



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT RESOLUTION 2016-10

**APPROVING THE COMMUNITY DISTRICT'S AUGUST 2016 BUDGET
AMENDMENT REQUESTS**

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 Community District (the "Community District") 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 the Community District'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, Section 6(3) of the Act further requires the Commission to ensure that the Community District complies with the requirements of the Uniform Budgeting and Accounting Act; and

WHEREAS, the Uniform Budgeting and Accounting Act prevents the Community District from deviating from its original general appropriations act without amending it and requires the Community District to amend its general appropriations act as soon as it becomes apparent that a

deviation from the original general appropriations act is necessary and the amount of the deviation can be determined; and

WHEREAS, at the Commission meeting on August 29, 2016, the Community District presented budget amendment requests, attached as **Exhibit A** to this Resolution, for the Commission's review and approval.

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

1. That the Community District's August 2016 budget amendment requests, attached as **Exhibit A** to this Resolution but excluding any budget amendments a majority of Commission members present has agreed to exclude as noted in the minutes, are 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.

DPSCD FY 2017 Budget Amendment No. 1 Requests

	FY 2017 Adopted Budget	FY 2017 Budget Amendment No. 1	Increase / (Decrease)	Note
Revenue:				
Local sources				
Special education millage	\$ 38,826,853	\$ 38,826,853	\$ -	
Other	11,925,615	12,228,981	303,366	1
Total local sources	50,752,468	51,055,834	303,366	
State sources	445,820,225	445,820,225	-	
Federal sources	141,820,618	142,198,114	377,496	2
Total Revenue	638,393,311	639,074,173	680,862	
Expenditures:				
Instruction	332,136,275	334,818,296	2,682,021	3
Support services				
Pupil services	61,098,044	60,851,685	(246,359)	4
Instructional staff support	55,406,594	53,634,411	(1,772,183)	5
General administration	3,177,970	3,836,974	659,004	6
School administration	38,695,133	38,454,265	(240,868)	7
Business office	9,992,727	9,481,223	(511,504)	8
Operations & maintenance	84,826,740	84,854,606	27,866	
Transportation	35,049,312	35,031,312	(18,000)	
Central support service	28,356,986	28,331,821	(25,165)	
Other support service	769,593	842,576	72,983	9
Total support services	317,373,099	315,318,873	(2,054,226)	
Community service	4,189,662	4,242,729	53,067	
Facilities acquisitions and improvement	606,809	606,809	-	
Total Expenditures	654,305,845	654,986,707	680,862	
Total Other Financial Sources (Uses)	33,256,058	33,256,058	-	
Excess of Revenue over Expenditures	17,343,524	17,343,524	-	
Beginning Fund Balance	-	-		
Ending Fund Balance	\$ 17,343,524	\$ 17,343,524		

Notes to DPSCD FY17 key budget amendments

Note	Function	Type	Brief Description	Budget Amendment No. 1
1	Other local sources	UAW Grant	Reallocate UAW grants from DPS to DPSCD (Fine Arts Grant and Cass Scholarship)	\$ 219,015
		Private Donations	DPSCD received a number of private donations	84,351
				<u>303,366</u>
2	Federal sources	Title IA	Increase Title IA allocation increase	403,194
		COPS Grant	Decrease FY 2017 COPS Grant allocation	(25,699)
				<u>377,495</u>
3	Instruction	Reallocation	Reallocate Section 31A Budget from Instructional staff support to fund Reading Recovery Teachers	1,928,642
		Reallocation	DSFP recommended changing the function codes of selected account strings for compliance reasons	633,522
		Budget increases	Various budget increases	119,855
				<u>2,682,020</u>
4	Pupil services	Reallocation	DSFP recommended changing the function codes of selected account strings for compliance reasons	(246,360)
5	Instructional Staff Support	Reallocation	Reallocate Section 31A Budget to Instruction to fund Reading Recovery Teachers	(1,928,642)
		Budget increases	Various budget increases	156,459
				<u>(1,772,183)</u>
6	General administration	Reallocation	The budget for the Office of the Inspector General was moved from Business Services	509,504
		Budget increases	The Office of Inspector General upgraded a derical position within their office	12,000
		Budget increases	Various budget increases	137,500
				<u>659,004</u>
7	School administration	Reallocation	DSFP recommended changing the function codes of selected account strings for compliance reasons	(240,869)
8	Business office	Reallocation	The budget for the Office of the Inspector General was moved to General Administration	(509,504)
		Budget decreases	Various budget decreases	(2,000)
				<u>(511,504)</u>
9	Other support service	Grant allocation	Increase to Office of Fine Arts budget due to the carrying forward of the UAW Fine Arts Grant	72,983

