



FRC Public Meeting

December 18th, 2017

Agenda



DPS Monthly Report



Summary statement of revenues and expenditures – budget to actual comparison

- Based on actual results through October 2017, DPS recorded a surplus of revenues over expenditures of \$9.5M
- For the month of October, DPS received \$3.2M in local property tax revenue, which is dedicated to legacy debt service
 - The variance in state sources is due to renaissance zone property tax abatements, which are recorded on a straight line basis for budgetary purposes, but not yet received on a cash basis
 - The variance in debt service is related to a one time catch up for payment-in-kind MPSERS interest, which was not previously accrued

	Budget	Actual	Variance		Budget	Actual	Variance	
	Month of Oct-17	Month of Oct-17	\$	%	YTD Oct-17	YTD Oct-17	\$	%
Revenues								
Local sources	2,862,901	3,157,123	294,222	10%	26,119,364	28,803,663	2,684,299	10%
State sources	361,657	-	(361,657)	-100%	1,446,627	-	(1,446,627)	-100%
Federal sources	-	-	-	-	-	-	-	-
Interdistrict sources	-	-	-	-	-	-	-	-
Other sources	-	-	-	-	-	-	-	-
Total revenue	3,224,558	3,157,123	(67,435)	-2%	27,565,991	28,803,663	1,237,672	4%
Expenditures								
Operating expenditures	-	-	-	-	-	-	-	-
Debt Service (1)	15,657,710	18,283,244	2,625,534	17%	19,265,744	19,265,744	(0)	0%
Transfers out	-	-	-	-	-	-	-	-
Total expenditures	15,657,710	18,283,244	2,625,534	17%	19,265,744	19,265,744	(0)	0%
Surplus (Deficit)	(12,433,152)	(15,126,121)	(2,692,969)	22%	8,300,247	9,537,919	1,237,673	15%

Actuals are based on cash received and paid to date.

(1) Debt service for October reflects a one-time catch up accrual related to 4 months of MPSERS payment-in-kind interest.

DPS Cash Forecast to Actuals Variance – October 2017

<i>\$ in thousands</i>	Forecast	Actuals	Variance	Comment
Cash Receipts				
Property Tax (13 Mills)	4,209	1,704	(2,505)	Forecast assumed quicker collections for property tax receipts
Transfer from DPSCD	-	-	-	
Draw from BONY	-	-	-	
Miscellaneous	88	102	14	
Total Cash Receipts	4,297	1,806	(2,491)	
Cash Disbursements				
Accounts Payable	(58)	(49)	9	
Fringe Benefits	-	-	-	
Property Tax Transfer (1)	(7,235)	-	7,235	Property tax transfer timing coincides with the payment of 13 mill debt service
Transfer to DPSCD	-	-	-	
Other	-	(504)	(504)	Adjustment for an erroneous transfer of cash in a prior period
Total Cash Disbursements	(7,293)	(553)	6,740	
Net Cash Flow	(2,996)	1,253	4,249	
Beginning Cash Balance	16,963	16,963	-	
Net Cash Flow	(2,996)	1,253	4,249	
Ending Cash Balance	\$ 13,967	\$ 18,215	\$ 4,249	

Note: 18 Mills property tax receipts are collected by the Bank of New York Mellon Trustee and then distributed from there to service debt payments; therefore, this will not show up in cash flow, but will show up in the general ledger.

(1) Property tax transfer relates to 13 Mills property tax receipts collected to cover capital debt service.

DPS FY 2018 monthly cash flows

\$ in thousands

	2017						2018						FY 18 Total
	July Actual	August Actual	September Actual	October Actual	November Forecast	December Forecast	January Forecast	February Forecast	March Forecast	April Forecast	May Forecast	June Forecast	
Cash Receipts													
Property Tax (13 Mills)	290	2,427	27,530	4,209	2,381	952	2,066	3,655	14,697	693	1,878	14,221	75,000
Transfer from DPSCD (1)	-	16,000	-	-	-	-	3,463	-	-	-	-	108	19,571
Draw from BONY	-	16,740	-	-	-	-	-	-	10,211	173	408	2,596	30,128
Miscellaneous (2)	124	112	1,014	137	56	-	-	-	-	-	-	-	1,444
Total Cash Receipts	415	35,280	28,543	4,347	2,437	952	5,529	3,655	24,908	866	2,286	16,925	126,143
Cash Disbursements													
Payroll Direct Deposit	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
FICA	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Payable (3)	-	(16,209)	(304)	(58)	(49)	(400)	-	(2,000)	-	(2,000)	-	-	(21,021)
Pension (employee portion)	-	-	-	-	-	-	-	-	-	-	-	-	-
Pension (employer portion)	(4)	-	-	-	-	-	-	-	-	-	-	-	(4)
Health	-	-	-	-	-	-	-	-	-	-	-	-	-
Fringe Benefits	-	(0)	-	-	-	-	-	-	-	-	-	-	(0)
Property Tax Transfer (4)	-	(1,472)	(27,530)	-	(9,615)	(952)	(2,066)	(3,655)	(14,697)	(693)	(1,878)	(14,221)	(76,780)
Food Service	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to DPSCD	-	-	(19,779)	-	-	-	-	-	-	-	-	(13,100)	(32,879)
Other (5)	(24)	(72)	-	(7)	(3,309)	-	-	-	-	-	-	-	(3,412)
Total Cash Disbursements	(28)	(17,754)	(47,612)	(65)	(12,974)	(1,352)	(2,066)	(5,655)	(14,697)	(2,693)	(1,878)	(27,321)	(134,096)
Net Cash Flow	386	17,526	(19,069)	4,281	(10,537)	(400)	3,463	(2,000)	10,211	(1,827)	408	(10,396)	(7,953)
Beginning Cash Balance	13,838	14,225	31,750	12,681	16,963	6,426	6,026	9,489	7,489	17,700	15,874	16,282	13,838
Net Cash Flow	386	17,526	(19,069)	4,281	(10,537)	(400)	3,463	(2,000)	10,211	(1,827)	408	(10,396)	(7,953)
Ending Cash Balance	\$ 14,225	\$ 31,750	\$ 12,681	\$ 16,963	\$ 6,426	\$ 6,026	\$ 9,489	\$ 7,489	\$ 17,700	\$ 15,874	\$ 16,282	\$ 5,885	\$ 5,885

Forecast includes actuals through November 10, 2017.

