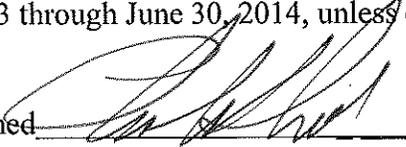


To: Des Moines Public School District Board  
FR: Thomas Ahart, Superintendent of School

**RE: ASSET PROTECTION**

**ASSET PROTECTION:** I hereby present my monitoring report on the board's Asset Protection policy 2.4, in accordance with the monitoring schedule set forth in Board policy. I certify that the information contained in this report is true for the period July 1, 2013 through June 30, 2014, unless otherwise stated.

Signed  Superintendent Date 03 July 2014

**BROADEST POLICY INTERPRETATION:**

**With respect to protection of the District assets, the Superintendent shall not allow District assets to be unprotected, inadequately maintained, inadequately or inappropriately used, or unnecessarily risked.**

**SUPERINTENDENT'S INTERPRETATION:**

I interpret "*District assets*" to include the physical real property of the District with a value of \$2,500 or more; intellectual property as further defined in point 6 of this document; and the District's ability to accomplish its Ends.

I interpret "*unprotected, inadequately maintained, inadequately or inappropriately used, or unnecessarily risked*" as being without insurance; without preventative maintenance, repair, renovation, or replacement; utilization of assets outside their prescribed purposes; and the exposure of assets to the possibility of loss, all beyond reasonable expectation.

"*Reasonable expectation*" means protection where the benefits do not outweigh the costs and given available resources.

**REPORT:**

Based on the information given in Policies 2.4.1 - 2.4.8 below, all District assets were protected, adequately maintained, adequately and appropriately used, and not unnecessarily risked within reasonable expectations. In addition, the District's ability to accomplish its Ends was not compromised due to the improper protection of District assets.

**Accordingly, the Superintendent shall not:**

- 1. Allow there to be inadequate insurance to protect the District's assets, including but not limited to coverage for theft, casualty, institutional liability, board and officer liability, and employee theft and dishonesty.**

**SUPERINTENDENT’S INTERPRETATION:**

I interpret “*inadequate insurance*” to mean failure to maintain insurance policy amounts sufficient to restore District assets to an equal or similar position prior to the loss or damage to the assets, less deductibles.

I interpret “*theft and casualty*” to mean risk to District property and vehicles protected by property, auto liability, terrorism, and selective flood insurance.

I interpret “*institutional liability*” to mean tort liability resulting from bodily injury or property damage because of District owned property or operations protected by general liability, auto liability, worker’s compensation, and umbrella liability insurance.

I interpret “*board and officer liability*” to mean the risk of monetary liability arising from the action(s) or inactions of board members or staff, protection for which may be afforded by public officials liability and umbrella liability insurance.

I interpret “*employee theft and dishonesty*” to mean reportable criminal theft against the District from inappropriate use of District assets by employees or District sanctioned volunteers protected by crime insurance.

**REPORT:**

The District has in place adequate property, auto liability, terrorism, flood, general liability, worker’s compensation, public officials’ liability, umbrella liability, and crime insurance policies. The adequacy of the property coverage has been determined by external property valuations and internal valuations of building contents. Liability coverage has been compared with other school and governmental entities in terms of coverage limits, premiums and claims history. Continual efforts are made to address areas of weakness as well as new coverage offered. When comparing the comprehensive nature of coverage, Des Moines Public Schools compares favorably to other school districts and governmental entities.

The District spent \$1,500,515 to provide this coverage for FY 2014, which is comparable to the cost incurred in FY 2013.

Fiscal Year	Premium	Increase (Decrease) Over Prior Year
FY 2010	\$1,303,681	-15%
FY 2011	\$1,367,203	5%
FY 2012	\$1,449,991	5%
FY 2013	\$1,526,195	6%
FY 2014	\$1,500,515	0%

Cost comparisons are completed on an annual basis comparing premiums for the District to all other schools districts in Iowa as well as other large Iowa governmental entities. Currently, the District’s rate on property insurance per \$100 of insured value

is less than all other school districts in Iowa. Risk retention is also reviewed regularly. Cost benefits analysis address if it is prudent for the District to shift risk by increasing deductibles.

In FY 2013 the district completed a RFP regarding property and casualty services. The purpose of the RFP was to evaluate services in the market. Upon completion and review, the district chose to maintain Jester Insurance Services as the broker. We will be starting year two of the four year contract 7/1/2014.

As allowed by law, these costs are paid from the District's Management Fund and not the District's General Fund. See Appendix A for further details on insurance coverage by area of coverage.

### **I REPORT COMPLIANCE.**

#### **2. Fail to employ risk management practices to minimize exposure of the District, its board, or staff to claims of liability.**

##### **SUPERINTENDENT'S INTERPRETATION:**

I interpret "*risk management practices*" to mean risk avoidance, risk transfer, risk prevention, and risk retention measures.

I interpret "*exposure*" to mean the District's potential vulnerability to legal claims.

