STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT RESOLUTION 2022-1

APPROVING AND ADOPTING NOTICE OF REGULAR MEETINGS OF DETROIT FINANCIAL REVIEW COMMISSION FOR 2023

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 5 of the Act provides, in part, that a Financial Review Commission shall exercise its duties through an eleven-member Commission; and

WHEREAS, Section 5(6) of the Act provides that the Commission is subject to Public Act 267 of 1976, the Open Meetings Act, and the Commission members, in the interest of promoting transparency in the discharge of its duties, deems the Commission to be a "public body" as that term is used in Section 2(a) of the Open Meetings Act; and

WHEREAS, Section 5(2) of the Open Meetings Act, provides that "for regular meetings of a public body, they shall be posted within 10 days after the first meeting of the public body in each calendar or fiscal year a public notice stating the dates, times, and places of its regular meetings" and

WHEREAS, Section 4 of the Act provides, in part, that "the budgeting, procurement, personnel, and related management functions of a commission shall be performed under the direction and supervision of the state treasurer."

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

1. That the Notice of Regular Meetings, attached as **Exhibit A** to this Resolution, is approved and adopted by the Detroit Financial Review Commission.

2. That the persons designated in Resolution 2022-1 are hereby directed to post the Notice of Regular Meetings within 10 days pursuant to Section 5(2) of Public Act 267 of 1976, the Open Meetings Act.

3. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.

4. This Resolution shall have immediate effect.

DETROIT FINANCIAL REVIEW COMMISSION

Cadillac Place ▪ 3062 West Grand Boulevard ▪ Detroit, MI 48202

2023 NOTICE OF REGULAR MEETINGS

The Detroit Financial Review Commission will hold its regular monthly meetings for the City of Detroit, the school district of the city of Detroit (DPS), and the Detroit Public Schools Community District (DPSCD) during the calendar year ending December 31, 2023, on the following dates at the following times at Cadillac Place, 3062 West Grand Boulevard, Detroit, MI 48202, or remotely using Microsoft Teams:

Date	**Cadillac Place Room or via Microsoft Teams**	**City Meeting Time**	**School District Meeting Time**
Monday, January 30, 2023	Suite L-150 (Lobby Floor) or remotely using Microsoft Teams	1:00 p.m.	No earlier than 1:05 p.m.
Monday, February 27, 2023	Suite L-150 (Lobby Floor) or remotely using Microsoft Teams	1:00 p.m.	No earlier than 1:05 p.m.
Monday, March 27, 2023	Suite L-150 (Lobby Floor) or remotely using Microsoft Teams	1:00 p.m.	No earlier than 1:05 p.m.
Monday, April 17, 2023	Suite L-150 (Lobby Floor) or remotely using Microsoft Teams	1:00 p.m.	No earlier than 1:05 p.m.
Monday, May 22, 2023	Suite L-150 (Lobby Floor) or remotely using Microsoft Teams	1:00 p.m.	No earlier than 1:05 p.m.
Monday, June 26, 2023	Suite L-150 (Lobby Floor) or remotely using Microsoft Teams	1:00 p.m.	No earlier than 1:05 p.m.
Monday, July 31, 2023	Suite L-150 (Lobby Floor) or remotely using Microsoft Teams	1:00 p.m.	No earlier than 1:05 p.m.
Monday, August 28, 2023	Suite L-150 (Lobby Floor) or remotely using Microsoft Teams	1:00 p.m.	No earlier than 1:05 p.m.
Monday, September 18, 2023	Suite L-150 (Lobby Floor) or remotely using Microsoft Teams	1:00 p.m.	No earlier than 1:05 p.m.
Monday, October 30, 2023	Suite L-150 (Lobby Floor) or remotely using Microsoft Teams	1:00 p.m.	No earlier than 1:05 p.m.
Monday, November 13, 2023	Suite L-150 (Lobby Floor) or remotely using Microsoft Teams	1:00 p.m.	No earlier than 1:05 p.m.
Monday, December 18, 2023	Suite L-150 (Lobby Floor) or remotely using Microsoft Teams	1:00 p.m.	No earlier than 1:05 p.m.

The meetings are open to the public and this notice is provided under the Open Meetings Act, 1976 PA 267, MCL 15.261 to 15.275.

The meeting location is barrier-free and accessible to individuals with special needs. Individuals needing special accommodations or assistance to attend or address the Detroit Financial Review Commission should contact Beverly Greaves at (313) 456-4796 prior to the meeting to assure compliance with Subtitle A of Title II of the Americans with Disabilities Act of 1990, Public Law 101-336, 42 USC 12131 to 12134.

A copy of the proposed minutes of the meeting will be available for public inspection at the principal office of the Commission within 8 business days. A copy of the approved minutes of the meeting, including any corrections will be available for public inspection at the principal office of the Commission within 5 business days after approval by the Commission.

The Commission may hold special meetings, in addition to the regular meetings above. Special meetings are also open to the public and separate notices will be posted in advance of special meetings.

GRETCHEN WHITMER
72 (Rev. 01-19) GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RACHAEL EUBANKS
STATE TREASURER

DATE: October 27, 2022

TO: State Treasurer Rachael Eubanks, State Budget Director Chris Harkins, DPSCD-CFO Jeremy Vidito, Detroit-CFO Jay Rising, School Board President Angelique Peterson-Mayberry, City Council Mary Sheffield, Commissioners Ron Rose, Dave Nicholson, John Walsh

FROM: Patrick Dostine, Executive Director, Departmental Specialist
Financial Review Commission

SUBJECT: **DPSCD, DPS Finance Subcommittee Meeting Summary**

The following is a summary of the Financial Review Commission's DPSCD and DPS finance subcommittee meeting. The meeting was convened for the purpose of receiving an overview of the district's finances and operations as DPSCD and DPS near the end of their year-two waivers. On December 19, the FRC will take up for consideration the extension of the waivers for another year.

Introduction

This memorandum focuses on the FY 23 budgets of DPSCD and DPS, the district's five-year revenue and expenditure projections, the district's per pupil allowance and student count, and the downside risks to the budgets as the district emerges from the effects of COVID. Lastly, there is a brief update to the district's $80 million anchor (capital) investments and the $700 million Facility Master Plan (FMP). At the time of this memorandum DPSCD and DPS's FY 22 audit was not completed. Thus, FY 22 numbers are unaudited.

See the CFO's PowerPoint presentation in the appendix.

DPSCD

DPSCD FY 23 Budget & Five-Year Revenue & Expenditure
Fiscal year 2023 budget was adopted June 14, 2022. The revenues are $1.248 billion (FY22 BA2 was $1.239 billion) and expenditures $1.002 billion (FY22 BA2 was $998 million). Revenues over expenditures for FY 23 are $245 million.[1]

Note: The CFO reported that DPSCD has maintained a balanced budget for the last five years and anticipates a surplus in the FY 22 budget (see PowerPoint, p.6.)

[1] You will notice that in the district's Five-Year Plan (Table 1, next page), FY23 revenues ($1.366 billion) and expenditures ($1.062 billion) are different than the amounts in the adopted FY 23 budget. That's because the district has updated the Five-Year Plan since the 2023 budget was adopted. These changes, among others, will go into the budget amendment in January.

FY 23 budget used $400 as the increase in per pupil allowance. The state funded the increase at $450. The CFO said there were other revenue increases as well – special education (ESE) $17.8 million, $6.2 million in new grant revenues, (ELL, GSRP, At-Risk), an additional $13 million in mental health, and enrollment has increased from last year. As a result, the FY 23 BA will project up.

However, the CFO said the district is planning for an operational scale-back because COVID money goes away after FY 23 while at the same time costs increase. There will be some COVID money left, but the district won't use it to supplement the budget, he said. The school district will operate solely on the per pupil funding allowance. Expenditure increases include:

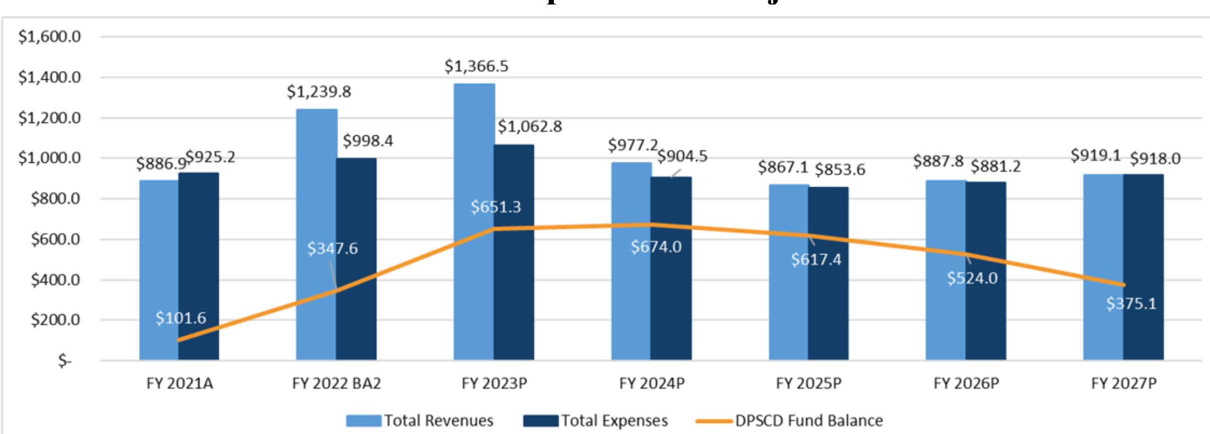
- Energy costs were up 13% through FY22 and projected to increase due to inflation and higher school usage; natural gas rose 300%.
- Transportation costs have increased 15-20%.
- District supplies, equipment, and materials are projected to rise 10%.
- Costs for healthcare have increased 41% since 2017 and projected to increase 5-7% annually.
- The district implemented a living wage, $15 per hour, across the district, and increases to teacher salaries and all school-based staff.

The CFO said they have been engaging the board about the challenge ahead. The district started notifying staff this summer about positions ending in June 2023. The CFO told commissioners that approximately 100 employees were notified, primarily in central office and a few supplemental school positions. The school board will begin an engagement in November and conclude by January to develop priorities and initiatives, a road map forward that addresses the decline in revenues and rising costs.

Five-Year Revenue & Expenditure Projections
Looking at Table 1, you can see the COVID funds in FY's 22 and 23 revenues. The district is projecting $464 million in one-time COVID funds in FY 23. COVID funds reduce in FY 24 and are not budgeted to supplement school-based operations, the CFO said. Fund balance increases, peaks in FY 24, and begins a decline, as the district continues with its implementation of the FMP initiative utilizing the $80 million and $700 million.

Key revenue assumptions in five-year projection are annual increases in the per pupil allowance of 4% and a 1% annual increase in enrollment through 2027 which would get the district back to pre-pandemic enrollment, 50,000 plus.

Table 1: Five-Year Revenue & Expenditure Projections



Per Pupil Allowance
The state per pupil allowance was increased by $450 per student to $9,150 of which $400 was included in the adopted FY 23 budget. The difference, $50 per student or $2.4 million, will be included in the FY23 BA in January. Though DPSCD projects per pupil allowance increases, it underscores the inequitable funding that exists among school districts in the state. DPSCD, according to the CFO, will receive $3,441 less per student in general fund revenue than the highest funded southeast Michigan school districts. It equates to millions of dollars unavailable for students, teachers, and buildings.

Count Day
The FY23 budget is based on an FTE count of 47,677. On October 1, the beginning of the count, the FTEs were at 44,373. At the meeting the CFO updated the FTEs, there were 48,132 students as of Oct. 17. The 2022 fall count window extends to 45 days. The CFO expressed confidence that the district is going to reach 48,300. That said, the district is still 2,000 students down from the pre-pandemic mark of 50,364. That 50,000 mark is an assumption in the district's five-year revenue projection. Failing to reach that level of enrollment has consequences for operations in the forecast.

Facility Master Plan (FMP)/Capital Improvement Projects
The CFO updated commissioners on the FMP. Over FYs 23 and 24 the school board will be moving operating surpluses into fund balance, $700 million, and then into the capital fund to continue the now, inflation-escalated $2.1 billion FMP; the original estimate from a 2018 report by OMH Advisors was $1.5 billion. The CFO informed commissioners that district's construction consultants, Plante Moran Cresa and DLR, have estimated costs up 60-80% for the current fiscal year and the next, but they don't think those rates-of-increase would extend into the out-years of the project timeline. The district projected annual cost increases of 20% through 2028 when the $700 million work is slated to be completed.

To date, $136 million in capital improvements -- the funds were accumulated from leveraged general fund surpluses -- have been approved and initiated, see PowerPoint, p. 19 for details by fiscal year. Most of the $80 million in anchor investments (the last part of the $136 million) are in progress, with 5% completed. Concurrent to that is the ramp-up for the $700 million phase.

The $700 million FMP will be implemented in six series (see *Facility Master Plan Implementation Strategy* slide, PowerPoint, p.27.). The district has been formulating project management plans, procurement timelines, and project schedules for each of the six series.

The district is considering going to the voters for $1.4 billion capital improvement bonds to finish the remaining FMP price tag, which has a present-day cost of $2.1 billion. Inflation will affect the $1.4 billion balance. Be that as it may, holding everything constant for the moment, the district told commissioners it would go for the bonds in 2025/26.

Other notes from the meeting

- The district remains nearly fully staff. Current vacancies are: teachers 9 (2 are ESE); school support staff 79. Five years ago, teacher vacancies were over 400 with 75 in ESE. The district attributed the better numbers to a no-layoff policy, maintaining staff, recruitment -- even as enrollment dropped -- during the pandemic using COVID funds. The district, however, still struggles with filling security guard positions, notwithstanding their increased hourly rate of $18, school lunch staff, and substitutes.[2] CBAs expire June 2023. The district will begin actively engaging all the unions this winter.

- The school allocation model for FY 23 will stay unchanged from FY 22. However, it will change in FY 24 (see *FY23 School Staff & Resource Allocation* slide PowerPoint, p. 10.) For the district's small schools (defined as enrollment less than 450, there are 48 such school buildings out of 107 total), there will be reduced allocations as well as some shifting of positions for FY 24. The CFO said there will probably be reductions in positions like attendance support, master teachers, teacher coaching, deans of culture. Position reductions are necessary, said the CFO, to maintain a balanced budget.

- The CFO said there has been an elevation in needs with special education students (ESE) as COVID has begun its retreat. He explained that ESE students, particularly those in the district's center-based schools, were not sent to school, neither did they attend on-line. They were absent for two years and now are returning. The CFO explained the ESE students' learning, social, and behavioral gaps have increased. He added that ESE will run a deficit (approximately $10 million) in addressing the post-COVID needs because of the nuanced reimbursement formula used by the state. This is funded through Act 18.

- The district qualifies for two types of IT reimbursements: (1) internet connectivity, and (2) IT infrastructure. Every three years the district has a pool of investment dollars that can be invested in eligible schools, most schools are eligible. The district is in the process of completing a three-year upgrade; all the schools are getting fiber direct connections. The CFO said there will be no connectivity issues even with all the planned expansion, and every student will be issued a device (iPad or tablet). Additionally, in this current round of upgrades, the district has built a back-up data center, located at the Fisher Building, and a duplicate backup system at the Detroit School of the Arts.

- The district currently has 48 buildings with air-conditioning. Six need repairs, or maintenance. Planned in the $80 million anchor investments is an additional five schools receiving air-conditioning by end of 2024. The $700 million FMP includes another 47 schools to receive air-conditioning by 2028. The remaining buildings on the FMP need to be rebuilt or demolished, so the district is not currently planning any air-conditioning investment in those buildings.

DPS

DPS FY 2023 Budget[3]
DPS's FY 23 budget was adopted June 14, 2022. The revenues are $74.6 million and expenditures $71.5 million. Revenues over expenditures for FY 23 are $3.1 million. Revenues are based on 18 mills[4] (operating millage) tax collections and state renaissance zone tax revenue. It assumes a 1% increase in property tax values and a collection of 90%. DPS anticipates making $18.5 million in supplemental MPSERS payments in FY 23.

DPS's unaudited numbers from FY21 (BA1) show that DPS had expenditures in excess of revenues of $5.1 million. They had to go into fund balance ($34.4 million reduced to $29.3 million) to cover the operating

[2] The district increased pay rates for all substitutes in August to address the substitute shortage. There are currently 275 subs.
[3] DPS 13 mills (capital millage) is not included in the budget. The millage repays outstanding facility debt and School Loan Revolving Fund payments. It's anticipated to be fully repaid by 2049.
[4] DPS 18 mills is collected to repay outstanding operating debt, DPSCD startup loan, legacy ORS payments, and cover operating costs of DPS. Operating debt is anticipated to be fully repaid by 2026.

loss. DPS made $33.8 million in supplemental payments to MPSERS to accelerate the debt payment. Though the accelerated debt payments resulted in the $5.1 million operating loss, they will reduce future interest payments.

