

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT REGULAR MEETING

Monday, December 16, 2019
Following the City Regular Meeting
(Begins no earlier than 1:05 p.m.)
Cadillac Place, Suite L-150
3062 West Grand Boulevard
Detroit, MI 48202

MINUTES

I. Call to Order

Madame Chair, Rachael Eubanks called the meeting to order at 1:09 p.m.

II. Roll Call

Members Present – 8

Rachael Eubanks
Stacy Fox (via teleconference)
Chris Kolb (via teleconference)
David Nicholson
Ron Rose
Iris Taylor
Nicholai Vitti
John Walsh

Members Absent – 2

Brenda Jones (non-voting)
Dave Massaron (non-voting)

Let the record show that Eight (8) Commission members eligible to vote were present. Six (6) participated in person, and Two (2) participated via teleconference. A quorum was present.

III. Approval of Proposed Minutes from the November 25, 2019 School District Meeting

Motion made to approve the draft minutes of the Commission's November 25, 2019 School District Meeting as presented. Motion moved and supported; the Commission approved the minutes of the November 25, 2019 meeting as presented.

IV. Old Business - None

V. New Business

a. DPS Financial Report

Chief Financial Officer Jeremy Vidito presented the Financial Report for DPS. He noted that in October, the District received \$10.4 million in 13 mills receipts bringing the year-to-date total to \$44.2 million. The current 13 mill tax receipt reserves are \$14.3M after paying October's scheduled debt obligations of \$41.1M. The District also received \$1.2M in 18mills receipts in October bringing the year to date total to \$34.9M.

He further stated that the final transition funds of \$6.1M was transferred to DPSCD; the ending general fund cash balance for October is \$13.2 million, and the projected ending balance on June 30, 2020 is \$2.9 million. He addressed questions from the Commission

b. Presentation of the Community District's Monthly Financial Report

Chief Financial Officer Jeremy Vidito presented the monthly financial report and stated that year to date revenues through October are running 7% (\$15.4M) ahead of budget; local revenue is higher due to E-Rate reimbursement and enhancement millage catch-up from September, and Medicaid reimbursements continue to run higher than budgeted. He further stated that while maintaining a surplus, year-to-date expenses are running ahead of budget (6.6M) due to additional summer salary expenses for professional development.

Mr. Vidito also reported that as of October, 2019, the District's ending cash balance is \$110.8 million and the projected year-end cash balance for FY 2020 is \$82.3 million. The District's internal service fund cash balance is \$17.7 million and the projected year-end cash balance for FY 2020 is \$15.1 million; the rainy-day fund cash balance is \$36.0 million; the District's MILAF investment account cash balance is \$6.5 million, and other remaining funds is 40.8 million. He further stated that Accounts Payable continues to run higher than forecast due to final grant reporting period timing and it is expected to stabilize in November. The current General Fund balance is estimated to be equivalent to 8.5 weeks of average expenditures. He addressed questions from the Commission.

c. DPSCD FY 19 Audit Summary

Mr. Vidito reported that the District's FY 2019 audit report was filed by the required November 1st deadline. The audited FY 2019 financial statements reflect a surplus of \$6.1 million of revenue over expenditures and an audited year-end fund balance of \$139.5 million. He further stated that the audit revealed that the District has significant deficiencies that are not considered material weaknesses. The most of these adjustments related to federal revenue, accounts receivable, unavailable revenue and the schedule of expenditures of federal awards. He further noted that during review of cash, the District has one account for which individuals at the District can unilaterally initiate and approve transactions. No irregular activity was identified.

He stated that the District will revise accounting procedure controls related to federal grant revenue, accounts receivable, and unearned revenue to ensure accounts are reviewed and reconciled on a monthly basis, and intends to invest in training for all accounting team members as part of the corrective action that will be taken.

DPS FY 19 Audit Summary

Mr. Vidito reported that DPS's FY 2019 audit report was filed by the required November 1st deadline. He stated that the audited budget was balanced, and the end of year fund balance increased by \$7.2M and totals \$39.3M. There was 1 Audit Finding which was related to the timeliness of recording a payment to ORS.

d. Consideration of the Community District's December 2019 contract approval requests per MCL 141.1636 (6) (FRC School District Resolution 2019-30)

Public Act 181 of 2014 requires the Financial Review Commission to review and approve contracts meeting any of the three criteria: 1) the contract exceeds \$750,000;

2) the contract has a term exceeding 2 years; and 3) multiple contracts within a single entity that exceed \$750,000 in aggregate.

Chief Financial Officer, Jeremy Vidito gave a brief overview of the Community District's Two (2) contract approval requests and addressed questions from the Commission. All contracts have been reviewed by the FRC Advisory Subcommittee on Contracts and Procurement.

Motion made to consider and approve the Community District's December 2019 contract approval requests (FRC School District Resolution 2019-30). Motion moved and supported. The Commission approve School District Resolution 2019-30 as presented.

e. Consideration of the Community District's December 2019 out-of-state travel reimbursement requests per MCL 141.1637 (q) (FRC School Resolution 2019-31)

Public Act 181 of 2014 requires the Financial Review Commission to review and approve the Community District's out-of-state travel reimbursements to school board members, officials, and employees. Mr. Vidito presented Four (4) requests for the month of December 2019 for the Community District

Motion made to approve the Community District's December 2019 out-of-state travel reimbursement requests (FRC School District Resolution 2019-31) as presented. Motion moved and supported. The Commission approved School District Resolution 2019-31 as presented.

VI. Public Comment

Lamar Lemmons

VII. Next Meeting Date

School District Regular Meeting: January 27, 2020, following the City Meeting, beginning no earlier than 1:05 p.m. at Cadillac Place, 3062 West Grand Boulevard, Suite L-150, Detroit, MI 48202.

VIII. Adjournment

Motion made to adjourn. Motion moved and supported; the Commission approved the motion to adjourn.

There being no further business, the meeting adjourned at 1:50 p.m.

FRC Committee Monthly Meeting

School District

Resolution Roll Call

Monday, December 16, 2019

<p>FRC 12/16/2019 Meeting (DPSCD)</p>	<p>School District Resolution 2019-30 (Consideration of SD December Contracts Requests)</p> <p>Roll Call</p>	<p>School District Resolution 2019-31 (Consideration of SD December out-of-state travel)</p> <p>Roll Call</p>
Ms. Eubanks	Yes	Yes
Ms. Fox	Yes	Yes
Mr. Kolb	Yes	Yes
Mr. Nicholson	Yes	Yes
Mr. Rose	Yes	Yes
Ms. Taylor	Yes	Yes
Mr. Vitti	Yes	Yes
Mr. Walsh	Yes	Yes

Signed by: B. Greaves
Beverly C. Greaves- Secretary

Date: 12-16-19.