

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT REGULAR MEETING

Monday, March 26, 2018
Following the City Regular Meeting
(Begins no earlier than 1:30 p.m.)
Cadillac Place, Suite L-150
3062 West Grand Boulevard
Detroit, MI 48202

MINUTES

Approved: April 16, 2018

I. Call to Order

Chairman Nick Khouri called the meeting to order at 1:40 p.m.

II. Roll Call

Members Present – 9

Darrell Burks (via teleconference)
Stacy Fox
Bill Martin (via teleconference)
Ike Mckinnon
Nick Khouri
David Nicholson (via teleconference)
Iris Taylor
Nicholai Vitti
John Walsh

Members Absent – 2

Mike Duggan (non-voting)
Brenda Jones (non-voting)

Let the record show that 9 Commission members eligible to vote were present. 6 participated in person, and 3 participated via teleconference. A quorum was present.

III. Approval of Proposed Minutes from the February 26, 2018 School District Meeting

Motion made to approve the draft minutes of the Commission's February 26, 2018 School District Meeting as presented. Motion moved and supported, the Commission approved the minutes of the February 26, 2018 meeting as presented.

IV. Old Business – None

V. New Business

a. DPS Financial Report

Chief Financial Officer Jeremy Vidito presented the Financial Report for DPS and stated that revenues through January were above budget, with \$2.9M in tax collections above anticipated collections. Expenditures for the audit and legal expense through January were below budget and the next bond payments are scheduled for March and April 2018. DPS's cash balance for the month of January is \$53.8M, with a projected FY 2018 ending cash balance of \$1.8M.

b. Presentation of the Community District's Monthly Financial Report

Chief Financial Officer Jeremy Vidito presented the monthly financial report and highlighted that DPSCD recorded a surplus of revenues over expenditures of \$5.4M in the month of January, 2018 compared to a budget deficit of \$9.1M, a \$14.6 million variance. He stated that based on actual results through January 2018, DPSCD is \$71.3M ahead of budget. However, it is believed that much of this variance is due to timing and will reverse before the end of the fiscal year.

Mr. Vidito also reported that DPSCD's net cash flow for January 2018 was \$8.5M, putting the ending cash balance at \$97.8M (\$146.2M including the internal service fund and fiduciary account). He addressed questions from the Commission.

c. FY18 Budget Amendment #2 Update

Mr. Vidito presented a proposal to the FY18 adopted budget (Budget amendment No. 2) the amendment includes various revenue and corresponding expenditure changes in assumptions. He addressed questions from the Commission and stated that more details on the proposed budget amendment will be presented at the April meeting.

FY 19 Budget Projection Update

Mr. Vidito gave a brief overview of the DPSCD's FY19 budget projection. He stated that the budget is based on a conservative revenue and expense framework and highlighted the following:

- Enrollment remains constant at Fall2018 levels and projected foundation allowance is at the low-end of the state proposals of \$120 per student and the increase is budgeted in the general fund contingency.
- All positions are fully funded and teacher vacancies are budgeted at step 8
- Based on the District's FY2019 Enrollment Sensitivity Analysis, even under the worst case scenario of a 3% enrollment reduction, the District would still have a balanced budget due to a planned \$17.8M general fund contingency.
- The proposed FY2019 budget fund balance is projected to be \$105M. It establishes a \$43M set aside reserve state aid that will be kept as a rainy day fund that was adopted by the Board of Education in February 2018.

d. Proposed DPSCD Five-Year Projection

Mr. Vidito presented an overview of the preliminary five year budget projections, explaining that the projection assumes enrollment growth at 1% per year during FY2010-FY2013 and the state's foundation allowance growth at a rate of 1% annually, which is \$75 per student.

HDLV benefits are projected to increase at 5.6% per year, while all other benefits (pensions, payroll taxes and workers compensation) are maintained at current levels, as a percentage of payroll. During the five-year period, fund balances are projected to grow from \$105M in FY2019 to \$140M in FY2023. He addressed questions from the Commission and stated that more details will be provided at the April meeting.

e. Supplemental Reports

Chief Financial Officer Jeremy Vidito presented 1 supplemental report, which outlined DPSCD's March 2018 compliance reporting.

f. Consideration of the Community District's March 2018 contract approval requests per MCL 141.1636 (6) (FRC School District Resolution 2018-5)

Public Act 181 of 2014 requires the Financial Review Commission to review and approve contracts meeting any of the three following criteria: 1) the contract exceeds \$750,000; 2) the contract has a term exceeding 2 years; and 3) multiple contracts within a single entity that exceed \$750,000 in aggregate.

Chief Financial Officer Jeremy Vidito, gave a brief overview of the Community District's 3 contract approval requests and addressed questions from the Commission. All contracts have been reviewed by the FRC Advisory Subcommittee on Contracts and Procurement.

Motion made to consider and approve the Community District's 3 March 2018 contract approval requests (FRC School District Resolution 2018-5). Motion moved and supported. The Commission approve School District Resolution 2018-5 as presented.

g. Consideration of the Community District's March 2018 out-of-state travel reimbursement requests per MCL 141.1637(q) (FRC School District Resolution 2018-6)

Public Act 181 of 2014 requires the Financial Review Commission to review and approve the Community District's out-of-state travel reimbursements to school board members, officials, and employees. Mr. Vidito presented request for the Community District's March 2018 out-of-state travel.

Motion made to approve the Community District's March 2018 out-of- state travel reimbursement requests (FRC School District Resolution 2018-6) as presented. Motion moved and supported. The Commission unanimously approved School District Resolution 2018-6 as presented.

VI. Public Comment

John Lauve

VII. Next Meeting Date

School District Regular Meeting: April 16, 2018, following the City Meeting, beginning no earlier than 1:30 p.m. at Cadillac Place, 3062 West Grand Boulevard, Suite L-150, Detroit, MI 48202.

VIII. Adjournment

Motion made to adjourn. Motion moved and supported, the Commission approved the motion to adjourn.

There being no further business, the meeting adjourned at 2:20 p.m.

Financial Review Commission
 Monthly Meeting
School District
 Resolution Roll Call Vote
 Monday, March 26, 2018

FRC 3/26/2018 Meeting	FRC SD Resolution 2018-5 (Consideration of March contracts approval requests) Roll Call	FRC SD Resolution 2018-6 (consideration of SD March out-of-state reimbursement approval requests) Roll Call
Mr. Burks	Yes	Yes
Ms. Fox	Yes	Yes
Mr. Khouri	Yes	Yes
Mr. Martin	Yes	Yes
Mr. McKinnon	Yes	Yes
Mr. Nicholson	Yes	Yes
Ms. Taylor	Yes	Yes
Mr. Vitti	Yes	Yes
Mr. Walsh	Yes	Yes

Signed by: *B. Greaves*
 Beverly C. Greaves, Secretary

Date: 3/26/2018