

# **DETROIT FINANCIAL REVIEW COMMISSION**

## **SCHOOL DISTRICT REGULAR MEETING**

Monday, December 19, 2016  
Following the City Regular Meeting  
(Begins no earlier than 2:00 p.m.)  
Cadillac Place, Suite L-150  
3062 West Grand Boulevard  
Detroit, MI 48202

### **AGENDA**

- I. Call to Order**
- II. Roll Call**
- III. Approval of Proposed Minutes from the November 21, 2016 School District Meeting**
- IV. Executive Director's Report**
- V. Old Business - None**
- VI. New Business**
  - a. FY18 Budget Projection
  - b. Presentation of the Community District's Monthly Financial Report
  - c. Consideration of the Community District's December 2016 budget amendment requests per MCL 141.1637(c) (FRC School District Resolution 2016-23)
  - d. Consideration of the Community District's October 2016 contract approval requests per MCL 141.1636(6) (FRC School District Resolution 2016-24)
  - e. Consideration of the Community District's October 2016 out-of-state travel reimbursement requests per MCL 141.1637(q) (FRC School District Resolution 2016-25)
- VII. Public Comment**
- VIII. Next Meeting Date**
  - a. School District Regular Meeting: Monday, January 30, 2017 following the City Meeting, beginning no earlier than 2:00 p.m. at Cadillac Place, 3062 West Grand Boulevard, Suite L-150, Detroit, MI 48202.
- IX. Adjournment**

*Page Intentionally Left Blank*

# Table of contents

---

<b>1</b>	<b>Proposed Budget Amendment No. 3</b>
<b>2</b>	<b>FY 2018 Budget Projection</b>
<b>3</b>	<b>Financial update</b>
<b>4</b>	<b>Requests for consideration and approval</b>
<b>5</b>	<b>Appendix</b>

# Key Changes in FY17 Budget Amendment #3 from FY17 Adopted Budget

---

The Fiscal Year 2016-2017 (FY 2017) Budget Amendment No. 3 is based on a comprehensive review of actual and projected financial data and analysis. The following is a summary of some of the notable changes to the General Fund by function since the budget was adopted:

- **Revenues: see p. 4 and 6**
  - Enrollment was reduced to reflect actual count (45,511 reduced to 45,150)
  - Enhancement millage proceeds of \$16.5M were added
  - EAA revenue of \$2.5M was added based on the agreement that was reached
  - Renaissance zone funding was removed from State sources since it no longer will be received by DPSCD
  - Federal sources increased due to SIG, Title I and Title IIA grants
- **Expenditures: see p. 4, 6 and 7**
  - Personnel costs increased to account for the impact of collective bargaining agreements (i.e. one-time bonus)
  - \$12M of unfilled general fund vacancies were removed (~\$8M of general funded vacancies remain in budget)
  - Benefits cost was reduced slightly in connection with Blue Care Network contract
  - \$1.5M in capital improvement was added for Cass Tech facilities needs
  - Includes a \$7.7M contingency
- **Other Financial Sources: see p. 4 and 6**
  - DPSCD expects to receive \$3.0M from the sale of vacant parcels of real estate
  - Payments from DPS increased due to a one-time transfer of \$15.3M of the ending cash balance of DPS

# FY 17 Budget Amendment #3 vs. FY 17 Adopted Budget

	FY 2017 - Adopted	(PROPOSED) FY 2017 - Budget Amendment # 3	FY17 Adopted vs. FY17 Bud Amend #3 Variance
<b>Revenue:</b>			
Local sources			
Special education millage	\$ 38,826,853	\$ 37,784,426	\$ (1,042,427)
Revenue enhancement millage	-	16,482,670	16,482,670
Debt Payments from the EAA	-	2,449,999	2,449,999
Other	11,925,615	12,216,928	291,313
Total local sources	50,752,468	68,934,023	18,181,555
State sources	445,820,225	441,694,928	(4,125,297)
Federal sources	141,820,618	146,159,505	4,338,887
<b>Total Revenue</b>	<b>638,393,311</b>	<b>656,788,456</b>	<b>18,395,145</b>
<b>Expenditures:</b>			
Instruction	332,136,274	334,685,823	2,549,549
Support services			
Pupil services	61,098,046	59,110,094	(1,987,952)
Instructional staff support	55,406,594	54,084,423	(1,322,171)
General administration	3,177,970	3,868,412	690,442
School administration	38,695,133	38,867,075	171,942
Business office	9,992,727	9,203,315	(789,412)
Operations & maintenance	84,826,740	87,255,722	2,428,982
Transportation	35,049,312	35,834,665	785,353
Central support service	28,356,987	29,407,090	1,050,103
Other support service	769,593	1,838,525	1,068,932
Total support services	317,373,102	319,469,321	2,096,219
Community services	4,189,662	5,350,764	1,161,102
Facilities acquisitions and improvement	606,809	606,809	-
Debt Service	-	-	-
<b>Total Expenditures</b>	<b>654,305,847</b>	<b>660,112,717</b>	<b>5,806,870</b>
<b>Other Financial Sources (Uses)</b>			
Proceeds from sale of capital assets	6,000,000	9,000,000	3,000,000
Payments From DPS	25,000,000	40,269,308	15,269,308
Transfers in from Food Service	2,256,058	2,256,058	-
<b>Total Other Financial Sources (Uses)</b>	<b>33,256,058</b>	<b>51,525,366</b>	<b>18,269,308</b>
<b>Surplus (Deficit) <sup>1</sup></b>	<b>17,343,522</b>	<b>48,201,105</b>	<b>30,857,583</b>
<b>Fund balance (reserved)</b>	17,343,522	36,224,705	18,881,183
<b>Fund balance (unrestricted)</b>	-	11,976,400	11,976,400
<b>Total Fund Balance</b>	<b>\$ 17,343,522</b>	<b>\$ 48,201,105</b>	<b>\$ 30,857,583</b>

1. Reserved Fund Balance includes Transition Funds (\$32.6m) and Other Non-Recurring Funds (\$3.6m). Refer to p. 10 for further detail.

# FY 17 Budget Amendment #3 vs. FY 17 Adopted Budget Variance Summary

	<b>FY17 Adopted vs. FY17 Bud Amend #3 Increase/(Decrease)</b>	
Total Revenue Increase	\$	18,395,145
Less: Total Expenditures Increase		5,806,870
Total Other Financial Sources (Uses) Increase		18,269,308
<b>Surplus Increase</b>	<b>\$</b>	<b>30,857,583</b>

# FY 17 Budget Amendment #3 Breakdown: Non-Recurring, Recurring Revenues & Expenditures

	Non-Recurring		Recurring	(PROPOSED)
	Transition Funds (one-time)	Other non-recurring	Core Operations	FY 2017 - Budget Amendment # 3
<b>Revenue:</b>				
Local sources				
Special education millage	\$ -	\$ -	\$ 37,784,426	\$ 37,784,426
Revenue enhancement millage	-	-	16,482,670	16,482,670
Debt Payments from the EAA	-	2,449,999	-	2,449,999
Other <sup>1</sup>	-	-	12,216,928	12,216,928
Total local sources	-	2,449,999	66,484,024	68,934,023
State sources	-	-	441,694,928	441,694,928
Federal sources	-	-	146,159,505	146,159,505
<b>Total Revenue</b>	<b>-</b>	<b>2,449,999</b>	<b>654,338,457</b>	<b>656,788,456</b>
<b>Expenditures:</b>				
Instruction	951,350	3,743,775	329,990,698	334,685,823
Support services				
Pupil services	182,627	578,038	58,349,429	59,110,094
Instructional staff support	415,123	562,789	53,106,511	54,084,423
General administration	-	48,959	3,819,453	3,868,412
School administration	99,897	687,954	38,079,224	38,867,075
Business office	-	94,051	9,109,264	9,203,315
Operations & maintenance	5,763,068	1,600,658	79,891,996	87,255,722
Transportation	244,413	72,646	35,517,606	35,834,665
Central support service	-	120,708	29,286,382	29,407,090
Other support service	-	316,359	1,522,166	1,838,525
Total support services	6,705,128	4,082,162	308,682,031	319,469,321
Community services	-	12,187	5,338,577	5,350,764
Facilities acquisitions and improvement	-	-	606,809	606,809
<b>Total Expenditures</b>	<b>7,656,478</b>	<b>7,838,124</b>	<b>644,618,115</b>	<b>660,112,717</b>
<b>Other Financial Sources (Uses)</b>				
Proceeds from sale of capital assets	-	9,000,000	-	9,000,000
Payments From DPS	40,269,308	-	-	40,269,308
Transfers in from Food Service	-	-	2,256,058	2,256,058
<b>Total Other Financial Sources (Uses)</b>	<b>40,269,308</b>	<b>9,000,000</b>	<b>2,256,058</b>	<b>51,525,366</b>
<b>Surplus (Deficit)</b>	<b>32,612,830</b>	<b>3,611,875</b>	<b>11,976,400</b>	<b>48,201,105</b>
<sup>2</sup> <b>Fund balance (reserved)</b>	32,612,830	3,611,875	-	36,224,705
<b>Fund balance (unrestricted)</b>	-	-	11,976,400	11,976,400
<b>Total Fund Balance</b>	<b>\$ 32,612,830</b>	<b>\$ 3,611,875</b>	<b>\$ 11,976,400</b>	<b>\$ 48,201,105</b>