Conclusion
The schools presented to the FRC in June, a balanced FY ’23 budget for DPSCD and DPS, meeting the requirement in Sec. 8(2)(c) of the Financial Review Commission Act (the FRC Act). The CFO will be taking DPSCD’s FY23 BA1 to the school board for approval in January 2023.

The CFO guided commissioners through the requirements necessary for a waiver, listed in Sec. 8(2), demonstrating that both DPS and DPSCD have met all the necessary conditions to be granted year-three waiver extensions. The FRC meeting that determines whether a third waiver extensions will be granted is December 19.

See the Appendix to review the district’s entire presentation.

DATE: October 25, 2022

TO: State Treasurer Rachael Eubanks, State Budget Director Chris Harkins, DPSCD-CFO Jeremy Vidito, Detroit-CFO Jay Rising, School Board President Angelique Peterson-Mayberry, City Council President Mary Sheffield, Ron Rose, Dave Nicholson, John Walsh

FROM: Patrick Dostine, Executive Director, Departmental Specialist
Financial Review Commission

SUBJECT: **DPSCD Contracts Subcommittee Meeting Summary**

The following is a summary of the October 25, Financial Review Commission's DPSCD contracts subcommittee meeting. The meeting was convened for the purpose of receiving an overview of the district's procurement operations as DPSCD (and DPS) near the end of their year-two waivers. On December 19, 2022, the FRC will take up for consideration the extension of the waivers for another year.

Introduction
This memorandum will focus on the district's procurement operations and its key performance indicators, the challenges and downside risks to procuring and contracting in a waning-COVID, inflationary economy, and brief updates on both the $80 million anchor investments and the $700 million Facility Master Plan (FMP).

Procurement
Since fiscal year 2019 -- the year the district began tracking key performance indicators -- DPSCD has continued to improve, by design, its customer service to its vendors, to its schools, and departments through its procurement process. The time it takes to approve requisitions has decreased over that period (PowerPoint*,* p. 29) The CFO said it was not unusual, in the past, for a school requisition to take six months for approval. RFPs, he said, took over 9 months. Prior to FY 19, the average length of time an RFP was posted for was less than a week, an inadequate amount of time to foster competition, among other things. DPSCD, with its commitment to improve procurement, set a goal to post RFPs for at least 21 days. In FY 22, with its first large tranche of COVID dollars, the district averaged 28 days per RFP posting. Three-quarters of the school administrators have a favorable perception of the district's procurement process.

The one caveat to the district's improving procurement operations is the drop in the average number of bid respondents to RFPs; they decreased from FY 21 (6) to FY 22 (4). The CFO said, among other things, the district's tight (summer) timeframe to complete spec-work reduces responses from potential vendors. Going forward, the district hopes to mitigate that trend by implementing strategies which include the district's improved customer service procurement-focus, a board-initiated new vendor engagement policy which emphasizes outreach[1], partnering with corporations like DTE and GM and utilizing their expertise and vendor outreach, and establishing relationships with agencies dedicated to vendor development.

Spending
With the large influx of COVID monies the district showed a significant increase in total dollars spent, purchase orders issued, and total vendors contracted (see PowerPoint, p. 30). Spending dropped in FY20, the CFO said, because the school year ended early, but picked up again in FYs 21 and 22. The district implemented strategies to manage the additional spending. The CFO explained that two teams were created, a contracting team and a requisition team. Each were assigned specific tasks which streamlined the processing from posting RFPs to cutting checks to vendors. The CFO said the district is running checks weekly, the average payable's timeline is 11 to 15 days, and with online automated check system, vendors are paid in two days. This builds a more cooperative partnership between DPSCD and its vendors, the CFO said.

Challenges/Downside Risks to Procurement
DPSCD is not alone in the challenges it is facing in the wake of COVID, with inflation running at 40-year high, a tightening labor market, and supply chain disruptions. The commissioners and the CFO spent a fair amount of time discussing this topic.

The CFO said inflation has been a challenge. For example, he told the committee that natural gas has gone up *300%*. The administration went to the board already for an additional $3 million and will likely have to go again as the costs of natural gas continue to rise. Unfortunately, there is only one provider of natural gas that the district uses.

A tightened labor market is another challenge. The district identified core, essential operations and leveraged available COVID monies to prevent disruptions in these services. The district increased the minimum hourly rate in the district to $15. Signing bonuses and retention bonuses were needed for nurses and mental health specialists. To fill and retain positions in custodial and bus drivers the district increased salaries and offered signing and retention bonuses as well. The CFO said the bus drivers were especially a key focus given the necessity of transportation and its impact on attendance. A $5,000 bonus was implemented which went above and beyond what the CFO had budgeted in FY 23. He emphasized that these labor increases are in core operations, core services, they cannot be reduced. The increases will impact the current budget year and budget planning for FY 24.

It's worth noting that the initial estimate of the Facility Master Plan (FMP) has increased 40%, from $1.5 billion to $2.1 billion. A question was raised specific to the $700 million FMP work: "How do you deal with both inflation and the unusual cost for and shortage of subcontractors?" The CFO said that the district is hopeful the labor market and supply chain issues that DPSCD is currently experiencing with the implementation of the $80 million anchor investments will have ended or lessoned by time the $700 million FMP gets in full swing. Secondly, the CFO said, like the $80 million anchor investments, the FMP projects have been prioritized in importance and carefully sequenced and ordered to ensure their completion (see PowerPoint, p. 27, "FMP Implementation Strategy"). If there is little relief in the challenges the district is currently facing, Series 6 projects in the FMP flow chart would be cut. However, those projects are not prerequisites to what the district has deemed core projects, for example, Series 1, 2, etc. The CFO said the district has budgeted 25% annual increases in costs associated with the $700 million FMP. Currently costs are running well above that mark. If they don't average out to 25%, the district simply would not be able to do all the projects outlined in the chart.

[1] The district is prevented by the State Constitution to award contracts based on minority-owned or woman-owned classifications. However, the new engagement policy encourages the district to work with vendors, engage with vendors, market vendors, offer application support, etc. that help facilitate larger pools of potential vendors to respond to district RFPs.

Other notes from the meeting

- The vendor providing transportation threatened to stop providing services if the district didn't increase their contract. Transportation costs have increased 15-20%. From a strategic position, the district decided to negotiate rather than litigate. The district did not want to the risk interrupting service while a case was in court. It would have impacted enrollment. The district has one more year on the contract with this vendor.

- The district's behavioral health and nurse vendors have been unable to meet the district's current needs. The district has been imploring the vendors to utilize the budgeted dollars to fill their vacancies so student needs can be met more efficiently. DPSCD has even offered recruitment bonuses and other incentives to the vendors. The challenge for the vendors is that these are temporary positions, 9-month positions, they will end with the end of COVID funds. Consequently, the vendors are reluctant to invest resources to recruit for only 9 months of service. DPSCD is triaging this situation by prioritizing, for example, mental health professionals at the highest needs schools and allocating part-time professionals and/or district counselors and social workers to the other schools. It must be emphasized that the district's prioritization of its resources combined with the vendor's meet all compliance and regulation requirements related to mental health intervention. Wait times have increased for general requests.

- The CFO believes that the effects of COVID will continue to manifest in the district for a few years. He noted that there are students who no longer have parents, are being raised by grandparents, relatives. There will still be a need for intervention, for behavioral health professionals, but no COVID funds to support them, he said. COVID funds go away in FY 24. He advocates and supports the governor's recommendation for additional funding for this need and hopes that the behavioral health specialists will get funding from the state. State Budget Director Chris Harkins, chair of the contracts' subcommittee, said, from the state's perspective, it is aware of the situation that DPSCD and districts around the state are facing.

- The district ($4 million) has partnered with Stellantis ($10 million), the city, and DEGC to build the new, advanced manufacturing wing onto Southeastern High School. (It is part of the district's $700 million FMP, it is being relocated from Golightly.) The CFO said the district "seeks funding from everywhere" and is opened to any partnership that advances the district's mission. He said he will raise the possibly with his grant team of partnering with Delta Airlines and the district's planned, new Davis Aerospace location at city airport. The district currently partners with Delta Airlines to place graduates from the current Davis Aerospace into airline industry jobs.

Conclusion

The CFO guided commissioners through the contract-posting requirements necessary for a waiver extension, listed in Sec. 8(2), demonstrating that DPSCD have met that condition.

The CFO will present the finance/contracts subcommittee presentations to the full Financial Review Commission on November 14.

See the Appendix to review the district's PowerPoint presentation.

Financial Review Commission
2022 to 2023 Waiver Continuation Request
Finance Committee Meeting

October 2022

Introduction

The District is requesting a waiver renewal of active Financial Review Commission oversite for another year. This presentation will cover the following:

- District Update
- FY 23 Budget & 5 Year Budget Projection
- Facility Master Plan
- Update on Procurement Key Performance Indicators
- Compliance with Waiver Requirements

District Updates

DETROIT
PUBLIC SCHOOLS
COMMUNITY DISTRICT
Students Rise. We All Rise.

PIVOT

Pivot our work as a District to ensure access to teaching, learning and essential services for families through the pandemic

YEAR 03

RECOVER

Focus on the most crucial reforms for reengaging students and recovering losses sustained during the pandemic; maximize once-in-a-generation funds to address structural barriers to our students' success

YEAR 04

YEAR 05

Recovered enrollment, improved attendance & culture, improved typical and stretch growth over 18 19; a new baseline for proficiency

REEMERGE

Recapture and outpace initial gains with culture and achievement program evolutions

YEAR 06

Recovered proficiency gains in literacy and in mathematics at initial proof point schools; meaningful high school culture, achievement and graduation improvement; districtwide attainment of stretch growth goals

SCALE

Ensure consistent implementation of successful reforms and strong program offerings across schools

YEAR 07

Proficiency and growth improvements districtwide; NAEP gains over 2022

REFINE

Evolve approach and offerings to ensure sustainable improvement over time

YEAR 08

Proficiency, growth and college and career readiness rates on pace with nation leading urban school districts

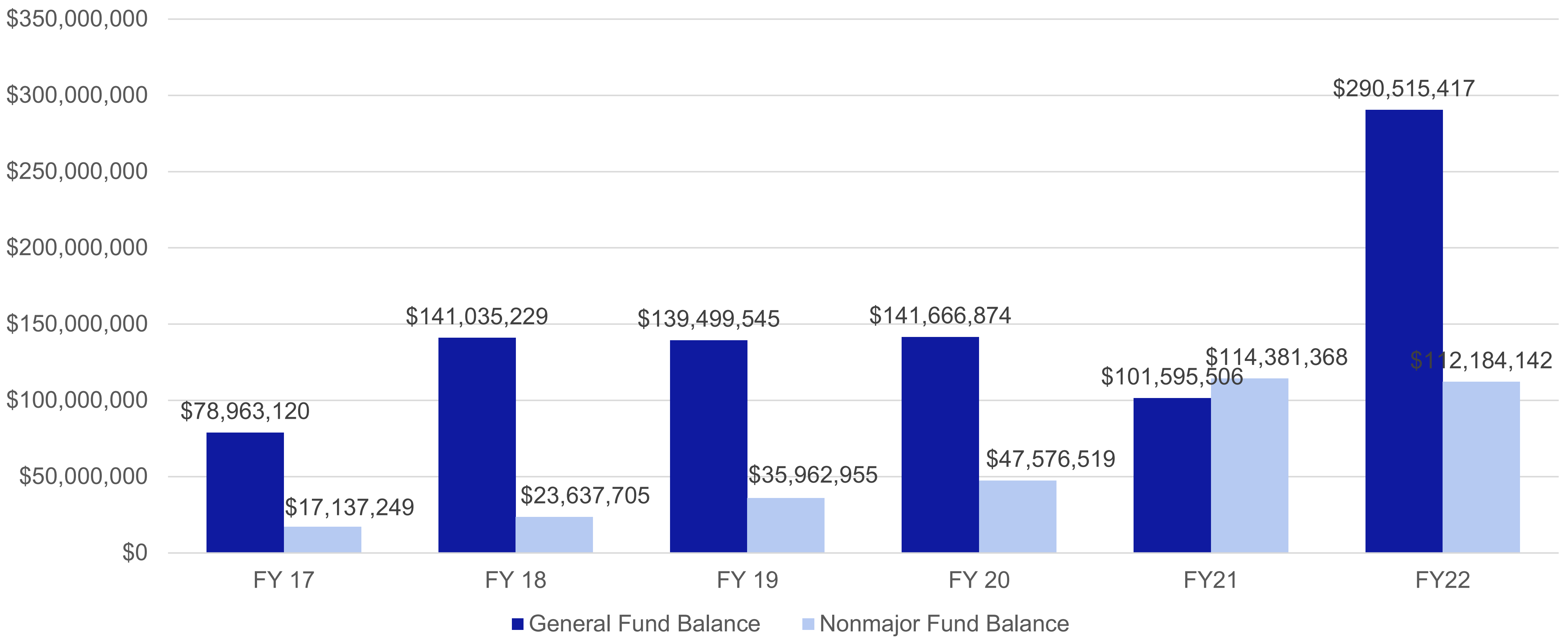
By the end of the year, we will be successful if we see…

District Staffing Levels and Union Agreements

- The District remains nearly fully staffed based on the salary increases that were included in the 2-year CBAs agreed to in 2021. Current Vacancies as of 10/11/2022
  - Teacher Vacancies: 9 (2 of which are ESE)
  - Support Staff School Vacancies: 79
- In order to address potential vacancies, the District has aggressively increased teacher salaries – moving the starting salary to $51,071 and the top salary to $81,120. Additionally, ESE teachers are eligible for an additional $15,000 payment.
- To grow its own teachers from within, the District launched Michigan's first District-led alternative certification program, On The Rise Academy, in 2021. The program provides a rigorous, local pathway for qualified staff and community members to receive their teacher certification. 62 staff were trained in the first cohort of the program and an additional 56 were trained in cohort 2.
- To address limited pool of substitutes, the District increased pay rates for all substitutes in August – the District currently employs 275 substitutes.
- The current CBAs run through 6/30/2023. The District plans to actively engage all unions to negotiate new agreements beginning winter 2022.

Financial Results (2016 – Present)

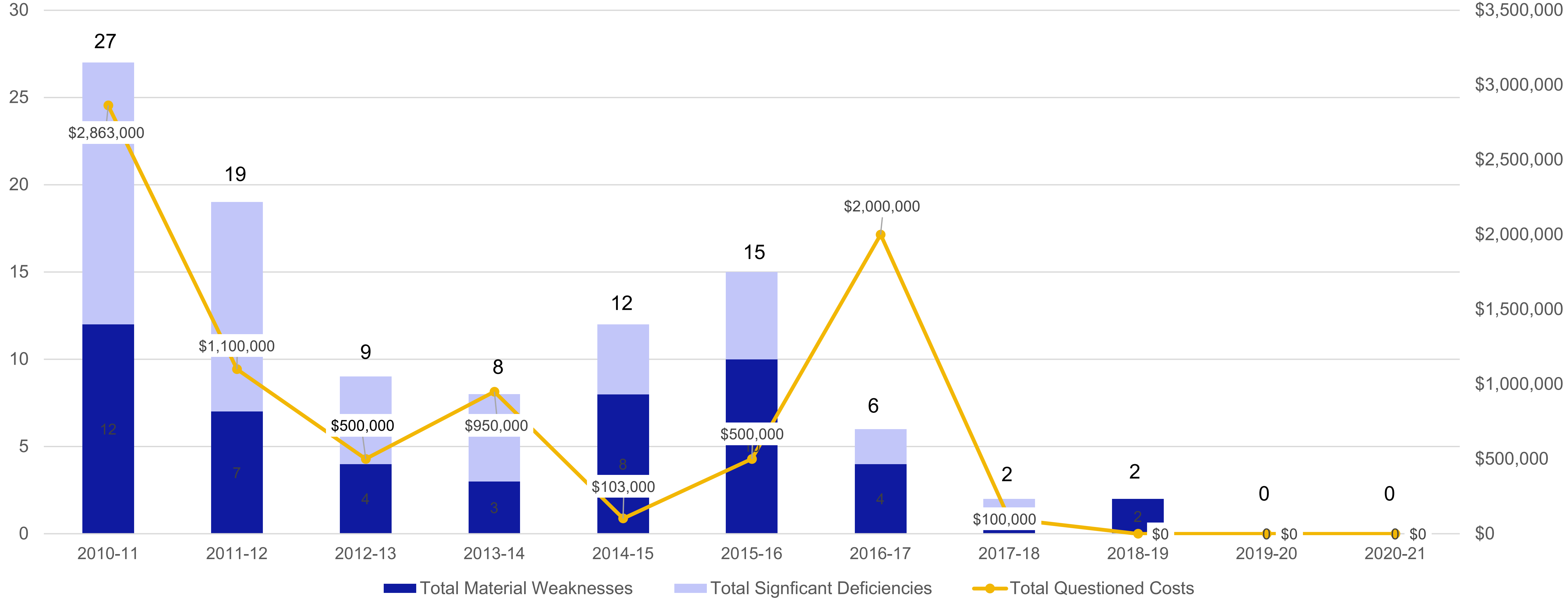
The District has maintained a balanced budget for the past five years and anticipates a surplus if the FY 22 budget. The District will maintain a Rainy Day Fund, while it assigns remaining unrestricted general fund reserve to the Facility Master Plan to address the $700M commitment by the Board.