I interpret "*liability*" to mean legal judgments and costs.

##### **REPORT:**

The District employs many practices to prevent exposure to claims of liability. These practices include:

- Quarterly reviews of insurance issues with the District's insurance agent.
- Periodic comparisons of District insurance practices and coverage with other large districts in the Midwest.
- Periodic reviews of property and associated issues by the property insurance carrier.
- External Auditor review of internal control.
- Adherence to preventative maintenance schedules.
- Periodic inspection of facilities by district insurance agent and/or insurance carriers.
- Expanded fire and theft systems, as well as centralized 24X7 monitoring.
- Pre-employment physicals, background checks (including fingerprinting), and new employee orientations.
- Functional screening of job applicants.
- Ergonomic reviews, as requested.
- Bus inspections and bus driver training.

- Harassment and discrimination training.
- OSHA training.
- Random substance abuse testing.
- Air quality monitoring.
- Playground equipment inspections.
- Procurement card payments
- On-line credit card payments

The implementation of these practices has aided in keeping the District’s liability claims in line with other urban districts in Iowa. A study was conducted and confirmed that in the areas of general liability claims and auto liability claims the District is similar and when taking into account the enrollment and the number of vehicles in circulation the District’s claim history compares even more favorably.

Workers compensation (WC) claims can vary significantly from year to year, based on settlements attained. Industry standards suggest that the ratio of worker’s compensation claims to total payroll should average 1%-1.57% of total payroll. Over the previous three years the District has focused on reducing the number of long term claims and settlements’ thus impacting the percentage of WC claims to total payroll. The district average of WC claims to total payroll for FY 2014 is 1.10% (*preliminary*).

FY 2010	0.93%
FY 2011	1.21%
FY 2012	1.42%
FY 2013	1.06%
FY 2014	1.10% Preliminary

**I REPORT COMPLIANCE.**

**3. Incur indebtedness: (i.e. anticipatory warrants, general obligations or revenue bonds, and capital loan notes).**

**SUPERINTENDENT’S INTERPRETATION:**

I interpret “*indebtedness*” as obligating the District, as the result of borrowing money from any third party, to repay the amount borrowed over a period of time.

**REPORT:**

A listing of all outstanding district debts is contained in Appendix B. The Board approved all listed debts before they were incurred. The district has not incurred any other debts, other than those listed, for this reporting period.

**I REPORT COMPLIANCE.**

**4. Subject facilities and equipment to improper wear and tear or insufficient maintenance.**

**SUPERINTENDENT'S INTERPRETATION:**

I interpret "*Facilities and equipment*" to include all district buildings and structures, their associated grounds and equipment, from playground equipment to boilers, and HVAC units, all district vehicles, 'soft' assets such as library books, technology assets such as computers, iPads, and audio/visual equipment. This definition does not include intellectual property assets or district materials such as files.

I interpret "*Subject facilities and equipment to improper wear and tear or insufficient maintenance*" as the lack of maintaining District facilities in a manner to provide reliable service to students, staff, and community; equipment that is not maintained per manufacturer recommendations to optimize useful life; and buildings and equipment that are not properly maintained to provide a healthy and safe environment.

**REPORT:**

The District has 69 buildings, approximately 6,000,000 square feet of maintainable building space. Buildings exceed an average of 60 years of age. Maintenance needs are greater than many other school districts, because as buildings age, they correspondingly require more attention. With a total of 2.8 million square feet of roofing and approximately 46 acres of parking lots in DMPS, needs are significant. The District also has nearly 25,000 computers.

While the District's Physical Plant and Equipment Levy (PEEL) is far below many districts (ranked 4<sup>th</sup> out of the 11 UEN Districts) these important funds are obligated to provide basic maintenance improvements. Examples of expenditures include technology such as computer replacements, musical instruments, roofing replacement and repair, masonry repairs, energy conservation improvements, concrete and asphalt repairs, asbestos and other environmental issues, and school buses. A contingency is maintained for emergency repairs or unknown needs. A five year plan exists for these types of maintenance repairs and replacements.

The District has a preventive maintenance team that continually provides maintenance of key equipment throughout the District - barcoding, cleaning, replacing elevated filters and maintaining heating and ventilating and air conditioning equipment. On a scheduled basis, custodial staff replaces all filters found in typical classroom heating and ventilating equipment.