1. Includes private donations, rent from school property, community services

2. Reserved Fund Balance includes Transition Funds (\$32.6m) and Other Non-Recurring Funds (\$3.6m).

# FY 17 Budget Amendment #3 vs. FY 17 Adopted Budget by Expenditure Object Code

Expenditure	<u>FY 2017 - Adopted</u>	<u>(PROPOSED) FY 2017 - Budget Amendment # 3</u>	<u>FY17 Adopted vs. FY17 Bud Amend #3 Variance</u>
Salaries	\$ 286,037,992	\$ 293,510,824	\$ 7,472,831
Benefits	175,863,742	168,843,283	(7,020,458)
Purchased Services	145,820,940	146,394,438	573,498
Supplies & Textbooks	14,749,007	17,006,147	2,257,140
Equipment & Capital	7,789,263	10,301,823	2,512,560
Utilities	16,300,544	16,302,594	2,050
Contingency	7,744,359	7,753,608	9,249
<b>Total Expenditures</b>	<b>\$ 654,305,847</b>	<b>\$ 660,112,717</b>	<b>\$ 5,806,870</b>



- 
- 1** **Proposed Budget Amendment No. 3**
  - 2** **FY 2018 Budget Projection**
  - 3** **Financial update**
  - 4** **Requests for consideration and approval**
  - 5** **Appendix**

## FY 18 Preliminary Forecast Key Assumptions

---

- **Revenues: see p. 10**
  - FY18 enrollment gain of ~4,000 EAA students and loss of ~1,200 DPSCD students for net gain of 2,800 students (2,520 general education, 280 special education). This factors in a decrease from FY2017 at DPSCD (~2%), off-set by a pickup from EAA consolidation (EAA had ~5,000 students in FY2017)
  - The charter schools authorized by EAA will also revert to DPSCD (900 students). Revenue is estimated at \$910 per student and DPSCD will receive a 3% charter administration fee for these schools
  - Foundation allowance increase of \$75
- **Expenditures: see p. 10**
  - Assume staffing costs will increase
  - 5.5% increase in health benefits cost (which is estimated based on contract currently in place with BCN)
  - \$9.4M of reinvestment spending is projected (from \$25M transition funds received in FY17)
  - \$8M of vacancies is projected
  - Assumes 2017 incremental costs of DPSCD related to EAA costs (estimated at ~\$19M)
  - No assumption for one-time costs that could occur in relation to EAA consolidation or school/facility rationalization

# FY 17 Budget Amendment #3 vs. FY 18 Preliminary Forecast

	(PROPOSED) FY 2017 - Budget Amendment # 3	(PRELIMINARY) FY 2018 - DRAFT	YoY FY17 vs. FY18 Variance
<b>Revenue:</b>			
Local sources			
Special education millage	\$ 37,784,426	\$ 41,215,245	\$ 3,430,819
Revenue enhancement millage	16,482,670	17,740,760	1,258,090
Debt Payments from the EAA	2,449,999	-	(2,449,999)
Other <sup>1</sup>	12,216,928	13,241,965	1,025,037
Total local sources	68,934,023	72,197,970	3,263,947
State sources	441,694,928	470,807,550	29,112,622
Federal sources	146,159,505	151,418,431	5,258,926
<b>Total Revenue</b>	<b>656,788,456</b>	<b>694,423,951</b>	<b>37,635,495</b>
<b>Expenditures:</b>			
Instruction	\$ 334,685,823	\$ 363,732,076	\$ 29,046,253
Support services			
Pupil services	59,110,094	60,296,677	1,186,583
Instructional staff support	54,084,423	52,874,660	(1,209,763)
General administration	3,868,412	3,887,285	18,873
School administration	38,867,075	40,751,016	1,883,941
Business office	9,203,315	8,813,615	(389,700)
Operations & maintenance	87,255,722	90,130,587	2,874,865
Transportation	35,834,665	35,520,134	(314,531)
Central support service	29,085,275	29,393,742	308,467
Other support service	1,838,525	1,526,366	(312,159)
Total support services	319,147,506	323,194,082	4,046,576
Community services	5,350,764	4,984,099	(366,665)
Facilities acquisitions and improvement	606,809	600,000	(6,809)
Debt Service	-	-	-
<b>Total Expenditures</b>	<b>659,790,902</b>	<b>692,510,257</b>	<b>32,719,355</b>
<b>Other Financial Sources (Uses)</b>			
Proceeds from sale of capital assets	9,000,000	-	(9,000,000)
Payments From DPS	40,269,308	-	(40,269,308)
Transfers in from Food Service	2,256,058	2,256,058	-
<b>Total Other Financial Sources (Uses)</b>	<b>51,525,366</b>	<b>2,256,058</b>	<b>(49,269,308)</b>
<b>Surplus (Deficit)</b>	<b>48,522,920</b>	<b>4,169,752</b>	<b>(44,353,168)</b>
<b>Fund balance (reserved)</b>	36,224,705	28,859,581	(7,365,124)
<b>Fund balance (unrestricted)</b>	11,976,400	23,511,276	11,534,876
<b>Total Fund Balance</b>	<b>\$ 48,201,105</b>	<b>\$ 52,370,857</b>	<b>\$ 4,169,752</b>

1. Includes private donations, rent from school property, community services

2. FY17 Reserved Fund Balance includes Transition Funds (\$32.6m) and Other Non-Recurring Funds (\$3.6m). Refer to p. 10 for further detail. FY18 Reserved Fund Balances includes FY17 Reserved Fund Balance less Reinvestment Spending of \$9.45m plus 50% of the FY18 Surplus.

- 
- 1 **Proposed Budget Amendment No. 3**
  - 2 **FY 2018 Budget Projection**
  - 3 **Financial update**
  - 4 **Requests for consideration and approval**
  - 5 **Appendix**

## Executive Summary – Financial Update

---

- DPSCD has recorded a surplus of revenues over expenditures of \$84M through October 2016 (see p. 13 and 14). The surplus is primarily due to higher revenue resulting from one-time transfers in related to the new District legislation and low expenditures in July and August, which are customary with school being out.
- YTD revenues were higher than prior year (\$47M – see p. 13) because of the one-time transfers in, but lower than budget by \$7M (see p. 14) primarily due to a timing difference in the receipt of Act 18 monies and the DPS ending cash balance being lower than budgeted per Budget Amendment No. 2.
- YTD expenses were lower than prior year (\$22M – see p. 13 and 15) due to lower summer school participation and because there is no debt in DPSCD, and lower than budget (\$25M – see p. 14 and 16) due to unfilled vacancies. These favorable variances were concentrated in personnel and benefits.
- YTD net cash flow through October was \$29M (see p. 18), again primarily due to one-time transfers in and low summer expenditures.
- Net cash flow (\$29M – see p. 17) was lower than the revenue surplus (\$84M – see p. 13 and 14) due to timing differences between cash and accruals, most notably State foundation allowance which is accrued but not received until October. These timing differences are expected to reverse.

