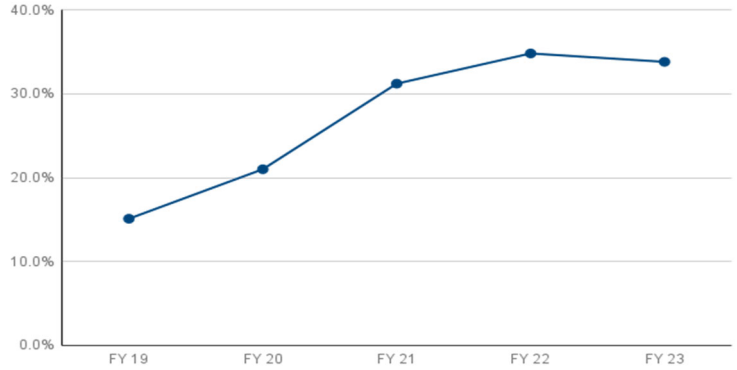


The Regular Program unspent spending authority balance ratio (which includes categoricals) for fiscal year 2023 is estimated to be 17.7%, compared to 14.9% for the prior year. Excluding categoricals, the unspent spending authority balance ratio for fiscal year 2023 is estimated to be 16.7%, compared to 13.4% for the prior year.



# SOLVENCY

The solvency ratio is a measure of the District’s fund equity position and is defined as the unassigned fund balance (commonly referred to as the cash reserves) divided by the District’s total General Fund revenues, less Area Education Agency (AEA) flow-through. The Iowa Association of School Boards (IASB) considers a solvency ratio of zero to five percent to be “adequate” for short-term credit purposes, while a ratio of five to 10 percent is “good” and can handle the unexpected. The Board has set a target of 15% for the District’s solvency ratio, and guidelines state the solvency ratio should not go below three percent without prior knowledge of the Board.



A healthy solvency ratio is beneficial to the District, as it is one of the key financial measures used by rating agencies in determining the District’s bond rating.

The District’s solvency ratio decreased from 34.8% as of June 30, 2022 to 33.8% as of June 30, 2023.

# DEBT

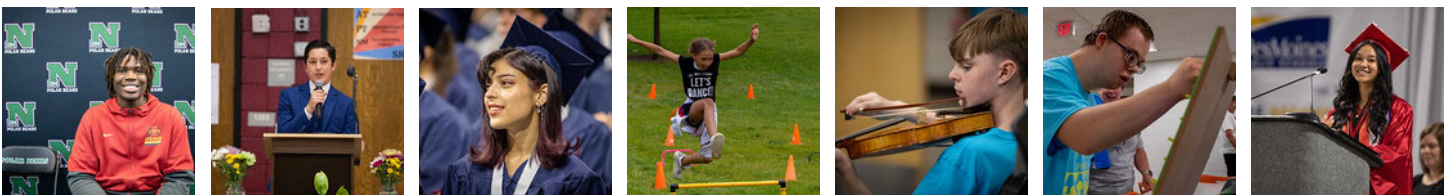
The District's debt liability consists of SAVE (Secure and Advanced Vision for Education) sales tax revenue bonds and lease liabilities.

SAVE sales tax revenues are used for capital improvements to district facilities. The District’s total long-term debt related to bonds decreased by \$16.4 million during the fiscal year due to continued principal payments on existing bonds, along with the corresponding reduction in interest expense. As of June 30, 2023, the District had \$116.2 million in bonds outstanding, of which \$17.3 million is due within one year.

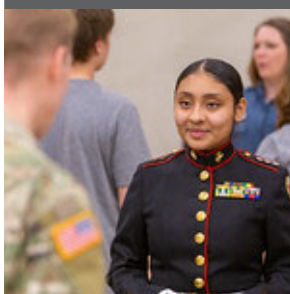
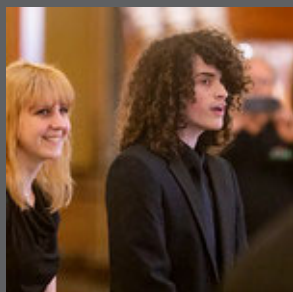
The District implemented GASB Statement No. 87 in FY 2021, capitalizing leases on right-to-use assets. The lease liability as of June 30, 2023 was \$2.4 million, of which \$2.1 million is due within one year.

The District implemented GASB Statement No. 96 in FY 2023, capitalizing subscription based IT arrangements (SBITA), which resulted in an increase in debt of \$0.8 million. After principal and interest payments made during fiscal year 2023, the remaining SBITA lease obligation was approximately \$86,000 at June 30, 2023, all of which is due within one year.

Outstanding Debt (in thousands)	FY 2019	FY 2020	FY 2021 As Re-Stated	FY 2022 As Re-Stated	FY 2023
Sales Tax Revenue Bonds	\$190,685	\$174,670	\$158,015	\$132,600	\$116,155
Lease Liability	--	--	10,508	10,508	2,445
SBITA Liability	--	--	--	86	811
<b>TOTAL DEBT</b>	<b>\$190,685</b>	<b>\$174,670</b>	<b>\$168,523</b>	<b>\$143,195</b>	<b>\$119,411</b>



[www.dmschools.org](http://www.dmschools.org)



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