(1) The draw-down from DPSCD in January is related to a year end audit finding requiring the reimbursement of Legal, Worker's Comp, and TIP payments made by DPS on behalf of DPSCD.

(2) September miscellaneous receipts include \$1M of control transfer (pass-through) disbursement, which is forecasted to be transferred out in November, 2017.

(3) Includes \$20M in settlement payments to Sodexo (the remaining \$8M will be paid in FY 2019) and \$400K in legal and audit fees, which are included in the Adopted FY 2018 Budget.

(4) Property tax transfer includes 13 Mills property tax transfers collected to cover debt service associated with 13 Mills debt.

(5) November activity includes a reimbursement to Wayne County for 2014/2015 overpayment of Act 18 Funds as well as the \$1M control transfer pass-through received in September.

DPSCD Monthly Report



Financial Update – October 2017

- DPSCD recorded a surplus of revenues over expenditures of \$5.8M in the month of October 2017, compared to a budget surplus of \$5.7M, a \$0.2M variance (see p. 9).
 - Relative to budget, revenues were behind plan by \$6.2M, or an 8% decrease (see p. 9).
 - State Sources – \$2.1M (see p. 9) variance between actuals and budget for October due to a one-time transfer of \$5.9M from the State.
 - Federal Sources – For the month of October, budgeted federal sources exceeded actuals by \$7.0M (see p. 9). This is largely driven by the fact that that budget includes total grant revenues and does not factor carryover dollars that will be applied to subsequent fiscal years.
 - On the expenditure side, actuals were below budget by \$6.3M, or a 9% decrease (see p. 9).
 - Salaries and benefits – The variance between actuals and budget for salaries and benefits is largely due to budgeted unfilled vacancies. The District will address this with FY 2018 Budget Amendment no. 2 by moving unspent funds to contingency.
 - Purchased Services – For the month of October, purchased services trailed budget by \$3.3M, or 22% (see p. 9), largely due to lower than expected accounts payable. The District has adopted a more rigorous contract review process which is ensuring expenses are paid.
 - Contingency – Additionally, the District has \$15.5M in budgeted contingency, of which \$1.5M was budgeted in October (see p. 9); the remaining amount will be used for unplanned future expenditures from previous year.
- The net cash flow for October 2017 was \$8.7M, putting the ending cash balance at \$73.1M (\$121.5M including the internal service fund and fiduciary account – see p. 12).

Summary statement of revenues and expenditures (object) – budget to actual comparison

- Based on actual results through October 2017, DPSCD is \$14.0M ahead of budget. However at this point, DPSCD believes much of this favorable variance is due to timing and will reverse before the end of the fiscal year.

	Budget Month of Oct-17	Actual Month of Oct-17	Variance		Budget YTD Oct-17	Actual YTD Oct-17	Variance	
			\$	%			\$	%
Revenues								
Local sources	\$ 9,012,462	\$ 7,740,686	\$ (1,271,776)	(14%)	\$ 16,830,675	\$ 14,478,076	\$ (2,352,599)	(14%)
State sources (1)	48,919,057	50,970,062	2,051,005	4%	159,949,332	165,449,121	5,499,789	3%
Federal sources	17,376,671	10,395,129	(6,981,542)	(40%)	41,251,494	29,309,948	(11,941,546)	(29%)
Intergovernmental sources	-	-	-	-	-	-	-	-
Other sources	-	14,219	14,219	-	-	14,219	14,219	-
Total revenues	75,308,190	69,120,096	(6,188,094)	(8%)	218,031,501	209,251,364	(8,780,137)	(4%)
Expenditures (Object)								
Personnel	\$ 31,087,976	\$ 26,424,311	\$ (4,663,665)	(15%)	\$ 78,839,545	\$ 72,704,720	\$ (6,134,825)	(8%)
Benefits (1)	17,687,344	20,583,671	2,896,327	16%	44,399,006	43,971,002	(428,004)	(1%)
Purchased Services	14,944,006	11,599,522	(3,344,483)	(22%)	43,502,566	31,228,322	(12,274,244)	(28%)
Supplies & Textbooks	2,090,875	2,428,847	337,972	16%	4,131,553	3,719,408	(412,144)	(10%)
Equipment & Capital	1,004,269	195,006	(809,263)	(81%)	2,005,956	530,463	(1,475,493)	(74%)
Utilities	1,313,900	2,010,916	697,016	53%	6,207,800	7,060,916	853,116	14%
Contingency / Other	1,512,169	52,313	(1,459,856)	(97%)	2,998,867	87,336	(2,911,532)	(97%)
Total Expenditures	69,640,539	63,294,588	(6,345,953)	(9%)	182,085,293	159,302,167	(22,783,126)	(13%)
Surplus (Deficit)	\$ 5,667,651	\$ 5,825,508	\$ 157,859	3%	\$ 35,946,207	\$ 49,949,197	\$ 14,002,989	39%

(1) State sources actual revenue includes a MPERS one-time deposit as part of the October State Aid payment. As the MPERS deposit was a pass-through, it was paid on a cash basis to the retirement system in the month of October, and is reflected under the benefits expenditure line item.