# DPSCD summary statement of revenues and expenditures – year-over-year comparison

	Year-over-Year Comparison Current Month				Year-over-Year Comparison YTD			
	Actual	Actual	Variance		Actual	Actual	Variance	
	Month of	Month of			YTD	YTD		
	Oct-15	Oct-16	\$	%	Oct-15	Oct-16	\$	%
<b>Revenues</b>								
Local sources <sup>1</sup>	\$ 6,753,426	\$ 272,166	\$ (6,481,260)	(96%)	\$ 24,429,716	\$ 325,808	\$ (24,103,908)	(99%)
State sources <sup>1</sup>	32,268,899	39,161,171	6,892,272	21%	121,128,156	143,273,447	22,145,290	18%
Federal sources	16,976,527	26,184,110*	9,207,584	54%	38,770,376	34,520,766	(4,249,610)	(11%)
Interdistrict sources <sup>2</sup>	3,457,392	2,254,061	(1,203,331)	(35%)	6,695,718	19,751,935	13,056,217	195%
Other sources <sup>3</sup>	-	-	-	-	-	40,269,308	40,269,308	-
<b>Total Revenues</b>	<b>59,456,244</b>	<b>67,871,508</b>	<b>8,415,264</b>	<b>14%</b>	<b>191,023,966</b>	<b>238,141,263</b>	<b>47,117,296</b>	<b>25%</b>
<b>Expenditures</b>								
Instruction	30,838,028	36,007,777	5,169,749	17%	71,926,730	66,476,773	(5,449,956)	(8%)
Support services	29,749,666	26,825,996	(2,923,670)	(10%)	86,008,165	87,485,673	1,477,509	2%
Community service	117,140	67,041	(50,099)	(43%)	243,654	146,072	(97,582)	(40%)
Facilities acquisitions and improvement	2,899	-	(2,899)	(100%)	2,899	-	(2,899)	(100%)
Debt service <sup>4</sup>	4,416,841	-	(4,416,841)	(100%)	17,667,364	-	(17,667,364)	(100%)
Other uses	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>65,124,573</b>	<b>62,900,814</b>	<b>(2,223,759)</b>	<b>(3%)</b>	<b>175,848,811</b>	<b>154,108,518</b>	<b>(21,740,293)</b>	<b>(12%)</b>
<b>Surplus (Deficit)</b>	<b>\$ (5,668,328)</b>	<b>\$ 4,970,694</b>	<b>\$ 10,639,023</b>	<b>(188%)</b>	<b>\$ 15,175,156</b>	<b>\$ 84,032,745</b>	<b>\$ 68,857,589</b>	<b>454%</b>

## Notes regarding the impact of the legislation that created DPSCD

- Property tax receipts are diverted into DPS, in return State Aid receipts were increased to the full foundation allowance
- Reflects \$15m advance of Act 18 funds from WRESA to provide start-up liquidity. Includes revenue for Charter School services and EAA agreement.
- Includes estimated ending cash balance of DPS as well as \$25m of dedicated transition funds
- DPSCD no longer has debt service.

## Notes regarding Actual Month of October 16

\*Includes \$10m accrual for Fund 19 Title IA for July and August 2016

# DPSCD summary statement of revenues and expenditures – budget to actuals comparison

	Budget to Actual Comparison Current Month				Budget to Actual Comparison YTD			
	Budget	Actual	Variance		Budget	Actual	Variance	
	Month of Oct-16	Month of Oct-16	\$	%	YTD Oct-16	YTD Oct-16	\$	%
<b>Revenues</b>								
Local sources <sup>1</sup>	\$ 1,341,884	\$ 272,166	\$ (1,069,718)	(80%)	\$ 1,824,066	\$ 325,808	\$ (1,498,258)	(82%)
State sources <sup>1</sup>	37,643,697	39,161,171	1,517,474	4%	142,376,316	143,273,447	897,131	1%
Federal sources	15,374,504	26,184,110 <sup>*</sup>	10,809,606	70%	35,383,929	34,520,766	(863,163)	(2%)
Interdistrict sources <sup>2</sup>	2,881,037	2,254,061	(626,976)	(22%)	23,337,530	19,751,935	(3,585,595) <sup>**</sup>	(15%)
Other sources <sup>3</sup>	65,780	-	(65,780)	(100%)	42,365,780	40,269,308	(2,096,472) <sup>***</sup>	(5%)
<b>Total revenues</b>	<b>57,306,902</b>	<b>67,871,508</b>	<b>10,564,606</b>	<b>18%</b>	<b>245,287,621</b>	<b>238,141,263</b>	<b>(7,146,358)</b>	<b>(3%)</b>
<b>Expenditures</b>								
Instruction	32,971,611	36,007,777	3,036,166	9%	87,284,516	66,476,773	(20,807,743)	(24%)
Support services	31,746,520	26,825,996	(4,920,524)	(15%)	90,617,957	87,485,673	(3,132,284)	(3%)
Community service	360,085	67,041	(293,044)	(81%)	1,439,818	146,072	(1,293,746)	(90%)
Facilities acquisitions and improvement	64,615	-	(64,615)	(100%)	64,615	-	(64,615)	(100%)
Debt service <sup>4</sup>	-	-	-	-	-	-	-	-
Other uses	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>65,142,831</b>	<b>62,900,814</b>	<b>(2,242,017)</b>	<b>(3%)</b>	<b>179,406,906</b>	<b>154,108,518</b>	<b>(25,298,388)</b>	<b>(14%)</b>
<b>Surplus (Deficit)</b>	<b>\$ (7,835,929)</b>	<b>\$ 4,970,694</b>	<b>\$ 12,806,623</b>	<b>(163%)</b>	<b>\$ 65,880,715</b>	<b>\$ 84,032,745</b>	<b>\$ 18,152,030</b>	<b>28%</b>

Notes regarding the impact of the legislation that created DPSCD

- Property tax receipts are diverted into DPS, in return State Aid receipts were increased to the full foundation allowance
- Reflects \$15m advance of Act 18 funds from WRESA to provide start-up liquidity. Includes revenue for Charter School services and EAA agreement.
- Includes estimated ending cash balance of DPS as well as \$25m of dedicated transition funds
- DPSCD no longer has debt service.

Notes regarding Budget to Actual Comparison

- \* Includes \$10m accrual for Fund 19 Title IA for July and August 2016
- \*\* Variance is due to timing differences re Act 18 monies
- \*\*\* Variance is due to DPS ending cash balance in Budget of \$17.3m vs actual amount received from DPS of \$15.3m. Budget Amendment No. 3 will adjust for this difference

# DPSCD detail statement of expenditures by object level – year-over-year comparison

	Year-over-Year Comparison Current Month					Year-over-Year Comparison YTD				
	Actual	Actual	Variance		Actual	Actual	Variance			
	Month of	Month of	\$	%	YTD	YTD	\$	%		
	Oct-15	Oct-16			Oct-15	Oct-16				
Salaries	\$ 29,227,112	\$ 30,378,698	\$ 1,151,585	4%	\$ 74,027,765	\$ 62,858,067	\$ (11,169,699)	(15%)		
Benefits	13,637,983	16,435,887	2,797,903	21%	37,399,343	37,631,669	232,326	1%		
Purchased Services	12,703,394	7,784,155	(4,919,239)	(39%)	35,251,450	40,019,642	4,768,192	14%		
Supplies & Textbooks	3,862,995	3,290,523	(572,472)	(15%)	5,223,593	3,466,353	(1,757,240)	(34%)		
Equipment & Capital	109,809	3,067,978	2,958,169	2694%	269,108	3,069,053	2,799,946	1040%		
Utilities	1,166,437	1,943,574	777,136	67%	6,010,186	7,063,736	1,053,549	18%		
Debt Service <sup>1</sup>	4,416,841	-	(4,416,841)	(100%)	17,667,364	-	(17,667,364)	(100%)		
Other	-	-	-	-	-	-	-	-		
<b>Total Expenditures</b>	<b>\$ 65,124,573</b>	<b>\$ 62,900,814</b>	<b>\$ (2,223,759)</b>	<b>(3%)</b>	<b>\$ 175,848,811</b>	<b>\$ 154,108,518</b>	<b>\$ (21,740,293)</b>	<b>(12%)</b>		

Note regarding the impact of the legislation that created DPSCD

1. DPSCD no longer has debt service.



# DPSCD detail statement of expenditures by object level – budget to actual comparison

	Budget to Actual Comparison Current Month					Budget to Actual Comparison YTD				
	Budget	Actual	Variance		Budget	Actual	Variance			
	Month of	Month of			YTD	YTD				
	Oct-16	Oct-16	\$	%	Oct-16	Oct-16	\$	%		
Salaries	\$ 28,595,358	\$ 30,378,698	\$ 1,783,340	6%	\$ 74,665,823	\$ 62,858,067	\$ (11,807,756)	*(16%)		
Benefits	17,730,689	16,435,887	(1,294,802)	(7%)	46,191,475	37,631,669	(8,559,806)	** (19%)		
Purchased Services	12,609,751	7,784,155	(4,825,596)	(38%)	45,215,197	40,019,642	(5,195,555)	(11%)		
Supplies & Textbooks	1,355,293	3,290,523	1,935,230	143%	3,851,503	3,466,353	(385,150)	(10%)		
Equipment & Capital	3,410,322	3,067,978	(342,344)	(10%)	3,410,322	3,069,053	(341,269)	(10%)		
Utilities	1,441,418	1,943,574	502,156	35%	6,072,586	7,063,736	991,150	16%		
Debt Service <sup>1</sup>	-	-	-	-	-	-	-	-		
Other	-	-	-	-	-	-	-	-		
<b>Total Expenditures</b>	<b>\$ 65,142,831</b>	<b>\$ 62,900,814</b>	<b>\$ (2,242,017)</b>	<b>(3%)</b>	<b>\$179,406,906</b>	<b>\$ 154,108,518</b>	<b>\$ (25,298,388)</b>	<b>(14%)</b>		

Notes regarding Budget to Actual Comparison

\* FY17 Adopted Budget includes unfilled vacancies impacting Salaries of ~\$49M. Budget Amendment No. 3 will remove unfilled general fund vacancies impacting Salaries of ~\$7M.