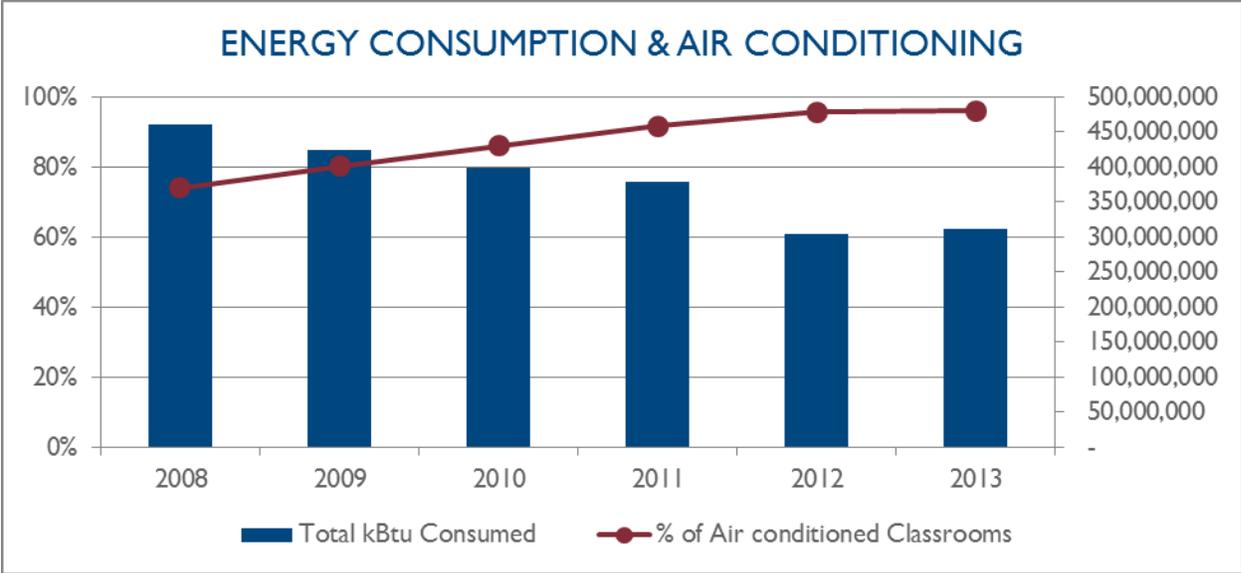
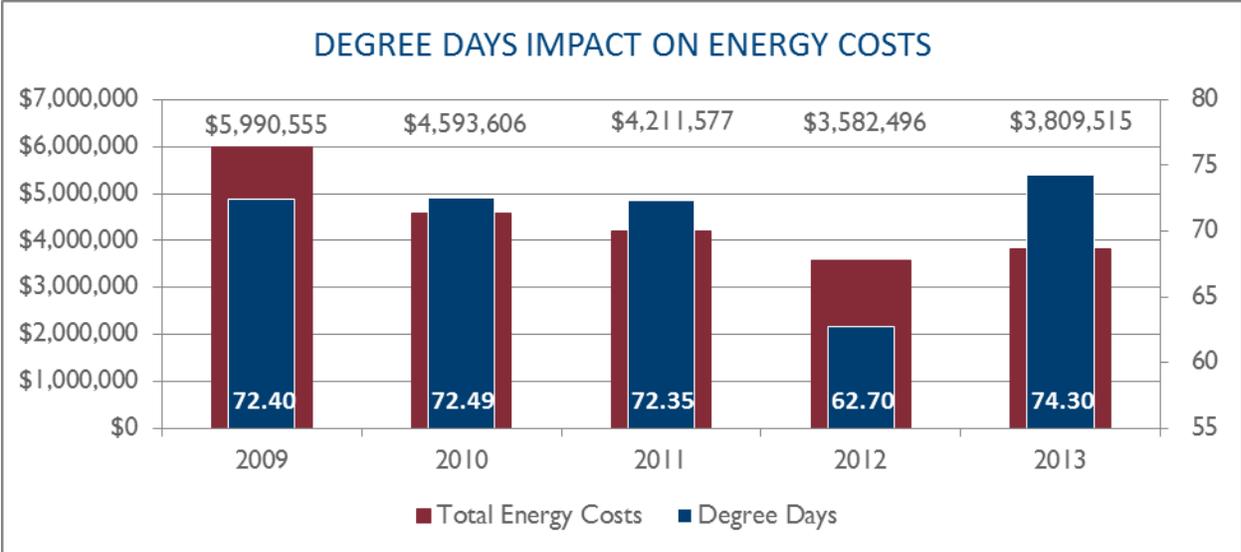
The District uses a program called SchoolDude which is a leading software program nationally, designed for schools and provides work order tracking and management, inventory management, and preventative maintenance tracking for the Facilities and Technology Departments.

Indoor air quality (IAQ) and energy conservation can also impact building maintenance. IAQ is a priority within the District. Any issue which may impact IAQ is treated as an emergency request and is immediately addressed. The *Greening*