Summary statement of expenditures (function) – budget to actual comparison

	Budget		Actual		Variance		Budget		Actual		Variance	
	Month of	Month of	Month of	Month of			YTD	YTD				
	Oct-17	Oct-17	Oct-17	Oct-17	\$	%	Oct-17	Oct-17	\$	%	\$	%
Expenditures (Function)												
Elementary Programs	\$ 13,940,946	\$ 12,196,659	\$ (1,744,287)	(13%)	\$ 29,999,167	\$ 28,793,494	\$ (1,205,673)	(4%)				
Middle School Programs	1,345,336	1,202,308	(143,029)	(11%)	3,003,848	2,829,882	(173,966)	(6%)				
High School & Summer Programs	6,225,956	5,324,532	(901,424)	(14%)	16,109,957	14,951,701	(1,158,255)	(7%)				
Special Education	8,187,259	6,639,373	(1,547,886)	(19%)	18,226,953	15,815,056	(2,411,897)	(13%)				
Compensatory Education	6,669,882	4,792,259	(1,877,623)	(28%)	14,832,361	10,478,491	(4,353,870)	(29%)				
Career and Technical Education	341,534	224,430	(117,104)	(34%)	697,850	511,144	(186,706)	(27%)				
Adult/Continuing Education - Basic	239,775	121,904	(117,871)	(49%)	429,242	267,424	(161,819)	(38%)				
Total Instruction	36,950,688	30,501,464	(6,449,224)	(17%)	83,299,378	73,647,191	(9,652,186)	(12%)				
Pupil	\$ 6,510,348	\$ 4,325,435	\$ (2,184,913)	(34%)	\$ 14,429,447	\$ 10,500,500	\$ (3,928,947)	(27%)				
Instructional Support	5,052,601	2,760,559	(2,292,042)	(45%)	14,749,479	9,974,522	(4,774,957)	(32%)				
General Administration	432,533	290,506	(142,027)	(33%)	2,010,890	1,706,231	(304,659)	(15%)				
School Administration	3,678,967	3,300,409	(378,558)	(10%)	11,881,097	10,971,678	(909,419)	(8%)				
Business	853,868	746,500	(107,368)	(13%)	2,589,256	2,209,145	(380,110)	(15%)				
Maintenance & Operations	8,461,825	10,484,333	2,022,507	24%	29,524,464	28,457,908	(1,066,556)	(4%)				
Transportation	4,210,119	3,101,057	(1,109,062)	(26%)	11,333,689	7,602,619	(3,731,070)	(33%)				
Central Support Services (1)	2,843,240	7,593,333	4,750,093	167%	10,940,376	13,786,370	2,845,994	26%				
School Activities	158,683	87,900	(70,783)	(45%)	317,366	156,969	(160,397)	(51%)				
Total Supporting Services	32,202,185	32,690,033	487,847	2%	97,776,064	85,365,942	(12,410,122)	(13%)				
Community Service	\$ 487,666	\$ 103,092	(384,574)	(79%)	\$ 1,009,851	\$ 289,034	(720,817)	(71%)				
Facilities acquisitions and improvement	-	-	-	-	-	-	-	-				
Total Expenditures	\$ 69,640,539	\$ 63,294,588	\$ (6,345,953)	(9%)	\$ 182,085,293	\$ 159,302,167	\$ (22,783,126)	(13%)				

(1) Central Support Services actuals for the month of October includes a one time MPSERS pass-through to the retirement system, which was funded by State Aid.

DPSCD Cash Forecast to Actuals Variance – Oct. 2017

\$ in thousands

Cash Receipts

	Forecast	Actuals	Variance	Comment
State Aid	\$ 39,508	\$ 39,508	\$ -	
MPSERS (State Funded)	6,634	6,634	-	
Enhancement Millage	3,342	3,342	0	
Grants	3,970	229	(3,741)	Timing of grant reimbursements; catch up anticipated in future periods
Transfer from DPS	-	-	-	
WCRESA	4,052	4,052	(0)	
Food Service Reimbursement	2,977	2,295	(682)	
Capital Asset Sales	-	-	-	
Miscellaneous	360	602	242	
Total Cash Receipts	60,843	56,662	(4,181)	

Cash Disbursements

MPSERS (Pass through)	\$ -	\$ -	\$ -	
Payroll Direct Deposit	(14,278)	(14,168)	110	
Taxes	(5,129)	(5,119)	10	
FICA	(1,554)	(1,554)	(0)	
Accounts Payable	(9,401)	(7,406)	1,995	Timing - disbursements expected in future periods
Pension (employee portion)	(1,751)	(1,751)	(0)	
Pension (employer portion)	(5,504)	(5,504)	(0)	
Health	(5,631)	(5,639)	(8)	Timing - disbursements expected in future periods
Fringe Benefits	(683)	(795)	(112)	
Food Service	(6,664)	(6,010)	654	
Transfer to DPS	-	-	-	
Other	(422)	-	422	Forecast assumed contingency
Total Cash Disbursements	(51,017)	(47,948)	3,069	

Net Cash Flow

Beginning Cash Balance	64,357	64,357	-	
Net Cash Flow	9,826	8,714	(1,112)	
Ending Cash Balance	\$ 74,182	\$ 73,071	\$ (1,112)	

