



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION
DETROIT PUBLIC SCHOOLS (DPS) RESOLUTION 2020-3

APPROVING THE SCHOOL DISTRICT FOR THE CITY OF DETROIT
PUBLIC SCHOOLS (DPS) FY 20 BUDGET AMENDMENT #1 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 (“DPS”) 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 Detroit Public Schools 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 Detroit Public Schools complies with the requirements of the Uniform Budgeting and Accounting Act; and

WHEREAS, the Uniform Budgeting and Accounting Act prevents Detroit Public Schools from deviating from its original general appropriations act without amending it and requires Detroit Public Schools 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, Detroit Public Schools 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 Detroit Public Schools 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.

DPS FY 20 Budget Amendment No. 1

DPS FY 20 General Fund Budget through the year ending June 30, 2020.

- ✓ Revenue is based on a conservative projection of remaining tax collections in May and June.
- ✓ Support Services include expenses for audit and staff expenses associated with the administration of DPS.
- ✓ Debt service expense includes both interest and principal for the Stabilization Bonds, MPSERS and Emergency Loan repayment.
- ✓ As part of the restructuring, it was assumed that a portion of the 18 mill property tax collection would ultimately be transferred to DPSCD for legacy obligations. During the FY19 Audit, the final transfer of \$6.9 million in remaining cash to DPSCD was recorded.

	FY 2019 Audited Actuals	FY 2020 Adopted Budget	FY 2020 Proposed Budget Amendment #1	Variance from Adopted Budget
Revenue:				
Local Sources ¹	\$ 68,869,427	\$ 65,145,930	\$ 69,050,171	\$ 3,904,241
State Sources	5,366,901	4,330,730	4,077,871	(252,859)
Total Revenue	74,236,328	69,476,660	73,128,042	3,651,382
Expenditures:				
Support Services				
Instruction				
Support Services	145,430	100,000	90,000	(10,000)
Total Support Services	145,430	100,000	90,000	(10,000)
Debt Service				
Stabilization Bonds	46,298,766	37,303,182	37,303,182	-
MPSERS	2,000,000	8,648,000	6,000,000	(2,648,000)
Emergency Loan Debt Service	1,965,000	1,965,000	1,965,000	-
Supplemental MPSERS Payments	4,503,076	-	19,291,589	19,291,589
Total Debt Service	54,766,842	47,916,182	64,559,771	16,643,589
Total Expenditures	54,912,272	48,016,182	64,649,771	16,633,589
Other Financial Sources/(Uses)				
Other Financing Sources	-	-	-	-
Transfer to DPSCD General Fund ²	(6,928,093)	(6,900,000)	-	6,900,000
Total Other Financial Sources/(Uses)	(6,928,093)	(6,900,000)	-	6,900,000
Total Expenditures and Other Sources/(Uses)	61,840,365	54,916,182	64,649,771	9,733,589
Excess (deficiency) of Revenue Over/ (Under) Expenditures and Other Uses	12,395,963	14,560,478	8,478,271	(6,082,207)
Beginning Fund Balance	5,049,270	(2,494,833)	17,445,233	
Ending Fund Balance	\$ 17,445,233	\$ 12,065,645	\$ 25,923,504	

1) FY20 Local revenue projection is based on actual revenue as of April 30, 2020

2) During the Fiscal Year 2019 Audit, the transfer to DPSCD was pulled into FY19 from FY20