The Nonmajor Fund Balance includes restricted fund balances for School Nutrition and Capital Projects.

DPS/DPSCD Financial Audit Results

In FY 22 the District had 0 audit findings and $0 in questioned costs for the 3rd consecutive year. This continues our trend of financial improvement, and confirmation of the internal controls implemented since 2017.

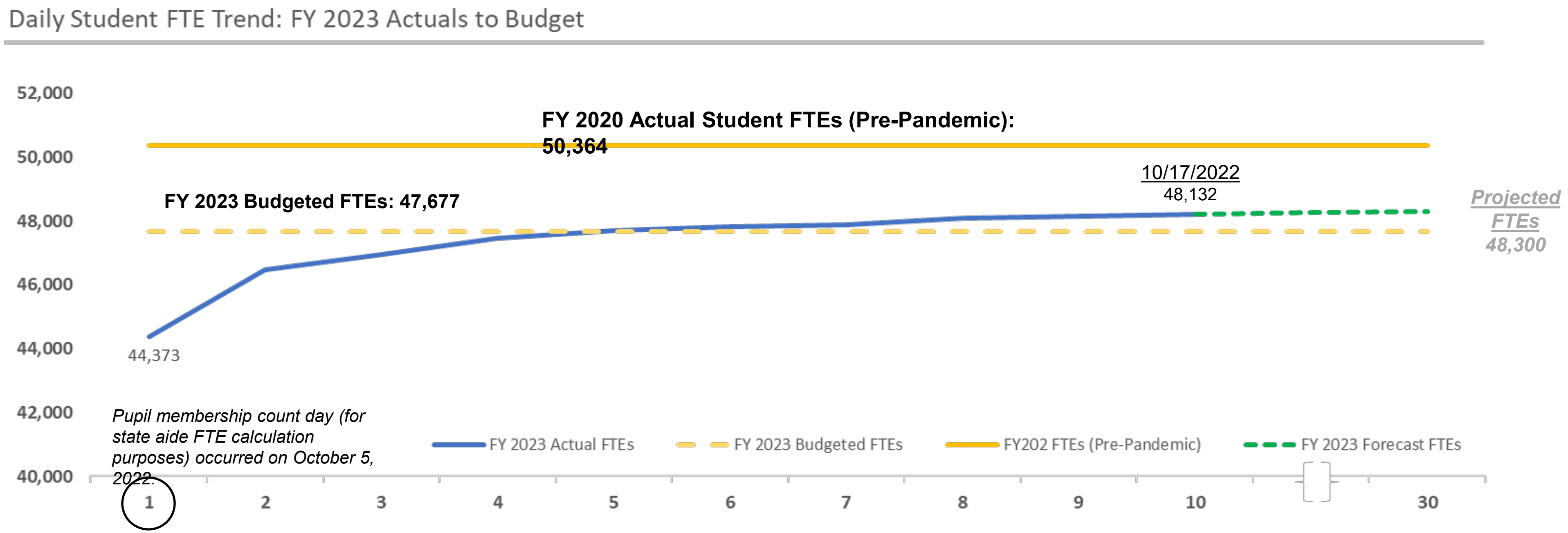


DPSCD FY 23 BUDGET ADOPTION

DETROIT
PUBLIC SCHOOLS
COMMUNITY DISTRICT
Students Rise. We All Rise.

Student Enrollment and FTE

The District budget is based on a student FTE count of 47,677. This is based on 10% of the Spring 2022 Count and 90% of the Fall 2022 Count. The District is on track to exceed the Spring 2022 Student FTE and budgeted FTE. The Fall 2022 count window is up to 45 days, students must be present for a full day during the count window to be eligible for full funding. The table below shows the Daily Enrollment and the captured student FTE from the Fall Count Window.



FY 2023 Actual FTEs variance from Budget*

School Day:	Count Day 1	2	3	4	5	6	7	8	9	10	30
FY 2023	(3,304)	(1,224)	(716)	(217)	18	130	202	396	455	527	623

*Values in GREEN are projections based on the current rate of growth in FTEs
Actual FTEs for FY22 were 47,524; Actual FTEs for FY21 were 49,743; Actual FTEs for FY20 were 50,364

Summary of Adopted FY 23 Budget

The proposed FY 23 budget maintains investments in student services, funds all collective bargaining commitments, school and district level positions, as well as funds Board approved Facility Master Plan investments. The adopted budget included:

Expected Revenue - Per pupil funding is projected to increase by $400/student, with recurring state and federal grant revenue remaining constant or with modest increases. The budget reflects a decrease in Enhancement Millage funds due to mandatory revenue sharing with charter schools starting in FY 2023.

Expectation of Future Reductions - Central Office personnel and non-personnel budgets were reduced for FY 23. School level positions are closely tied to Spring enrollment. Additional positions were budgeted and allocated this Fall based on actual enrollment.

Strategic Investment of COVID Funds - COVID funding will allow the District to maintain strategic investments to focus on student outcomes. In alignment with District plans, the following one-time investments are included in the FY 23 budget:

- Maintain expansion of academic support (tutoring, enrichment, after school, summer) ~$20M
- Additional $540/student funding for school-based interventions, incentives, student programming, field trips and other wrap-around supports ~$25M
- Continued focus on student attendance and credit recovery ~$3M
- Supplemental instructional materials, 1-1 technology and student connectivity ~$18M
- Continuation of supplemental mental health services and nursing services ~$22M
- IT System Upgrades and equipment purchases ~ $25M
- One-time budget transfer to fund Facility Master Plan ~$245M

FY23 School Staff & Resource Allocations

Position	Allocation
Assistant Principal	Minimum of 1 per school
Dean of Culture	• All Partnership schools: 1 • Schools with enrollment >350: 1
Master Teacher	• Elementary, Middle Schools, K-8s enrollment <350, High Schools: 2 • K-8s with enrollment 350+ : 4
Teachers	K-3: 1 per 25 students 4-5: 1 per 30 students 6-12: 1 per 35 students
Long-Term Substitute	1 per school
Guidance Counselor	K8s: 1 per 500 students HS: 1 per 400 students
College Transition Advisors	HS: 1 per school
Nurse	1 per school (employee or contractor)
Attendance Agent & School Culture Facilitator	1 per school
Academic Interventionist	Grades 1 – 8: 1 per 150 students Grades 9-12: 1 per 400 students
ParaEducators	Grades PK/K and Montessori
Clerical	Minimum of 2 per school

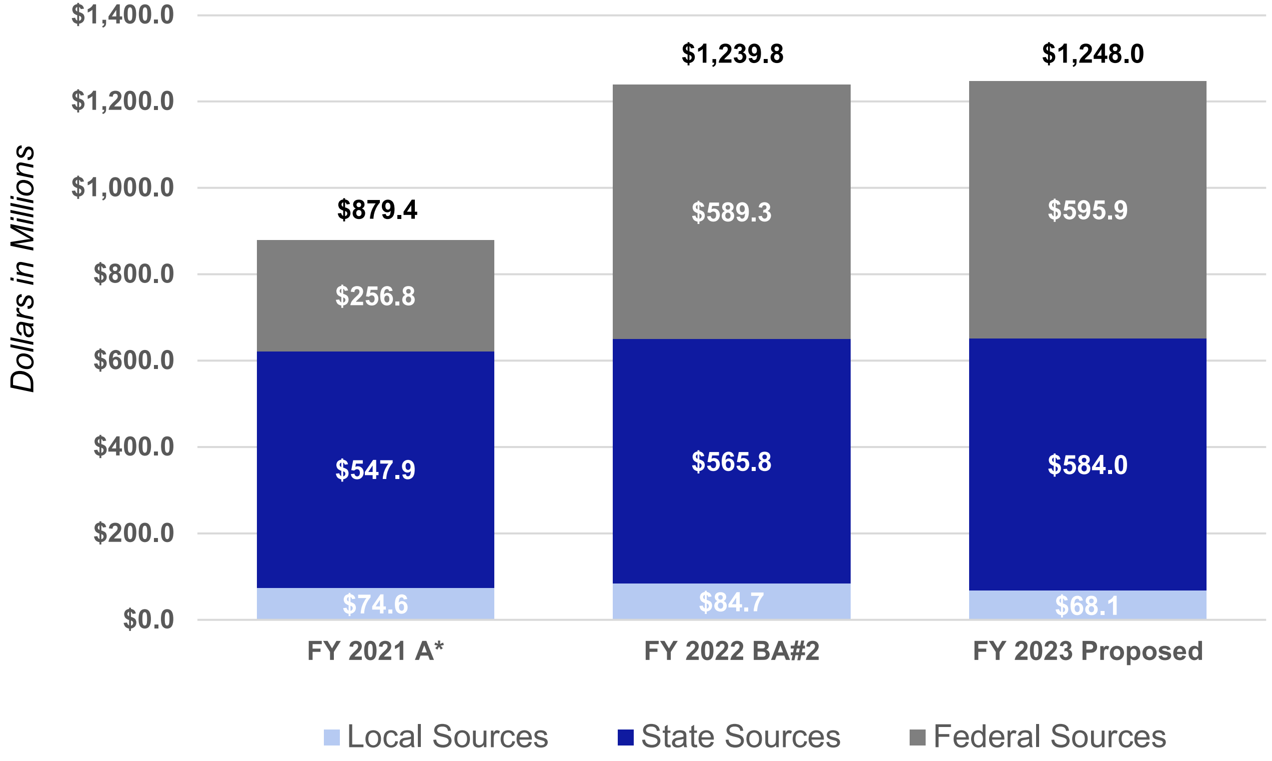
Staff Model

- ✓ School staff model remained consistent from previous years.
- ✓ Staff allocations were based on Spring Enrollment, schools are not held harmless for enrollment declines.
- ✓ The District returned to pre-pandemic student/teacher ratios.
- ✓ In FY 24, the District may have to consider reductions in school staffing at small schools (those with enrollment less than 450).

Supplemental COVID Allocations

- ✓ District will continue to fund expansion of student and classroom laptops and other technology.
- ✓ All schools will continue to receive contract nurses, mental health specialists and long-term substitutes.
- ✓ Schools will receive a supplemental $540/student ARPA allocation to fund student intervention (before/ after school programs, Intervention Teachers, or supplemental programs).

FY23 Revenue

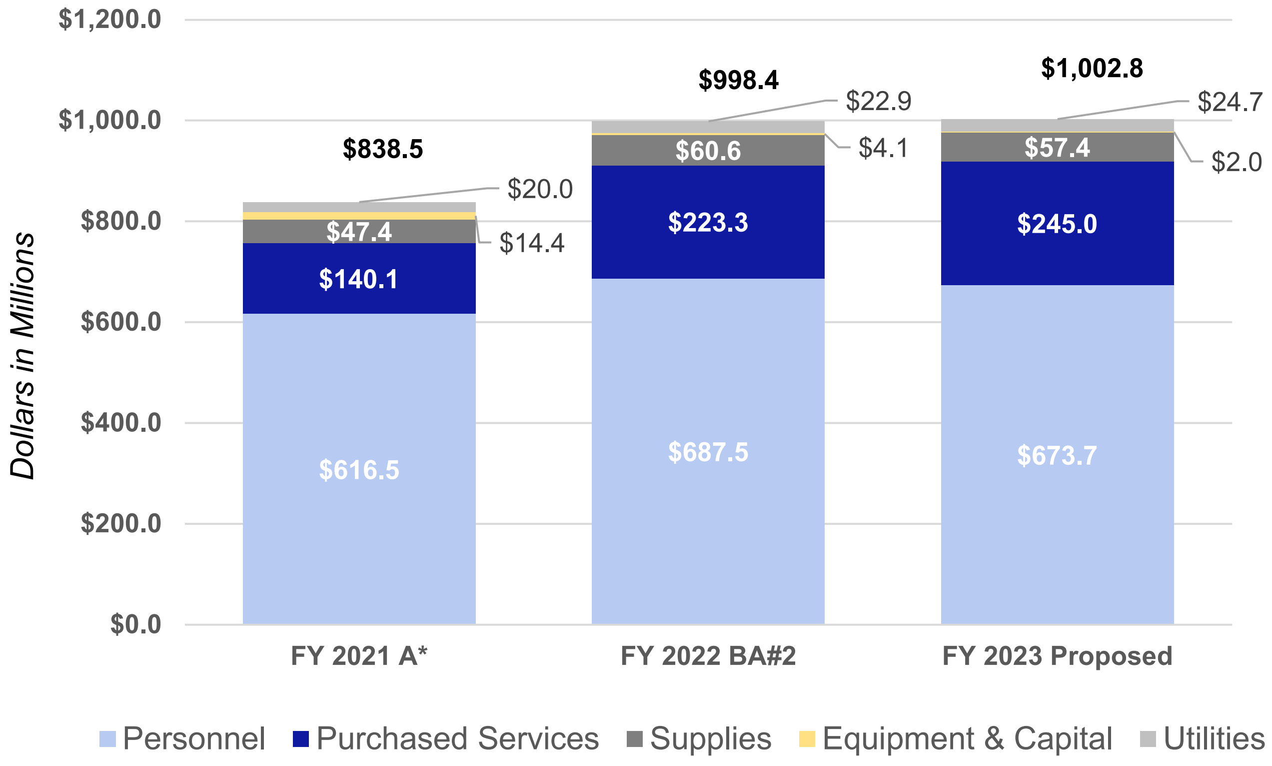


The District is projecting $464M in one-time COVID funding in FY 23, which is consistent with FY 22 BA2.

- State sources included a $400 increase in per-pupil funding, and a 2.5% increase in ESE reimbursement.
- Recurring state and federal grant revenue is projected to remain constant at pre-pandemic levels.
- Local Revenue is projected to be lower as Enhancement Millage revenue will decline in FY 23 as revenue is required to be shared with Charter Schools. Act 18 (District Center-Based programs) and other private revenue remains constant.

**NOTE: FY21 Revenue from final Audit*

FY23 Expenses



*NOTE: FY21 Expenses from final Audit

The budget invests in student services, facility improvements, and one-time staff bonuses, while continuing to respond to COVID-19.

Personnel:
- Salary costs reflect approved CBA increases and bonuses.
- Benefit costs reflect a 7% increase in healthcare costs
- All supplemental COVID positions (C&I, FACE, Health, Operations, Schools) will sunset at the end of the COVID grant period.
- Total number and cost of Central Office personnel was reduced from FY 22.

Purchased Services: Central Office reduced discretionary expenditures despite significant cost increases due to higher labor costs and inflation.

Supplies: Continued increase in one-time spending for student supplies/materials and technology through COVID funding.

Equipment & Capital: Includes one-time investments in IT to support 1-1 expansion, network security and infrastructure.

Utilities: Expenses reflect 10% increase based on anticipated rate changes and increased usage.

FY 23 Updated Revenue & Expenditures

The state adopted budget included additional unplanned general and grant revenue which will have a positive impact on FY 2023 budget.

- Per Pupil Allocation was at $450 per student (budget was based on $400) – net increase $2.4M.
- ESE (Special Education) funding was increased to 1.75 times the per pupil amount. The District projects this will result in $17.8M in additional revenue.
- The District included $6.2M in new grant revenue – with the funding increases to ELL, GSRP, At-Risk and new grants for security and mental health we expect to see an additional $13M in funding.
- Lastly student enrollment has increased from last year, which is anticipated to generate an additional $5.7M in general fund revenue.

Some expenditures are projected to increase, but not significant enough to offset the increased revenue.

- Transportation costs are running higher due to salary demands and gas prices. We expect a $2 - 3M increase in costs.
- Natural Gas costs are up over 300% this year. We expect to pay an additional $4-5M this year, unless there is an immediate decline in costs.
- Healthcare plan costs are higher than projected, but there will likely not be an overall impact on the budget, as not all employees elect to receive benefits.

Future Budget Outlook

One-time Federal COVID funding provided nearly equitable funding to DPSCD for the first time. In FY 2024, supplemental COVID funds will end, and the District will have to balance the budget solely on recurring revenue. While the state is proposing increasing per pupil funding 4.5% for FY 23, District costs are increasing much faster. COVID funded initiatives and positions will be eliminated after this school year.

