



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: March 9, 2018

TO: State Senator Jim Stamas, Chair, Senate Subcommittee on General Government
State Representative Rob VerHeulen, Chair, House Subcommittee on General Government
Ellen Jeffries, Director, Senate Fiscal Agency
Mary Ann Cleary, Director, House Fiscal Agency
John Walsh, Director, State Budget Office

FROM: Kevin Kubacki, Executive Director, Financial Review Commission **KIC**

SUBJECT: Financial Review Commission March 15, 2018 – Boilerplate Report

The Financial Review Commission (FRC) is responsible for oversight of the City of Detroit and the Detroit Public Schools Community District pursuant to the Michigan Financial Review Commission Act (Public Act 181 of 2014). The primary roles and responsibilities of the FRC are to ensure statutory requirements are met, to review and approve budgets, and to establish programs and requirements for prudent fiscal management.

This report is required by Section 949d (3) of Public Act 107 of 2017, the General Omnibus Appropriation Act which provides the following:

Sec. 949d. (1) From the funds appropriated in part 1 for financial review commission, the department shall continue financial review commission efforts in the current fiscal year. The purpose of the funding is to cover ongoing costs associated with the operation of the commission.

(2) The department shall identify specific outcomes and performance measures for this initiative, including, but not limited to, the department's ability to perform a critical fiscal review to ensure the city of Detroit does not reenter distress following its exit from bankruptcy and to ensure that the community district does not enter distress and maintains a balanced budget.

(3) The department must submit a report to the house and senate appropriations subcommittees on general government, the senate and house fiscal agencies, and the state budget director by March 15. The report must describe the specific outcomes and measures required in subsection (1) and provide the results and data related to these outcomes and measures.

Please see the table below which highlights these specific outcomes and measures regarding the operation of the commission through November 2017.

FRC Measures	City of Detroit Outcomes	Detroit Public Schools Community District Outcomes
The City and DPSCD must adopt a deficit free budget.	The City has submitted 3 four-year financial plans to date which were reviewed and approved by the FRC. All financial plans were deficit free.	DPSCD has submitted 2 budgets to date which were reviewed and approved by the FRC. All budgets were deficit free.
The City and DPSCD have adhered to a deficit free budget	The City has adhered to two consecutive deficit free budgets. The third budget's compliance with this requirement will be confirmed upon release of the 2017 CAFR.	DPSCD has adhered to one deficit free budget. The second budget's compliance with this requirement will be confirmed upon release of the 2017 CAFR.
The City, DPSCD, and DPS have paid all principal and interest on outstanding debts when due.	The City has certified that all principal and interest payments on outstanding debts have been paid when due.	Detroit Public Schools (DPS) has certified that all principal and interest payments on outstanding debts have been paid when due. The new District, DPSCD has not issued any debt.
FRC review and approval of all applicable contracts	The City has submitted 579 applicable contracts and amendments to date. The FRC has approved 578 of them.	DPSCD has submitted 57 applicable contracts. All have been approved by the FRC.
FRC review and approval of collective bargaining agreements	The City has submitted 8 collective bargaining agreements and amendments to date. FRC has approved all of them.	DPSCD has submitted 7 collective bargaining agreements and amendments to date. The FRC has approved all of them.
FRC review and approval of budget amendments	The City has submitted a total of 242 amendments to date. The FRC has reviewed and approved all of them.	DPSCD has submitted a total of 6 budget amendments to date. The FRC has reviewed and approved all of them.
FRC review and approval of requests to issue debt	The City has submitted 5 debt issuance requests to date. The FRC has approved all of them.	DPSCD has not submitted any requests to issue debt.
FRC approval of Chief Financial Officer's appointment	The FRC approved the appointment of the City's current Chief Financial Officer on January 26, 2015	The FRC approved the appointment of DPSCD's current Chief Financial Officer on November 20, 2017.
FRC approval to alter the DPSCD Superintendent's contract or to terminate the DPSCD Superintendent	N/A	FRC approved the proposed DPSCD Superintendent's contract on May 22, 2017.