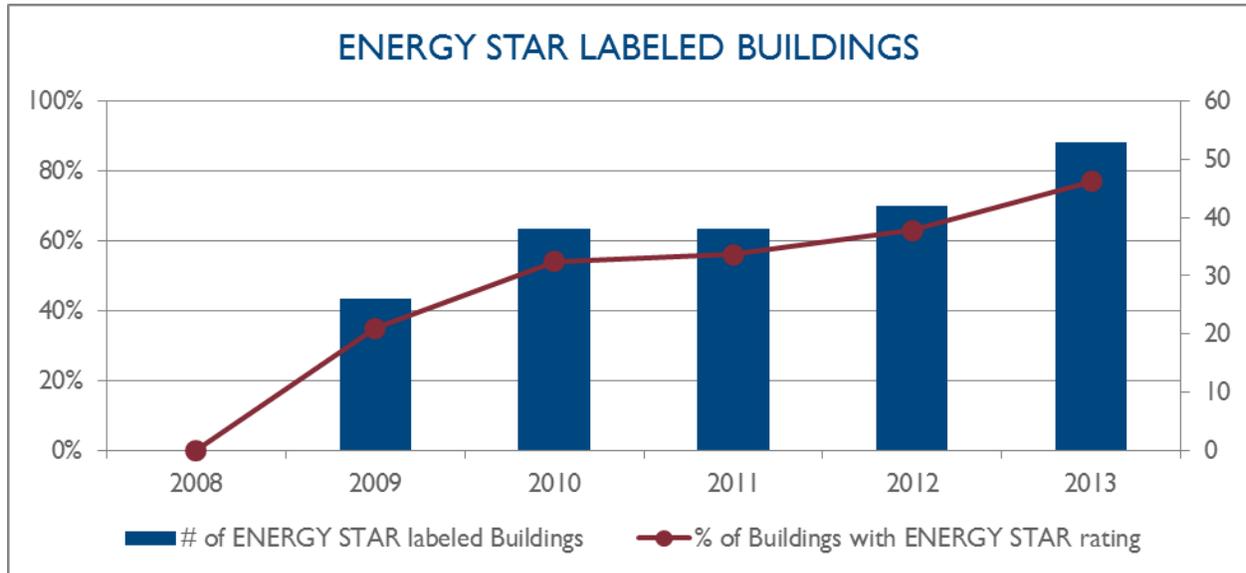
*America's Schools: Costs and Benefits* report states that productivity increases 2% – 25% from improved IAQ among other variables.

The District is very fortunate to have the statewide penny available to us for building improvements. In the District, there is a concentrated effort to improve and replace existing building equipment, improve energy efficiency, and most importantly provide a comfortable climate for our students. Priorities for SWP:

- 1 – Safety and security
- 2 – Replacement of obsolete, inefficient, or worn-out equipment or systems
- 3 – Money saving strategies
- 4 – Improvements to buildings which have not received major improvements
- 5 – Technology infrastructure upgrades
- 6 – Improvements to enhance research-based student achievement
- 7 – Ability to adjust to educational program changes



Des Moines Public Schools is committed to being an environmental leader; efforts span multiple areas including reducing environmental impact and costs, improving student and staff health and providing effective environmental and sustainability education. All renovations to school buildings are carefully planned and include sustainability projects that maximize the return on investment.



In 2013, DMPS had 53 Energy Star labeled schools, ranking us # 11 (tie) for the most K-12 labeled schools in the nation. Water retention is addressed in every renovation plan, and rain gardens have been installed at several schools. Landfill waste has been reduced and recycling efforts have increased district-wide. DMPS has begun testing for lead, a plan is in place for asbestos management and the district conducts radon tests in all buildings, though only required to do so in preschool classrooms.

DMPS continues implementing ground-breaking initiatives in environmental and sustainability education, incorporating these concepts into all grade levels. DMPS teachers partner with bio-renewable scientists at Iowa State University to stay informed on the latest STEM-industry developments. The district also educates and inspires students about renewable energy, sustainable technology and green products. DMPS has introduced AP Environmental Science at five high schools, and the cutting-edge Iowa Energy and Sustainability Academy operates out of Central Campus.

Des Moines Public Schools environmental awards:

- Governor's Iowa Environmental Excellence Award. - FY 2012 and 2013
- Energy Star Partner of the Year by the EPA - FY 2014 for the third year in a row.
- Green Ribbons School award from the U.S. Department of Education.- FY 2012
- District-wide recognition from the Green Ribbon School Program – FY 2013

## **I REPORT COMPLIANCE.**

**5. Allow any purchase where there exists a real conflict of interest or the appearance of a conflict of interest.**

**SUPERINTENDENT’S INTERPRETATION:**

I interpret “*conflict of interest*” in accordance with the definition set forth in the board’s governance policy 1.5.2. This is also derived, in part, from Iowa Code Section 297.7A as follows:

1. Board members must avoid conflict of interest with respect to their fiduciary responsibility.
  - A. There must be no self-dealing or any conduct of private business or personal services between any Board member and the organization except as procedurally controlled to assure openness, competitive opportunity, and equal access to inside information. A member of the board of directors of a school corporation shall not have an interest, direct or indirect, in a contract for the purchase of goods, including materials and profits, and the performance of services for the director's school corporation. A contract entered into in violation of this section is void. This section does not apply to contracts for the purchase of goods or services which benefit a director, or to compensation for part-time or temporary employment which benefits a director, if the benefit to the director does not exceed two thousand five hundred dollars in a fiscal year, and contracts made by a school board, upon competitive bid in writing, publicly invited and opened.
  - B. When the Board is to decide upon an issue about which a member has a conflict of interest, that member shall disclose the conflict to the Board and absent herself or himself without comment from not only the vote but also from the deliberation. This conflict of interest shall be noted in the minutes.
  - C. Board members must not engage in any outside employment or activity which is in conflict with the Board member’s official duties and responsibilities. Board members must not use their Board positions to obtain staff employment for themselves, family members or close associates. Should a Board member apply for staff employment, he or she must first resign from the Board. Board members must not attempt to exercise individual authority over the organization.