DPSCD FY 2018 monthly cash flows

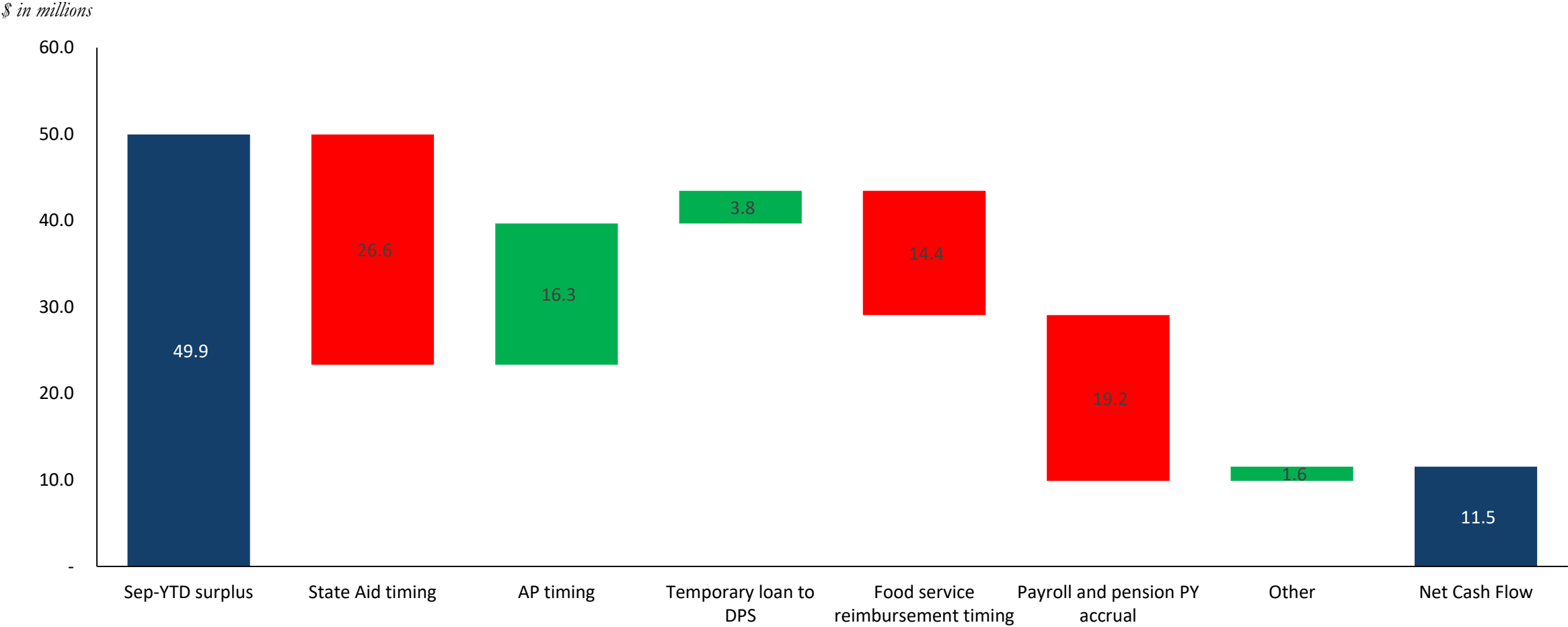
\$ in thousands

	2017						2018						FY 18 Total
	July	August	September	October	November	December	January	February	March	April	May	June	
	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Cash Receipts													
State Aid	\$ 35,012	\$ 35,071	\$ -	\$ 39,508	\$ 39,467	\$ 37,478	\$ 37,478	\$ 37,478	\$ 37,478	\$ 37,478	\$ 37,478	\$ 37,478	\$ 411,405
MPSERS (State Funded)	3,182	3,186	-	6,634	6,961	3,470	3,470	3,470	3,470	3,470	3,470	3,470	44,255
Enhancement Millage	1,078	1,017	2,128	3,342	3,420	383	631	1,280	1,280	701	3,569	3,569	22,400
Grants	18,108	12,295	11,226	229	11,053	11,244	10,893	13,639	13,639	13,639	13,639	13,639	143,243
Transfer from DPS	-	-	19,779	-	-	-	-	-	-	-	-	13,100	32,879
WCRESA	-	-	3,848	4,052	6,613	4,052	4,052	4,052	4,052	4,052	4,052	4,052	42,878
Food Service Reimbursement	4,897	2,828	-	2,295	9,807	7,128	1,770	1,756	1,405	1,405	1,756	1,405	36,450
Capital Asset Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	2,593	578	588	602	3,095	813	4,276	1,016	813	2,813	1,016	813	19,015
Total Cash Receipts	64,870	54,974	37,569	56,662	80,416	64,568	62,571	62,692	62,137	63,558	64,981	77,526	752,524
Cash Disbursements													
MPSERS (Pass through)	\$ (3,182)	\$ (3,182)	\$ (3,186)	\$ -	\$ (6,634)	\$ (6,961)	\$ (3,470)	\$ (3,470)	\$ (3,470)	\$ (3,470)	\$ (3,470)	\$ (3,470)	\$ (43,967)
Payroll Direct Deposit	(14,688)	(15,085)	(16,264)	(14,168)	(14,174)	(14,457)	(14,891)	(22,337)	(14,891)	(14,891)	(14,891)	(14,891)	(185,629)
Taxes	(4,878)	(4,182)	(4,368)	(5,119)	(8,088)	(5,549)	(5,714)	(5,714)	(5,714)	(5,714)	(8,571)	(5,714)	(69,328)
FICA	(2,017)	(1,752)	(1,261)	(1,554)	(2,564)	(1,735)	(1,787)	(1,787)	(1,787)	(1,787)	(2,680)	(1,787)	(22,498)
Accounts Payable	(4,013)	(4,348)	(10,524)	(7,406)	(25,183)	(19,953)	(19,953)	(22,697)	(19,953)	(19,953)	(22,697)	(19,953)	(196,630)
Pension (employee portion)	(1,635)	(1,454)	(1,140)	(1,751)	(2,839)	(1,946)	(1,975)	(2,004)	(2,004)	(2,004)	(3,006)	(2,004)	(23,759)
Pension (employer portion)	(5,029)	(4,622)	(3,459)	(5,504)	(8,803)	(6,031)	(6,119)	(6,206)	(6,206)	(6,206)	(9,309)	(6,206)	(73,701)
Health	(1,218)	(3,042)	(3,920)	(5,639)	(4,079)	(4,645)	(4,645)	(4,645)	(4,645)	(4,645)	(4,645)	(4,645)	(50,412)
Fringe Benefits	(215)	(937)	(592)	(795)	(430)	(560)	(577)	(785)	(577)	(577)	(657)	(577)	(7,280)
Food Service	(8,474)	(4,544)	(5,345)	(6,010)	(2,153)	(1,124)	(1,124)	(1,405)	(1,124)	(1,124)	(1,405)	(1,124)	(34,954)
Transfer to DPS	-	(16,000)	-	-	-	-	(3,463)	-	-	-	-	(108)	(19,571)
Other	(23)	-	-	-	(3,523)	(1,555)	(1,555)	(1,943)	(1,555)	(1,555)	(1,943)	(1,555)	(15,207)
Total Cash Disbursements	(45,374)	(59,148)	(50,059)	(47,948)	(78,468)	(64,515)	(65,272)	(72,993)	(61,925)	(61,925)	(73,275)	(62,033)	(742,935)
Net Cash Flow	19,496	(4,174)	(12,489)	8,714	1,947	54	(2,701)	(10,302)	212	1,633	(8,294)	15,493	9,589
Beginning Cash Balance	61,523	81,020	76,846	64,357	73,071	75,018	75,072	72,370	62,069	62,281	63,913	55,619	61,523
Net Cash Flow	19,496	(4,174)	(12,489)	8,714	1,947	54	(2,701)	(10,302)	212	1,633	(8,294)	15,493	9,589
Ending Cash Balance	\$ 81,020	\$ 76,846	\$ 64,357	\$ 73,071	\$ 75,018	\$ 75,072	\$ 72,370	\$ 62,069	\$ 62,281	\$ 63,913	\$ 55,619	\$ 71,112	\$ 71,112
Memo:													
Internal Service Fund and Fiduciary Account													
Beginning Balance	\$ 48,439	\$ 48,439	\$ 48,439	\$ 48,439	\$ 48,439	\$ 48,439	\$ 48,439	\$ 44,976	\$ 44,976	\$ 44,976	\$ 42,976	\$ 42,976	\$ 48,439
(+) Liability Balance Transfer from DPS	-	-	-	-	-	-	-	-	-	-	-	-	-
(-) TIP, Legal, And Workers' Compensation Claims	-	-	-	-	-	-	(3,463)	-	-	(2,000)	-	-	(5,463)
Ending Balance	48,439	48,439	48,439	48,439	48,439	48,439	44,976	44,976	44,976	42,976	42,976	42,976	42,976
Grand Total	\$ 129,459	\$ 125,285	\$ 112,795	\$ 121,510	\$ 123,457	\$ 123,511	\$ 117,346	\$ 107,044	\$ 107,256	\$ 106,889	\$ 98,595	\$ 114,088	\$ 114,088

