

# Detroit Public Schools FY 2004 Adopted Budget

June 30, 2003



# **DPS FY 2004 Adopted Budget**

## **Goals of the Detroit Public Schools**

- 1. Improve Student Achievement.**
- 2. Create a Safe School Environment.**
- 3. Enhance Parental and Community Involvement.**
- 4. Transform the District into an Effective and Efficient Organization.**




# DPS FY 2004 Adopted Budget

**● We use the District goals as our guiding principles as we develop and implement the budget.**



# DPS FY 2004 Adopted Budget

## Important Information About This Adopted Budget

 We are adopting  
**BALANCED BUDGETS**  
for all funds of the  
**District.**



# DPS FY 2004 Adopted Budget

## Important Information About This Adopted Budget

- **The Michigan Legislature is still in session and projected revenues will not be final until the Legislative Session has been concluded.**



# DPS FY 2004 Adopted Budget

## Important Information About This Adopted Budget

- **Since the legislature has not completed work on the school funding bill, this budget may need adjustment to conform to revenue changes made by the State.**



# **DPS FY 2004 Adopted Budget**

## **Important Information About This Adopted Budget**

- We will continue to refine both revenue and expenditure budgets as new information becomes available from the legislature.**



# DPS FY 2004 Adopted Budget

## Important Information About This Adopted Budget

- **Approximately 89% of our General Fund Revenue is derived from the State Foundation Act which is totally dependent on the Fall and Winter Student Count.**





# **DPS FY 2004 Adopted Budget**

## **Important Information About This Adopted Budget**

- Due to the uncertainties of legislative action and the projected downward trend of the student count, we will be adjusting the budget during the fiscal year to reflect revenue changes.**



# DPS FY 2004 Adopted Budget

## Budget Background

- **State Aid F.T.E. Membership continues to decline:**

<b>FY 98</b>	<b>FY 99</b>	<b>FY 00</b>	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>	<b>Projected FY 04</b>
<b>173,871</b>	<b>173,848</b>	<b>168,213</b>	<b>162,693</b>	<b>159,694</b>	<b>157,003</b>	<b>152,627</b>
<b>Decline</b>	<b>-23</b>	<b>-5,635</b>	<b>-5,520</b>	<b>-2,999</b>	<b>-2,691</b>	<b>-4,376</b>



# DPS FY 2004 Adopted Budget

## Revenues FY 2004

General Fund

- **We are forecasting a loss of 4,376 funded pupils in the State Aid Membership count resulting in a State Aid revenue decrease of \$29,510,443 for Fiscal Year 2004. ↓**



# DPS FY 2004 Adopted Budget

## Revenues FY 2004

General Fund

**● The State does not assist large school districts with declining enrollment. Therefore, the impact of declining enrollment is felt immediately. ↓**



# DPS FY 2004 Adopted Budget

## Revenues FY 2004 General Fund

• **State Aid Per Pupil Funding is projected to remain at \$7,180 per pupil.**



# DPS FY 2004 Adopted Budget

## Revenues FY 2004

General Fund

- **Our assumption of \$7,180 per pupil is made based on DPS retaining the \$15 million supplemental funding for the reform legislation. Current legislation does not contain this provision. If this funding is not returned to the formula we will have to adjust the budget downward mid-year. ?**



# DPS FY 2004 Adopted Budget

## Revenues FY 2004

General Fund

- **Due to the successful property tax collection amnesty program conducted by the City of Detroit, DPS Property Tax collections were higher by \$13,374,526 than anticipated for FY 03. These extra funds were considered a one time revenue source and are not included in the FY 04 revenue projection. ↓**



# DPS FY 2004 Adopted Budget

## Revenues FY 2004 General Fund

● Our revenue has declined from the previous year by \$48,725,796.

