



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION
DETROIT PUBLIC SCHOOLS (DPS) RESOLUTION 2020-4
APPROVING THE SCHOOL DISTRICT FOR THE CITY OF DETROIT
PUBLIC SCHOOLS (DPS) BUDGET FOR FISCAL YEAR 2021

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 School’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, the Detroit Public Schools presented its budget for the fiscal year ending June 30, 2021 (“fiscal year 2021”) to the Commission at its meeting on June 29, 2020 for the Commission’s review and consideration.

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

1. That the Detroit Public School’s budget for fiscal year 2021 (the “Budget”), as presented to the Commission on June 29, 2020, is 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 21 Proposed Budget

| | FY 2019 Audited Actuals | FY 2020 Proposed Budget Amendment #1 | FY 2021 Proposed Budget | Variance from Proposed FY20 Budget Amendment #1 |
|---|----------------------------|---|----------------------------|--|
| Revenue: | | | | |
| Local Sources | \$ 68,869,427 | \$ 69,050,171 | \$ 65,597,663 | \$ (3,452,509) |
| State Sources | 5,366,901 | 4,077,871 | 3,873,977 | (203,894) |
| Total Revenue | 74,236,328 | 73,128,042 | 69,471,640 | (3,656,402) |
| Expenditures: | | | | |
| Support Services | | | | |
| Instruction | | | | |
| Support Services | 145,430 | 90,000 | 90,000 | |
| Total Support Services | 145,430 | 90,000 | 90,000 | - |
| Debt Service | | | | |
| Stabilization Bonds | 46,298,766 | 37,303,182 | 37,216,450 | (86,732) |
| MPSERS | 2,000,000 | 6,000,000 | 6,000,000 | - |
| Emergency Loan Debt Service | 1,965,000 | 1,965,000 | 1,965,000 | - |
| Supplemental MPSERS Payments | 4,503,076 | 19,291,589 | 19,380,000 | 88,411 |
| Total Debt Service | 54,766,842 | 64,559,771 | 64,561,450 | 1,679 |
| Total Expenditures | 54,912,272 | 64,649,771 | 64,651,450 | 1,679 |
| Total Expenditures and Other Sources/(Uses) | 61,840,365 | 64,649,771 | 64,651,450 | 1,679 |
| Excess (deficiency) of Revenue Over/ (Under) Expenditures and Other Uses | 12,395,963 | 8,478,271 | 4,820,190 | (3,658,081) |
| Beginning Fund Balance | 5,049,270 | 17,445,233 | 25,923,504 | |
| Ending Fund Balance | \$ 17,445,233 | \$ 25,923,504 | \$ 30,743,694 | |

DPS FY 21 General Fund Budget through the year ending June 30, 2021.

- ✓ Due to the COVID-19 Pandemic and resulting forecasted revenue reductions, DPS is projecting a 5% reduction in FY21 property tax collections. With this forecasted reduction, DPS still expects to be able to meet its debt obligations.
- ✓ Support Services include expenses for audit and staff expenses associated with administration of DPS.
- ✓ Debt service expense includes both interest and principal for the Stabilization Bonds, MPSERS and Emergency Loan repayment. Payments are based on established schedules.
- ✓ Additional operating debt payments will be made as funds are available to pay down outstanding MPSERS debt more rapidly.