Forecast includes actuals through November 10, 2017.

The July 31, 2017 bank reconciliation was completed in August 2017 and DPSCD is currently working on the August 31, 2017 bank reconciliation.

Reconciliation of FY18 October YTD general ledger surplus to actual net cash flow



Supplemental Reports

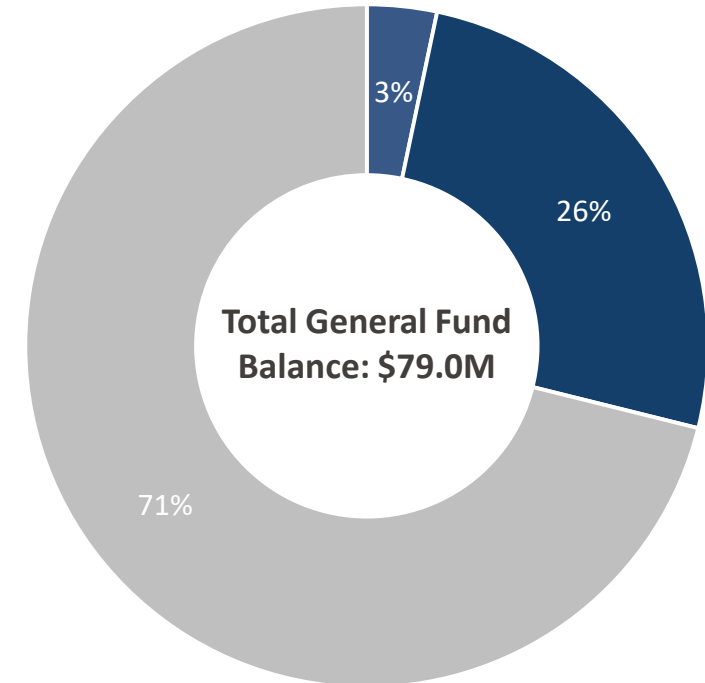


Year End Audit Update Summary

	FY17 Final Budget	FY17 Audit Results	Variance \$	%
Revenues				
Local sources	\$ 28,938,254	\$ 23,671,119	\$ (5,267,135)	(18%)
State sources	439,541,179	441,911,193	2,370,014	1%
Federal sources	159,145,678	116,292,314	(42,853,364)	(27%)
Interdistrict sources	45,712,077	38,857,198	(6,854,879)	(15%)
Total revenues	673,337,188	620,731,824	(52,605,364)	(8%)
Expenditures				
Instruction	\$ 330,065,300	\$ 300,767,174	\$ (29,298,126)	(9%)
Support Services	313,813,798	281,896,887	(31,916,911)	(10%)
Athletics	1,463,684	1,535,672	71,988	5%
Community Services	4,586,469	3,698,595	(887,874)	(19%)
Facilities Acquisitions and Improvement	95,093	-	(95,093)	(100%)
Total Expenditures	650,024,344	587,898,328	(62,126,016)	(10%)
Other Financing Sources	\$ 11,709,655	\$ 12,024,734	\$ 315,079	3%
Special Item (See note 13 in Audit)	\$ 40,696,275	\$ 34,104,890	\$ (6,591,385)	(16%)
Surplus (Deficit)	\$ 75,718,774	\$ 78,963,120	\$ 3,244,346	4%