### Major Decreases Include:

● State Aid -\$29,510,443 ↓

● Property Tax -\$13,374,526 ↓

● One-Time Property Sales - \$9,240,000 ↓





# DPS FY 2004 Adopted Budget

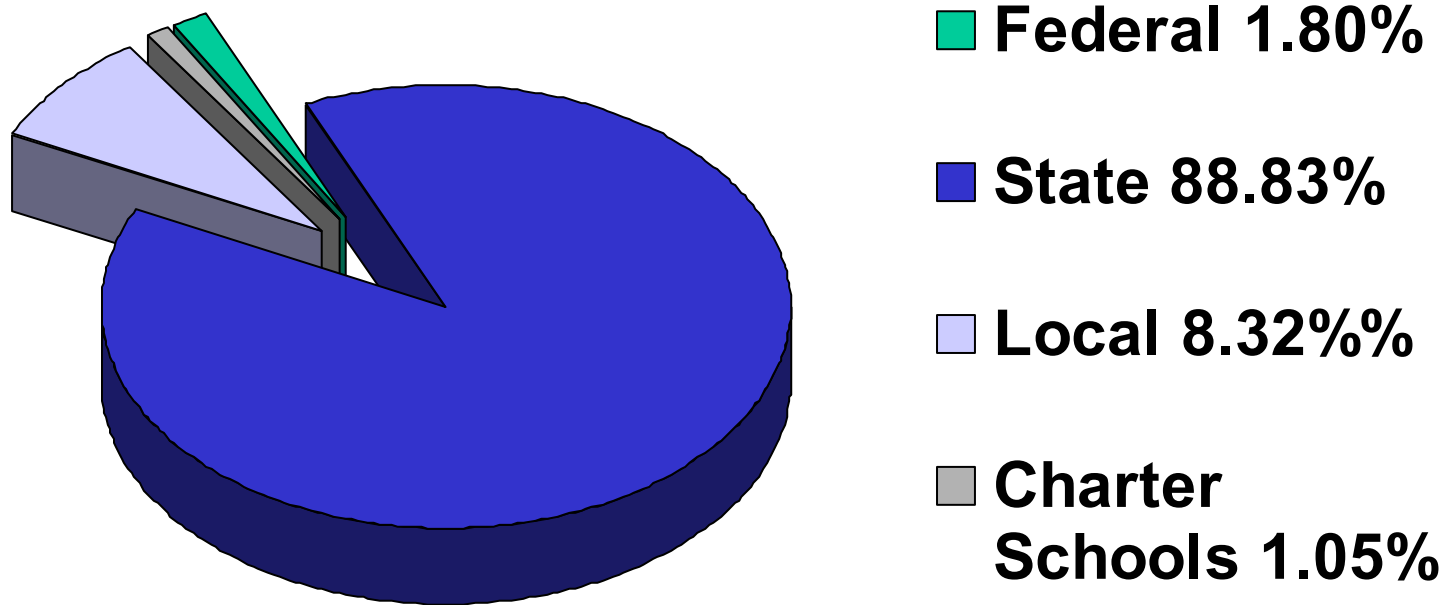
## Revenue Analysis

<u>Description</u>	<u>FY 03</u> <u>Estimated</u> <u>Revenues</u>	<u>FY 04</u> <u>Projected</u> <u>Revenues</u>
State Aid	\$ 986,553,064	\$ 957,042,621
Property Tax	93,374,526	80,000,000
Investment Earnings	1,850,000	1,800,000
Charter Schools	11,942,547	11,328,336
Federal	9,100,000	12,381,384
Medicaid	6,218,000	7,000,000
Other Revenue	11,155,000	1,915,000
Durant	<u>5,930,443</u>	<u>5,930,443</u>
<b>Total</b>	<b>\$1,126,123,580</b>	<b>\$1,077,397,784</b>



# DPS FY 2004 Adopted Budget

## General Fund Revenue Distribution



**\$1,077,397,784**



# DPS FY 2004 Adopted Budget

## General Fund Revenue Summary

	<u>FY 2004Est.</u>	<u>% of Total</u>
State Aid	\$957,042,621	77.29%
Property Tax	80,000,000	6.46%
Investment Earnings	1,800,000	0.15%
Charter Schools	11,328,336	0.91%
Federal Reimbursement	12,381,384	1.00%
Medicaid Reimbursement	7,000,000	0.57%
Other Revenue	1,915,000	0.15%
Durant Settlement	<u>5,930,443</u>	<u>0.48%</u>
Total Revenues	\$1,077,397,784	87.01%
Beginning Fund Balance	<u>160,896,978</u>	<u>12.99%</u>
Total Revenues & Beginning Fund Balance	\$1,238,294,762	100.00%