Despite increased funding Mi school funding is inequitable. DPSCD will receive $3,441 less per student in general fund revenue than the highest funded SE Michigan school districts. This equates to $165M less in available general fund dollars to fund salary increases, cover the rising cost of goods, materials and supplies, as well as maintain and improve our buildings.

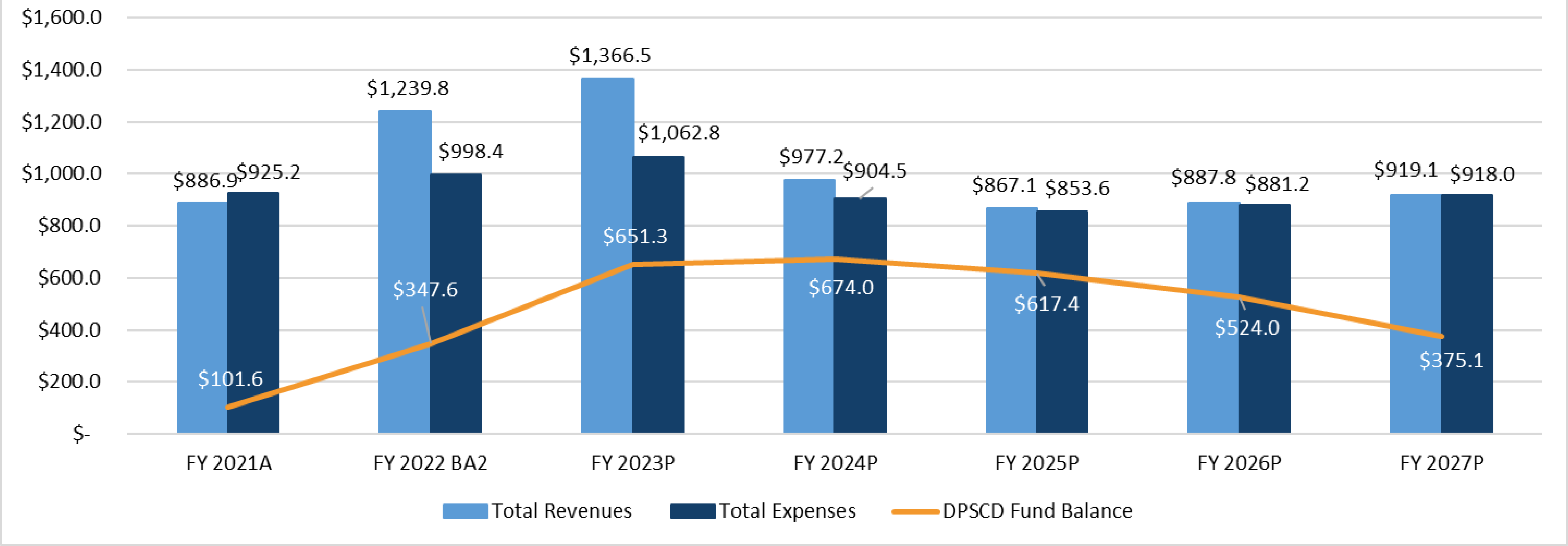
Additionally, District costs are increasing faster than state funding, which will require the District to make reductions in FY 24 to balance the budget.

- Energy costs are up 13% through FY 22 and are projected to increase due to inflation, and higher school usage rates.
- District costs for supplies, equipment, and materials are projected to rise with inflation as much as 10%.
- Costs for employee health coverage have increased 41% since 2017 and are projected to increase 5 – 7% per year due to the increased health care costs associated with the pandemic.
- The District has increased personnel costs through the implementation of a living wage at $15 per hour, providing significant increases in teacher salaries and increases to all school-based staff.
- Federal revenue has remained flat, despite recommendations from the Biden administration to increase federal title funds.

Starting in November, District Staff and Board will engage in planning for the post COVID budget, which will likely include reductions to Central Office and reduced school-based staffing levels.

Five Year Revenue & Expenditure Projections

Based on preliminary assumptions, DPSCD is projecting a balanced budget through FY 2027. The FY 21 – FY 23 budgets includes the supplemental $1.2B. FY 24 includes eligible COVID expenditures through (9/30/23). The unrestricted general fund balance is projected to remain relatively flat as excess revenue is transferred to the capital projects fund to address long term facility needs.



DPSCD Fund Balance is increasing to fund the Facility Master Plan ($700M). The FMP expenditures will be completed through 2028, FY 29. While the fund balance has been reduced to account for the planned expenditures, the costs are not included in the operating expenses. The table shows just the District general fund operating revenue and expenditures.

Facility Master Plan

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

Students Rise. We All Rise.

Where we are and where we're going with our facilities investments.

2018-2020

Facilities Assessment and Community Engagement: Understanding Our Need

The District conducted a facility assessment which identified $1.5B in facility needs by 2023.

In 2019, the District reactivated schools Barton, Edmonson, Hamilton and Academy of Americas at Logan to address facility needs and enrollment changes. Through additional community engagement, the District reactivated White, moved CMA to Ludington, moved Pulaski, shifted King to an exam school, and made investments totaling $8.5M.

2020 - 2023

Initial Anchor Investments: Building Our Foundation

Through our Fund Balance and the creation of a Capital Fund, we have **committed to over $132M in anchor investments** to make the first set of improvements to our facilities.

2022-2027

The Facility Master Plan: Setting a Path Forward

With the federal relief funds available to the District, we are now able to set a path forward to address many, but not all, of our needs.

With continued rising costs, our Facility Master Plan proposes the **most immediate investment needs totaling $700M out of a $2.1 billion need.**

The Future

Future Investments: Fully Realizing Our Vision

We know that the work does not stop here. We know that there are **more than $1.4B in investments** we need to make to fully realize our vision.

Board Approved Capital Improvement Planning

The District has leveraged available general fund surpluses to address immediate facility infrastructure. To date $136M in Capital Improvements have been approved and initiated.

Fiscal Year 2019 - $13M

- ✓ Projects Completed – **100%**

Capital Planning Priorities

- ✓ Roof Replacements
- ✓ Hydration Station Installation
- ✓ Parking Lot
- ✓ HVAC Overhaul
- ✓ Playground OCR Transition

Fiscal Year 2020 - $18M

- ✓ Projects Completed – **99%**
- ✓ Projects in Progress – **1%**

Capital Planning Priorities

- ✓ Fencing
- ✓ Steam Lines
- ✓ Paving
- ✓ Roofing
- ✓ Athletic Fields
- ✓ Masonry
- ✓ Boilers
- ✓ Windows
- ✓ Chillers
- ✓ A/C Units
- ✓ Heat Exchanger
- ✓ Rooftop Units

Fiscal Year 2021 - $25M

- ✓ Projects Completed – **84%**
- ✓ Projects in Progress – **16%**

Capital Planning Priorities

- ✓ Boiler & HVAC
- ✓ Windows
- ✓ Masonry
- ✓ Pavement
- ✓ Playgrounds
- ✓ Roofing
- ✓ Signage
- ✓ Swimming Pools
- ✓ Major Renovations

Fiscal Year 2022 - $80M

- ✓ Projects Completed – **5%**
- ✓ Projects in Progress – **95%**

Capital Planning Priorities

- ✓ Abatement
- ✓ Athletic Fields
- ✓ Building Automation
- ✓ Electrical Upgrades
- ✓ Exterior Envelope
- ✓ Fencing
- ✓ HVAC
- ✓ Roofing

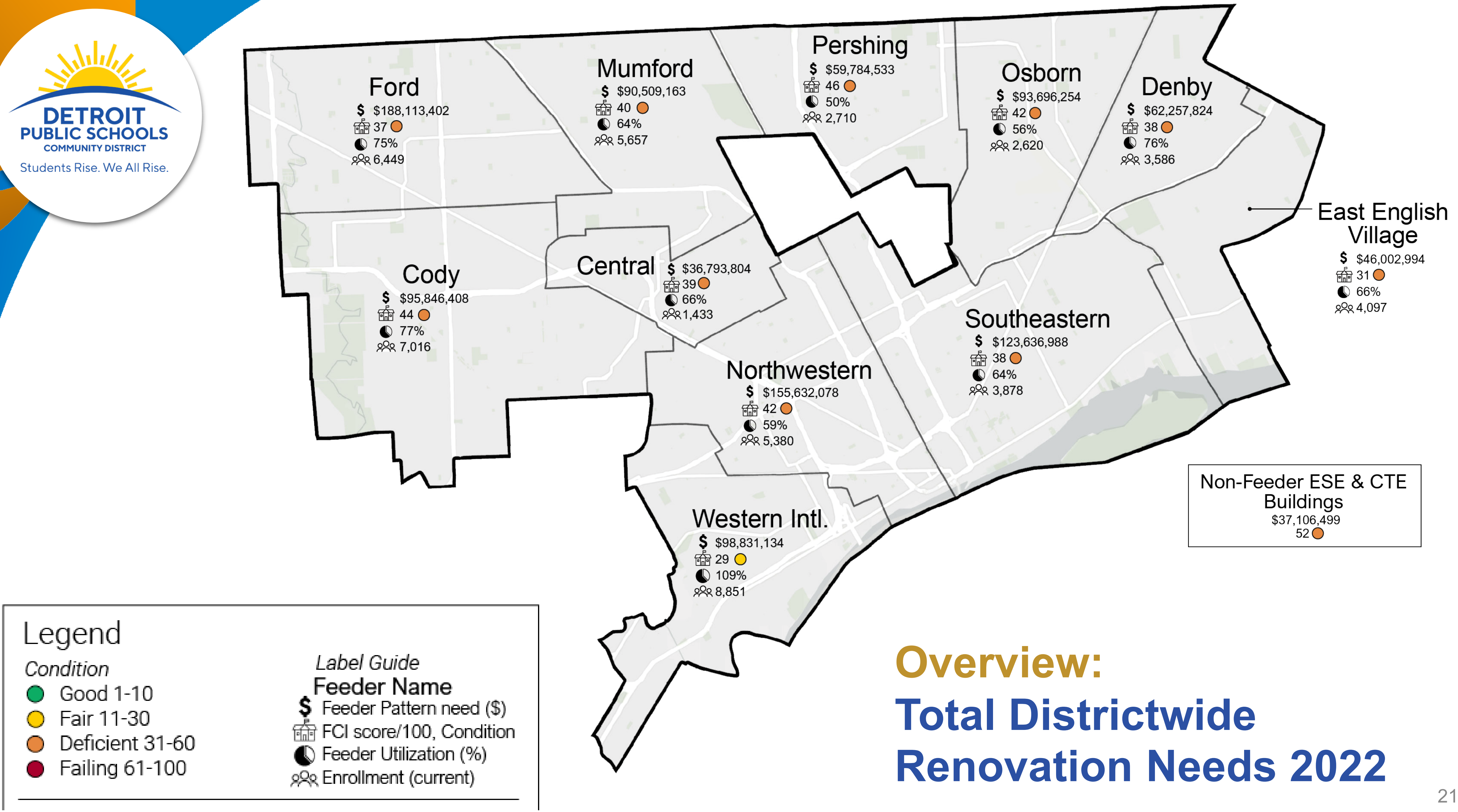
Facility Master Plan Overview ($700M)

Over the past year, the District engaged vendors and staff to update the 2018 facility assessment to reflect current conditions and inflationary costs to determine the Districts outstanding facility need. The assessment determined District Facilities needed $2.1B.

The District engaged the Board and Community on a long-term Facility Master Plan to address the need and leverage the one-time COVID funds.

The plan which was approved by the Board in May 2022,

- Addressed buildings with low enrollment;
- Addressed buildings with deteriorating infrastructure;
- Identified future enrollment growth areas;
- Prioritized projects in alignment with $700M in one-time COVID funding to address key infrastructure.



Overview:

Total Districtwide Renovation Needs 2022

FACILITY ASSESSMENT KEY INDICATORS

Our facility assessment is based on two key indicators:

- **Facility Condition**, which is a measure of the amount of repair needed to get the building up to minimum standards. The lower the number, the better the facility's condition. For Facility Condition:
    - **Good**: 0-10
    - **Fair**: 11-30
    - **Deficient**: 31-60
    - **Failing**: 60+
- **Utilization**, which shows how much of the school building we're using. The higher the number, the better, because that means we're fully maximizing our spaces.

	Now		By 2027:
Facility Condition	Average District FCI: 40 Deficient	If we make the full $2.1B in Facility Master Plan investments	Average District FCI: 0 Excellent
		If we make the initial $700M in investments	Average District FCI: 29 Fair
		If we make no investments	Average District FCI: 49 Poor
Utilization	Average District Utilization: 71%	If we make Facility Master Plan investments	Average District Utilization: 78%

SUMMARY OF DISTRICT-WIDE RECOMMENDATIONS

Together, these strategies are expected to decrease the District's average FCI from 40 to 29 and increase average utilization from 71% to 78%.

REBUILD: $293M
Rebuild 5 schools.

REACTIVATION: $35M

ADDITION: $70M

NEW & PHASED OUT PROGRAMS

RENOVATION: $290M

DECOMMISSION $11M

Investment Considerations

- Original building not in repairable state
- High-demand areas to attract new families
- Neighborhoods underserved by DPSCD schools
- Establish new standard for school buildings in the District

- Vacant or underutilized buildings that can be reactivated at low cost with a focus on Pre-K expansion
- High-demand areas with insufficient District schools and seats

- New-build additions to existing buildings that need additional capacity or spaces due to overcrowding in the neighborhood or schools.
- Alternative to completely new school buildings.

- Opportunities to offer new programs or consolidate buildings with low utilization and high repair costs
- Maximize utilization of buildings and offer students and families access to newly renovated or brand new-built facilities.

- Buildings in need of repairs in roofing, heating, cooling, lighting or exterior enclosure
- Focused on buildings likely to remain open in the long-term and/or will not require wall-to-wall renovations in a next phase
- Lowering long-term maintenance and utilities costs.

- Demolishing or selling vacant buildings that are not a part of 20-year facility plan
- Positive impact on neighborhood stabilization
- Decrease neighborhood blight by removing vacant buildings.

SUMMARY OF DISTRICT-WIDE RECOMMENDATIONS

UPDATED RECOMMENDATIONS

REBUILD

- Original building not in repairable state.
- High demand areas to attract new families.

- Cody
- Robeson / Marshall
- Pershing
- Carstens @ Golightly CTC
- Phoenix

REACTIVATION

- Vacant or underutilized buildings that can be reactivated at low cost.
- High demand areas where current capacity is insufficient.

- Vetal K-8
- Fleming (Pre-K)
- Adult Ed West (Pre-K)
- Hancock (Pre-K)
- Northern High School*

ADDITION

- New build additions to existing building.
- Providing new spaces for low cost at high capacity schools.

- Charles Wright
- CMA
- JR King
- Western
- Southeastern CTC

NEW/PHASED OUT PROGRAMS

- Opportunities to consolidate buildings with low utilization or are structurally unrepairable.

New Programs
- CTC @ Southeastern, Pershing, Denby

Phase Outs
- Ann Arbor Trail
- Clark
- Catherine Blackwell
- Greenfield Union

Program Moves
- Thurgood Marshall --> Robeson
- Davis Aerospace → City Airport
- Turning Point → West Side
- Lions, WSA, Legacy → Douglass (Murray Wright)
- Douglass, Virtual --> Northern

DECOMMISSION

- Demolishing or selling buildings that are structurally unrepairable.

