

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

TO: Judge Steven Rhodes, Transition Manager

FROM: Marios Demetriou, Deputy Superintendent of Finance and Operations

SUBJECT: Fiscal Year 2017 Budget Amendment # 2

DATE: September 16, 2016

CC: Alycia Meriweather, Interim Superintendent
Delores Brown, Executive Director, Finance
Michael Bridges, Deputy Executive Director, Finance
Marc Ingram, Deputy Executive Director, Finance

The Fiscal Year 2016-2017 (FY 2017) budget amendment No. 2 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

Other Local Sources – The Detroit Public Schools Community District (DPSCD) anticipates receiving \$2.0 million from the Educational Achievement Authority for services provided.

State Sources – The anticipated \$4.5 million Renaissance Zone revenue belongs to Detroit Public Schools (DPS) and was removed from the DPSCD budget.

EXPENDITURES

All expenditure changes are related to the recently approved Detroit Federation of Teachers Contract.

3% One-time payment (\$4,436,815) – Any teacher meeting the below criteria will receive a one-time payment of 3% of their base salary before December 25, 2016.

- On Step 10 or 11 of the salary schedule
- Employed by DPSCD as of December 1, 2016

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Step Increase (\$3,416,503) – Teachers on the first nine steps of the salary schedule shall be paid an off-schedule amount equal to one step higher than their current step. This amount will be part of their bi-weekly salaries.

Excess class size pool (\$250,000) – DPSCD shall establish a class-size overage pool in the amount of \$250,000 to compensate teachers for teaching students in excess of the contractually mandated class size limits.

Step increase 1 to 3 (\$200,000) – Any teacher meeting the below criteria will be paid as if on Step 3 for the 2016-2017 school year.

- Currently employed by DPSCD
- Has only a Bachelor's degree
- On Step 1 of the salary schedule since at least the 2014-2015 school year

OTHER FINANCING SOURCES

Proceeds from sale of capital assets – DPSCD expects to receive an additional \$3.0 million in capital asset sales during fiscal year based upon the best available information.

Payments from Other School Districts – DPSCD expects receive \$17.3 million from DPS for the below items:

- DPS' remaining cash balance of \$15.3 million (unaudited)
- \$2.0 million to pay for Worker's Compensation claims

FUND BALANCE

The Detroit Public Schools Community District expects the FY 2017 surplus to increase by \$9.5 million to \$26.8 million.

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DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT GENERAL FUND BUDGET AMENDMENT # 2 YEAR ENDING JUNE 30, 2017

	FY 2017 - Budget Amendment # 1	FY 2017 - Budget Amendment # 2	FY 2017 - Proposed Increase (Decrease) Over FY 2017 - Adopted
Revenue:			
Local sources			
Special education millage	\$ 38,826,853	\$ 38,826,853	\$ -
Other	12,228,981	14,228,981	2,000,000
Total local sources	51,055,834	53,055,834	2,000,000
State sources	445,820,225	441,320,225	(4,500,000)
Federal sources	142,198,114	142,198,114	-
Total Revenue	639,074,173	636,574,173	(2,500,000)
Expenditures:			
Instruction	334,818,296	341,551,248	6,732,952
Support services			
Pupil services	60,851,685	62,033,509	1,181,824
Instructional staff support	53,634,411	53,967,452	333,041
General administration	3,836,974	3,836,974	-
School administration	38,454,265	38,487,534	33,269
Business office	9,481,223	9,481,223	-
Operations & maintenance	84,854,606	84,854,606	-
Transportation	35,031,312	35,031,312	-
Central support service	28,331,821	28,339,379	7,558
Other support service	842,576	842,576	-
Total support services	315,318,873	316,874,565	1,555,692
Community service	4,242,729	4,257,403	14,674
Facilities acquisitions and improvement	606,809	606,809	-
Total Expenditures	654,986,707	663,290,025	8,303,318
Other Financial Sources (Uses)			
Sources			
Proceeds from sale of capital assets	6,000,000	9,000,000	3,000,000
Payments From Other School Districts	25,000,000	42,300,000	17,300,000
Transfers In	2,256,058	2,256,058	-
Total Sources	33,256,058	53,556,058	20,300,000
Total Other Financial Sources (Uses)	33,256,058	53,556,058	20,300,000
Excess (deficiency) of Revenue and Other Sources Over (Under) Expenditures and Other Uses	17,343,524	26,840,206	9,496,682
Beginning Fund Balance	-	-	
Ending Fund Balance	\$ 17,343,524	\$ 26,840,206	




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FOOD SERVICE FUND

The Food Service Fund has remained unchanged since budget adoption.

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DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT FOOD SERVICE FUND BUDGET AMENDMENT # 2 YEAR ENDING JUNE 30, 2017

	FY 2017 - Budget Amendment # 1	FY 2017 - Budget Amendment # 2	FY 2017 - Amended Increase (Decrease) Over FY 2017 - Budget Amendment # 1
Revenue:			
Local sources			
Other	\$ 980,500	\$ 980,500	\$ -
Total local sources	980,500	980,500	-
State sources	1,283,000	1,283,000	-
Federal sources	47,340,473	47,340,473	-
Total Revenue	49,603,973	49,603,973	-
Expenditures:			
Support services			
Personnel	15,190,201	15,190,201	-
Purchased Services	2,644,775	2,644,775	-
Supplies	28,412,939	28,412,939	-
Equipment & Capital	1,100,000	1,100,000	-
Total support services	47,347,915	47,347,915	-
Total Expenditures	47,347,915	47,347,915	-
Other Financial Sources (Uses)			
Sources			
Proceeds from sale of capital assets	-	-	-
Prior Year Surplus	-	-	-
Proceeds from EAA borrowing	-	-	-
Transfers In	-	-	-
Total Sources	-	-	-
Uses			
Transfers Out	(2,256,058)	(2,256,058)	-
Prior Year Surplus	-	-	-
Total Uses	(2,256,058)	(2,256,058)	-
Total Other Financial Sources (Uses)	(2,256,058)	(2,256,058)	-
Excess (deficiency) of Revenue Over (Under) Expenditures	-	-	-
Beginning Fund Balance	-	-	
Ending Fund Balance	\$ -	\$ -	