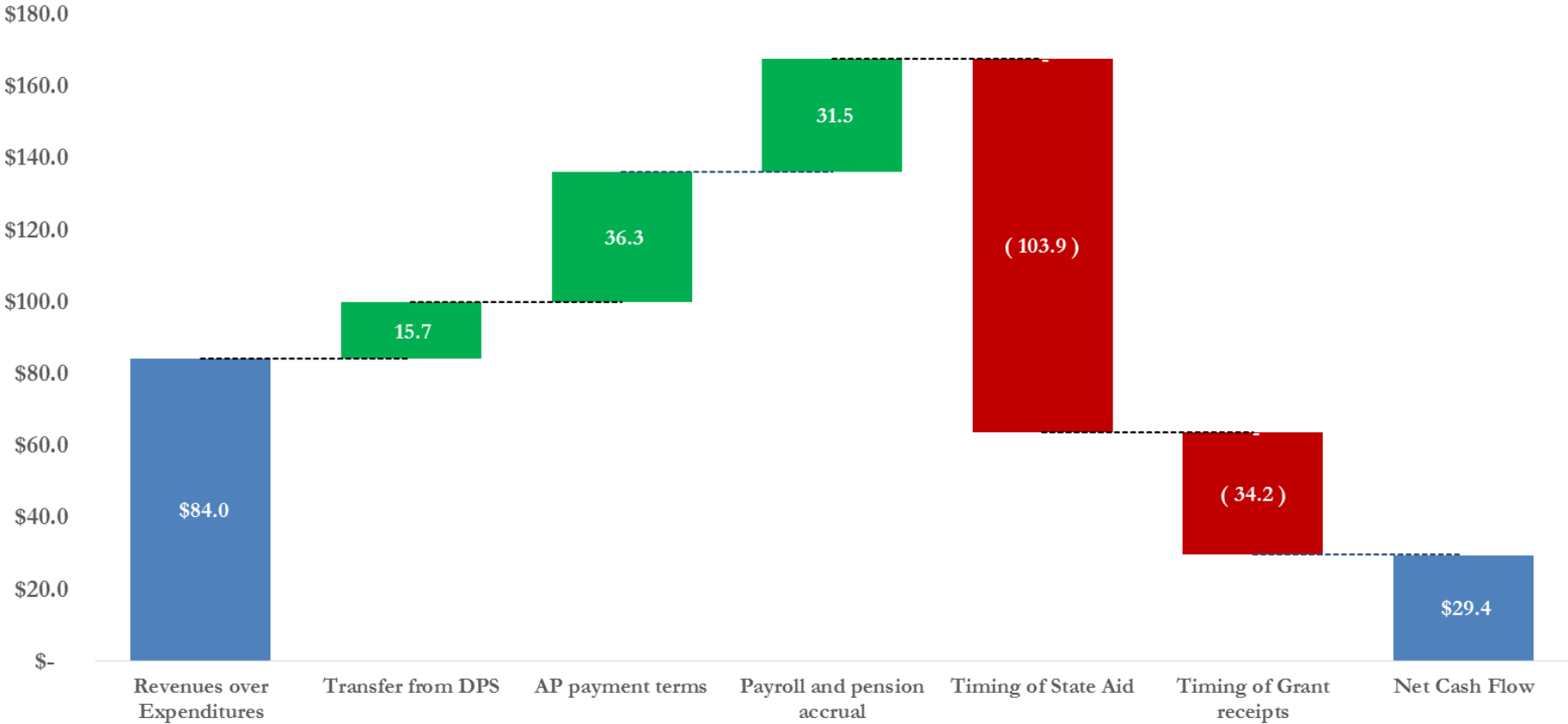
\*\* FY17 Adopted Budget includes unfilled vacancies impacting Benefits of ~\$27M. Budget Amendment No. 3 will remove unfilled general fund vacancies impacting Benefits of ~\$5M.

Note regarding the impact of the legislation that created DPSCD

1. DPSCD no longer has debt service.

# Reconciliation of FY17 October YTD general ledger surplus to actual net cash flow

*\$ in million*



## DPSCD FY17 October YTD cash flows

<i>\$ in thousands</i>	July	August	September	October	YTD Actuals
	Actuals	Actuals	Actuals	Actuals	
<b>Cash Receipts</b>					
State Aid	\$ -	\$ -	\$ -	\$ 35,052	\$ 35,052
MPSERS (State Funded)	-	-	-	-	-
Enhancement Millage	-	-	-	-	-
Grants	-	-	2,407	1,257	3,664
Transfer from DPS	25,000	15,269	-	15,739	56,008
WCRESA	15,000	-	2,498	2,254	19,752
Food Service Reimbursement	-	-	-	-	-
Capital Asset Sales	-	-	-	-	-
Miscellaneous	25	110	198	976	1,308
<b>Total Cash Receipts</b>	<b>40,025</b>	<b>15,380</b>	<b>5,103</b>	<b>55,277</b>	<b>115,785</b>
<b>Cash Disbursements</b>					
MPSERS (Pass through)	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Direct Deposit	(2,396)	(3,424)	(14,038)	(13,598)	(33,456)
Taxes	(27)	(1,397)	(2,966)	(5,085)	(9,475)
FICA	-	(629)	(882)	(1,543)	(3,054)
Accounts Payable	(1)	(505)	(8,223)	(6,045)	(14,774)
Pension (employee portion)	(36)	(428)	(692)	(1,589)	(2,746)
Pension (employer portion)	-	(1,700)	(429)	(5,187)	(7,316)
Health	(28)	(6,965)	(5,818)	(124)	(12,936)
Fringe Benefits	-	(6)	(13)	(22)	(42)
Food Service	-	-	(321)	(2,189)	(2,511)
Transfer to DPS	-	-	-	-	-
Other	-	(75)	-	(2)	(77)
<b>Total Cash Disbursements</b>	<b>(2,488)</b>	<b>(15,131)</b>	<b>(33,383)</b>	<b>(35,387)</b>	<b>(86,388)</b>
Beginning Cash Balance	-	37,537	37,786	9,506	-
Net Cash Flow	37,537	249	(28,280)	19,891	29,397
<b>Ending Cash Balance</b>	<b>\$ 37,537</b>	<b>\$ 37,786</b>	<b>\$ 9,506</b>	<b>\$ 29,397</b>	<b>\$ 29,397</b>