Active Buildings
- Thurgood Marshall
- Carstens
- Ann Arbor Trail
- Clark
- Blackwell
- Greenfield Union

Surplus Buildings
- Post
- Biddle
- Van Zile
- Carrie/Law
- Foch
- Phoenix

**This plan includes $9M to support renovations at Northern High School. The full need is $49.5M. The remainder of the cost will be identified through proceeds from property sales and other revenue associated with the Facility Master Plan.*

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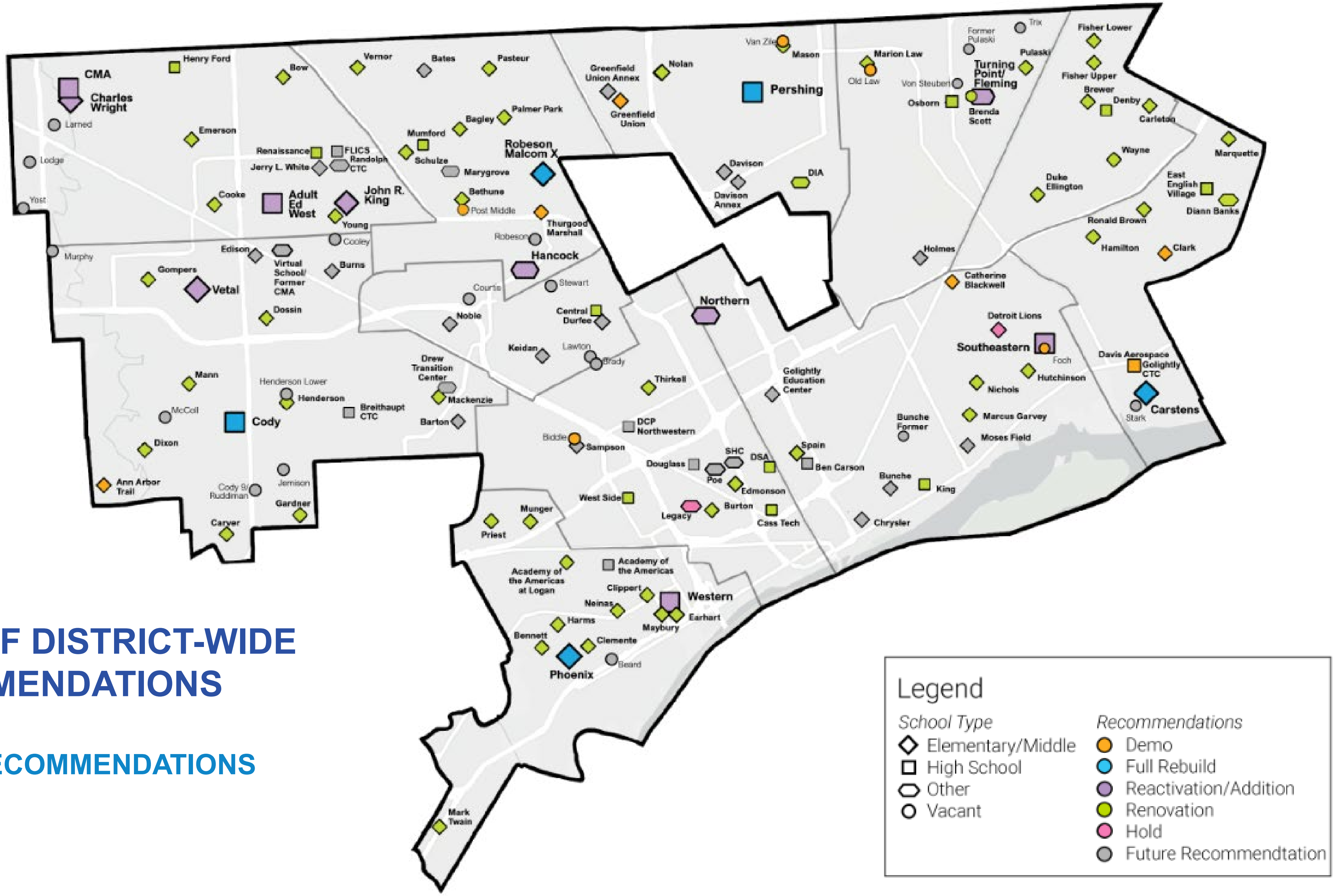

SUMMARY OF DISTRICT-WIDE RECOMMENDATIONS

UPDATED RECOMMENDATIONS

Series 1: Facility Master Plan Implementation

Scope of Work: The first phase of the $700M Facility Master Plan recommendations is the Facility Master Plan Series 1 work (FMP 1) which includes renovations to existing buildings and City Airport, a new annex addition for CTE manufacturing and two (2) new K-8 buildings and one (1) new high school for a total of $202M in initial investments to support the Facility Master Plan.

FMP 1 Scope	Major Work	Budget	Anticipated Timeframe
FMP 1	▪ **Renovations** ▪ City Airport – Davis Aero ▪ Denby – CTC Graphic Design ▪ Former CMA for PRMX Swing Space ▪ **Building Demolition** ▪ Pershing HS ▪ Golightly CTC ▪ Carstens ▪ PRMX ▪ Thurgood Marshall ▪ **New Builds/Additions** ▪ New Carstens (K-8) ▪ New Pershing HS ▪ PRMX ▪ Southeastern HS CTC Addition	**$202,000,000**	**Professional Team Procurement** O.R. June 2022 (Plante Moran Cresa) A/E Jan 2023 CM Mar 2023 Design Jan 2023 – Dec 2027 Construction Apr 2024 – Dec 2027

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

Facility Master Plan Implementation Strategy

The FMP will be implemented in six (6) series of work. The District has been laying out project management plans, procurement timelines, and project schedules for each series. These projects will impact over 110 schools and are planned to span over the course of 7 years.

Series 1 Managed by PMC	Series 2 Managed by RNA & GDI	Series 3 Management IFF	Series 4 Management TBD	Series 5 Management TBD	Series 6 Management TBD
8 Schools Impacted	**10** Schools Impacted	**22** Schools Impacted	**19** Schools Impacted	**8** Schools Impacted	**50** Schools Impacted
SCOPE: New Buildings, Additions & Demolitions	**SCOPE:** Program Moves, Building Reactivations & Alternative Campus Build	**SCOPE:** Pre-K Expansion & Pre-K Centers	**SCOPE:** New Buildings, Additions & Demolitions	**SCOPE:** New Buildings, Additions & Demolitions	**SCOPE:** New Buildings, Reactivations, Additions & Major Renovations
$202,000,000 INVESTMENT TOTAL	**$12,350,000** INVESTMENT TOTAL	**$13,634,959** INVESTMENT TOTAL	**$11,000,000** INVESTMENT TOTAL	**$306,667,733** INVESTMENT TOTAL	**$153,939,173** INVESTMENT TOTAL
7 YEARS Duration	**TBD** Duration	**TBD** Duration	**TBD** Duration	**TBD** Duration	**TBD** Duration
PROJECT START: Summer 2022	**PROJECT START:** Summer 2022	**PROJECT START:** Summer 2022	**PROJECT START:** Summer 2022	**PROJECT START:** Summer 2023	**PROJECT START:** Fall 2024

Procurement – Overall Update

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

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Procurement Key Performance Indicators

The District is consistently focused on improving customer service, supporting our schools and departments through the Procurement process.

Over the past four years, the District has significantly improved the time to approve purchase requests.

Metric	FY 19	FY 20	FY 21	FY 22	1 Year Change	4 Year Change
Time to approve requisition under 10K	20.28	15.5	14.08	11.81	-2.27	-8.47
Time to approve requisition under 24K	35.61	29.4	26.35	22.67	-3.68	-12.94
Time to approve requisition greater than 24K	29.96	24.9	23.58	22.61	-0.97	-7.35
Average length of RFP Postings	N/A	25.3	23.53	28.35	4.82	3.05
Number of Bid Respondents	4.15	5.7	6.28	4.71	-1.57	0.56
School administration favorable perception of procurement process	52%	74%	76%	77%	1%	25%

**The District didn’t start tracking the average RFP posting length until FY 20.*

Increased District Spending

The District leveraged COVID funding for one-time discretionary expenditures – procured through the procurement process. As evidenced below – there has been a significant increase in the total dollars spent, PO's issued and vendors used by the District since FY 20. In order to manage the additional spending, the District implemented the following practices.

- Established quarterly targets for spend and meet with teams monthly to smooth out end of year purchasing rush.
- Reorganized team responsibilities to work specifically on contracts or requisitions.
- Lowered the days payable rate in an effort to attract new vendors

Procurement Statistics	FY 19	FY 20	FY 21	FY 22	1 Year Change	4 Year Change
Total Number of POs	11,752	10,288	7,717	14,377	6,660	2,625
Total Number of Vendors	2,165	1,786	1,410	2,088	678	-77
Total Value of Payments	$247M	$220M	$252M	$310M	$62M	$58M
Total Number of Vendors over $250K	92	93	94	115	21	23

New Vendor Engagement

In order to address challenges procuring goods and services, in FY 22, the District expanded vendor outreach efforts to ensure greater number of potential vendors were aware of District contract opportunities.

Vendor Referral Survey

The District implemented a vendor referral program. Staff could refer potential vendors and vendors could sign-up to receive bid information. District staff invited vendors to join engagement sessions, pre-bid conferences and encouraged them to respond to RFPs.

155 Vendors Referred to the District

Pre-Bid Conferences

The District increased advertising bid opportunities in the MI Chronicle and District added Pre-Bid Conferences to inform vendors of upcoming bid opportunities. The sessions allowed vendors to review bid information, ask questions, and better understand District forms and timelines.

686 Vendors Participated in District

Certifying Agencies

The District established relationships with agencies dedicated to vendor development. The District presented various contracting opportunities to the Michigan Minority Supplier Development Council and the City of Detroit vendor engagement programs.

6 Certification Agencies

Procurement Challenges

The District is facing the similar procurement challenges as companies across the country – tightening labor market, rapid inflation, supply chain disruptions.

To combat these challenges, the District has leveraged available COVID revenue to cover increased costs.

- Contracted Labor Costs – District has increased vendor salaries and offered signing bonuses to prevent disruptions in service from vacancies in bus drivers, custodians.
- Supply Chain Issues – Increased costs delayed product delivery and forced District to extend capital work.
- Construction Labor Shortages and increased construction projects – Has led to an increased in costs as compared with prices prior to the pandemic.

The District partnered with GM and DTE to assess our procurement practices and recommend streamlined processes to address upcoming capital work.

- DTE & GM have and will continue to leverage their vendors to ensure DPSCD can obtain critical parts to complete upcoming capital work.

Waiver Requirements

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

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Considerations for Waiver for DPS/CD

FRC Act Section	Requirement/Response	Compliance
8(2)(a)	**Requirement:** The commission certifies that the City has adopted and adhered to deficit-free budgets for 3 consecutive years that comply with generally accepted accounting principles and are in accordance with the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.	
	DPS Response: The FRC adopted preliminary and deficit-free budget amendments for DPS since July 1, 2016. Plante Moran served as the auditor for the past 4 consecutive years (FY 19, FY 20, FY 21 and anticipated FY 22).	✓
	DPSCD Response: The FRC adopted preliminary and deficit-free budget amendments for DPSCD since July 1, 2016. Plante Moran served as the auditor for the past 6 consecutive years (FY 17, FY 18, FY 19, FY 20, FY 21 and anticipated FY 22).	✓
8(2)(b)(i)	**Requirement:** Both State Treasurer and CFO certify that: All municipal securities or debt obligations sold by the qualified school district in the general public during the immediately preceding fiscal year and current fiscal year satisfied the capital and other financial requirements of the qualified school district during that period (MCL 141.1638(b)(i)).	
	DPS Response: DPS participated in the Emergency Loan Rate reduction program in FY21 as well as agreed to the mutual release of funds in the Retained Percentage account of its Operating Debt accounts at BNYM and made an additional payment of $28.2M in ORS legacy debt. Based on these payments, DPS projects that all operating debt will be repaid by FY26, one year earlier than forecast. DPS has not needed, nor is it authorized to undertake any new borrowing to manage the retirement of its legacy obligations.	✓
	DPSCD Response: DPSCD did not sell any municipal securities or debt obligations during the immediately preceding (FY 21) and current fiscal year (FY 22). DPSCD has available unrestricted general fund resources necessary to address working capital and facility needs.	✓

Considerations for Waiver for DPS/CD

FRC Act Section	Requirement/Response	Compliance
8(2)(b)(ii)	**Requirement:** Both the State Treasurer and the CFO certify: There is a substantial likelihood that municipal securities or debt obligations can be sold by the qualified school district during the remainder of the current fiscal year and the immediately succeeding fiscal year in amounts sufficient to substantially satisfy all of the capital and other financial requirements (MCL 141.1638(b)(ii)).	
	DPS Response: As referenced in 8(2)(b)(i) DPS participated in and received approval for a rate reduction in its Emergency Loan in the late summer of 2021.	✓
	DPSCD Response: DPSCD has the legal authority to borrow, under Section 1351a of the Revised School Code, on a voted or non-voted basis, to finance its capital requirements. Authority is also available under Act 99 of 1933, as amended (MCL 123.721, et. seq) (installment contracts) and Revised School Code Section 1374a (Energy Conservation Improvements) to finance capital improvements. The settlement Gary B., v. Whitmer, confirmed DPSCD is not prohibited from pre-qualifying and qualifying DPSCD bonds for capital expenditures under the SBQAL program. The FY2021 budget allocated \$80.0 million of DPSCD's projected General Fund surplus for capital improvements. DPSCD completed and approved a strategic Capital Improvement Planning process, which included community input, and led to Board Approval of \$700M Facility Master Plan. The FY 2022 budget will assign available unrestricted general fund dollars to address the \$700M commitment. The District will continue to assign available unrestricted general fund surpluses through 2027. DPSCD reasonably expects that it could, between the use of a portion of its general fund, and other available bond options, successfully finance capital requirements for FY 2023 and beyond.	✓

Considerations for Waiver for DPS/CD

FRC Act Section	Requirement/Response	Compliance
8(2)(d)	**Requirement:** The qualified school district has demonstrated to the commission's satisfaction that the qualified school district has sufficient ability to borrow in the municipal securities market (MCL 141.1638(d)).	
	DPS Response: DPS completed refunding of 2010B ($41M), 2012B ($257M), and School Loan Revolving Fund (SLRF) ($265M) loans in Spring of 2020. During this process, DPS received 17 proposals for senior managing underwriting services and direct placement of bonds to refund a portion of its Capital Debt and SLRF loans. DPS reasonably expects that it would continue to attract an equal number of lenders for future transactions when the opportunity arises.	✓
	DPSCD Response: DPSCD has the legal authority, with voter approval, to issue unlimited tax general obligation bonds payable from additional debt millage and to incur non-voted debt as described above. The City of Detroit issued unenhanced UTGO bonds without an investment grade rating for capital purposes in 2018. DPSCD also has the legal authority to issue non-voted bonds, including energy conservation bonds, payable from its general fund.	✓
8(2)(e)	**Requirement:** The qualified school district did not violate the plan for adjustment in the immediately preceding fiscal year, as applicable, and is not in violation in the current fiscal year (MCL 141.1638(e)).	
	DPS Response: Not applicable because DPS has not filed a bankruptcy petition nor has a plan of adjustment.	✓
	DPSCD Response: Not applicable because DPSCD has not filed a bankruptcy petition nor has a plan of adjustment.	✓

Considerations for Waiver for DPS/CD

FRC Act Section	Requirement/Response	Compliance
8(2)(f)	**Requirement:** The state treasurer certifies that qualified school district is in compliance with uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.	
	DPS Response: The District received unmodified audits for DPS, which were provided as part of the documentation for 8(2)(a). Additionally, the Districts' auditors, Plante Moran, provided a letter stating the District has been in compliance with PA 2, the uniform budgeting and accounting act.	✓
	DPSCD Response: The District received unmodified audits for DPSCD, which were provided as part of the documentation for 8(2)(a). Additionally, the Districts' auditors, Plante Moran, provided a letter stating the District has been in compliance with PA 2, the uniform budgeting and accounting act.	✓
8(2)(g)	**Requirement:** The commission certifies that the qualified school district is in substantial compliance with Act 181 (MCL 141.1638(g)).	
	DPS Response: The District and FRC staff provide a summary of activities and statement of compliance with the Public Act 181. The FRC has adopted annual resolutions stating DPS is in compliance with PA 181.	✓
	DPSCD Response: The District and FRC staff provide a summary of activities and statement of compliance with the Public Act 181. The FRC has adopted annual resolutions stating DPSCD is in compliance with PA 181.	✓

Considerations for Waiver for DPS/CD

FRC Act Section	Requirement/Response	Compliance
8(2)(h)	**Requirement:** The qualified school district has fully satisfied all of its current obligations to the system created under the public-school employee's retirement act of 1979 (MCL 141.1638(2)(h)).	
	DPS Response: DPS has made all payments to the public-school employee's retirement system (ORS), per the Master Debt Schedule. Due to an increase in property value and collection rates, DPS made supplemental payments to ORS of $17.3 million in FY 21 and $28.2 million in July 2021. DPS made supplemental payments to ORS of $13.9 million in FY 22.	✓
	DPSCD Response: DPSCD is current on all payments to ORS.	✓

Considerations for Waiver for DPS/CD

FRC Act Section	Requirement/Response	Compliance
8(2)(i)	**Requirement:** The qualified school district has implemented a program in which all contracts awarded by the qualified school district are posted on the qualified school district's public website within 30 days of the contract award, including the identity of the parties to the contract, the dollar amount of the contract, and a brief description of the goods or services provided by the contract (MCL 141.1638(i)).	
	DPS Response: Not applicable as all operational functions for DPS are managed by DPSCD.	✓
	DPSCD Response: All District contracts are currently available on the District website through the public budget accountability and transparency link. The District website is integrated with our financial reporting system PeopleSoft, which posts required information on the website – vendor and contract name, dollar amount, and description- within 30 days of contract award.	✓

DPS Update – September 2022

RISE UP with DPSCD

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

Students Rise. We All Rise.

