



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION
SCHOOL DISTRICT RESOLUTION 2020-12
APPROVING THE COMMUNITY DISTRICT'S FY 20 BUDGET
AMENDMENT NO. 2 REQUESTS

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

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

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

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

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

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

WHEREAS, at the Commission meeting on June 29, 2020, 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 June 2020 budget amendment requests, attached as **Exhibit A** to this Resolution but excluding any budget amendments a majority of Commission members present has agreed to exclude as noted in the minutes, are hereby approved.
2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.

FY 20 Budget Amendment No. 2 Summary

The COVID-19 pandemic and ensuing "Shelter in Place" Executive order has dramatically altered school operations and state revenue. Budget amendment no. 2 includes anticipated changes from the pandemic and is based on actual expenditures through April 30 and projected expenditures for May and June.

- ✓ State revenue (May 15 Revenue Estimating Conference) is projected to decrease resulting in a reduction in school funding by as much as \$700/student or \$35.2M.
- ✓ Federal revenue and corresponding expenditures were reduced by approximately \$15.6M to reflect anticipated expenditures through June 30, carryover funds will be spent in FY 21.
- ✓ The amendment includes ongoing salary and benefit payments to employees and payments to contracted vendors continuing to work through the end of the year. Funding for vacancies was removed.
- ✓ This projected surplus is after the District makes an anticipated Board approved transfer of \$25.3M to the Capital Projects Fund.
- ✓ Based on the anticipated changes, the amendment projects an end of year surplus of \$718K.
- ✓ This would leave the district with a \$140M fund balance, \$36M which is 10% reserve.

FY20 Budget Amendment No. 2 Revenues and Expenditures Comparison

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT
GENERAL FUND
FY 2020 DRAFT BUDGET AMENDMENT #2
FOR THE YEAR ENDING JUNE 30, 2020

	FY 2019 Audited Actuals	FY 2020 BA #1	FY 2020 Proposed Budget Amendment #2	Variance from BA #1
Revenue:				
Local Sources	\$ 74,069,365	\$ 61,652,278	\$ 66,525,840	\$ 4,873,562
State Sources	519,494,195	533,137,291	501,450,433	(31,686,858)
Federal Sources	130,779,965	202,227,802	186,557,044	(15,670,758)
Total Revenue	724,343,525	797,017,371	754,533,316	(42,484,055)
Expenditures:				
Instruction	375,019,602	381,630,838	388,773,265	7,142,427
Support Services				
Pupil Services	67,821,786	87,322,459	81,159,431	(6,163,028)
Instructional Support Staff	41,530,227	59,126,546	45,993,513	(13,133,033)
General Administration	5,201,194	6,458,566	5,162,705	(1,295,861)
School Administration	47,157,627	49,743,457	47,449,137	(2,294,320)
Business Office	10,999,653	11,737,348	14,843,994	3,106,646
Operations & Maintenance	94,293,371	100,955,153	76,185,840	(24,769,313)
Transportation	35,358,139	39,994,927	28,161,733	(11,833,194)
Central Support Service	34,519,996	45,703,559	40,794,207	(4,909,352)
Other Support Service	2,928,297	2,522,069	1,236,299	(1,285,770)
Total Support Services	339,810,290	403,564,084	340,986,859	(62,577,225)
Community Service	3,395,888	7,237,328	3,126,006	(4,111,322)
Total Support Services	718,225,780	792,432,250	732,886,130	(59,546,120)

FY20 Budget Amendment No. 2 Revenues and Expenditures Comparison

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT
GENERAL FUND
FY 2020 DRAFT BUDGET AMENDMENT #2
FOR THE YEAR ENDING JUNE 30, 2020

	FY 2019 Audited Actuals	FY 2020 BA #1	FY 2020 Proposed Budget Amendment #2	Variance from BA #1
Excess of Revenue over Expenditures	6,117,745	4,585,121	21,647,186	17,062,065
Other Financial Sources/(Uses)				
Proceeds from sale of capital assets	1,445,670	2,100,000	2,886,251	786,251
Transfers in	1,580,445	2,000,000	1,500,000	(500,000)
Transfers out	(17,621,381)	-	(25,315,000)	(25,315,000)
Total Other Financial Sources/(Uses)	(14,595,266)	4,100,000	(20,928,749)	(25,028,749)
Special Items - Payment from DPS	6,941,837	-		
Net Change in Fund Balance	(1,535,684)	8,685,121	718,437	(7,966,684)
Beginning Fund Balance	141,035,229	139,499,545	139,499,545	
Ending Fund Balance	\$ 139,499,545	\$ 148,184,666	\$ 140,217,982	