



**ORDER ADOPTING THE AMENDED FISCAL YEAR 2011-2012 BUDGET
FOR THE
SCHOOL DISTRICT OF THE CITY OF DETROIT**

Order 2012-EMRR-1

BY THE POWER AND AUTHORITY VESTED IN THE EMERGENCY MANAGER
FOR THE SCHOOL DISTRICT OF THE CITY OF DETROIT, MICHIGAN
("EMERGENCY MANAGER") PURSUANT TO MICHIGAN'S
PUBLIC ACT 4 OF 2011, THE LOCAL GOVERNMENT AND SCHOOL DISTRICT
FISCAL ACCOUNTABILITY ACT, ("LGSDFA" and or "PUBLIC ACT 4");
ROY S. ROBERTS, THE EMERGENCY MANAGER,
ISSUES THE FOLLOWING ORDER:

The Emergency Manager hereby adopts the amended Fiscal Year 2011-2012 Budget.

This Order may be amended, modified, repealed or terminated by any subsequent Order issued by the Emergency Manager.

Dated: February 15, 2012

By:

Roy S. Roberts
Emergency Manager
School District of the City of Detroit

**Detroit Public Schools
FY 2012
AMENDED BUDGET - SUMMARY
General Fund¹**

	FY Adopted 2012	FY Amended 2012	Increase (Decrease) ²	% Increase (Decrease)	Notes
Revenue:					
Local sources					
Special education millage	\$ 60,767,155	\$ 60,767,155	\$ -	0%	
Property Taxes	81,639,761	74,634,159	(7,005,602)	(9%)	[A]
Other	<u>25,970,549</u>	<u>38,503,833</u>	<u>12,533,284</u>	<u>48%</u>	[B]
Total local sources	168,377,465	173,905,147	5,527,682	3%	
State sources	482,200,650	497,485,054	15,284,405	3%	[C]
Federal sources	<u>347,373,750</u>	<u>360,612,559</u>	<u>13,238,809</u>	<u>4%</u>	[D]
Other financial sources (uses)					
Proceeds from sale of capital assets	3,002,000	3,002,000	-	0%	
Proceeds from long term revenue bonds	200,000,000	200,000,000	-	0%	
Proceeds from Settlements	-	17,000,000	17,000,000	100%	[E]
Transfers In	<u>36,540,868</u>	<u>35,351,369</u>	<u>(1,189,499)</u>	<u>(3%)</u>	[F]
Total Other financial sources	<u>239,542,868</u>	<u>255,353,369</u>	<u>15,810,501</u>	<u>7%</u>	
Total Revenue	<u>1,237,494,733</u>	<u>1,287,356,129</u>	<u>49,861,397</u>	<u>4%</u>	
Expenditures:					
Instruction	<u>491,488,272</u>	<u>520,825,039</u>	<u>29,336,766</u>	<u>6%</u>	[G]
Support services					
Pupil services	74,653,851	72,249,999	(2,403,852)	(3%)	[H]
Instructional staff support	93,690,418	113,859,290	20,168,872	22%	[I]
General administration	10,650,538	6,889,250	(3,761,288)	(35%)	[J]
School administration	59,705,974	62,221,069	2,515,095	4%	[K]
Business office	34,990,637	17,264,510	(17,726,126)	(51%)	[L]
Operations & maintenance	100,939,062	88,483,998	(12,455,064)	(12%)	[M]
Transportation	34,321,215	34,257,665	(63,549)	0%	[N]
Central support service	40,263,439	46,724,448	6,461,009	16%	[O]
Other support service	<u>33,675,103</u>	<u>39,015,719</u>	<u>5,340,617</u>	<u>16%</u>	[P]
Total support services	<u>482,890,236</u>	<u>480,965,949</u>	<u>(1,924,287)</u>	<u>0%</u>	
Community service	<u>4,179,106</u>	<u>7,671,415</u>	<u>3,492,309</u>	<u>84%</u>	[Q]
Facilities acquisitions and improvement	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>100%</u>	[R]
Debt service	<u>21,828,250</u>	<u>42,255,684</u>	<u>20,427,434</u>	<u>94%</u>	[S]
Other financial uses (sources)					
Transfers Out	<u>37,108,868</u>	<u>35,538,042</u>	<u>(1,570,826)</u>	<u>(4%)</u>	[T]
Total Other financial uses	<u>37,108,868</u>	<u>35,538,042</u>	<u>(1,570,826)</u>	<u>(4%)</u>	
Total Expenditures	<u>1,037,494,733</u>	<u>1,087,356,129</u>	<u>49,861,397</u>	<u>5%</u>	
Excess (deficiency) of Revenue Over (Under) Expenditures	<u>\$ 200,000,000</u>	<u>\$ 200,000,000</u>	<u>\$ -</u>	<u>0%</u>	

¹ General Fund includes Funds 11 through 25.