Overall Summary – DPS

Revenues and Expenditures – September 2022

- DPS received $14.6M in 13 mill receipts.
  - Current 13 mill tax receipt reserves are $65.6M.
  - DPS has a sufficient 13 mills cash balance to make the $36.7M scheduled debt payments in November.

- DPS received $14.1M in 18 mill receipts.
  - Total 18 mill account balances total $26.0M.
  - DPS paid the $23.7M scheduled debt payments in September

Cash Flow

- The ending general fund cash balance at the end June 2023 is projected to be $4.1M.

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

DPSCD Update – September 2022

RISE UP with DPSCD

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT
Students Rise. We All Rise.

Overall Summary – DPSCD Revenues and Expenditures

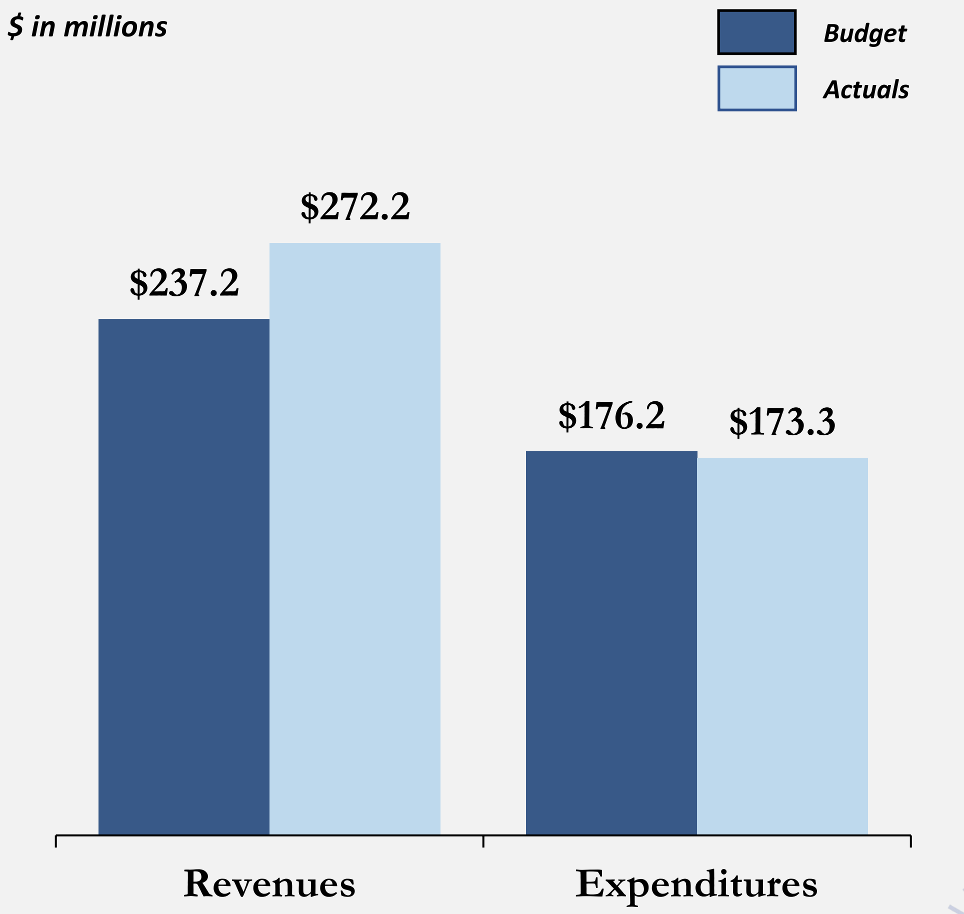
September revenue was ahead of forecast.

- Federal revenue is higher due to fiscal year 2022 COVID expenditure reconciliations.

Overall, expenditures in-line with forecasts.

- While supplies and textbooks expenditures were lower than forecast in September, they are now on track on a YTD basis.
- Equipment and capital is running ahead of forecast due to received goods earlier than forecast and supply chain constraints.

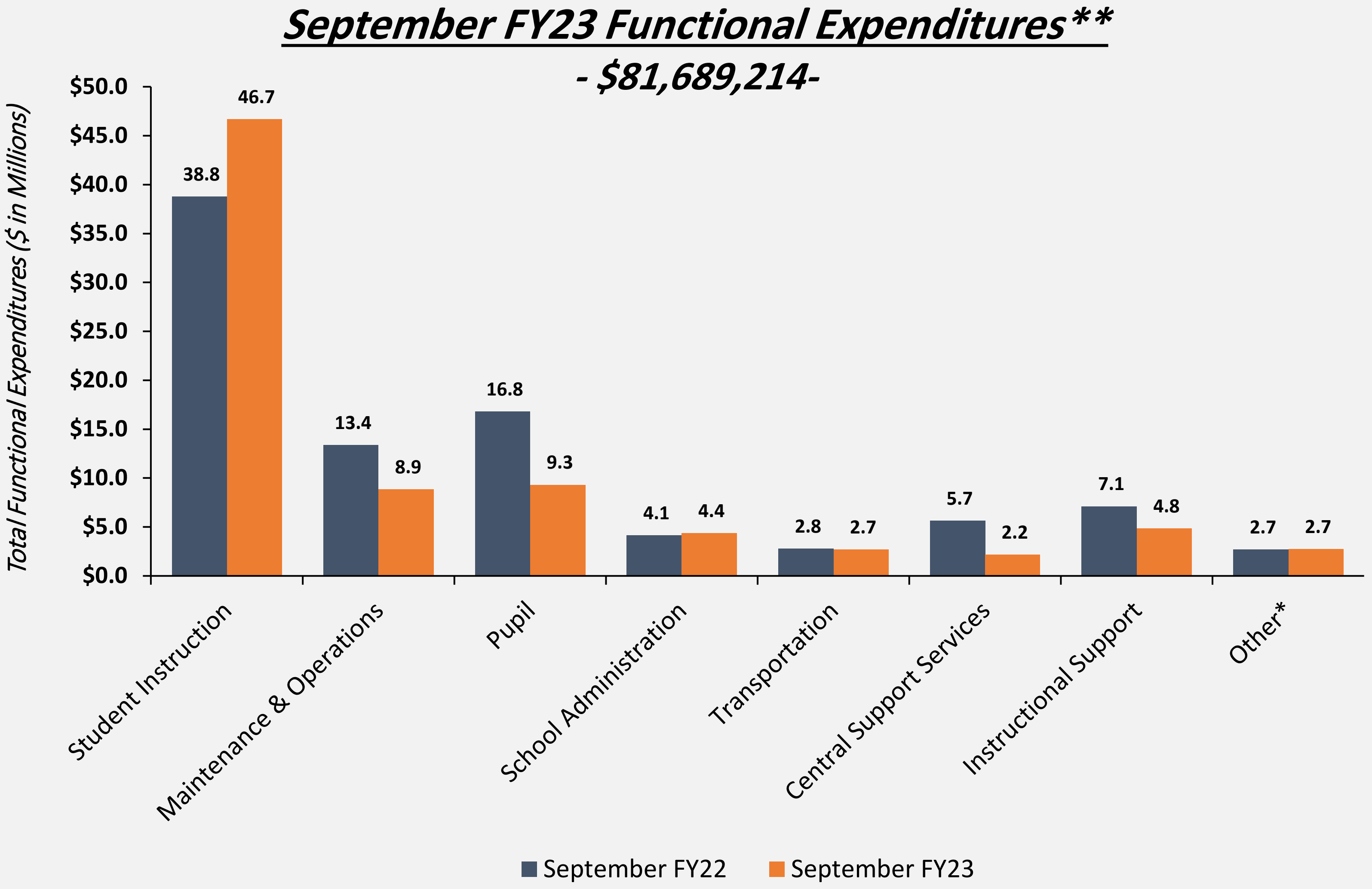
Budget vs. Actuals – As of September 2022



Summary of Revenues and Expenditures

	Budget to Actual Comparison Current Month				Budget to Actual Comparison YTD			
	Budget Month of Sep FY23	Actual Month of Sep FY23	Variance $	Variance %	Budget YTD Sep FY23	Actual YTD Sep FY23	Variance $	Variance %
SUMMARY								
Revenues								
Local sources	$ $1,456,892	$ 4,122,233	$ 2,665,341	183%	$ 6,448,127	$ 7,703,826	$ 1,255,700	19%
State sources	46,766,507	46,766,507	-	0%	139,999,522	140,133,614	134,091	0%
Federal sources	45,583,652	84,088,713	38,505,061	84%	90,750,935	124,365,875	33,614,940	37%
Total revenues	**93,807,051**	**134,977,453**	**41,170,402**	**44%**	**237,198,583**	**272,203,315**	**35,004,731**	**15%**
Expenditures								
Salaries	40,528,339	40,745,560	217,221	1%	79,833,184	81,133,394	1,300,210	2%
Benefits	23,062,128	23,327,563	265,435	1%	45,665,890	48,030,307	2,364,417	5%
Purchased Services	10,294,214	9,537,820	(756,395)	(7%)	32,635,137	24,826,029	(7,809,109)	(24%)
Supplies & Textbooks	6,382,804	3,360,866	(3,021,938)	(47%)	9,124,135	8,840,503	(283,633)	(3%)
Equipment & Capital	201,446	772,199	570,753	283%	1,132,296	2,625,997	1,493,701	132%
Utilities	3,896,546	3,945,207	48,661	1%	7,800,115	7,858,699	58,584	1%
Total expenditures	**84,365,476**	**81,689,214**	**(2,676,262)**	**(3%)**	**176,190,757**	**173,314,928**	**(2,875,829)**	**(2%)**
Surplus (Deficit)	**$ 9,441,575**	**$ 53,288,239**	**$ 43,846,664**	**41%**	**$ 61,007,828**	**$ 98,888,387**	**$ 37,880,560**	**13%**

Expenditures by Function – September FY22 v. FY23



Notes:

- Student Instruction costs are higher due to reduced school-based vacancies and few, if any, building closures due to COVID cases.
- Pupil expenditures were higher in FY22 due to mandatory COVID testing which is now offered on an on-demand basis.

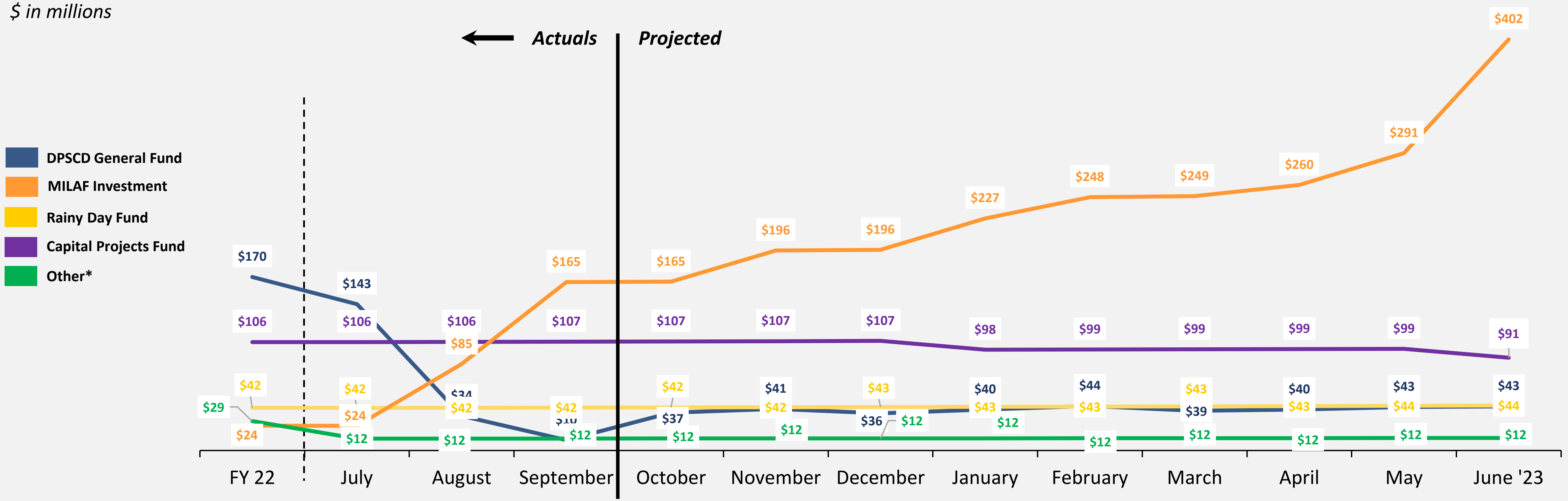
**Other includes: General Administration, Business, School Activities and Community Use*

*** September FY22 Expenditures: $91,425,229*

DPSCD September 2022 Cash Flow Analysis

- At the end of September, DPSCD's ending balances were as follows: General Fund - $10.4M, Rainy-Day Fund - $42.1M, Capital Projects Fund - $106.5M, MILAF Investment Account - $164.7M and Other* remaining funds - $11.8M.
- The current cash balances are estimated to be equivalent to 23.1 weeks of average expenditures[1].
- A portion of general fund cash will be assigned to Facility Master Plan per final audited financials in November.

Actual Ending Cash Balance – September 30, 2022



1) Calculated by taking cash balances of all funds available to the Board as of September 30, 2022, and dividing it by the rolling average actual YTD expenditures per week (excludes extraordinary, one-time items)

*Other Funds include: Internal Service Fund, Legal Reserve Fund and the Food Service Fund

DPSCD Cash Forecast to Actuals – September 2022

IN THOUSANDS $ 0.00 — **SEPTEMBER**

CASH RECEIPTS	**FORECAST**	**ACTUALS**	**VARIANCE**	**COMMENTS :**
STATE AID	-	-	-	
MPSERS (STATE FUNDED)	-	-	-	
ENHANCEMENT MILLAGE	534	-	(534)	
GRANTS	140,330	137,757	(2,572)	
TRANSFER FROM MILAF INVESTMENT ACCOUNT	-	20,000	20,000	Transfer due timing of cash receipts
TRANSFER FROM RELATED ACCOUNTS	-	-	-	
WCRESA	3,515	3,515	0	
FOOD SERVICE-REIMBURSEMENT	166	187	20	
MISCELLANEOUS	$ 1,001	$ 239	(762)	
TOTAL CASH RECEIPTS	**$ 145,547**	**$ 161,699**	**$ 16,152**	
CASH DISBURSEMENTS				
MPSERS (PASS THROUGH)	-	$ (5,924)	(5,924)	Forecast did not include final MPSERS payment for FY22
PAYROLL - DIRECT DEPOSIT, ADDITIONAL, OR IMPREST	(31,732)	(33,533)	(1,801)	
EMPLOYER TAXES	(5,349)	(6,354)	(1,005)	
EMPLOYEE WITHOLDINGS	(2,720)	(2,214)	506	Payroll forecast did not assume a return to school prior to Labor Day
FRINGE BENEFITS (GARNS/WORKERS COMP)	(1,250)	(1,115)	135	
HEALTH	(4,529)	(4,801)	(272)	
PENSION (EMPLOYEE PORTION)	(1,689)	(2,982)	(1,293)	
PENSION (EMPLOYER PORTION)	(6,556)	(9,720)	(3,163)	
ACCOUNT PAYABLE GENERAL FUNDS	(37,089)	(14,882)	22,207	AP was processed in August earlier than forecast
CP ACCOUNTS PAYABLE	(1,500)	(3,276)	(1,776)	
FOOD SERVICE	(4,034)	(570)	3,464	Timing, payments will be processed in future months
TRANSFER TO INVESTMENT ACCOUNT	(40,000)	(100,000)	(60,000)	Transfer to MILAF investment to generate interest income
TRANSFER TO RELATED ACCOUNTS	-	(28)	(28)	
TOTAL CASH DISBURSEMENTS	$ (136,449)	$ (185,400)	$ (48,952)	
BEGINNING CASH BALANCE	**$ 34,052**	**$ 34,052**	**$ 0**	
NET CASH FLOW	***9,098***	***(23,702)***	***(32,800)***	
ENDING CASH BALANCE	**$ 43,150**	**$ 10,350**	**$ (32,800)**	