# DPS FY 2004 Adopted Budget

## Beginning Fund Balance Analysis / FY 03 Ending Reserves

<u>Description</u>	<u>FY 03</u> <u>Beginning Fund</u> <u>Balances</u>	<u>FY 03</u> <u>Ending</u> <u>Reserves</u>
Accrued Salaries	\$ 0	\$ 26,000,000
Accrued Vacation	0	5,000,000
Inventories	4,873,616	7,500,000
Encumbrances	6,332,407	30,000,000
Workers' Compensation	30,000,000	30,000,000
Working Reserve	<u>62,396,978</u>	<u>62,396,978</u>
<b>Total</b>	<b>\$103,603,001</b>	<b>\$160,896,978</b>



# DPS FY 2004 Adopted Budget

## Expenditures FY 2004

General Fund

- ◆ **This Adopted budget utilizes \$38,833,746 of Beginning Fund Balance to balance the budget. This is a one time revenue source.**
- ◆ **This Adopted budget utilizes \$10 million of the Workers' Compensation Reserve to balance the budget. This is a one time revenue source.**



# DPS FY 2004 Adopted Budget

## Expenditures FY 2004

General Fund

- ◆ **Budgeted reserves have grown dramatically to reflect the requirement to reserve accrued salaries for those individuals who have elected to be paid over 12 months instead of 10 months.**
- ◆ **An accrued salary reserve of \$26 million was established to meet this requirement.**



# DPS FY 2004 Adopted Budget

## Expenditures FY 2004

General Fund

- **The amount shown for transfers (\$108,694,968) reflects the need to transfer money to other funds within the District as required by accounting procedures we must follow.**
- **A significant portion of the transfer (\$79,436,768) is dedicated to the Special Education Fund. This amount is needed to remain compliant. This transfer represents a \$28,436,768 over the anticipated expenditures for FY 03 and is directly responsible for a large portion of the reduction to budgeted ending fund balance.**



# DPS FY 2004 Adopted Budget Transfer Detail

<u>Description</u>	<u>FY 03</u> <u>Estimated</u> <u>Transfers</u>	<u>FY 04</u> <u>Projected</u> <u>Transfers</u>
<b>Fund 21</b> Athletics	\$ 2,608,200	\$ 2,608,200
<b>Fund 22</b> Special Education	51,000,000	79,436,768
<b>Fund 23</b> Community Use	1,650,000	1,650,000
<b>Fund 89</b> Risk Related Activities	<u>24,000,000</u>	<u>25,000,000</u>
<b>Total</b>	<b>\$ 79,258,200</b>	<b>\$108,694,968</b>





# DPS FY 2004 Adopted Budget

## Expenditures FY 2004

General Fund

- **This budget has little if any flexibility.**
- **Minor changes in receipt of revenues or minor increases in expenditures will require mid-year adjustments, typically in November and February.**