# DPSCD FY17 revised monthly cash flow forecast

*\$ in thousands*

	2016						2017						FY 17 Total
	July Actuals	August Actuals	September Actuals	October Actuals	November Actuals	December Forecast	January Forecast	February Forecast	March Forecast	April Forecast	May Forecast	June Forecast	
<b>Cash Receipts</b>													
State Aid	\$ -	\$ -	\$ -	\$ 35,052	\$ 35,841	\$ 34,805	\$ 35,323	\$ 35,323	\$ 35,323	\$ 35,323	\$ 35,323	\$ 35,323	\$ 317,636
MPSERS (State Funded)	-	-	-	-	6,364	3,066	3,066	3,066	3,066	3,066	3,066	3,066	27,825
Enhancement Millage	-	-	-	-	-	-	3,502	4,903	2,101	2,101	1,401	2,472	16,481
Grants	-	-	2,407	1,257	13,052	12,648	18,392	13,367	16,587	15,850	13,647	23,587	130,793
Transfer from DPS	25,000	15,269	-	15,739	17,300	-	-	-	-	-	-	-	73,308
WCRESA	15,000	-	2,498	2,254	1,944	2,254	2,254	2,254	2,254	2,254	2,254	2,254	37,475
Food Service Reimbursement	-	-	-	-	3,666	3,158	4,055	3,637	3,637	3,637	3,637	3,637	29,062
Capital Asset Sales	-	-	-	-	-	9,000	-	-	-	-	-	-	9,000
Miscellaneous	25	110	198	976	328	1,490	978	1,112	1,623	1,178	978	1,623	10,618
<b>Total Cash Receipts</b>	<b>40,025</b>	<b>15,380</b>	<b>5,103</b>	<b>55,277</b>	<b>78,496</b>	<b>66,420</b>	<b>67,570</b>	<b>63,661</b>	<b>64,591</b>	<b>63,409</b>	<b>60,305</b>	<b>71,962</b>	<b>652,199</b>
<b>Cash Disbursements</b>													
MPSERS (Pass through)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,364)	\$ (3,066)	\$ (3,066)	\$ (3,066)	\$ (3,066)	\$ (3,066)	\$ (3,066)	\$ (24,760)
Payroll Direct Deposit	(2,396)	(3,424)	(14,038)	(13,598)	(6,767)	(25,090)	(14,145)	(14,145)	(21,218)	(14,145)	(14,145)	(15,295)	(158,407)
Taxes	(27)	(1,397)	(2,966)	(5,085)	(5,296)	(9,851)	(5,585)	(5,585)	(5,585)	(5,585)	(5,585)	(9,178)	(61,726)
FICA	-	(629)	(882)	(1,543)	(1,566)	(2,887)	(1,673)	(1,673)	(1,673)	(1,673)	(1,673)	(2,510)	(18,385)
Accounts Payable	(1)	(505)	(8,223)	(6,045)	(12,736)	(15,657)	(21,000)	(15,000)	(16,500)	(15,000)	(15,000)	(15,859)	(141,526)
Pension (employee portion)	(36)	(428)	(692)	(1,589)	(1,716)	(2,768)	(1,913)	(1,913)	(1,913)	(1,913)	(1,913)	(2,869)	(19,664)
Pension (employer portion)	-	(1,700)	(429)	(5,187)	(5,468)	(8,613)	(5,922)	(5,922)	(5,922)	(5,922)	(5,922)	(8,883)	(59,890)
Health	(28)	(6,965)	(5,818)	(124)	(4,404)	(4,153)	(4,153)	(4,718)	(4,870)	(4,735)	(4,735)	(6,785)	(51,487)
Fringe Benefits	-	(6)	(13)	(22)	(40)	(1,122)	(586)	(586)	(795)	(586)	(586)	(1,208)	(5,552)
Food Service	-	-	(321)	(2,189)	(1,356)	(4,125)	(2,764)	(2,764)	(2,764)	(2,764)	(2,764)	(4,146)	(25,958)
Transfer to DPS	-	-	-	-	-	-	(15,739)	(17,000)	-	-	-	-	(32,739)
Other	-	(75)	-	(2)	(199)	(375)	(150)	(150)	(150)	(150)	(150)	(150)	(1,551)
<b>Total Cash Disbursements</b>	<b>(2,488)</b>	<b>(15,131)</b>	<b>(33,383)</b>	<b>(35,387)</b>	<b>(39,550)</b>	<b>(81,005)</b>	<b>(76,697)</b>	<b>(72,522)</b>	<b>(64,456)</b>	<b>(55,539)</b>	<b>(55,539)</b>	<b>(69,949)</b>	<b>(601,644)</b>
Beginning Cash Balance	-	37,537	37,786	9,506	29,397	68,343	53,758	44,632	35,771	35,906	43,776	48,542	-
Net Cash Flow	37,537	249	(28,280)	19,891	38,946	(14,585)	(9,126)	(8,862)	135	7,870	4,766	2,013	50,554
<b>Ending Cash Balance</b>	<b>\$ 37,537</b>	<b>\$ 37,786</b>	<b>\$ 9,506</b>	<b>\$ 29,397</b>	<b>\$ 68,343</b>	<b>\$ 53,758</b>	<b>\$ 44,632</b>	<b>\$ 35,771</b>	<b>\$ 35,906</b>	<b>\$ 43,776</b>	<b>\$ 48,542</b>	<b>\$ 50,554</b>	<b>\$ 50,554</b>

## DPSCD Forecast to Actuals Variance – November 2016

<i>\$ in thousands</i>	November		Variance	Comment
	Forecast	Actuals		
<b>Cash Receipts</b>				
State Aid	\$ 35,323	\$ 35,841	\$ 519	Expected to reverse with updated FTE count
MPSERS (State Funded)	6,364	6,364	-	
Grants	12,147	13,052	905	Catch-up from previous months
Transfer from DPS	17,300	17,300	-	
WCRESA	2,254	1,944	(310)	
Food Service Reimbursement	3,086	3,666	580	Catch-up from previous months
Capital Asset Sales	-	-	-	
Miscellaneous	967	328	(639)	
<b>Total Cash Receipts</b>	<b>77,441</b>	<b>78,496</b>	<b>1,055</b>	
<b>Cash Disbursements</b>				
MPSERS (Pass through)	\$ -	\$ -	\$ -	
Payroll Direct Deposit	(14,144)	(6,767)	7,377	Timing - payroll funding occurred one day prior instead of two
Taxes	(5,615)	(5,296)	319	
FICA	(1,627)	(1,566)	61	
Accounts Payable	(16,401)	(12,668)	3,733	Timing - payables to be paid in early December
Pension (employee portion)	(1,813)	(1,716)	97	
Pension (employer portion)	(5,690)	(5,468)	222	
Health	(3,927)	(4,404)	(477)	
Fringe Benefits	(707)	(40)	667	
Food Service	(2,600)	(1,424)	1,176	Timing - payables to be paid in early December
Transfer to DPS	-	-	-	
Other	(474)	(199)	275	
<b>Total Cash Disbursements</b>	<b>(52,998)</b>	<b>(39,550)</b>	<b>13,448</b>	
Beginning Cash Balance	29,397	29,397	-	
Net Cash Flow	24,443	38,946	14,503	
<b>Ending Cash Balance</b>	<b>\$ 53,840</b>	<b>\$ 68,343</b>	<b>\$ 14,503</b>	

*Note:* The sum of individual month's variances does not equal the cumulative variance for multiple months as the forecast is updated weekly and changes in current month can affect future months (e.g. a receivable that is initially expected in August, subsequently expected in September and finally received in October will show up twice in the monthly variance but only once in the cumulative variance).

# Requests for consideration and approval

---

<b>a</b>	<b>Budget Amendment No. 3 Request</b>
<b>b</b>	<b>Contract Requests</b>
<b>c</b>	<b>Out of State Travel Requests</b>



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**

**SCHOOL DISTRICT RESOLUTION 2016-23**

**APPROVING THE COMMUNITY DISTRICT'S DECEMBER 2016 BUDGET  
AMENDMENT REQUESTS**

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

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

WHEREAS, Section 7(c) of the Act provides that during the period of oversight, the Commission review, modify, and approve the Community District's proposed and amended operational budgets and that a proposed budget or budget amendment does not take effect unless approved by the Commission; and

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

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

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

WHEREAS, at the Commission meeting on December 19, 2016, the Community District presented budget amendment requests, attached as **Exhibit A** to this Resolution, for the Commission's review and approval.

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

1. That the Community District's December 2016 budget amendment requests, attached as **Exhibit A** to this Resolution but excluding any budget amendments a majority of Commission members present has agreed to exclude as noted in the minutes, are hereby approved.
2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.