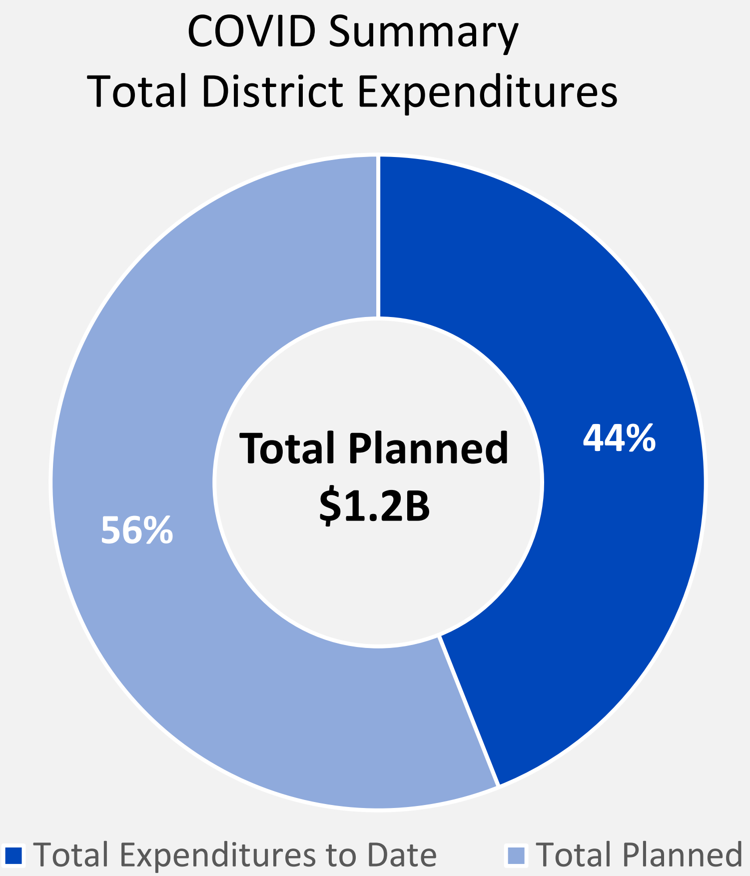
DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

Food Service Revenues and Expenditures - FY23

	Food Service Budget to Actual Comparison Current Month				Food Service Budget to Actual Comparison YTD			
	Budget Month of September FY 23	Actual Month of September FY 23	Variance $	Variance %	Budget YTD September FY 23	Actual YTD September FY 23	Variance $	Variance %
SUMMARY								
Revenues								
Local sources	$ 166,245	$ 8,381	$ (157,864)	(95%)	$ 208,473	$ 38,120	$ (170,354)	(82%)
State sources	179,942	102,498	(77,444)	(43%)	223,433	167,600	(55,833)	(25%)
Federal sources	4,116,175	3,191,458	(924,717)	(22%)	5,161,733	4,132,482	(1,029,251)	(20%)
Other sources (Commodities)	268,478	-	(268,478)	(100%)	336,675	-	(336,675)	(100%)
Total revenues	**$ 4,730,840**	**$ 3,302,337**	**$ (1,428,503)**	**(30%)**	**$ 5,930,314**	**$ 4,338,202**	**$ (1,592,112)**	**(27%)**
Expenditures								
Personnel	$ 2,182,404	$ 1,441,144	$ (741,259)	(34%)	$ 2,946,760	$ 2,722,092	$ (224,669)	(8%)
Purchased Services	151,484	55,796	(95,688)	(63%)	209,962	132,925	(77,037)	(37%)
Supplies & Equipment	2,101,359	1,156,017	(945,342)	(45%)	2,735,129	1,629,130	(1,105,999)	(40%)
Other Equipment	65,102	65,102	-	0%	65,102	65,102	-	0%
Capital Outlay	102,498	186,774	84,276	0%	102,498	186,774	84,276	0%
Misc	9,810	6,707	(3,102)	(32%)	12,302	8,673	(3,628)	(29%)
Total expenditures	**$ 4,881,134**	**$ 2,911,541**	**$ (1,969,593)**	**(40%)**	**$ 6,408,429**	**$ 4,744,697**	**$ (1,663,732)**	**(26%)**
Excess of Revenues Over (Under) Ex	**$ (150,293)**	**$ 390,797**	**$ 541,090**	**(360%)**	**$ (478,115)**	**$ (406,495)**	**$ 71,620**	**(15%)**
Other Sources (Uses)	-	9,750	9,750		-	9,750	9,750	
Surplus (Deficit)	**$ (150,293)**	**$ 400,547**	**$ 550,840**	**(367%)**	**$ (478,115)**	**$ (396,745)**	**$ 81,370**	**(17%)**

COVID Expenditure Summary

Through September 30, 2022, the District spent $27.6M on planned COVID expenditures for FY23. Primary expenditures in FY23 to date are for meeting the academic needs of students (summer school and student technology devices) and budget transfers to fund the Facilities Master Plan.



COVID Initiative	FY23 Budgeted	FY23 Expenditures to Date
Bring Students and Families Back to Our Schools	$ 4,306,976	$ 780,102
Maximize Safe Face to Face Learning	$ 20,842,480	$ 1,819,510
Meet Academic Needs of Students	$ 51,545,764	$ 16,645,007
Meet Social-Emotional Needs of Student	$ 10,743,433	$ 410,609
Invest in Our Employees	$ 4,501,230	$ 1,280,494
Budget Transfer to Fund Our Facilities	$ 343,629,366	$ 6,696,142
Total Budgeted Expenditures	***$ 435,569,249***	***$ 27,631,863***

**Only COVID funded expenditures are listed, District state and federal grants have also supported student engagement, academics, and social emotional work.*

Finance Appendix

DPS FY 2023 Monthly Cash Flows

IN THOUSANDS $ 0.00	2022						2023						
	July	August	September	October	November	December	January	February	March	April	May	June	
	ACTUALS	ACTUALS	ACTUALS	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FY 22 TOTAL
CASH RECEIPTS													
PROPERTY TAX	$ 1,348	$ 27,229	$ 14,622	$ 3,287	$ 9,235	$ 992	$ 11,042	$ 9,618	$ 1,280	$ 732	$ 289	$ 10,391	$ 90,067
MISCELLANEOUS		$ 10	$ 5	$ 2	$ 2	$ 2	$ 2	$ 2	$ 2	$ 2	$ 2	$ 2	$ 30
TOTAL CASH RECEIPTS	**$ 1,348**	**$ 27,239**	**$ 14,627**	**$ 3,289**	**$ 9,236**	**$ 994**	**$ 11,044**	**$ 9,620**	**$ 1,282**	**$ 734**	**$ 291**	**$ 10,393**	**$ 90,097**
CASH DISBURSEMENTS													
ACCOUNTS PAYABLE GENERAL FUND	-	-	-	-	(20)	(30)	-	-	-	-	-	(50)	(100)
PROPERTY TAX TRANSFERS	-	(28,577)	(14,622)	(3,287)	(9,235)	(992)	(11,042)	(9,618)	(1,280)	(732)	(289)	(10,391)	(90,067)
OTHER DISBURSEMENTS	(1)	-	-	-	-	-	-	-	-	-	-	-	(1)
TOTAL CASH DISBURSEMENTS	(1)	(28,577)	(14,622)	(3,287)	(9,255)	(1,022)	(11,042)	(9,618)	(1,280)	(732)	(289)	(10,441)	(90,168)
BEGINNING CASH BALANCE	**$ 4,156**	**$ 5,503**	**$ 4,165**	**$ 4,170**	**$ 4,172**	**$ 4,153**	**$ 4,125**	**$ 4,127**	**$ 4,128**	**$ 4,130**	**$ 4,132**	**$ 4,133**	**$ 4,156**
NET CASH FLOW	***$ 1,347***	***(1,338)***	***$ 5***	***$ 2***	***(18)***	***(28)***	***$ 2***	***$ 2***	***$ 2***	***$ 2***	***$ 2***	***(48)***	***(71)***
ENDING CASH BALANCE	**$ 5,503**	**$ 4,165**	**$ 4,170**	**$ 4,172**	**$ 4,153**	**$ 4,125**	**$ 4,127**	**$ 4,128**	**$ 4,130**	**$ 4,132**	**$ 4,133**	**$ 4,085**	**$ 4,085**

IN THOUSANDS $ 0,00	2022						2023						
	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	
PROPERTY TAX RESERVE ACCOUNT (13 MILLS)	ACTUALS	ACTUALS	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FY 22 TOTAL
BEGINNING BALANCE	$ 22,320	$ 22,347	$ 50,974	$ 65,574	$ 32,190	$ 41,432	$ 42,431	$ 53,480	$ 63,105	$ 64,392	$ 10,610	$ 10,905	$ 22,320
Property Tax Transfers In	-	$ 28,577	$ 14,622	$ 3,287	$ 9,235	$ 992	$ 11,042	$ 9,618	$ 1,280	$ 732	$ 289	$ 10,391	$ 90,067
EARNINGS ON INVESTMENTS	$ 28	$ 50	-	$ 7	$ 7	$ 7	$ 7	$ 7	$ 7	$ 7	$ 7	$ 7	$ 139
Draw from SLRF to meet Obligations	-	-	-	-	-	-	-	-	-	$ 95,000	-	-	$ 95,000
Scheduled Bond Payments	(1)	-	(22)	(36,678)	-	-	-	-	-	(149,522)	-	-	(186,222)
ENDING PROPERTY TAX RESERVE	**$ 22,347**	**$ 50,974**	**$ 65,574**	**$ 32,190**	**$ 41,432**	**$ 42,431**	**$ 53,480**	**$ 63,105**	**$ 64,392**	**$ 10,610**	**$ 10,905**	**$ 21,303**	**$ 21,303**
DPS DEBT FUND (18 MILLS - BONY)													
BEGINNING BALANCE	$ 16,557	$ 10,576	$ 35,643	$ 26,011	$ 29,732	$ 30,666	$ 32,241	$ 41,761	$ 52,063	$ 24,736	$ 20,760	$ 20,567	$ 16,557
Cash Receipts	$ 659	$ 25,066	$ 14,100	$ 3,722	$ 934	$ 1,575	$ 9,521	$ 10,302	$ 1,807	$ 630	$ 230	$ 11,053	$ 79,598
Scheduled EL/Bond Payments	-	-	(23,732)	-	-	-	-	-	(23,134)	-	-	-	(46,866)
Supplemental ORS Payments	(6,640)	-	-	-	-	-	-	-	(6,000)	(4,606)	(422)	(7,571)	(25,240)
ENDING BONY BALANCE	**$ 10,576**	**$ 35,643**	**$ 26,011**	**$ 29,732**	**$ 30,666**	**$ 32,241**	**$ 41,761**	**$ 52,063**	**$ 24,736**	**$ 20,760**	**$ 20,567**	**$ 24,049**	**$ 24,049**
TOTAL CASH INCLUDING DPS GENERAL FUND, PROPERTY TAX RESERVE. AND BONY	**$ 38,427**	**$ 90,782**	**$ 95,755**	**$ 66,094**	**$ 76,251**	**$ 78,797**	**$ 99,368**	**$ 119,297**	**$ 93,259**	**$ 35,501**	**$ 35,606**	**$ 49,438**	**$ 49,438**

DPS Cash Forecast to Actuals Variance – September 2022

IN THOUSANDS $ 0.00	SEPTEMBER			
CASH RECEIPTS	FORECAST	ACTUALS	VARIANCE	COMMENTS :
PROPERTY TAX	$ 6,177	$ 14,622	$ 8,445	Tax payments received earlier than forecast
MISCELLANEOUS	2	5	3	
TOTAL CASH RECEIPTS	**$ 6,178**	**$ 14,627**	**$ 8,449**	
CASH DISBURSEMENTS				
ACCOUNTS PAYABLE GENERAL FUND	-	-	-	
PROPERTY TAX TRANSFERS	(6,177)	(14,622)	(8,445)	Transfer adjusted to match receipts
TRANSFERS TO DPSCD	-	-	-	
OTHER DISBURSEMENTS	-	-	-	
TOTAL CASH DISBURSEMENTS	**(6,177)**	**(14,622)**	**(8,445)**	
BEGINNING CASH BALANCE	**$ 4,165**	**$ 4,165**	**-**	
NET CASH FLOW	***$ 2***	***$ 5***	***3***	
ENDING CASH BALANCE	**$ 4,167**	**$ 4,170**	**$ 3**	

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

DPSCD FY 2023 Monthly Cash Flows

IN THOUSANDS $ 0.00	2022						2023						
	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	
	ACTUALS	ACTUALS	ACTUALS	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST	FY 23 TOTAL
CASH RECEIPTS													
STATE AID	$ 41,881	$ 46,304	-	$ 44,641	$ 46,283	$ 45,403	$ 44,746	$ 47,959	$ 46,420	$ 46,385	$ 48,330	$ 44,914	$ 503,266
MPSERS (STATE FUNDED)	$ 5,918	$ 5,924	-	-	$ 12,135	$ 6,068	$ 6,068	$ 6,068	$ 6,068	$ 6,068	$ 6,068	$ 6,068	$ 66,451
ENHANCEMENT MILLAGE	$ 837	-	-	$ 2,818	$ 5,378	$ 906	$ 387	$ 1,826	$ 1,518	$ 1,296	$ 776	$ 11	$ 15,754
GRANTS	$ 2,231	$ 11,626	$ 137,757	$ 52,885	$ 34,155	$ 54,155	$ 34,155	$ 30,000	$ 40,000	$ 30,000	$ 30,000	$ 160,434	$ 617,397
TRANSFER FROM MILAF INVESTMENT ACCOUNT	-	$ 20,000	$ 20,000	-	-	-	$ 8,867	-	-	-	-	$ 9,000	$ 57,867
WCRESA	-	$ 4,693	$ 3,515	$ 3,515	$ 3,515	$ 3,515	$ 3,515	$ 3,515	$ 3,515	$ 3,515	$ 3,515	$ 3,515	$ 39,847
FOOD SERVICE-REIMBURSEMENT	$ 3,692	$ 6,406	$ 187	$ 1,472	$ 49	$ 4,270	$ 7,936	$ 6,744	$ 3,960	$ 3,086	$ 6,746	$ 2,067	$ 46,613
MISCELLANEOUS	$ 2,089	$ 209	$ 239	$ 547	$ 1,129	$ 552	$ 510	$ 531	$ 1,525	$ 400	$ 545	$ 611	$ 8,886
TOTAL CASH RECEIPTS	**$ 56,648**	**$ 95,162**	**$ 161,699**	**$ 105,878**	**$ 102,645**	**$ 114,868**	**$ 106,184**	**$ 96,643**	**$ 103,005**	**$ 90,750**	**$ 95,980**	**$ 226,620**	**$ 1,356,081**
CASH DISBURSEMENTS													
MPSERS (PASS THROUGH)	-	(5,918)	(5,924)	-	(12,639)	(6,319)	(6,319)	(6,319)	(6,319)	(6,319)	(6,319)	(6,319)	(68,717)
PAYROLL - DIRECT DEPOSIT, ADDITIONAL, OR IMPRES	(26,523)	(22,442)	(33,533)	(17,429)	(13,559)	(26,492)	(22,659)	(21,515)	(41,701)	(18,750)	(15,022)	(23,730)	(283,354)
EMPLOYEE WITHOLDINGS	(8,414)	(8,348)	(6,354)	(5,424)	(3,392)	(8,939)	(5,901)	(5,500)	(8,632)	(5,838)	(3,904)	(8,228)	(78,874)
EMPLOYER TAXES	(2,880)	(2,554)	(2,214)	(3,029)	(1,457)	(4,678)	(2,915)	(3,043)	(1,901)	(2,989)	(1,465)	(3,943)	(33,071)
FRINGE BENEFITS (GARNS/WORKERS COMP)	(1,255)	(1,085)	(1,115)	(1,260)	(827)	(2,257)	(1,486)	(1,321)	(1,421)	(1,312)	(833)	(2,199)	(16,371)
HEALTH	(5,552)	(5,284)	(4,801)	(4,671)	(4,277)	(4,246)	(4,478)	(4,745)	(4,795)	(4,746)	(4,481)	(4,443)	(56,519)
PENSION (EMPLOYEE PORTION)	(3,184)	(2,269)	(2,982)	(2,497)	(1,738)	(5,627)	(2,516)	(2,729)	(2,387)	(2,786)	(1,886)	(5,109)	(35,712)
PENSION (EMPLOYER PORTION)	(10,793)	(7,781)	(9,720)	(8,642)	(5,888)	(18,857)	(8,489)	(9,051)	(7,932)	(8,956)	(6,062)	(16,388)	(118,557)
ACCOUNT PAYABLE GENERAL FUNDS	(23,009)	(65,476)	(14,882)	(29,480)	(19,970)	(36,819)	(11,812)	(13,759)	(26,501)	(21,700)	(17,427)	(39,918)	(320,755)
CP ACCOUNTS PAYABLE	(1,367)	(960)	(3,276)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(19,103)
FOOD SERVICE	(67)	(2,029)	(570)	(5,221)	(3,797)	(3,322)	(4,509)	(3,560)	(4,624)	(4,624)	(4,624)	(4,271)	(41,218)
TRANSFER TO INVESTMENT ACCOUNT	-	(80,000)	(100,000)	-	(30,000)	-	(30,000)	(20,000)	-	(10,000)	(30,000)	(110,000)	(410,000)
TRANSFER TO RELATED ACCOUNTS	-	(73)	(28)	-	-	-	-	-	-	-	-	-	(101)
TOTAL CASH DISBURSEMENTS	**(83,044)**	**(204,218)**	**(185,400)**	**(79,154)**	**(99,045)**	**(119,058)**	**(102,584)**	**(93,042)**	**(107,713)**	**(89,522)**	**(93,525)**	**(226,048)**	**(1,482,352)**
BEGINNING CASH BALANCE	**$ 169,504**	**$ 143,108**	**$ 34,052**	**$ 10,350**	**$ 37,074**	**$ 40,674**	**$ 36,485**	**$ 40,084**	**$ 43,685**	**$ 38,977**	**$ 40,206**	**$ 42,661**	**$ 169,504**
NET CASH FLOW	**(26,396)**	**(109,056)**	**(23,702)**	**$ 26,724**	**$ 3,600**	**(4,190)**	**$ 3,600**	**$ 3,600**	**(4,707)**	**$ 1,228**	**$ 2,455**	**$ 572**	**(126,271)**
ENDING CASH BALANCE	**$ 143,108**	**$ 34,052**	**$ 10,350**	**$ 37,074**	**$ 40,674**	**$ 36,485**	**$ 40,084**	**$ 43,685**	**$ 38,977**	**$ 40,206**	**$ 42,661**	**$ 43,233**	**$ 43,233**