Summary of new budgeted revenue and expenditures

The following amendments represent new budgeted revenue and the corresponding increases in expenditures where this new revenue will be spent. In each case, the new expenditures are funded entirely by new revenue, therefore the net impact of these amendments is zero.

Expense Function	Revenue Category				Total
	Other local sources (UAW Grants)	Other local sources (Private Donations)	Federal sources (Title IA allocation)	Federal sources (COPS allocation)	
Note	1	2	3	4	
Instruction	\$ 8,531	\$ 30,501	\$ 350,125	\$ -	\$ 389,157
General Administration	137,500	-	-	-	137,500
Operations & Maintenance	-	53,851	-	(25,699)	28,152
Other Support Services	72,983	-	-	-	72,983
Community Service	-	-	53,069	-	53,069
TOTAL	\$ 219,015	\$ 84,351	\$ 403,194	\$ (25,699)	\$ 680,861

Expense Object	Revenue Category				Total
	Other local sources (UAW Grants)	Other local sources (Private Donations)	Federal sources (Title IA allocation)	Federal sources (COPS allocation)	
Note	1	2	3	4	
Salaries	\$ -	\$ -	\$ -	\$ (28,306)	\$ (28,306)
Benefits	-	-	-	2,608	2,608
Purchased Services	142,159	3,000	403,194	-	548,353
Supplies	76,856	81,352	-	-	158,207
TOTAL	\$ 219,015	\$ 84,352	\$ 403,194	\$ (25,699)	\$ 680,861

Notes

1. Remaining funds for the UAW grants (Fine Arts Grant and Cass Scholarships) moved from DPS to DPSCD
2. DPSCD received three private donations (AAA Driver Training Scholarship, DTE Energy Efficiency, Project Lead the Way)
3. DPSCD FY 2017 Title IA allocation increased
4. DPSCD FY 2017 COPS Grant allocation declined

Summary of budget reallocations across expense functions

The following amendments represent shifting of costs between functions. In each case, the reallocation nets to zero and therefore total expenditures neither increase or decrease as a result of these amendments.

Expense Category	Budget Realignment								Total
	Inspector General Non-Personnel	Inspector General Realignment	Special Education Realignment	State and Federal Programs Recommendations	Fisher Upper School Realignment	Academic Initiatives	Section 31A Reading Recovery Teachers	Open Doors Campaign	
Instruction	\$ -	\$ -	\$ 21,737	\$ 633,522	\$ 24,085	\$ (315,123)	\$ 1,928,642	\$ -	\$ 2,292,863
Pupil Services	-	-	(1,350)	(245,010)	-	-	-	-	(246,360)
Instructional Staff	-	-	(1,851)	(148,179)	(8,634)	315,123	(1,928,642)	-	(1,772,183)
General Administration	12,000	509,504	-	-	-	-	-	-	521,504
School Administration	-	-	(536)	(240,333)	-	-	-	-	(240,869)
Business Services	(2,000)	(509,504)	-	-	-	-	-	-	(511,504)
Operations & Maintenance	-	-	-	-	(4,686)	-	-	4,400	(286)
Transportation	-	-	(18,000)	-	-	-	-	-	(18,000)
Central Support Services	(10,000)	-	-	-	(10,765)	-	-	(4,400)	(25,165)
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -