

Dr. Sebring, President Ward, Members of the Board:

Since 1921, the Polk-Des Moines Taxpayers Association, a non-partisan, non-profit private organization, has been diligently working in the Des Moines metro area in support of good government. Its broad-based membership has encouraged sound fiscal policy by analyzing municipal budgets, following local governmental policies and practices, and performing independent research. The Association holds as its purpose the promotion of effective and efficient government that is conducted in full public view

The Association membership wants to thank Dr. Sebring and CFO Schroeder for taking their valuable time to meet with the group on April 2nd to discuss the proposed budget for FY2008 and other issues that affect the District. Dr. Sebring and CFO Schroeder impress us with their knowledge and grasp of the District's finances.

The Taxpayers Association voted to ACCEPT the proposed budget for FY2007/2008. While the District is currently in good financial shape, with a planned Solvency Ratio of 5.3%, our members do have concerns on the sustainability of the planned changes. Determined leaders can achieve fundamental changes, but real improvement in such things such as graduation rate, or student achievement must be maintained over time and with the total support of the community.

The lowered tax levy, which the members appreciate, is due solely to actions at the State level – something no local school district can control. The additional 43 Full Time Equivalent's, an increase of less than 1%, will add continuing costs to the District. \$11,000,000 is added to salary and benefits as well. With the decrease in the fund balance we can see only a temporary tax cut.

The Taxpayers are pleased to hear positive reports about the implementation of the Enterprise Resource Program. The improved business practices, in addition to improved student tracking in the near future, should help the District improve its efficiency. The fact that this was a collaborative effort with West Des Moines Johnston, and the AEA is a bonus for taxpayers. The Association supports, and continues to urge the District to seek out other areas of cooperation, either with the City, agencies such as DMACC and the AEA, or with neighboring school districts.

Diversity among the students in the Des Moines district continues to be both a blessing and a source of challenges. A struggling student needs to be identified early. As Dr. Sebring reminded us, it's better for the student, and more cost effective for the taxpayer, if positive and effective programs are pursued earlier rather than later. Everyone benefits when resources are allocated based on needs. Not every school or every class is identical in their needs.

The Polk County School Infrastructure Local Option sales tax runs through 2010. The legislature may make the sales tax statewide and long-term, which should allow better long term financing and planning for facilities. This potential expansion of the sales tax should not be used to justify continuing to postpone schools at the end of the schedule in the mid-term plan nor for inserting unplanned projects. The District must continuously re-evaluate the number of facilities operated by the district in the light of a shifting population. There may be a need to close additional buildings as well as add new buildings in expanding areas of the District. We are also concerned about the small enrollment at some schools. To properly staff such schools is costly and there can be no advantage to small size if we can maintain other good schools with 3 times the enrollment.

To improve the efficiency of the District, all options must be on the table for review, including health insurance, transportation, and administrative savings. The District should consider a survey of other schools in the district and provide comparable health insurance. In particular investigate cost of insurance which includes a spouse, and various levels of subsidy if a spouse is covered under a different plan.

We thank you for the opportunity to present our positions. We feel that the Board is open and listens to the citizens who come before it. However, the Board does and must continue to consider all points of view, including the expertise of the professionals who staff the schools, and the wider public. We believe it would be to the benefit of the community if all those who are interested in the schools would take the time to review the way the district money is spent, the needs of every child in the district, and to present their opinions in the light of this knowledge.