General Fund Balance Composition

\$ in millions



- Nonspendable - Prepays
- Assigned - Transitional Funding
- Unassigned

Summary of DPSCD FY17 Financial Statement Audit Findings

- **Significant deficiencies and material weaknesses identified relating to internal control over financial reporting including:**
 - Various account reconciliations were not prepared in a timely, accurate manner during the year. (2017-001,2017-002)
 - Several material misstatements were discovered during the audit process. (2017-001, 2017-002)
 - General ledger balances were inaccurate during the fiscal year and School District’s books were not closed and reconciled in a timely manner. (2017-001, 2017-002)
- **Significant deficiencies and material weaknesses identified relating to internal control over major federal programs including:**
 - Certain grant expenditures were charged to the incorrect grant period. (2017-003)
 - The method of billing the school district for goods and services purchased with certain grant funds was inconsistent with the terms outlined in approved vendor contracts. (2017-004)
 - Inadequate documentation or support for expenses being charged to certain grant programs. (2017-005)
 - Documentation did not exist to support that goods and services purchased with certain grant funds were procured in accordance with the school district's policy. (2017-006)

Summary of DPSCD FY17 Financial Statement Audit Findings Cont.

Corrective Action

- Continue to fill vacant positions in Finance and Budget Department
- Shift Budget staff from individual Departments to Finance and Budget Office to increase accountability, align processes, and streamline systems
- Currently reviewing the ERP system to increase accuracy and efficiency for Accounting, Procurement, Budget, and Accounts Payable. Upgrade automated procurement systems; constantly developing new systems to address gaps.
- Revising procedural documents to address the findings as well as implement new Federal requirements associated with grant compliance.
- Increasing communication, training, and accountability of grant staff on required pre-approvals for expenditures. Some of this has been addressed through leadership changes.
- Update new procurement procedures in alignment with updated board policy as well as ongoing monitoring to ensure compliance.

Contracts





STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT RESOLUTION 2017-28

**APPROVING THE COMMUNITY DISTRICT'S DECEMBER 2017
CONTRACT REQUESTS**

WHEREAS, Public Act 181 of 2014, the Michigan Financial Review Commission Act (the "Act"), allows for the creation of the Detroit Financial Review Commission (the "Commission") within the Michigan Department of Treasury; and

WHEREAS, Section 6(1) of the Act empowers the Commission to provide oversight for the Detroit Public Schools Community District (the "Community District") beginning on June 2016; and

WHEREAS, Section 6(6) of the Act provides that during the period of oversight, the Commission review and approve the Community District's applicable contracts, as defined by Section 3(a) of the Act, and that an applicable contract does not take effect unless approved by the Commission; and

WHEREAS, at the Commission meeting on December 18, 2017, the Community District presented applicable contracts, attached as **Exhibit A** to this Resolution, for the Commission's review and approval.

NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the Community District's December 2017 contract requests, attached as **Exhibit A** to this Resolution but excluding any contracts a majority of Commission members present has agreed to exclude as noted in the minutes, are hereby approved.
2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.

Contract Requests

The following contracts are being provided to the Financial Review Commission (“FRC”) for review and approval. Contracts over \$750,000 or a two (2) year period must also be provided to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act. Please review the individual Action Items provided for more detailed information.

	Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a new contract, was the original contract competitively bid?	Lowest Bid? If not a New Contract, was the original contract the lowest bid?	DPSCD Approval Date	Comments								
1	Academics	17-0444-C 16-0445-C 16-0441-C	Contract Amount: \$1,521,216 Contract Period: January 1, 2017 – June 30, 2018 Source: Grant Fund Purpose: To provide wraparound support to students and families Contractor: Wayne County Neighborhood Legal Services Location: 7310 Woodward Ave, Ste 301, Detroit, MI 48202	Amendment	Yes	Yes	Anticipated Approval Board 12.12.2017 FRC 12.18.2017	WCNLS has three contracts with the district: Literary Arts, Conflict Resolution, and STEM. This amendment will shorten the length of the contract to match the FY and add funding so schools may access the services.								
2	Academics	16-0446-C	Contract Amount: \$1,069,469 Contract Period: January 1, 2018 – June 30, 2018 Source: Special Education Purpose: To provide sign language interpreters for students Contractor: DeafCAN Location: 2111 Orchard Lake #101, Sylvan Lake, MI 48320	Renewal	Yes	Yes	Anticipated Approval Board 12.12.2017 FRC 12.18.2017	An RFP was issued in June for sign language interpreters. However, the contract with DeafCAN was renewed. Top Two RFP Results: <table border="1"> <tr> <td><u>Respondent</u></td> <td><u>Cost/hr.</u></td> </tr> <tr> <td>DeafCAN</td> <td>\$46.16</td> </tr> <tr> <td>Sunbelt</td> <td>\$14.27</td> </tr> </table>	<u>Respondent</u>	<u>Cost/hr.</u>	DeafCAN	\$46.16	Sunbelt	\$14.27		
<u>Respondent</u>	<u>Cost/hr.</u>															
DeafCAN	\$46.16															
Sunbelt	\$14.27															
3	Academics	TBD	Contract Amount: \$3,100,000.00 Contract Period: January 1, 2018 – August 31, 2018 Source: General Fund Purpose: To provide security services to schools Contractor: Securitas, Inc. Location: 511 11 Mile Rd., Madison Heights, MI 48071	Renewal	Yes	No	Anticipated Approval Board 12.12.2017 FRC 12.18.2017	An RFP was issued in October for security services. Securitas was selected for continuity due to the abbreviated length of the contract while and insourcing study is completed. Top Three RFP Results: <table border="1"> <tr> <td><u>Respondent</u></td> <td><u>Cost/hr.</u></td> </tr> <tr> <td>Securitas</td> <td>\$15.90</td> </tr> <tr> <td>Prudential</td> <td>14.27</td> </tr> <tr> <td>Advance</td> <td>14.69</td> </tr> </table>	<u>Respondent</u>	<u>Cost/hr.</u>	Securitas	\$15.90	Prudential	14.27	Advance	14.69
<u>Respondent</u>	<u>Cost/hr.</u>															
Securitas	\$15.90															
Prudential	14.27															
Advance	14.69															

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

Finance and Academic Sub-Committees Neighborhood Legal Services November 27, 2017

Recommendation:

That the School Board approve an amendment to three contracts with Neighborhood Legal Services of Michigan ("NLS") to increase fund allocation for Science, Technology, Engineering and Mathematics (STEM) programs; conflict resolution seminars; and literary arts programs at 57 schools for the period of January 1, 2017 to June 30, 2018 in an amount not to exceed \$1,521,216.