# DPSCD FY 2017 Budget Amendment No. 3 Request

The following budget amendment is being sent to the FRC for review and approval pursuant to section 7(c) of the Michigan Financial Review Commission Act for the December 19, 2016 FRC meeting

	FY 2017 Adopted Budget	FY 2017 Budget Amendment No. 1	FY 2017 Budget Amendment No. 2	FY 2017 (PROPOSED) Budget Amendment No. 3
<b>Revenue:</b>				
Local sources				
Special education millage	\$ 38,826,853	\$ 38,826,853	\$ 38,826,853	\$ 37,784,426
Revenue enhancement millage	-	-	-	16,482,670
Debt Payments from the EAA	-	-	2,000,000	2,449,999
Other	11,925,615	12,228,981	12,228,981	12,216,928
Total local sources	50,752,468	51,055,834	53,055,834	68,934,023
State sources	445,820,225	445,820,225	441,320,225	441,694,928
Federal sources	141,820,618	142,198,114	142,198,114	146,159,505
<b>Total Revenue</b>	<b>638,393,311</b>	<b>639,074,173</b>	<b>636,574,173</b>	<b>656,788,456</b>
<b>Expenditures:</b>				
Instruction	332,136,275	334,818,296	341,551,248	334,685,823
Support services				
Pupil services	61,098,044	60,851,685	62,033,509	59,110,094
Instructional staff support	55,406,594	53,634,411	53,967,452	54,084,423
General administration	3,177,970	3,836,974	3,836,974	3,868,412
School administration	38,695,133	38,454,265	38,487,534	38,867,075
Business office	9,992,727	9,481,223	9,481,223	9,203,315
Operations & maintenance	84,826,740	84,854,606	84,854,606	87,255,722
Transportation	35,049,312	35,031,312	35,031,312	35,834,665
Central support service	28,356,986	28,331,821	28,339,379	29,407,090
Other support service	769,593	842,576	842,576	1,838,525
Total support services	317,373,099	315,318,873	316,874,565	319,469,321
Community service	4,189,662	4,242,729	4,257,403	5,350,764
Facilities acquisitions and improvement	606,809	606,809	606,809	606,809
<b>Total Expenditures</b>	<b>654,305,845</b>	<b>654,986,707</b>	<b>663,290,025</b>	<b>660,112,717</b>
<b>Other Financial Sources (Uses)</b>				
Proceeds from sale of capital assets	6,000,000	6,000,000	9,000,000	9,000,000
Payments From DPS	25,000,000	25,000,000	42,300,000	40,269,308
Transfer in from Food Services	2,256,058	2,256,058	2,256,058	2,256,058
<b>Total Other Financial Sources (Uses)</b>	<b>33,256,058</b>	<b>33,256,058</b>	<b>53,556,058</b>	<b>51,525,366</b>
<b>Surplus / (Deficit)</b>	<b>\$ 17,343,524</b>	<b>\$ 17,343,524</b>	<b>\$ 26,840,206</b>	<b>\$ 48,201,105</b>
<b>Fund balance (reserved)</b> <sup>1</sup>	17,343,524	17,343,524	26,840,206	32,750,000
<b>Fund balance (unrestricted)</b>	-	-	-	15,451,105
<b>Ending Fund Balance</b>	<b>\$ 17,343,524</b>	<b>\$ 17,343,524</b>	<b>\$ 26,840,206</b>	<b>\$ 48,201,105</b>

1. Reserved Fund Balance includes Transition Funds (\$32.6m) and Other Non-Recurring Funds (\$3.6m). Refer to p. 10 for further detail.

# Requests for consideration and approval

---

- a **Budget Amendment No. 3 Request**
- b **Contract Requests**
- c **Out of State Travel Requests**



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**

**SCHOOL DISTRICT RESOLUTION 2016-24**

**APPROVING THE COMMUNITY DISTRICT'S DECEMBER 2016  
CONTRACT REQUESTS**

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

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

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

WHEREAS, at the Commission meeting on December 19, 2016, the Community District presented applicable contracts, attached as **Exhibit A** to this Resolution, for the Commission's review and approval.

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

1. That the Community District's December 2016 contract requests, attached as **Exhibit A** to this Resolution but excluding any contracts a majority of Commission members present has agreed to exclude as noted in the minutes, are hereby approved.
2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.

## DPSCD Contract Requests

The following contracts will be sent to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act for the December 19, 2016 FRC meeting

	Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a New contract, was the original contract competitively bid?	Lowest Bid? If not a New Contract, was the original contract the lowest bid?	DPSCD Approval Date	Comments
1	Office of Risk Management	17-0019-C	<p><b>Contract Amount:</b> \$876,506.00 for the first contract period, \$3,521,944.00 over a four year period if renewal options are exercised</p> <p><b>Contract Period:</b> January 1, 2017 – December 31, 2017 with four (4) one year renewal options</p> <p><b>Source:</b> General Fund</p> <p><b>Purpose:</b> Insurance premiums, provide insurance brokerage services; manage DPSCD insurance coverage, obtain quotes, bind coverage, updating DPSCD on market trends, work with insures to process claims</p> <p><b>Contractor:</b> Aon Risk Services Central, Inc.</p> <p><b>Location:</b> 3000 Town Center, Southfield, MI 48075</p>	New	Yes	Yes	Anticipated Approval 12/19/2016	
2	Office of Specialized Student Services	16-0446-C	<p><b>Contract Amount:</b> \$1,010,054.00 budgeted for the first contract period</p> <p><b>Contract Period:</b> January 1, 2017 – December 31, 2017 with three (3) one year renewal options</p> <p><b>Source:</b> Special Education</p> <p><b>Purpose:</b> provide up to 20 sign language interpreters for deaf and hard of hearing students and staff</p> <p><b>Contractor:</b> Deaf Community Advocacy Network</p> <p><b>Location:</b> 2111 Orchard Lake Road Sylvan Lake, MI 48320</p>	New	Yes	Yes	Anticipated Approval 12/19/2016	

# DPSCD Contract Requests

The following contracts are being sent to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act for the December 19, 2016 FRC meeting

	Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a New contract, was the original contract competitively bid?	Lowest Bid? If not a New Contract, was the original contract the lowest bid?	DPSCD Approval Date	Comments
3	Operations	17-0048	<b>Contract Amount:</b> \$1,591,573.00 <b>Contract Period:</b> December 19, 2016 – June 30, 2017 with two (2) one year renewal options <b>Source:</b> General Fund <b>Purpose:</b> To provide snow plowing services <b>Contractor:</b> Payne Landscaping, Inc. <b>Location:</b> 7635 E. Davison St., Detroit, MI 48212	New	Yes	Yes	Anticipated Approval 12/19/16	
4	DPSCD Police Department	15-0054-C Amendment 2	<b>Contract Amount:</b> \$3.7M <b>Contract Period:</b> December 31, 2016 – December 30, 2017 <b>Source:</b> General Fund <b>Purpose:</b> To provide Professional Security Services <b>Contractor:</b> Securitas Security Services, USA, Inc.. <b>Location:</b> 3044 W Grand Blvd. Stu. L-20, Detroit, MI 48202	Renewal	Yes	Yes	Anticipated Approval 12/19/16	

# DPSCD Executive Summary for Contracts

---

The following contracts are being sent to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act for the December 19, 2016 FRC meeting

## Item 1

### **Office of Risk Management**

17-0019-C General Fund: Insurance premiums, to provide insurance brokerage services; manage DPSCD insurance coverage, obtain quotes, bind coverage, update DPSCD Risk Management on significant changes & market trends, work with insurers to process claims.

Contractor: Aon Risk Services Central, Inc.

Location: 3000 Town Center, Suite 3000, Southfield, MI 48075

Contract Period: January 1, 2017 – December 31, 2017 with four (4) one year renewal options

Contract Amount: \$876,506.00 for the first year, \$4,398,450.00 over a four year period if renewal options are exercised

- The Office of Risk Management requests continuation of Insurance Brokerage Services to manage DPSCD insurance coverage, obtain insurance quotes, bind coverage, update DPSCD Risk Management on significant changes and market trends, work with insurers to process claims.
- Includes insurance premiums for property, automobiles, airplanes, worker's compensation, travel insurance for students and health insurance for student athletes.
- Request for Proposal 17-0019-C was issued to obtain suppliers for Brokerage Services. Two proposals were received; Aon Risk Services Central, Inc., Lambent Risk Management.
- The evaluation committee reviewed two supplier proposals based upon criteria which encompassed supplier Experience, Capability, and Cost. The team selected Aon Risk Services based on their proposal. Aon Risk Services is being recommended for contract award.

