



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT RESOLUTION 2019-6

**APPROVING THE COMMUNITY DISTRICT'S FY 2019 CAPITAL BUDGET
AMENDMENT #2 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(c) of the Act provides that during the period of oversight, the Commission review, modify, and approve the Community District's proposed and amended operational budgets and that a proposed budget or budget amendment does not take effect unless approved by the Commission; and

WHEREAS, Section 6(3) of the Act further requires the Commission to ensure that the Community District complies with the requirements of the Uniform Budgeting and Accounting Act; and

WHEREAS, the Uniform Budgeting and Accounting Act prevents the Community District from deviating from its original general appropriations act without amending it and requires the Community District to amend its general appropriations act as soon as it becomes apparent that a

deviation from the original general appropriations act is necessary and the amount of the deviation can be determined; and

WHEREAS, at the Commission meeting on March 25, 2019, the Community District presented budget amendment 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 March 2019 budget amendment requests, attached as **Exhibit A** to this Resolution but excluding any budget amendments 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.

FY 19 Capital Projects Budget Amendment #2

Capital Projects Fund	
Available Funds (As of 2/15/19):	
Unrestricted General Fund Surplus	\$ 85,315,476
Restricted State Transition Fund	\$ 6,466,398
Capital Projects Fund	
Current Balance as of 2/15/19	\$ 5,379,134
Transfer in from Unrestricted General Fund Surplus	\$ 11,144,711
Transfer in from Restricted State Transition Fund	\$ 6,466,398
Total Available Funds	\$ 22,990,243
Remaining Forecast Expenses:	
Previously Approved Projects	\$ 5,379,134
New Projects	
Reopening 4 DPSCD Facilities	\$ 4,371,802
Capital projects associated with facility study	\$ 9,717,085
Contingency (25%)	\$ 3,522,222
Total Remaining Expenses	\$ 22,990,243
Estimated Capital Projects Fund Balance	\$ 0

DPSCD FY 19 Proposed Capital Fund Budget Amendment through year ending June 30, 2019

- ✓ The Capital Projects Fund includes \$5.4 M of projects previously approved, this includes
 - ✓ \$2.8 M related to the Water Hydration Stations which are still in progress.
 - ✓ \$2.6 M for other projects including \$700K for Cass Tech Boiler and 350K for Roof repair at Central High School
- ✓ The District will transfer \$17.6 M to capital projects fund. \$11.1 M from unrestricted general fund surplus and \$6.5 M from state transition funds.
- ✓ The District will operate schools in four current District facilities for the FY 20 school year.
 - ✓ Academy of America's High School will move from its current location at St. Anne's (lease) to Logan.
 - ✓ The District will open three new schools for the FY 20 school year on the site of Barton, Edmonson, and Hamilton.
- ✓ In order to address critical conditions of facilities the District will transfer \$9.7 M to address facility conditions at 42 District facilities.
- ✓ A contingency of \$3.5M (25%) is also being transferred to cover any unanticipated expenses.
- ✓ EOY projected fund balance will be no less than \$70-75M (likely higher due to vacancies), not including set-aside reserve of \$35M.

Capital Projects Overview

- The District will allocate \$9.7M to address capital improvement needs across 42 facilities.
 - The investment will address critical repair items – HVAC and Roofing, as well as support high capacity schools with multiple repair needs.
- The District will use \$4.4M to address overcrowding and enrollment opportunities through four used facilities – Barton, Edmonson, Hamilton and Logan.
 - Barton, Edmonson and Hamilton will open as new schools for 2019-20.
 - Logan will become the new home for Academy of the America's as it moves from its leased site at St. Anne's.
- The District will reserve \$3.5M for any contingency related items.