

**DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT
BOARD OF EDUCATION
RESOLUTION**

**ADOPTING THE FIRST AMENDMENT TO THE
FISCAL YEAR 2017-2018 DPSCD BUDGET**

WHEREAS, on June 21, 2016, Public Act 192 of 2016 (“Public Act 192”) amending The Revised School Code, 1976 PA 451, as amended, MCL 380.1 to 380.1853 (the “Revised School Code”), was enacted with immediate effect; and

WHEREAS, once Act 192 took effect, the School District of the City of Detroit (“DPS”) became a qualifying school district under section 12b of the Revised School Code, MCL 380.12b, and a community district was created for the same geographic area of DPS to provide public educational services for residents of that geographic area (the “Community District”) under section 383 of the Revised School Code, MCL 380.383; and

WHEREAS, the community district created for the same geographic area of DPS to provide public educational services for residents of that geographic area (the “Community District”) under section 383 of the Revised School Code, MCL 380.383 was named the Detroit Public Schools Community District (“DPSCD”); and

WHEREAS, the Board of Education of the Detroit Public Schools Community District (“Board”) was duly elected in November 2016 and took office on January 1, 2017; and

WHEREAS, DPSCD is subject to financial oversight by a Financial Review Commission to the extent provided under the Michigan Financial Review Commission Act, MCL 380.387 and MCL 141.1632 *et seq.*; and

WHEREAS, pursuant to the MCL 380.382 of the Revised School Code, DPSCD has all of the powers of a general powers school district and has all additional powers granted by law to a community district or the school board of a community district; and

WHEREAS, on June 13, 2017 a public hearing was held to discuss the fiscal year 2017-2018 budget for DPSCD; and

WHEREAS, on June 13, 2017, the Board voted affirmatively to approve the fiscal year 2017-2018 budget for DPSCD (“2017-2018 Budget”); and

WHEREAS, the 2017-2018 Budget may be revised and/or amended to reflect the changes in revenues and/or expenditures; and

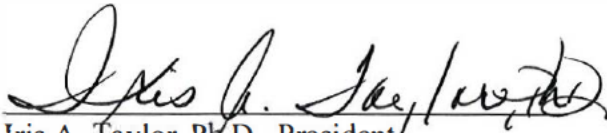
WHEREAS, the Board now amends the 2017-2018 Budget, for the first time, in accordance with Section 7(c) of the Michigan Financial Review Commission Act, MCL 141.1637(c); and

NOW, THEREFORE IT IS HEREBY RESOLVED THAT:

1. Pursuant to the powers granted under Public Act 192, the Board of Education of the Detroit Public Schools Community District hereby adopts the First Amendment to the Fiscal Year 2017-2018 DPSCD Budget as attached hereto.

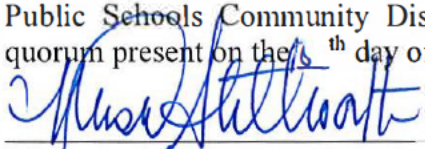
RESOLVED this 10th day of October, 2017.

BOARD OF EDUCATION OF THE
DETROIT PUBLIC SCHOOLS
COMMUNITY DISTRICT

By: 
Iris A. Taylor, Ph.D., President
Detroit Public Schools Community District
Board of Education

Certification:

I certify that this Resolution was duly adopted by the Board of Education of the Detroit Public Schools Community District at a properly-noticed open meeting held with a quorum present on the 10th day of October 2017.


Misha Stallworth, Board Secretary
Detroit Public Schools Community District
Board of Education

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

TO: The Detroit Public Schools Community District Board of Education

FROM: Jeremy Vidito, Senior Executive Director of Finance

SUBJECT: Fiscal Year 2018 Budget Amendment # 1

DATE: October 4, 2017

CC: Dr. Nikolai Vitti, General Superintendent
Tony Saunders, Interim Chief Financial Officer
Delores Brown, Executive Director, Finance
Michael Bridges, Deputy Executive Director, Finance
Marc Ingram, Deputy Executive Director, Finance
Arthur Jackson, Deputy Executive Director, Finance

The Fiscal Year 2017-2018 (FY 2018) budget amendment No. 1 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 since the budget was adopted.