# DPS FY 2004 Adopted Budget

## Expenditures FY 2004

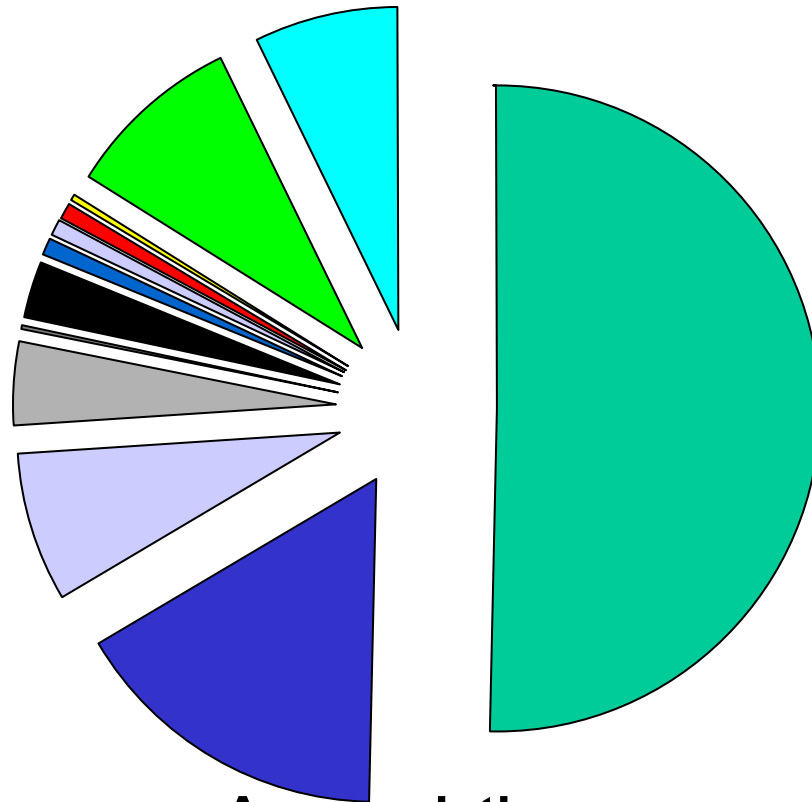
General Fund

- ❖ **Organizational budget discipline must be enforced if we are to maintain a balanced budget.**
- ❖ **Increased use of the budget controls within our financial system will be utilized to ensure this is accomplished.**



# DPS FY 2004 Adopted Budget

## General Fund Expenditures



- Salaries 50.17%
- Benefits 16.33%
- Purchased Services 7.48%
- Textbooks/Supplies 4.11%
- Capital Outlay 0.31%
- Utilities 2.71%
- Telecommunications 0.89%
- Other Expenses 0.83%
- Charter Schools 0.89%
- Principal & Interest 0.27%
- Transfers 8.78%
- Ending Fund Balance 7.23%

**Appropriation  
Estimates Only**



# DPS FY 2004 Adopted Budget

## General Fund Expenditures

	<u>Amount</u>	<u>% of Total</u>
<b>Salaries</b>	<b>\$621,216,032</b>	<b>50.17%</b>
<b>Fringes</b>	<b>202,174,686</b>	<b>16.33%</b>
<b>Purchased Services</b>	<b>92,676,001</b>	<b>7.48%</b>
<b>Supplies &amp; Textbooks</b>	<b>50,878,589</b>	<b>4.11%</b>
<b>Capital Outlay</b>	<b>3,833,163</b>	<b>0.31%</b>
<b>Utilities</b>	<b>33,600,000</b>	<b>2.71%</b>
<b>Telecommunications</b>	<b>11,000,000</b>	<b>0.89%</b>
<b>Other Expenses</b>	<b>10,335,106</b>	<b>0.83%</b>
<b>Charter Schools</b>	<b>10,988,486</b>	<b>0.89%</b>
<b>Principal &amp; Interest – Energy Bonds</b>	<b>3,334,500</b>	<b>0.27%</b>
<b>Transfers</b>	<b><u>108,694,968</u></b>	<b><u>8.78%</u></b>
<b>Total Expenditures</b>	<b>\$1,148,731,530</b>	<b>92.77%</b>
<b>Budgeted Ending Fund Balances</b>	<b><u>89,563,232</u></b>	<b><u>7.23%</u></b>
<b>Total Appropriation</b>	<b>\$1,238,294,762</b>	<b>100.00%</b>



# DPS FY 2004 Adopted Budget

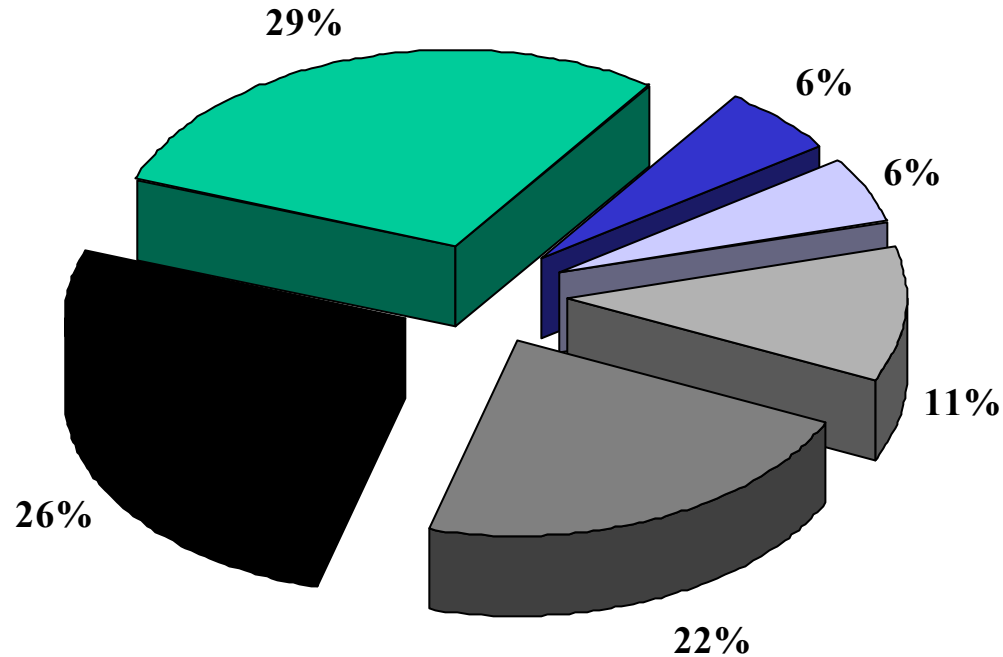
## Expenditure Comparison

	<u>Estimated FY 03</u>	<u>Projected FY 04</u>
<b>Salaries</b>	<b>\$613,608,823</b>	<b>\$621,216,032</b>
<b>Fringes</b>	<b>200,561,746</b>	<b>202,174,686</b>
<b>Purchased Services</b>	<b>60,000,000</b>	<b>92,676,001</b>
<b>Supplies &amp; Textbooks</b>	<b>50,000,000</b>	<b>50,878,589</b>
<b>Capital Outlay</b>	<b>2,000,000</b>	<b>3,833,163</b>
<b>Utilities</b>	<b>32,000,000</b>	<b>33,600,000</b>
<b>Telecommunications</b>	<b>10,000,000</b>	<b>11,000,000</b>
<b>Supporting Services/Supplies</b>	<b>6,103,688</b>	<b>10,335,106</b>
<b>Charter Schools</b>	<b>11,584,271</b>	<b>10,988,486</b>
<b>Principal &amp; Interest – Energy Bonds</b>	<b>3,712,875</b>	<b>3,334,500</b>
<b>Transfers</b>	<b><u>79,258,200</u></b>	<b><u>108,694,968</u></b>
<b>Total Expenditures</b>	<b>\$1,068,829,603</b>	<b>\$1,148,731,530</b>
<b>Budgeted Ending Fund Balances</b>	<b><u>160,896,978</u></b>	<b><u>89,563,232</u></b>
<b>Total Appropriation</b>	<b>\$1,229,726,581</b>	<b>\$1,238,294,762</b>



# DPS FY 2004 Adopted Budget

## Percentage Distribution of Reserves



**Accrued Salaries 29.03%**

**Inventories 5.58%**

**Worker's Compensation 22.33%**

**Accrued Vacation/Leave 5.58%**

**Encumbrances 11.17%**

**Appropriated Reserve 26.31%**



# DPS FY 2004 Adopted Budget

## General Fund Projected Ending Fund Balances

<u>Description</u>	<u>Amount</u>	<u>As A % of Budget</u>
Accrued Salaries	\$ 26,000,000	2.10%
Accrued Vacation	5,000,000	0.40%
Inventories	5,000,000	0.40%
Encumbrances	10,000,000	0.81%
Workers' Compensation	20,000,000	1.62%
Working Reserve	<u>23,563,232</u>	<u>1.90%</u>
<b>Total</b>	<b>\$ 89,563,232</b>	<b>7.23%</b>