# DPSCD Executive Summary for Contracts

---

The following contracts are being sent to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act for the December 19, 2016 FRC meeting

## Item 2

### **Office of Specialized Student Services**

16-0446-C      Special Education Fund: Provide up to 20 sign language interpreters for deaf and hard of hearing students and staff.  
Contractor: Deaf Community Advocacy Network (Deaf CAN)  
Location: 2111 Orchard Lake Road Sylvan Lake, MI 48320  
Contract Period: January 1, 2017 – December 31, 2017 with three (3) one year renewal options  
Contract Amount: \$1,010,054.00 budgeted for the first contract period

- The Office of Specialized Student Services requested a supplier who could provide sign language interpreters for deaf and hard of hearing students, staff and parents as required by the American Disabilities Act (ADA). RFP 16-0446-C was issued on Demandstar and received one response. The response received was from the incumbent supplier, Deaf CAN. Based on evaluation of the proposal, Deaf CAN is identified as having the capability, experience and price competitiveness to provide the services requested.



# DPSCD Executive Summary for Contracts

---

The following contracts are being sent to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act for the December 19, 2016 FRC meeting

## Item 3

### **Operations**

17-0048-C      General Fund: To provide snow plowing services District Wide and Closed Schools  
Contractor: Payne Landscaping, Inc.  
Location: 7635 E. Davison St., Detroit, MI 48212  
Contract Period: December 19, 2016 – June 30, 2017 with two (2) one year renewal Options  
Contract Amount: \$1,591,573.00 budgeted for the first contract period

- This is a contract that was competitively bid. Two bids were received. 89 vendors were notified by demandstar.com.
- Includes 20 pushes of snow at various snowfalls.

## Item 4

### **DPSCD Police Department**

15-0054-C      General Fund: To provide Professional Security Services  
Contractor: Securitas Security Services USA, Inc.  
Location: 30445 W. Grand Blvd., Suite L-10, Detroit MI 48202  
Contract Period: December 31, 2016 - December 30, 2017  
Contract Amount: budgeted not to exceed \$3.7M for the contract period

- This is a contract that was competitively bid. Three (3) bids were received. 281 vendors were notified by demandstar.com.

# Requests for consideration and approval

---

- a **Budget Amendment No. 3 Request**
- b **Contract Requests**
- c **Out of State Travel Requests**



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**

**SCHOOL DISTRICT RESOLUTION 2016-25**

**APPROVING THE COMMUNITY DISTRICT'S DECEMBER 2016 OUT-OF-STATE TRAVEL REIMBURSEMENT REQUESTS**

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

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

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

WHEREAS, at the Commission meeting on December 19, 2016, the Community District presented out-of-state travel reimbursement requests, attached as **Exhibit A** to this Resolution, for the Commission's review and approval.

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

1. That the Community District's December 2016 out-of-state travel reimbursement requests, attached as **Exhibit A** to this Resolution but excluding any

reimbursements a majority of Commission members present has agreed to exclude as noted in the minutes, are hereby approved.

2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.

## DPSCD Out-of-State Travel Reimbursement Requests

The following reimbursements to school board members, officials, and employees for travel outside the state will be sent to the FRC for review and approval pursuant to section 7(q) of the Michigan Financial Review Commission Act for the December 19, 2016 FRC meeting

Number of Participants	Central Office	School-Based	School/ Department	Conference Name	Location of Conference	Dates of Conference	Approved Request for Absence Dates	Funding Source	Total Est. Cost	Approved	Notes
1	x		Specialized Student Services	Technology Industry Assoc.	Orlando, FL	1/17/17-- 1/20/17	1/17/17--1/20/17	Fund 22	\$1,744.88	Interim Superintendent	
1	x		Dept. of Curriculum	National Title I Conference	Long Beach, CA	2/21/17 - 2/25/17	02/20/17 - 02/26/17	Title 1	\$2,874.70	MDE	
1	x		Dept. of Curriculum	ASCD Empowerment Conf.	Anaheim, CA	3/24/17 - 3/28/17	03/23/17 - 03/28/17	Title 1	\$3,039.00	MDE	
2		x	Renaissance	Center for College Readiness	Baltimore, MD	12/2/16 - 12/5/16	12/2/16 - 12/5/16	General	\$1,478.00	Interim Superintendent	Registration Only
2	x		Office of Charter Schools	Excel Center Adult High School	Indianapolis, IN	1/11/17 - 1/12/17	1/11/17 - 1/12/17	General	\$1,050.00	Interim Superintendent	
1		x	Mason Academy	Success for All	New York, NY	1/21/17- 1/25/17	1/21/17-1/25/17	General	\$2,601.00	Interim Superintendent	
2		x	Pulaski Elementary	Success for All	New York, NY	1/22/17- 1/26/17	1/22/17-1/26/17	General	\$5,786.00	Interim Superintendent	

---

<b>1</b>	<b>Proposed Budget Amendment No. 3</b>
<b>2</b>	<b>FY 2018 Budget Projection</b>
<b>3</b>	<b>Financial update</b>
<b>4</b>	<b>Requests for consideration and approval</b>
<b>5</b>	<b>Appendix</b>

## DPSCD Forecast to Actuals Variance – July 2016

<i>\$ in thousands</i>	July		Variance	Comment
	Forecast	Actuals		
<b>Cash Receipts</b>				
State Aid	\$ -	\$ -	\$ -	
MPSERS (State Funded)	-	-	-	
Grants	2,100	-	(2,100)	Grant draw delayed in line with disbursements
State Aid Note Proceeds	-	-	-	
Transfer from DPS	25,000	25,000	-	
WCRESA	15,000	15,000	-	
Food Service Reimbursement	840	-	(840)	
Capital Asset Sales	-	-	-	
Miscellaneous	1,063	25	(1,038)	
<b>Total Cash Receipts</b>	<b>44,003</b>	<b>40,025</b>	<b>(3,978)</b>	
<b>Cash Disbursements</b>				
MPSERS (Pass through)	\$ -	\$ -	\$ -	
Payroll Direct Deposit	(2,673)	(2,396)	278	
Taxes	(1,005)	(27)	979	Some payroll items funded out of DPS - to be reversed
FICA	(328)	-	328	Some payroll items funded out of DPS - to be reversed
Accounts Payable	(3,683)	(1)	3,682	Building reinvestment work commenced later than projected
Pension (employee portion)	(579)	(36)	543	
Pension (employer portion)	(1,782)	-	1,782	Some payroll items funded out of DPS - to be reversed
Health	(2,232)	(28)	2,204	Some payroll items funded out of DPS - to be reversed
Fringe Benefits	-	-	-	
Property Tax Transfer	(17,658)	-	17,658	Actually a DPS liability - to be netted with ending cash balance
Food Service	-	-	-	
Transfer to DPS	-	-	-	
Other	-	-	-	
<b>Total Cash Disbursements</b>	<b>(29,941)</b>	<b>(2,488)</b>	<b>27,454</b>	
Beginning Cash Balance	44,661	-	(44,661)	Adjusted beginning cash balance transferred in August
Net Cash Flow	14,061	37,537	23,476	
<b>Ending Cash Balance</b>	<b>\$ 58,723</b>	<b>\$ 37,537</b>	<b>\$ (21,185)</b>	

Note: The sum of individual month's variances does not equal the cumulative variance for multiple months as the forecast is updated weekly and changes in current month can affect future months (e.g. a receivable that is initially expected in August, subsequently expected in September and finally received in October will show up twice in the monthly variance but only once in the cumulative variance).

## DPSCD Forecast to Actuals Variance – August 2016

<i>\$ in thousands</i>	August		Variance	Comment
	Forecast	Actuals		
<b>Cash Receipts</b>				
State Aid	\$ -	\$ -	\$ -	
MPSERS (State Funded)	-	-	-	
Grants	-	-	-	
Transfer from DPS	15,269	15,269	-	
WCRESA	-	-	-	
Food Service Reimbursement	3,000	-	(3,000)	Receipt of food service related to DPS
Capital Asset Sales	-	-	-	
Miscellaneous	126	110	(16)	
<b>Total Cash Receipts</b>	<b>18,395</b>	<b>15,380</b>	<b>(3,016)</b>	
<b>Cash Disbursements</b>				
MPSERS (Pass through)	\$ -	\$ -	\$ -	
Payroll Direct Deposit	(3,971)	(3,424)	547	
Taxes	(2,040)	(1,397)	643	
FICA	(216)	(629)	(413)	
Accounts Payable	(7,183)	(505)	6,678	Building reinvestment work commenced later than projected
Pension (employee portion)	(428)	(428)	(0)	
Pension (employer portion)	(1,700)	(1,700)	0	
Health	(7,153)	(6,965)	188	
Fringe Benefits	(67)	(6)	61	
Food Service	(380)	-	380	
Transfer to DPS	-	-	-	
Other	-	(75)	(75)	
<b>Total Cash Disbursements</b>	<b>(23,138)</b>	<b>(15,131)</b>	<b>8,007</b>	
Beginning Cash Balance	37,537	37,537	0	
Net Cash Flow	(4,743)	249	4,992	
<b>Ending Cash Balance</b>	<b>\$ 32,794</b>	<b>\$ 37,786</b>	<b>\$ 4,992</b>	

*Note:* The sum of individual month's variances does not equal the cumulative variance for multiple months as the forecast is updated weekly and changes in current month can affect future months (e.g. a receivable that is initially expected in August, subsequently expected in September and finally received in October will show up twice in the monthly variance but only once in the cumulative variance).