Description and Background:

For the past ten years, NLS has partnered with the district to provide wraparound support services and enrichment programs for at-risk students. The program includes Conflict Resolution and Violence Prevention Educational Programs for Middle and High Schools, Literary Arts Programs, and a STEM component. NLS serves as an additional resource to students, parents and school based staff to assist with identification of programs and services to improve academic achievement, decrease absenteeism, and maintain programs that address the student's social and emotional needs. In April 2017, district officials signed three contracts with NLS for the provision of (i) STEM programming (\$245,000); (ii) Conflict Resolution programming (\$200,000) and (iii) Literary Arts programming (\$200,000).¹ however, the current requests for services exceed the approved amount of these contracts. The new allocations are as follows:

	PRIOR AMOUNT	NEW REQUEST	TOTAL
STEM Programs	\$245,000	\$224,123	\$469,123
Conflict Resolution Programs	\$200,000	\$520,493	\$720,493
Literary Arts Programs	\$200,000	\$131,600	\$331,600

¹ At the time, these agreements were not presented to the School Board as no individual agreement exceeded the \$250,000 threshold. Current administration has instituted and will continue the practice of bringing contracts to the School Board for any vendor where the annualized billing for such vendor exceeds the \$250,000 threshold.

Neighborhood Legal Services

Date: November 27, 2017

TOTAL FOR ALL CONTRACTS	\$1,521,216
--------------------------------	--------------------

Currently 57 school sites have selected to use this program model. A list of schools is attached hereto as Attachment A.

Gap Analysis:

NLS provides services in support of the school’s educational plan related to community service providers, academic support organizations, volunteers, increased parental involvement and community engagement. NLS works with school based administrators to analyze attendance, classroom assessments, and discipline data. Although anecdotally the program is supportive of the whole child, there is limited quantitative impact data. We will use this year to determine if it is more cost effective to hire staff to provide these services for the coming fiscal year.

Previous Outcomes:

In the 2016-2017, 47 schools utilized NLS. The partner reported a total of 1,580 student participants and 1,342 surveys returned by parents.

Estimated Participants	2016/17
STEM	220
Financial Literacy	115
Law Related Education	210
Conflict Resolution	1020
Literary Arts	15
Total Student Participants (Includes duplicate students)	1580
Parent Workshop Surveys (Includes duplicate parents)	1342

Expected Outcomes:

Through this partnership, the expected outcomes are to increase students’ involvement in enrichment activities and increase their ability to resolve conflicts through peaceful means.

Alignment to Strategic Plan:

Whole Child

Financial Impact:

\$1,521,216 (Title I Funds).

Neighborhood Legal Services

Date: November 27, 2017

Contact for Item:

Iranetta Wright, Deputy Superintendent of Schools

Phone: 313-873-6893

Email: iranetta.wright@detroitk12.org

Attachment A

Neighborhood Legal Services Requests

Title I, Part A

School
Academy of The Americas
Bagley Elementary School
Benjamin Carson School for Science and Medicine
Bennett Elementary School
Bow Elementary-Middle School
Brenda Scott Academy for Theatre Arts
Brewer Elementary-Middle School
Brown, Ronald Academy
Bunche Elementary-Middle School
Carleton Elementary School
Carver Elementary-Middle School
Charles Wright Academy
Chrysler Elementary School
Clark, J.E. Preparatory Academy
Clemente, Roberto Academy
Cody Academy of Public Leadership
Cooke Elementary School
Davison Elementary-Middle School
Detroit Institute of Technology at Cody
Detroit International Academy for Young Women
Detroit School of Arts
Dixon Elementary School
Dossin Elementary-Middle School
East English Village Preparatory Academy
Edison Elementary School
Fisher Magnet Lower Academy
Fisher Magnet Upper Academy
Ford High School
Gardner Elementary School
Golightly Education Center
Gompers Elementary-Middle School
Henderson Academy
Holmes, A.L. Elementary-Middle School
King High School
King, John R. Academic and Performing Arts Academy
Law Elementary School
Ludington Magnet Middle School

School
Mann Elementary School
Marquette Elementary-Middle School
Marshall, Thurgood Elementary School
Mason Elementary School
Medicine and Community Health Academy at Cody
Munger Elementary-Middle School
Neinas Dual Language Learning Academy
Nichols Elementary-Middle School
Palmer Park Preparatory Academy
Pasteur Elementary School
Priest Elementary-Middle School
Pulaski Elementary-Middle School
Renaissance High School
Robeson Academy, Malcolm X Academy
Sampson Academy
Schulze Elementary-Middle School
Spain Elementary-Middle School
Thirkell Elementary School
Vernor Elementary School
Western International High School

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

Finance and Academic Sub-Committees Deaf Community Advocacy Network Contract Renewal November 27, 2017

Recommendation:

That the School Board approve a one-year contract renewal to continue services with Deaf Community Advocacy Network, Inc. ("DeafCan"), for the provision of sign language interpreter services for the period January 1, 2018 – June 30, 2018 at a cost of \$46.16 per hour, for an estimated total cost of \$1,069, 469.

Description and Background:

DeafCan has provided sign language interpreter services to the district since January 2017. The responsibilities include facilitating communication between deaf and hard of hearing students and their hearing peers, teachers, and others involved in the students' education through the act of interpretation from spoken and written English to sign language for students and from Sign Language to voice for teachers and peers. Services are provided in and out of the classroom, at workshops and other trainings, board meetings and any other location as identified by the district.