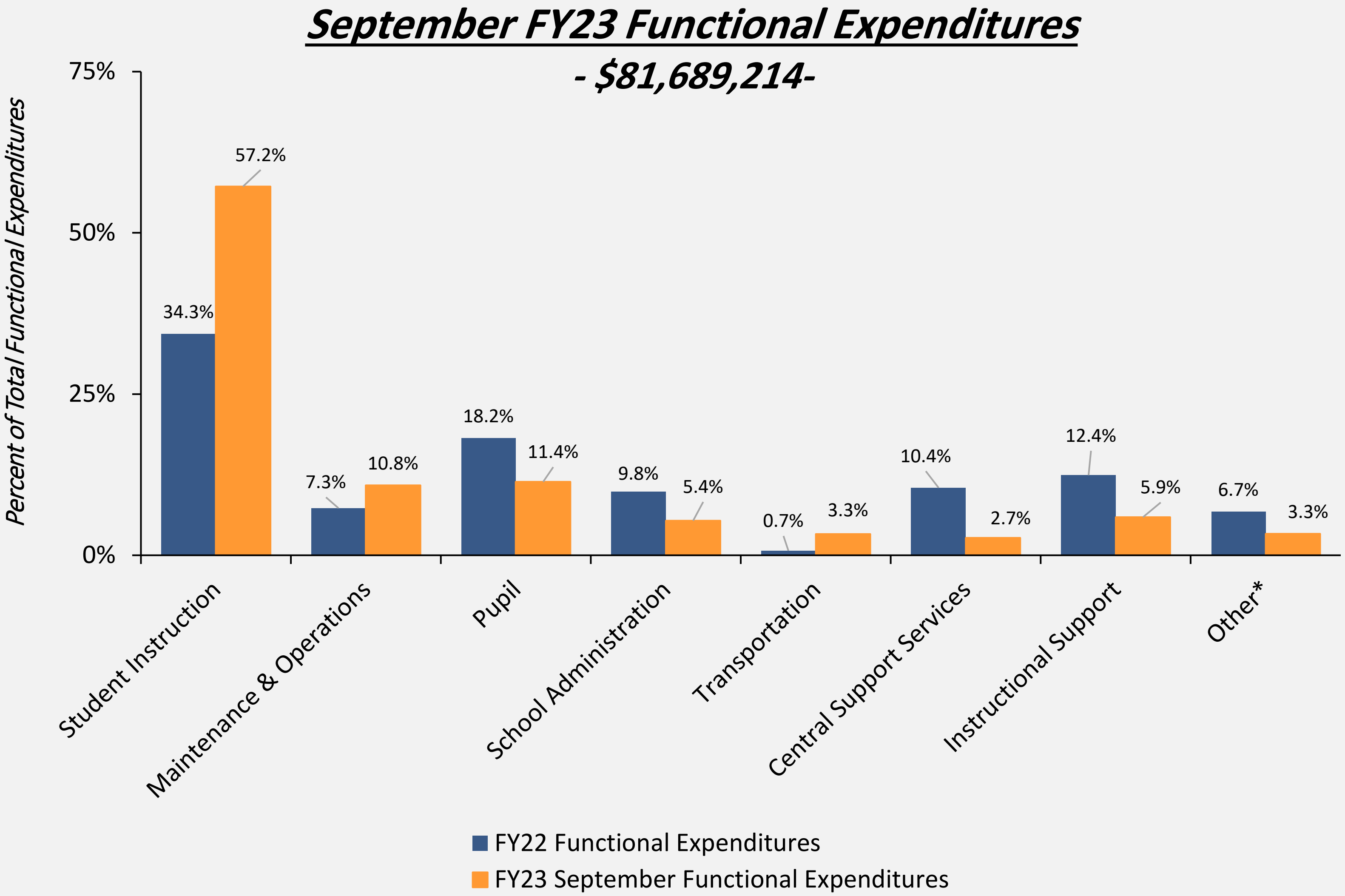
DPSCD FY 2023 Other Cash Accounts

IN THOUSANDS $ 0.00

		2022						2023					
INTERNAL SERVICE FUND	**JULY**	**AUGUST**	**SEPTEMBER**	**OCTOBER**	**NOVEMBER**	**DECEMBER**	**JANUARY**	**FEBRUARY**	**MARCH**	**APRIL**	**MAY**	**JUNE**	**FY 22 TOTAL**
Beginning Balance	$ 10,565	$ 10,579	$ 10,599	$ 10,621	$ 10,653	$ 10,692	$ 10,736	$ 10,786	$ 10,842	$ 10,905	$ 10,973	$ 11,047	$ 10,565
(+) Liability Balance Transfer from DPS	-	-	-	-	-	-	-	-	-	-	-	-	-
(+) Dividends/Interest	$ 14	$ 20	$ 22	$ 32	$ 38	$ 44	$ 50	$ 56	$ 62	$ 68	$ 74	$ 80	$ 563
(-) Workers' Compensation Claims	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	**$ 10,579**	**$ 10,599**	**$ 10,621**	**$ 10,653**	**$ 10,692**	**$ 10,736**	**$ 10,786**	**$ 10,842**	**$ 10,905**	**$ 10,973**	**$ 11,047**	**$ 11,128**	**$ 11,128**
LEGAL FUND													
Beginning Balance	$ 1,175	$ 1,176	$ 1,178	$ 1,181	$ 1,182	$ 1,184	$ 1,185	$ 1,187	$ 1,189	$ 1,190	$ 1,192	$ 1,193	$ 1,175
(+) Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-
(+) Dividends/Interest	$ 2	$ 2	$ 2	$ 2	$ 2	$ 2	$ 2	$ 2	$ 2	$ 2	$ 2	$ 2	$ 20
(-) Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	**$ 1,176**	**$ 1,178**	**$ 1,181**	**$ 1,182**	**$ 1,184**	**$ 1,185**	**$ 1,187**	**$ 1,189**	**$ 1,190**	**$ 1,192**	**$ 1,193**	**$ 1,195**	**$ 1,195**
RAINY DAY FUND													
Beginning Balance	$ 41,699	$ 41,754	$ 41,834	$ 42,061	$ 42,191	$ 42,346	$ 42,526	$ 42,731	$ 42,961	$ 43,216	$ 43,497	$ 43,802	$ 41,699
(+) Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-
(+) Dividends/Interest	$ 55	$ 80	$ 226	$ 130	$ 155	$ 180	$ 205	$ 230	$ 255	$ 280	$ 305	$ 330	$ 2,433
(-) Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	**$ 41,754**	**$ 41,834**	**$ 42,061**	**$ 42,191**	**$ 42,346**	**$ 42,526**	**$ 42,731**	**$ 42,961**	**$ 43,216**	**$ 43,497**	**$ 43,802**	**$ 44,132**	**$ 44,132**
MILAF INVESTMENT													
Beginning Balance	$ 24,341	$ 24,370	$ 84,525	$ 164,688	$ 165,088	$ 195,588	$ 196,188	$ 226,888	$ 247,688	$ 248,588	$ 259,588	$ 290,688	$ 24,341
(+) Transfers in	-	$ 80,000	$ 100,000	-	$ 30,000	-	$ 30,000	$ 20,000	-	$ 10,000	$ 30,000	$ 110,000	$ 410,000
(+) Dividends/Interest	$ 29	$ 155	$ 163	$ 400	$ 500	$ 600	$ 700	$ 800	$ 900	$ 1,000	$ 1,100	$ 1,200	$ 7,546
(-) Transfers out	-	(20,000)	(20,000)	-	-	-	-	-	-	-	-	-	(40,000)
Ending Balance	**$ 24,370**	**$ 84,525**	**$ 164,688**	**$ 165,088**	**$ 195,588**	**$ 196,188**	**$ 226,888**	**$ 247,688**	**$ 248,588**	**$ 259,588**	**$ 290,688**	**$ 401,888**	**$ 401,888**
TOTAL GENERAL FIUND BALANCE	**$ 220,987**	**$ 172,188**	**$ 228,900**	**$ 256,188**	**$ 290,483**	**$ 287,120**	**$ 321,676**	**$ 346,364**	**$ 342,876**	**$ 355,454**	**$ 389,391**	**$ 501,575**	**$ 501,575**
CAPITAL PROJECTS													
Beginning Balance	$ 105,976	$ 106,102	$ 106,297	$ 106,518	$ 106,720	$ 106,928	$ 107,144	$ 98,500	$ 98,730	$ 98,967	$ 99,212	$ 99,463	$ 105,976
(+) Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-
(+) Dividends/Interest	$ 126	$ 195	$ 221	$ 201	$ 209	$ 216	$ 223	$ 230	$ 237	$ 244	$ 251	$ 259	$ 2,612
(-) Transfers out	-	-	-	-	-	-	(8,867)	-	-	-	-	(9,000)	(17,867)
Ending Balance	**$ 106,102**	**$ 106,297**	**$ 106,518**	**$ 106,720**	**$ 106,928**	**$ 107,144**	**$ 98,500**	**$ 98,730**	**$ 98,967**	**$ 99,212**	**$ 99,463**	**$ 90,722**	**$ 90,722**
FOOD SERVICE													
Beginning Balance	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
(+) Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-
(+) Dividends/Interest	$ 0	$ 0	-	-	-	-	-	-	-	-	-	-	$ 0
(-) Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**
Total General Fund, ISF, Legal, Rainy Day Fund, MILAF Investment, Capital Projects and Food Service	**$ 327,089**	**$ 278,485**	**$ 335,418**	**$ 362,907**	**$ 397,411**	**$ 394,263**	**$ 420,176**	**$ 445,094**	**$ 441,843**	**$ 454,666**	**$ 488,853**	**$ 592,296**	**$ 592,296**

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

Expenditures by Function – September



Notes:

- Student Instruction costs are higher due to reduced school-based vacancies and few, if any, building closures due to COVID cases.
- Pupil expenditures were higher in FY22 due to mandatory COVID testing which is now offered on an on-demand basis.

**Other includes: General Administration, Business, School Activities and Community Use*

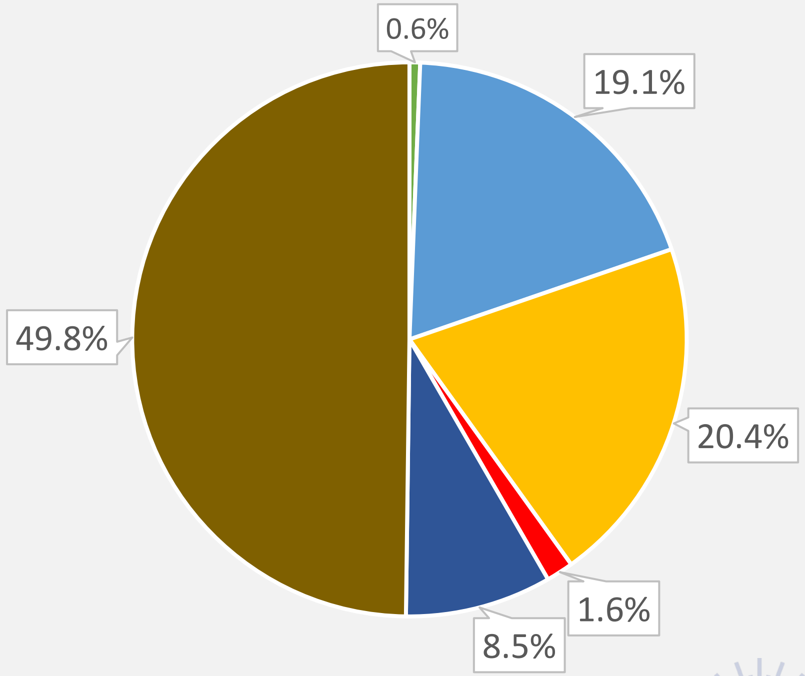
COVID Expenditure Summary

Through September 30, 2022, the District spent $544.4M on COVID eligible expenditures. This is an increase of $10.3M from the previous month. Main cost drivers were meeting the academic needs of students (summer school and technology) and transfers to fund facility improvements.

COVID Expenditure Category	Expenditures to Date
Bring Students and Families Back to Our Schools	$3,374,418
Maximize Safe Face to Face Learning	$104,055,651
Meet Academic Needs of Students in Person and Virtually	$110,903,611
Meet Social-Emotional Needs of Students	$8,629,312
Invest in Our Employees	$46,476,321
Budget Transfer to Fund Our Facilities	$271,236,211
Total	**$544,675,523**

**Only COVID funded expenditures are listed, District state and federal grants have also supported student engagement, academics, and social emotional work.*

Total COVID Expenditures to Date



Expenditures by Function – September 2022

	Budget to Actual Comparison Current Month				Budget to Actual Comparison YTD			
	Budget Month of Sep FY23	Actual Month of Sep FY23	Variance $	Variance %	Budget YTD Sep FY23	Actual YTD Sep FY23	Variance $	Variance %
FUNCTION LEVEL EXPENDITURES								
Instruction	**44,948,774**	**46,692,724**	**1,743,950**	**4%**	**83,917,389**	**83,145,989**	**(771,400)**	(1%)
Pupil	8,469,251	9,314,344	845,093	10%	19,440,074	19,245,573	(194,501)	(1%)
Instructional Support	5,292,319	4,834,831	(457,488)	(9%)	14,727,888	13,010,694	(1,717,195)	(12%)
General Administration	768,926	707,182	(61,744)	(8%)	2,135,201	1,801,381	(333,820)	(16%)
School Administration	4,820,406	4,386,191	(434,214)	(9%)	13,831,105	12,792,453	(1,038,652)	(8%)
Business	1,029,959	954,598	(75,361)	(7%)	2,993,761	2,471,352	(522,409)	(17%)
Maintenance & Operations	9,465,824	8,850,479	(615,345)	(7%)	17,405,276	23,486,873	6,081,597	35%
Transportation	4,624,862	2,691,568	(1,933,294)	(42%)	6,846,457	4,660,612	(2,185,844)	(32%)
Central Support Services	3,856,821	2,190,848	(1,665,973)	(43%)	12,729,694	10,831,871	(1,897,823)	(15%)
School Activities	342,509	321,539	(20,970)	(6%)	675,299	491,278	(184,020)	(27%)
Total Instruction and Supporting Services	**38,670,876**	**34,251,579**	**(4,419,297)**	**(11%)**	**90,784,754**	**88,792,088**	**(1,992,667)**	**(2%)**
Community Service	745,826	744,911	(915)	(0%)	1,488,613	1,376,851	(111,762)	(8%)
TOTAL EXPENDITURES	**$ 84,365,476**	**$ 81,689,214**	**$ (2,676,262)**	**(3%)**	**$ 176,190,757**	**$ 173,314,928**	**$ (2,875,829)**	**(2%)**

DPSCD FY 2023 Student Activity Fund

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT
STUDENT ACTIVITIES FUND
MONTH ENDING September 30, 2022

	FY 2023 Budget	YTD Actuals
Revenue:		
Local Sources	$ 2,200,000	$ 220,000
Total Revenue	***2,200,000***	***220,000***
Expenditures:		
Community Service	1,850,000	$ 185,000
Total Expenditures	**1,850,000**	**185,000**
Excess of Revenue over Expenditures	350,000	35,000
Beginning Fund Balance	**1,666,433**	**1,666,433**
Ending Fund Balance	**$ 2,016,433**	**$ 1,701,433**