## DPSCD Forecast to Actuals Variance – September 2016

<i>\$ in thousands</i>	September		Variance	Comment
	Forecast	Actuals		
<b>Cash Receipts</b>				
State Aid	\$ -	\$ -	\$ -	
MPSERS (State Funded)	-	-	-	
Grants	10,798	2,407	(8,391)	Approval of FY17 grants delayed due to MPSERS resolution
Transfer from DPS	-	-	-	
WCRESA	-	2,498	2,498	Received on 9/30 - previously forecasted for first week in Oct.
Food Service Reimbursement	1,000	-	(1,000)	
Capital Asset Sales	-	-	-	
Miscellaneous	863	198	(665)	
<b>Total Cash Receipts</b>	<b>12,661</b>	<b>5,103</b>	<b>(7,558)</b>	
<b>Cash Disbursements</b>				
MPSERS (Pass through)	\$ -	\$ -	\$ -	
Payroll Direct Deposit	(14,396)	(14,038)	358	
Taxes	(3,092)	(2,966)	126	
FICA	(756)	(882)	(126)	
Accounts Payable	(16,688)	(8,223)	8,465	Timing - some payables were paid in early October
Pension (employee portion)	(884)	(692)	192	
Pension (employer portion)	(936)	(429)	507	
Health	(3,297)	(5,818)	(2,521)	Prepayment of October benefits
Fringe Benefits	(459)	(13)	445	
Food Service	(1,228)	(321)	907	
Transfer to DPS	-	-	-	
Other	(72)	-	72	
<b>Total Cash Disbursements</b>	<b>(41,807)</b>	<b>(33,383)</b>	<b>8,424</b>	
Beginning Cash Balance	37,786	37,786	0	
Net Cash Flow	(29,146)	(28,280)	866	
<b>Ending Cash Balance</b>	<b>\$ 8,640</b>	<b>\$ 9,506</b>	<b>\$ 866</b>	

*Note:* The sum of individual month's variances does not equal the cumulative variance for multiple months as the forecast is updated weekly and changes in current month can affect future months (e.g. a receivable that is initially expected in August, subsequently expected in September and finally received in October will show up twice in the monthly variance but only once in the cumulative variance).

## DPSCD Forecast to Actuals Variance – October 2016

<i>\$ in thousands</i>	October		Variance	Comment
	Forecast	Actuals		
<b>Cash Receipts</b>				
State Aid	\$ 35,323	\$ 35,052	\$ (271)	
MPSERS (State Funded)	-	-	-	
Grants	9,480	1,257	(8,223)	Approval of FY17 grants delayed due to MPSERS resolution
Transfer from DPS	23,504	15,739	(7,765)	Lower draw based on cash needs
WCRESA	2,254	2,254	-	
Food Service Reimbursement	459	-	(459)	
Capital Asset Sales	-	-	-	
Miscellaneous	1,150	976	(174)	
<b>Total Cash Receipts</b>	<b>72,170</b>	<b>55,277</b>	<b>(16,892)</b>	
<b>Cash Disbursements</b>				
MPSERS (Pass through)	\$ -	\$ -	\$ -	
Payroll Direct Deposit	(14,121)	(13,598)	523	
Taxes	(5,346)	(5,085)	260	
FICA	(1,589)	(1,543)	45	
Accounts Payable	(18,268)	(6,045)	12,224	Timing - payables to be paid in early November
Pension (employee portion)	(1,768)	(1,589)	179	
Pension (employer portion)	(5,644)	(5,187)	457	
Health	(886)	(124)	762	
Fringe Benefits	(502)	(22)	480	
Food Service	(1,200)	(2,189)	(989)	Catch-up from previous month
Transfer to DPS	-	-	-	
Other	(320)	(2)	318	
<b>Total Cash Disbursements</b>	<b>(49,644)</b>	<b>(35,387)</b>	<b>14,258</b>	
Beginning Cash Balance	9,506	9,506	-	
Net Cash Flow	22,525	19,891	(2,635)	
<b>Ending Cash Balance</b>	<b>\$ 32,032</b>	<b>\$ 29,397</b>	<b>\$ (2,635)</b>	

*Note:* The sum of individual month's variances does not equal the cumulative variance for multiple months as the forecast is updated weekly and changes in current month can affect future months (e.g. a receivable that is initially expected in August, subsequently expected in September and finally received in October will show up twice in the monthly variance but only once in the cumulative variance).

# FRC Approved Contracts: YTD Spend

Contract #	Contractor	Contract Amount	Contract Expiry Date	Contract Period (Years)	YTD Spend (Amt Invoiced)	Purpose
Information Technology						
16-0432	WRESA	\$ 768,570	6/30/2017	1.0	\$ 87,729	Provide for services as well as support to transition certain services currently provided by WRESA to DPSCD
16-0345-C	Learning Consultants	750,000	6/30/2019	3.0	264,846	Provide basic Cable Plant Maintenance, Technology Installation Services and Network Change & Repair Activities
16-0345-1-C	Direct Internet	750,000	6/30/2019	3.0	-	Provide basic Cable Plant Maintenance, Technology Installation Services and Network Change & Repair Activities
16-0432-1	WRESA	462,830	6/30/2017	1.0	-	Provide software, support and services related to the MiStar student information system
Subtotal		\$ 2,731,400			\$ 352,575	
Operations						
13-0422-2	Constellation New Energy Gas Div. LLC	\$ 2,500,000	9/30/2017	1.0	\$ 568	Provide natural gas supply and delivery
17-0032	LoPiccolo Brothers Produce Inc.	1,639,130	10/31/2017	1.0	-	Fresh fruit and vegetable program
17-0015-6	Quality Roofing	1,434,024	12/31/2016	0.3	1,306,383	Provide new roof replacement and repairs for three elementary schools
17-0021	Lutz Roofing	1,150,639	12/31/2016	0.2	-	Provide new roof replacements for Emerson and Spain schools
Subtotal		\$ 6,723,793			\$ 1,306,951	

## FRC Approved Contracts: YTD Spend cont.

Contract #	Contractor	Contract Amount	Contract Expiry Date	Contract Period (Years)	YTD Spend (Amt Invoiced)	Purpose
Parent and Community Engagement						
16-0447-C	Southwest Counseling Solutions	\$ 2,970,240	9/30/2019	2.9	\$ -	Recruit, manage, provide oversight and reporting of Community School Coordinators (CSC) for each Community School. The CSC serves as the school Principal's primary manager of all Community School activities and services in support of the school's education
16-0448-C	Community Schools of Metro Detroit	2,533,440	9/30/2017	0.9	-	Recruit, manage, provide oversight and reporting of Community School Coordinators (CSC) for each Community School. The CSC serves as the school Principal's primary manager of all Community School activities and services in support of the school's educational plan.
Subtotal		\$ 5,503,680			\$ -	
Specialized Student Services						
16-0438-C	CareerStaff Unlimited LLC	\$ 2,532,230	6/30/2017	0.7	\$ 168,362	Provide skilled nursing care to students
17-0033-C	Therapy Staff LLC	1,695,141	6/30/2017	0.7	78,519	Provide skilled Speech-Language Pathologists, Occupational Therapists, Physical Therapists, Psychologist and Social Workers for DPSCD students.
16-0439-C	Educational Based Services (EBS)	1,371,222	6/30/2017	0.7		Provide skilled Speech-Language Pathologists, Occupational Therapists, Physical Therapists, Psychologist and Social Workers for DPSCD students.
17-0034-C	CareerStaff Unlimited LLC	990,360	6/30/2017	0.7	-	Provide skilled Speech-Language Pathologists, Occupational Therapists, Physical Therapists, Psychologist and Social Workers for DPSCD students.
Subtotal		\$ 6,588,953			\$ 246,881	
<b>Totals</b>		<b>\$ 21,547,826</b>			<b>\$ 1,906,407</b>	