The DeafCan contract provides for annual renewals through 2020. During the term of the agreement and the renewal periods, rates can be renegotiated annually to set a fixed hourly dollar amount for any renewal term.

Gap Analysis:

The district is required to provide interpreter services to deaf and hard of hearing staff, parents and visitors, as required by numerous federal civil rights law. The district does not have sufficient staff to meet these needs and therefore needs to continue the utilization of the requested service.

Previous Outcomes:

The use of DeafCan has offered deaf and hard of hearing students a facilitation of communication with their hearing peers, teachers and others involved in the students' education through the provision of qualified interpreters. Likewise, other persons interacting with the school district (including staff and parents) have been provided access to interpreter services to the extent required by applicable law.

Deaf Community Advocacy Network Contract Renewal

Date: November 27, 2017

Expected Outcomes:

Through the provision of qualified interpreters, parents and students will have opportunities to fully access and participate in all school-related activities, meetings, etc., that are extended to those without a hearing impairment.

Alignment to Strategic Plan:

Whole Child

Financial Impact:

\$ 1,069,469 (Specialized Student Services)

Contact for Item:

Iranetta Wright, Deputy Superintendent of Schools

Phone: 313-873-6893

Email: iranetta.wright@detroitk12.org

Supporting Documents/Attachments:

Contract and Draft Renewal

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

Finance and Academic Sub-Committees School Security Contract Renewals November 27, 2017

Recommendation:

That the School Board approve contracts to provide continuing security personnel to district schools at the same rates for personnel currently in place for the period January 1, 2018 through July 31, 2018 with (i) Prudential Security, Inc. (“Prudential”) in an amount not to exceed \$660,000 and (ii) Securitas, Inc. (“Securitas”) in an amount not to exceed \$3,100,000.

Description and Background:

As previously presented, Prudential is the security provider for the former Education Achievement Authority (EAA) schools. Prudential has serviced these schools for the past five years. When those schools returned to the district a contract was signed to extend security services through July to support summer school. The cost of that contract was \$181,753. In October 2017, the board approved the extension of the contract through December 2017 in the amount of \$344, 587. Likewise, Securitas has provided security to all remaining district schools.

Both Prudential and Securitas have established relationships with the faculty, staff and students within the schools. After a review of the proposals submitted through the bid process, Prudential and Securitas were recommended to maintain support to the current schools they currently serve. This will ensure continuity of services as we consider new options for security and building climate for the start of the upcoming school year.

Gap Analysis:

The ability to maintain these providers will minimize disruption to the schools’ security services while continuing to stabilize the school environment. Currently, the district recommends maintenance of both providers based on (i) the hourly rates offered, (ii) past performance and (iii) avoidance of disruption to the school environment due to a mid-year change in providers. A change in either provider would require the replacement of staff in the buildings, likely causing disruption in the school environment.

Previous Outcomes:

Prudential has provided security services to 11 schools for the past five years. Securitas has been providing security services to the district since 2015. There have been no significant concerns in service quality highlighted by staff familiar with their services.

Securitas, Inc. and Prudential Security, Inc.

Date: November 27, 2017

Expected Outcomes:

Each provider submitted proposals through the bid process to provide services for the entire district. A review of all bids rated Securitas and Prudential as the top two choices. In that the district will be conducting a cost analysis for the consideration of district staffed security, it was recommended that the top two providers maintain their current serviced schools through August 31, 2017 with the option to extend through June 30, 2019 if requested.

Alignment to Strategic Plan:

Transformative Culture

Financial Impact:

The total not to exceed cost to the district to be funded through the General Fund is \$660,000 for Prudential and \$3,100,000 for Securitas.

Contact for Item:

Iranetta Wright, Deputy Superintendent of Schools

Phone: 313-873-6893

Email: iranetta.wright@detroitk12.org

Supporting Documents/Attachments:

Contract Cover Page Documents

Prior Contracts¹

¹ Final contracts are currently being negotiated with Prudential and Securitas. Neither supplier requested changes to previous contractual terms.

Out-of-State Travel





STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT RESOLUTION 2017-29

**APPROVING THE COMMUNITY DISTRICT'S DECEMBER 2017 OUT-
OF-STATE TRAVEL REIMBURSEMENT REQUESTS**

WHEREAS, Public Act 181 of 2014, the Michigan Financial Review Commission Act (the "Act"), allows for the creation of the Detroit Financial Review Commission (the "Commission") within the Michigan Department of Treasury; and

WHEREAS, Section 6(1) of the Act empowers the Commission to provide oversight for the Detroit Public Schools Community District (the "Community District") beginning on June 21, 2016; and

WHEREAS, Section 7(q) of the Act provides that during the period of oversight, the Commission approve all Community District reimbursements to school board members, officials, and employees for travel outside the state; and

WHEREAS, at the Commission meeting on December 18, 2017, the Community District presented out-of-state travel reimbursement requests, attached as **Exhibit A** to this Resolution, for the Commission's review and approval.

NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the Community District's December 2017 out-of-state travel reimbursement requests, attached as **Exhibit A** to this Resolution but excluding any reimbursements a majority of Commission members present has agreed to exclude as noted in the minutes, are hereby approved.
2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.

Out-of-State Travel Reimbursement Requests

The following reimbursements (estimated cost) are being provided to the Board of Education for review and approval. These must also be provided to the FRC for review and approval pursuant to section 7(q) of the Michigan Financial Review Commission Act.

#	Conference Name	Location of Trip	Dates of Conference	School / Department	Central Office	Students	Faculty	Participants	Funding Source	Total Est. Cost	Approved by:
1	UnboundEd Standards Institute	Los Angeles, CA	1/28/2018 - 2/2/2018	Office of Strategy	5	0	52	57	Grants	\$286,596.00	Title IIA; Finance and Academic Sub-Committees approve November 27, 2017; Board December 12, 2017