REVENUES

The total revenue increased by \$9,338,899, of which \$9,104,274 was a result of increases in federal sources subsequent to budget adoption. These increases were primarily a result of additional funding from the following sources:

- Title IA - \$6,730,606
- Title IIA - \$659,423
- School Improvement Grant (EAA Transfer) - \$1,500,000
- School Improvement Grant Year 2 - \$533,678

There was a decline in various other federal sources of \$319,433 which accounts for the remaining variance.

Other revenue sources increased \$234,625 resulting in the overall increase of \$9,338,899.

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

EXPENSES

Instruction

The overall \$1,062,482 decline in expenses is driven by a number of factors including budgeting vacant positions at the annual salary of a newly hired teacher (approximately \$40,000) instead of the average teacher salary (approximately \$60,000).

Support Services

Business Office

The \$1,601,984 increase is related to non-budgeted expenditures for the finance department. This increase is primarily due to expenses related to Ernst & Young above the budgeted amount.

Operations & Maintenance

The \$6,122,621 increase is related to non-budgeted expenditures for the operations & maintenance department. This increase is primarily due to expenses related to contracted custodians/engineers/janitors, which came in higher than the budgeted amount.

Central Support Services

The \$3,842,550 increase is related to non-budgeted expenditures for the technology department. The increase is primarily due to technology equipment (\$2.1 million higher than budget) and IT contracted staff (\$1.2 million higher than budget).

FUND BALANCE

The Detroit Public Schools Community District expects the legacy surplus to be \$92,767,182 at the end of FY 2018.

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

Budget Presentation Crosswalk to Budget Amendment

The state requires a specific format for presenting budget amendments. While this format is different from the presentation used by DPSCD to present the breakout of revenue and expenses, the total impact is the same in both presentations. The summary below presents the differences in reporting for total revenue and expenses.

Revenues

The budget amendment presents Other Financial Sources (Payments from Detroit Public Schools and the Food Service Fund Transfer) below the total expenditures. The budget presentation shows the combined total revenue, which is just the sum of Total Revenue and Other Financial Sources from the budget amendment. The table below provides a crosswalk.

	FY 2018 Adopted	FY 2018 – Budget Amendment #1	FY 2018 – Budget Amendment #1 Increase (Decrease) Over FY 2018 Adopted
Total Revenue (Amendment)	\$695,166,256	\$704,505,155	\$9,338,899
Other Financial Sources	15,100,000	15,100,000	-
Total Revenue & Sources (Presentation)	710,266,256	719,605,155	9,338,899

Expenditures

The breakout of expenditures for the budget amendment is done at the object level rather than the function level as presented in the budget presentation.

The budget amendment includes contingency as part of total expenditures. The budget presentation shows contingency as an additional expense below total expenditures. The sum of Total Expenditures and contingency from the budget presentation is equal to Total Expenditures in the budget amendment. The table below provides a crosswalk.

	FY 2018 Adopted	FY 2018 – Budget Amendment #1	FY 2018 – Budget Amendment #1 Increase (Decrease) Over FY 2018 Adopted
Total Expenditures Presentation)	695,916,019	705,932,903	10,016,884
Contingency	10,000,000	9,385,000	(615,000)
Total Expenditures (Amendment)	\$705,916,019	\$715,317,903	\$9,401,884

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT GENERAL FUND BUDGET AMENDMENT # 1 YEAR ENDING JUNE 30, 2018

	FY 2018 - Adopted	FY 2018 - Budget Amendment # 1	FY 2018 - Budget Amendment # 1 Increase (Decrease) Over FY 2018 - Adopted
Revenue and Sources:			
Local sources	75,128,217	75,395,542	267,325
State sources	475,732,309	475,699,609	(32,700)
Federal sources	144,305,730	153,410,004	9,104,274
Payments from Other School Districts	13,100,000	13,100,000	-
Transfers In	2,000,000	2,000,000	-
Total Revenue and Sources	710,266,256	719,605,155	9,338,899
Expenditures and Uses:			
Support services			
Personnel	499,940,742	495,341,996	(4,598,746)
Purchased Services	149,213,690	156,936,612	7,722,922
Supplies	19,464,436	20,780,977	1,316,541
Equipment & Capital	7,951,443	10,035,479	2,084,036
Utilities	18,004,000	16,719,000	(1,285,000)
Title I Restricted	1,341,708	6,118,839	4,777,131
Total Expenditures	695,916,019	705,932,903	10,016,884
Contingency			
Sources			
General Purpose Fund	10,000,000	8,900,000	(1,100,000)
State Transition Fund	-	485,000	485,000
Total Sources (Uses)	10,000,000	9,385,000	(615,000)
Beginning Fund Balance	75,718,774	88,479,930	
Ending Fund Balance	\$ 80,069,011	\$ 92,767,182	