**REPORT:**

1. No payments in excess of \$2,500 were made to one vendor to which a board member has an interest. Legal counsel annually provides the Purchasing Department with a list of vendors in which a board member has an interest. The Purchasing Department monitors the amount of purchases made from these vendors to ensure that no vendor’s total exceeds the stated limit of \$2,500.

**I REPORT COMPLIANCE**

**6. Fail to protect District owned intellectual property, information, and files from loss or significant damage or theft.**

**SUPERINTENDENT'S INTERPRETATION:**

I interpret "*intellectual property*" to mean the full collection of the District's original creative work.

I interpret "*information and files*" to mean the electronic and hardcopy records retained by the District.

I interpret "*loss or significant damage*" to mean occurrences that constitute the inability to utilize the resources as intended.

**REPORT:**

In relation to digital information and files, all lines of business information on District electronic systems are backed up nightly. Network-related storage is backed up nightly. A copy of all critical system backups (i.e. IFAS, Infinite Campus, Exchange, and SharePoint) are stored off-site from the District data center that houses the systems used. Network firewalls are in place to guard against intrusion from outside the District network. Virus protection software is used to guard against malicious data intrusion.

In relation to hardcopy information and files, where hardcopy file records are required in lieu of or in addition to digital copies, hardcopy files are stored in secured vaults for the time periods required by law.

No changes were made in electronic or hardcopy backup practices during fiscal year FY 2014. A complete review of Privacy and Record Retention practices and mandates is currently underway with an expected completion in FY 2015 thus, improving privacy issues and efficiency in record retention.

**I REPORT COMPLIANCE.**

**7. Receive, process, or disburse funds under controls insufficient to meet the board-appointed auditor's standards (as set forth in Management Letter and/or other correspondence) or compromise the independence of the board's audit.**

**SUPERINTENDENT'S INTERPRETATION:**

I interpret this limitation to mean that the District cannot manage its funds or related transactions in a manner that does not incorporate a system of internal controls - controls that provide for separation of duties, fraud protection, and an authorization process that affords reasonable assurance that appropriate controls exist and are being followed.

**REPORT:**

Funds have been managed in accordance with professionally appropriate standards, as demonstrated by the most recent independent audit for the period ending June 30, 2013, performed by McGladrey LLP, reporting that the District had no material internal control weaknesses and that the financial statements were presented fairly, in all material aspects. This report is also known as an unqualified auditor's opinion or a clean audit.

The District has again, for the seventh year in a row, been awarded the Certificate of Excellence in Financial Reporting by the Association of School Business Officials International and we expect confirmation in July that we will receive the Government Finance Officers Association award for the seventh year running. These awards were in recognition of excellence in reporting for the Comprehensive Annual Financial Report prepared by Des Moines Public Schools for the 2013 fiscal year. According to GFOA, this "is the highest form of recognition in the area of governmental accounting and financial reporting and its attainment represents a significant accomplishment by a government entity and its management." GFOA further states "the [DMPS] CAFR has been judged by an impartial panel to meet the high standards of the program including demonstrating a constructive 'spirit of full disclosure' to clearly communicate its financial story."

**I REPORT COMPLIANCE.**

**8 Endanger the District's public image, its credibility, or its ability to accomplish Ends.**

**SUPERINTENDENT'S INTERPRETATION:**

I interpret this provision as protecting the District's reputation as one of its most vital assets. Employees of the organization shall consistently adhere to professional standards and ethical business practices in carrying out their job responsibilities.

I interpret the "*ability to accomplish Ends*" as meaning the District's management of its assets will not detract from the desired outcomes as established by the Board in its Ends policies.

**REPORT:**

The District maintains and enforces its policies regarding appropriate work place conduct such as anti-discrimination, harassment, bullying, and retaliation policies. These policies are found in the District's employee handbook and on the website. In addition, on a periodic basis, the District conducts mandatory training sessions on these topics.

**I REPORT COMPLIANCE.**

## PROPERTY COVERAGES

Damage to buildings and contents owned by the district is potentially the largest single risk of loss that the district could face. These losses can vary widely as to cause and type, and the Property Insurance in place provides a broad base of insurance protection.

**Building and Contents** - The district policy covers the cost to rebuild, repair, or replace damaged property with property of like kind and quality. Every year the district provides a list of all properties owned by the district. There is a blanket loss limit for any one occurrence of \$250,000,000, which is set high enough to cover total destruction of the district's largest buildings all at the same time.