# DPS FY 2004 Adopted Budget

## Other Operating Fund Information/ Projections

<u>Description</u>	<u>Revenue</u>	<u>Expenditures</u>
<b>Fund 12</b> Designated Special Purpose Grants	\$ 313,480,705	\$ 313,480,705
<b>Fund 13</b> Adult Education	\$ 13,544,853	\$ 13,544,853
<b>Fund 21</b> Athletics	\$ 2,608,200	\$ 2,608,200
<b>Fund 22</b> Special Education	\$ 214,288,475	\$ 214,288,475
<b>Fund 23</b> Community Use	\$ 1,650,000	\$ 1,650,000
<b>Fund 25</b> Food Service	\$ 46,859,641	\$ 46,859,641





# DPS FY 2004 Adopted Budget

## Other Operating Fund Information/ Projections

<u>Description</u>	<u>Revenue</u>	<u>Expenditures</u>
<b>Fund 31</b> Bond Redemption	\$ 108,976,030	\$ 108,976,030
<b>Fund 32</b> Judgment Levy	\$ 5,220,270	\$ 5,220,270
<b>Fund 41</b> Durant Bonds	\$ 3,405,342	\$ 3,405,342
<b>Fund 42</b> 1986 Bonds	\$ 12,154,324	\$ 12,154,324
<b>Fund 44</b> 1994 Bonds	\$ 750,000,000	\$ 750,000,000
<b>Fund 51</b> Non-Expendable Trust	\$ 500,000	\$ 500,000
<b>Fund 52</b> Expendable Trust	\$ 550,000	\$ 550,000



# DPS FY 2004 Adopted Budget

## Other Operating Fund Information/ Projections

<u>Description</u>	<u>Revenue</u>	<u>Expenditures</u>
<b>Fund 54</b> Pupil Activity	\$ 7, 500,000	\$ 7, 500,000
<b>Fund 82</b> Print Shop	\$ 1,703,000	\$ 1,703,000
<b>Fund 88</b> Employee Self-Insurance	\$ 146,800,000	\$ 146,800,000
<b>Fund 89</b> Risk Related Activities	\$ 25,000,000	\$ 25,000,000

**Totals of all funds are not appropriate  
due to inter-fund transfers.**



# DPS FY 2004 Adopted Budget

**Additional detail and budget comparisons will become available as the legislative, negotiations and budget processes continue.**

**We will post the Adopted budget on our web site by the end of July.**

# Detroit Public Schools



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### NEWS

June 26, 2003

>> [The New School Attendance Boundaries for the 2003 - 2004 are now available. Also available are the Elementary, Middle and High School Street Detail Maps.](#)

June 26, 2003

>> [Hutchins Middle School is a good neighbor, just ask the students, their parents and residents in the Hutchins area who will participate in and simply have fun at the annual People's Day Celebration sponsored by Hutchins.](#)

June 23, 2003

>> [After nearly eight years without one, Carleton Elementary School will have a library. It will be a very important addition to the educational program at the school and will give students opportunities to read books just for fun, conduct research, and hopefully, help to continue to improve reading skills.](#)

DPS Quick-Links

**Fall 2003**  
**School Attendance Boundaries**  
**NEW!**

More **HOT**  
Links to Think

### Warm Up To Reading

[2003 Parent Newsletter \(pdf\)](#)  
[Download it now!](#)

[New Cool School News](#)

[District Technology Plan for 2003 - 2006 \(pdf\)](#)



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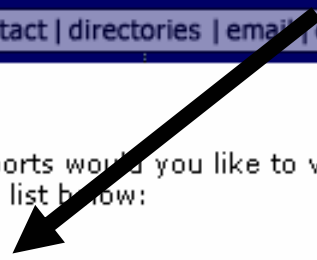
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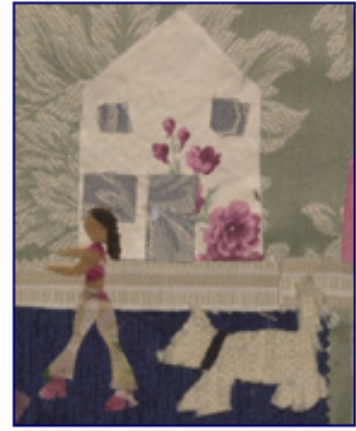
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**★ NEW!** [Proposed Fiscal Year 2003-2004 Budget](#)  
(with non-salary detail) 

• [Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2002](#) 

• [Federal Awards Supplement Information](#) 



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