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT GENERAL FUND BUDGET AMENDMENT # 1 YEAR ENDING JUNE 30, 2018

	FY 2018 - Adopted	FY 2018 - Budget Amendment # 1	FY 2018 - Budget Amendment # 1 Increase (Decrease) Over FY 2018 - Adopted
Revenue:			
Local sources			
Special education millage	\$ 43,151,615	\$ 43,151,615	\$ -
Revenue enhancement millage	17,740,760	17,740,760	-
Debt Payments from the EAA	2,546,317	2,546,317	
Other	11,689,525	11,956,850	267,325
Total local sources	75,128,217	75,395,542	267,325
State sources	475,732,309	475,699,609	(32,700)
Federal sources	144,305,730	153,410,004	9,104,274
Total Revenue	695,166,256	704,505,155	9,338,899
Expenditures:			
Instruction	368,474,924	367,412,442	(1,062,482)
Support services			
Pupil services	64,545,884	64,169,948	(375,936)
Instructional staff support	53,486,475	52,950,733	(535,742)
General administration	5,421,503	5,412,154	(9,349)
School administration	39,684,565	40,610,334	925,769
Business office	7,718,860	9,320,844	1,601,984
Operations & maintenance	90,944,957	97,067,578	6,122,621
Transportation	39,401,259	38,583,242	(818,017)
Central support service	29,494,567	33,337,117	3,842,550
Other support service	2,036,418	1,586,831	(449,587)
Total support services	332,734,488	343,038,781	10,304,293
Community service	4,706,607	4,866,680	160,073
Total Expenditures	705,916,019	715,317,903	9,401,884
Other Financial Sources (Uses)			
Sources			
Payments from Other School Districts	13,100,000	13,100,000	-
Transfers In	2,000,000	2,000,000	-
Total Sources	15,100,000	15,100,000	-
Total Other Financial Sources (Uses)	15,100,000	15,100,000	-
Excess (deficiency) of Revenue and Other Sources Over (Under) Expenditures and Other Uses	4,350,237	4,287,252	(62,985)
Beginning Fund Balance	75,718,774	88,479,930	
Ending Fund Balance	\$ 80,069,011	\$ 92,767,182	



DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

FOOD SERVICE FUND

The FY 2018 budget anticipates remaining balanced.

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT FOOD SERVICE FUND BUDGET AMENDMENT # 1 YEAR ENDING JUNE 30, 2018

	FY 2018 - Adopted	FY 2018 - Budget Amendment # 1	FY 2018 - Budget Amendment # 1 Increase (Decrease) Over FY 2018 - Adopted
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	45,815,884	45,815,884	-
Total Revenue	48,079,384	48,079,384	-
Expenditures:			
Support services			
Personnel	18,110,553	18,124,974	14,421
Purchased Services	1,924,400	1,924,400	-
Supplies	24,864,431	24,850,010	(14,421)
Equipment & Capital	930,000	930,000	-
Utilities	250,000	250,000	-
Total support services	46,079,384	46,079,384	-
Total Expenditures	46,079,384	46,079,384	-
Uses			
Transfers Out	(2,000,000)	(2,000,000)	-
Total Uses	(2,000,000)	(2,000,000)	-
Total Other Financial Sources (Uses)	(2,000,000)	(2,000,000)	-
Excess (deficiency) of Revenue Over (Under) Expenditures	-	-	-
Beginning Fund Balance	-	-	
Ending Fund Balance	\$ -	\$ -	