**Deductible** - The policy contains a deductible of \$100,000 for any one loss, which is appropriate for an operation the size of the Des Moines school district. There are different deductibles for flood losses and damage to vehicles.

**Perils** - The policy covers damage to district property from a wide variety of causes, which include such things as fire, lightning, wind storm, hail, explosion, vandalism, and theft. In addition there is coverage for water damages including flood, with a limit of \$10,000,000, except for the 100 year flood plains where the limit is \$2,500,000. The flood deductible for properties in the flood plain is \$250,000. (Please see **Flood** below.)

**Extra Expense** - Following a large event that damages property the district would have to maintain operations, including classes at alternative locations. This may involve the rental of temporary facilities including transportation costs. The Property Insurance Policy includes coverage for these expenses with a limit of \$50,000,000 in any one event.

**Buses** - Since the bus fleet is parked at one location when not in use, there is the potential for a large loss. The Property Insurance covers all district vehicles, including busses while parked and in motion with a \$25,000 deductible.

**Schools Under Renovation or Repair** - Schools which are experiencing major renovations and repairs are also covered under the Property Insurance Policy with a special limit of \$25,000,000 that applies to each school for the amount of renovations.

**Flood** - As a result of the 1993 and 2008 floods, the district is required by FEMA to obtain and maintain federal flood insurance on six properties. These properties include; North High School, North High Athletic Complex, Central Nutrition Center, Bus Garage, Central Campus and McKinley Elementary. Under the federal flood program coverage amounts are dictated by the amount collected under previous FEMA claims.

## GENERAL LIABILITY COVERAGE

The district is exposed to claims for tort liability that result from bodily injury or property damage occurring because of district owned property or operations. These types of claims are covered under what is known as a General Liability Policy.

***Bodily Injury and Property Damage*** - This coverage with a limit of \$1,000,000 for any one occurrence covers amounts that the district becomes obligated to pay as damages due to bodily injury or property damage. A separate policy is provided that applies to automobile accidents.

***Example of Bodily Injury*** - A child playing on a district owned playground accidentally falls and is injured due to some defect in the playground equipment. The General Liability Policy would cover things like medical expenses as well as pain and suffering. The most the policy would pay is \$1,000,000 per incident regardless of the number of people injured.

***Example of Property Damage*** - A district owned lawn mower being operated by a district employee accidentally runs into and damages a parked car. The General Liability Policy would cover the cost to repair the car up to its actual cash value.

***Medical Payments*** - The policy will pay up to \$5,000 for medical expenses resulting from an accident on district property. These are "good will" payments and are available regardless of fault. Example: A visitor slips and falls for no apparent reason on a district parking lot. Even though it doesn't appear that there would be fault on the part of the district, payments could be made to cover small medical bills up to a maximum up to \$5,000.

***Persona/Injury*** - A less common type of General Liability claim is also covered, involving an allegation of things like slander, libel, false imprisonment, wrongful eviction, and other similar items.

***Products Liability*** - If the district makes a product that causes injury to a person, a claim for products liability may be made against the district. An example of this would come from the district's sizable food operations where the district feeds thousands of people daily. A student who claims they became ill because of something in the food might bring a claim against the district for products liability that would be covered by the General Liability Policy.

## AUTOMOBILE LIABILITY

The district owns a sizeable fleet of vehicles primarily school buses that could be involved in an accident causing bodily injury or property damage either to students or members of the public.

***Bodily Injury and Property Damage*** - The Automobile Liability insurance provides the same kind of coverage as in the General Liability Policy, but this policy is restricted to claims arising from operation or ownership of automobiles, buses, or trucks licensed for road use. There is a limit of \$1,000,000 for any one accident.

***Non-Owned Auto Liability*** - If employees or district sanctioned volunteers use their personal vehicles on behalf of the district, an accident could occur which was their fault, resulting in a claim made against the district for bodily injury or property damage.

***Employees Using Personal Autos*** - Any employee or district sanctioned volunteer using their personal auto may also be sued personally even when they are on business of the Des Moines school district. Iowa law requires that the district protect such employees and volunteers in that event, and the automobile insurance policy covers that exposure.

***Damage to Vehicles of Others*** - In various auto shops students learn by working on vehicles owned by other students, parents, or members of the public. If damage occurs while those vehicles are in the district's possession the owner would probably bring a claim for repair of that damage. This type of claim is covered under a special provision of the automobile policy with a limit of \$500,000 while the vehicles are parked on district property.

## CRIME

The district is exposed to various types of loss that result from dishonesty of employees or district sanctioned volunteers handling money. This type of loss is covered under a public employee dishonesty type of insurance.

***Employee Dishonesty*** - The main exposure is loss to the district from various forms of embezzlement by employees that can include confiscation of cash or other district property including tools, food, supplies, and equipment. This type of loss is covered under a public employee dishonesty bond, which currently has a limit of \$3,000,000 for any one loss. There is a \$50,000 deductible per loss.