**DES MOINES INDEPENDENT COMMUNITY SCHOOL DISTRICT
BUDGET SUMMARY**

	ACTUAL FY03/04	ACTUAL FY04/05	% OF CHANGE	ACTUAL FY05/06	% OF CHANGE	RE-EST FY06/07	% OF CHANGE	PROPOSED FY07/08	AMOUNT CHANGE	% OF CHANGE
LEVY RATE	\$17,36590	\$18,02446	3.8%	\$18,01536	-0.1%	\$18,00529	-0.1%	\$17,90139	(\$0,10390)	-0.6%
REGULAR TAXABLE VALUATION	\$5,032,538,280	\$5,309,814,601	5.5%	\$5,352,207,469	0.8%	\$5,581,303,376	4.3%	\$5,669,375,608	88,072,232	1.6%
TIF VALUATION	\$457,373,540	\$553,671,185	21.1%	\$507,040,165	-8.4%	\$618,279,765	21.9%	\$610,031,440	(8,248,325)	-1.3%
PROPERTY TAX REVENUE:	\$83,576,129	\$91,594,242	9.6%	\$92,657,864	1.2%	\$96,866,511	4.5%	\$98,061,832	1,195,321	1.2%
% OF TOTAL REVENUE	24.8%	26.2%	5.7%	25.3%	-3.6%	24.1%	-4.8%	25.4%	1.36%	5.6%
UTILITY REPLACEMENT EXCISE TAX	4,265,061	5,266,713	23.5%	4,165,798	-20.9%	4,144,343	-0.5%	4,013,509	(130,834)	-3.2%
PROP TAX WITH UTILITY EXCISE TAX	\$87,841,190	\$96,860,955	10.3%	\$96,823,662	0.0%	\$101,010,854	4.3%	\$102,075,341	1,064,487	1.1%
ALL STATE AID:	\$141,993,832	\$146,326,875	3.1%	\$153,739,607	5.1%	\$159,336,605	3.6%	\$166,117,306	\$6,780,701	4.3%
% OF REVENUE	42.1%	41.9%	-0.6%	42.0%	0.2%	39.6%	-5.6%	43.1%	3.5%	8.8%
TOTAL REVENUE	\$337,075,578	\$349,349,266	3.6%	\$366,461,812	4.9%	\$402,287,538	9.8%	\$385,500,483	(\$16,787,055)	-4.2%
TOTAL EXPENDITURE	\$345,466,359	\$319,665,001	-7.5%	\$354,622,444	10.9%	\$408,850,576	15.3%	\$393,914,964	(\$14,935,612)	-3.7%
NET GAIN (LOSS)	(\$8,390,781)	\$29,684,265	-453.8%	\$11,839,368	-60.1%	(\$6,563,038)	-155.4%	(\$8,414,481)	(\$1,851,443)	28.2%
TOTAL ENDING BALANCE	\$17,897,853	\$47,582,118	165.9%	\$59,421,486	24.9%	\$52,858,448	-11.0%	\$44,443,967	(\$8,414,481)	-15.9%
FUND BALANCE	5.2%	14.9%	187.3%	16.8%	12.6%	12.9%	-22.8%	11.3%	-1.6%	-12.7%
GENERAL FUND REVENUE	\$266,772,681	\$276,817,149	3.8%	\$295,274,105	6.7%	\$304,796,408	3.2%	\$311,599,826	\$6,803,418	2.2%
GENERAL FUND EXPENDITURES	\$267,980,815	\$267,743,566	-0.1%	\$288,672,834	7.8%	\$308,264,297	6.8%	\$313,816,059	\$5,551,762	1.8%
NET GAIN (LOSS)	(\$1,208,134)	\$9,073,583	-851.0%	\$6,601,271	-27.2%	(\$3,467,889)	-152.5%	(\$2,216,233)	\$1,251,656	-36.1%
PRIOR YEAR AUDIT ADJUST.		40352								
ENDING GENERAL FUND BALANCE	\$11,456,790	\$20,570,725	79.6%	\$27,171,996	32.1%	\$23,704,107	-12.8%	\$21,487,874	(\$2,216,233)	-9.3%
GENERAL FUND BALANCE	4.3%	7.7%	79.7%	9.4%	22.5%	7.7%	-18.3%	6.8%	-0.8%	-11.0%
SOLVENCY RATIO	3.5%	5.6%	60.0%	5.6%	0.0%	5.7%	1.8%	5.3%	-0.4%	-7.0%
INSTRUCTION COST:	\$184,790,740	\$185,252,752	0.3%	\$199,322,151	7.6%	\$213,661,790	7.2%	\$216,954,825	\$3,293,035	1.5%
% OF TOTAL EXPENDITURES	53.5%	58.0%	8.3%	56.2%	-3.0%	52.3%	-7.0%	55.1%	2.8%	5.4%
% OF GENERAL FUND EXPENDITURES	69.0%	69.2%	0.3%	69.0%	-0.2%	69.3%	0.4%	69.1%	-0.2%	-0.3%
STUDENT (WEIGHTED) ENROLLMENT	40,394	40,477	0.2%	40,580	0.3%	40,274	-0.8%	39,781	(493)	-1.2%
STATE AID: Allowable Growth in Cost Per Student	\$4,716	\$4,809	2.0%	\$4,999	4.0%	\$5,196	3.9%	\$5,401	\$205	3.9%
SALARIES & BENEFITS:	\$234,694,635	\$221,399,521	-5.7%	\$235,806,365	6.5%	\$251,235,000	6.5%	\$262,541,000	\$11,306,000	4.5%
% OF EXPENDITURE	87.6%	82.7%	-5.6%	81.7%	-1.2%	81.5%	-0.2%	83.7%	2.2%	2.7%
EMPLOYEES (FTE):										
ADMINISTRATION	121.5	120.0	-1.2%	121.0	0.8%	122.0	0.8%	122.0	-	0.0%
INSTRUCTORS	2,730.9	2,634.0	-3.5%	2,772.0	5.2%	2,804.0	1.2%	2,831.0	27.0	1.0%
SUPPORT	1,817.6	1,862.0	2.4%	1,931.0	3.7%	1,939.0	0.4%	1,955.0	16.0	0.8%
TOTAL STAFF	4,670.0	4,616.0	-1.2%	4,824.0	4.5%	4,865.0	0.8%	4,908.0	43.0	0.9%
LEGAL BONDED DEBT LIMIT	\$251,626,914	\$265,490,730	5.5%	\$267,610,373	0.8%	\$279,065,169	4.3%	\$283,468,780	\$4,403,612	1.6%
LONG-TERM BONDED DEBT:	\$5,460,000	\$4,015,000	-26.5%	\$4,545,000	13.2%	\$24,760,000	444.8%	\$24,270,000	(\$490,000)	-2.0%
% OF ASSESSED VALUE	0.1%	0.1%	-31.2%	0.1%	13.3%	0.4%	414.9%	0.4%	0.0%	-3.2%