***Forgery and Alterations*** - An outgoing check of the district can be forged or altered by a member of the public, and if cashed could result in a loss to the district. This is also covered under the Crime Insurance Policy with a limit of \$3,000,000 per claim.

***Computer Fraud*** - In the days of electronic banking and the movement of funds electronically between accounts, it is entirely possible that an outside person could hack into the district's accounts and fraudulently move money, causing the district a sizable loss. This is covered under part of the Crime Policy called Computer Fraud and has the same limit as the other coverage sections.

## UMBRELLA LIABILITY

To protect against large liability claims that might exceed the primary limits, additional liability coverages are written in what is called an Umbrella Policy.

***Bodily Injury and Property Damage*** – The Umbrella provides additional liability protection over the General Liability and Auto Liability coverages that have been discussed earlier. The policy does not provide any new coverage, but merely provides additional limits of protection.

***Public Officials Liability-in*** addition to providing extra coverage in the event of bodily injury or property damage the Umbrella provides additional limits of protection for the Public Officials Liability area.

**Umbrella Liability** - Limit for any one occurrence or in the aggregate is \$10,000,000, above that, the district participates in a group excess liability pool of \$15,000,000 per occurrence.

## PUBLIC OFFICIALS LIABILITY

The district is exposed to types of liability claims in which no outside person has been physically injured, but rather has claimed for damages due to the action of board members or staff.

**Public Officials Exposures-** The board and employees of the district as well as district sanctioned volunteers are exposed to types of liability claims where no physical injury has occurred, but damages none the less are suffered by a third party. Special liability coverage is in place to cover this type of claim with a limit of \$1,000,000 per claim.

**Example of Public Officials** – An employee of the district is terminated. She feels she was a victim of discrimination and files suit against individual staff members and the board for improper termination and discrimination. This kind of liability claim is covered by Public Officials Liability, both for the cost of defense in protecting the district and employees, as well as any amounts awarded by the court subject to the deductible.

**Example** – Another type of possible liability claim covered under this policy would be a claim brought against the district by the parent of a child in a special education program. The parent may allege an inappropriate Individual Education Plan for their child, thus they may file claim either to mandate change in the plan or for damages if they think the child has been somehow harmed by the IEP.

**Defense Costs** – In addition to the amounts awarded by the courts, the cost of defense can be a major part of any Public Officials Liability action. The insurance policy pays for these defense costs in addition to the policy limits.

**Pay on Behalf** – The policy requires the insurance company to undertake the defense of a claim and to engage attorneys, as well as to pay on behalf of the insured any damages ordered by the court. Under this type of policy, the district does not first have to spend district funds and then seek reimbursement.

## WORKERS' COMPENSATION

Iowa workers' compensation law calls for payment of certain benefits to employees injured on the job or those sustaining work related injury. The district is self-insured for this exposure, but carries catastrophic excess insurance.

**Workers' Compensation Benefits** – Benefits payable to injured employees are outlined in Chapter 85 of the Iowa Code, and basically fall into two sections. One is for the payment of all medical bills without limit, and the other is to pay for loss of wages if the employee is off work and disabled.

**Death Benefits** – In the event an employee is killed on the job, benefits are payable to the surviving spouse or family members based on a schedule outlined in the Code.

**Disability** – If an employee has been permanently disabled because of a work related injury, the law mandates that benefits be paid to that employee for life or as long as the disability remains.

**Liability Limits** – Iowa Law does not contain any statutory limits on these benefits, which can be substantial particularly in the event of multiple injuries to multiple employees in a single event.

**Excess Coverage** – The district, because of its size, is self-insured up to the first \$500,000 of loss in any one occurrence. Excess protection provides coverage for statutory benefits above the retained amount. This method of self-insurance is very cost effective for districts the size of Des Moines, and over the years has proven to be a fiscally sound method of providing for these benefits.

## **TERRORISM INSURANCE**

Since September 11, 2001, all insurance policies in the United States have contained endorsements regarding the potential of terrorism and its impact on the insurance policy.

Congress passed a law in 2001 entitled TRIA which stood for Terrorism Risk Insurance Act. The original Act had a sunset provision in December of 2007, but has now been extended by act of Congress through December 31, 2014. The new Act relates to exclusion of losses caused by either international terrorism or domestic terrorism such as what was seen in Oklahoma City.

The insured has the opportunity to buy back this terrorism exclusion on each of the major lines of coverage. Future claims that involve terrorism will be reinsured by the United States government subject to an overall cap of \$100,000,000,000 for any one event.

The district has purchased the buy-back which originally eliminated the terrorism exclusion for its coverage included in its Property, General Liability, Auto, Public Officials Liability, and the Umbrella Liability policies.

# Appendix B

## DES MOINES PUBLIC SCHOOLS 2014 - 2015 BUDGET DEBT SERVICE FUND SUMMARY

	2010 SWP Revenue Bonds			2012 SWP Revenue Bonds			2013 SWP Revenue Bonds			Proposed 2014 SWP Revenue Bonds			DEBT SERVICE RECAP		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2011	1,640,000	4,313,500	5,953,500										2,180,000	4,334,020	6,514,020
2012	2,590,000	3,418,000	6,008,000										2,590,000	3,418,000	6,008,000
2013	2,685,000	3,288,500	5,973,500										5,810,000	6,348,244	12,158,244
2014	2,780,000	3,154,250	5,934,250	3,330,000	2,751,000	6,081,000	485,000	131,116	616,116	3,105,000	2,286,524	5,391,524	6,595,000	6,036,366	12,631,366
2015	2,885,000	3,015,250	5,900,250	3,430,000	2,617,800	6,047,800	425,000	298,045	723,045	3,400,000	2,075,862	5,475,862	9,845,000	8,217,619	18,062,619
2016	2,985,000	2,871,000	5,856,000	3,530,000	2,480,600	6,010,600	440,000	285,295	725,295	3,490,000	2,032,002	5,522,002	10,355,000	7,712,757	18,067,757
2017	3,110,000	2,721,750	5,831,750	3,650,000	2,339,400	5,989,400	455,000	272,095	727,095	3,490,000	2,032,002	5,522,002	10,705,000	7,365,247	18,070,247
2018	3,250,000	2,566,250	5,816,250	3,755,000	2,193,400	5,948,400	470,000	253,895	723,895	3,600,000	1,981,048	5,581,048	11,075,000	6,994,593	18,069,593
2019	3,400,000	2,403,750	5,803,750	3,870,000	2,043,200	5,913,200	490,000	235,095	725,095	3,720,000	1,913,728	5,633,728	11,480,000	6,595,773	18,075,773
2020	3,560,000	2,233,750	5,793,750	3,990,000	1,888,400	5,878,400	505,000	220,395	725,395	3,850,000	1,828,540	5,678,540	11,905,000	6,171,085	18,076,085
2021	3,720,000	2,055,750	5,775,750	4,125,000	1,728,800	5,853,800	530,000	195,145	725,145	3,875,000	1,723,820	5,598,820	12,250,000	5,703,515	17,953,515
2022	3,900,000	1,869,750	5,769,750	4,280,000	1,563,800	5,843,800	555,000	168,645	723,645	4,000,000	1,599,432	5,599,432	12,735,000	5,201,627	17,936,627
2023	4,095,000	1,674,750	5,769,750	4,435,000	1,392,600	5,827,600	575,000	151,995	726,995	4,145,000	1,455,832	5,600,832	13,250,000	4,675,177	17,925,177
2024	4,300,000	1,470,000	5,770,000	4,595,000	1,215,200	5,810,200	590,000	134,745	724,745	4,310,000	1,293,762	5,603,762	13,795,000	4,113,707	17,908,707
2025	4,520,000	1,255,000	5,775,000	4,770,000	1,031,400	5,801,400	610,000	116,455	726,455	4,480,000	1,120,070	5,600,070	14,380,000	3,522,925	17,902,925
2026	4,755,000	1,029,000	5,784,000	4,955,000	840,600	5,795,600	630,000	96,630	726,630	4,670,000	932,806	5,602,806	15,010,000	2,899,036	17,909,036
2027	5,000,000	791,250	5,791,250	5,145,000	642,400	5,787,400	650,000	75,525	725,525	4,870,000	730,594	5,600,594	15,665,000	2,239,769	17,904,769
2028	5,270,000	541,250	5,811,250	5,350,000	436,600	5,786,600	675,000	52,775	727,775	5,090,000	509,010	5,599,010	16,385,000	1,539,635	17,924,635
2029	5,555,000	277,750	5,832,750	5,565,000	222,600	5,787,600	695,000	27,800	722,800	5,335,000	266,216	5,601,216	17,150,000	794,366	17,944,366
	\$ 70,000,000	\$ 40,950,500	\$ 110,950,500	\$ 71,900,000	\$ 28,447,544	\$ 100,347,544	\$ 8,780,000	\$ 2,715,651	\$ 11,495,651	\$ 61,940,000	\$ 21,749,246	\$ 83,689,246	\$ 61,940,000	\$ 21,749,246	\$ 83,689,246

On March 1, 2010, the District issued revenue bonds in the amount of \$70,000,000 to be paid out of the statewide penny sales tax revenues. These bonds will be paid in full by 2029.

On May 8, 2012, the District issued revenue bonds in the amount of \$71,900,000 to be paid out of the statewide penny sales tax revenues. These bonds will be paid in full by 2029.

On December 30, 2013, the District issued revenue bonds in the amount of \$8,780,000 to be paid out of the statewide penny sales tax revenues. These bonds will be paid in full by 2029.

In May 2014, the District plans to issue revenue bonds in the amount of \$61,940,000 to be paid out of the statewide penny sales tax revenues. These bonds will be paid in full by 2029.