² Notes: See footnotes that follow for explanation of increases and decreases

DETROIT PUBLIC SCHOOLS
FY 2012
AMENDED BUDGET - by FUND
Revenue and Expenditures

	FY 12 Budget Adopted	FY 12 Budget Amended	Increase (Decrease)
Fund 11			
Revenue	\$ 682,269,587	\$ 716,216,332	\$ 33,946,745
Expenditures	<u>482,269,587</u>	<u>516,216,332</u>	<u>33,946,745</u>
Surplus (Deficit)	\$ 200,000,000	\$ 200,000,000	\$ -
Fund 13			
Revenue	18,079,630	18,298,542	218,912
Expenditures	<u>18,079,630</u>	<u>18,298,542</u>	<u>218,912</u>
Surplus (Deficit)	\$ -	\$ -	\$ -
Fund 14			
Revenue	351,187,003	337,052,360	(14,134,643)
Expenditures	<u>351,187,003</u>	<u>337,052,360</u>	<u>(14,134,643)</u>
Surplus (Deficit)	\$ -	\$ -	\$ -
Fund 18			
Revenue	11,214,898	36,000,963	24,786,065
Expenditures	<u>11,214,898</u>	<u>36,000,963</u>	<u>24,786,065</u>
Surplus (Deficit)	\$ -	\$ -	\$ -
Fund 16			
Revenue	69,328,177	69,328,177	-
Expenditures	<u>69,328,177</u>	<u>69,328,177</u>	<u>-</u>
Surplus (Deficit)	\$ -	\$ -	\$ -
Fund 22			
Revenue	72,385,238	72,385,238	-
Expenditures	<u>72,385,238</u>	<u>72,385,238</u>	<u>-</u>
Surplus (Deficit)	\$ -	\$ -	\$ -
Fund 25			
Revenue	33,030,199	38,074,517	5,044,318
Expenditures	<u>33,030,199</u>	<u>38,074,517</u>	<u>5,044,318</u>
Surplus (Deficit)	\$ -	\$ -	\$ -
General Fund			
Revenue	1,237,494,733	1,287,356,129	49,861,397
Expenditures	<u>1,037,494,733</u>	<u>1,087,356,129</u>	<u>49,861,397</u>
Surplus (Deficit)	\$ 200,000,000	\$ 200,000,000	\$ -

**DETROIT PUBLIC SCHOOLS
FY 2012
AMENDED BUDGET - by OBJECT
Revenues - General Fund**

	FY 2012 Adopted	FY 2012 Amended	Increase (Decrease)	% Increase (Decrease)	Notes
Fund 11 General Fund					
Property Tax	\$ 81,639,761	\$ 74,634,159	\$ (7,005,602)	(9%)	[A]
State Aid					[C]
22a Prop A Obligation	282,477,657	283,696,209	1,218,552	0%	
22b Discretionary Payment	77,068,458	65,088,105	(11,980,353)	(16%)	
26a Renaissance Zone	2,037,609	4,850,159	2,812,550	138%	
22f Best Practice Incentive	-	6,688,519	6,688,519	100%	
147a MPSEs Cost Offset	-	9,410,332	9,410,332	100%	
61a.1 Voc. Education	1,465,212	1,143,719	(321,492)	(22%)	
Prior Year Adjustments	-	5,113,673	5,113,673	100%	
Other					[B]
Earnings on Investments	300,000	300,000	-	0%	
Medicaid Reimbursement	17,057,534	29,057,534	12,000,000	70%	
JROTC	1,990,535	1,990,535	-	0%	
Charter School Administration Fee	754,782	838,248	83,466	11%	
Other	8,471,127	8,587,727	116,600	1%	
Proceeds from Long-Term Revenue Bonds	200,000,000	200,000,000	-	0%	
Transfer from Fund 14 - Indirect Cost	9,006,912	7,817,413	(1,189,499)	(13%)	
Gain from Settlements	-	17,000,000	17,000,000	100%	[E]
Total Fund 11	682,269,587	716,216,332	33,946,745	5%	
Fund 13 Adult Education					[C]
State Aid	4,422,252	4,798,143	375,891	8%	
Deferred Revenue	13,657,378	13,657,378	-	0%	
Prior Year Adjustment	-	(156,979)	(156,979)	100%	
Other - Earnings on Investments	-	-	-	0%	
Total Fund 13	18,079,630	18,298,542	218,912	1%	
Fund 14 Grants					
Title I	146,115,045	193,585,907	47,470,862	32%	[D]
Title I / Title II / Title III Carryover	101,375,533	-	(101,375,533)	(100%)	[D]
31a At Risk	28,906,728	31,372,082	2,465,354	9%	[C]
IDEA	23,134,721	23,134,721	-	0%	
Title II	19,000,000	36,392,845	17,392,845	92%	[D]
Great Start Readiness	14,088,240	14,361,600	273,360	2%	[C]
Other Grants	18,566,736	38,205,205	19,638,469	106%	[C], [D]
Total Fund 14	351,187,003	337,052,360	(14,134,643)	(4%)	
Fund 16 Special Education Center Based Programs					
Transfer from Fund 11	8,561,022	8,561,022	-	0%	
Act 18	60,150,117	60,150,117	-	0%	
Prior Year Adjustment	-	-	-	0%	
Other - Follow That Child Aid	617,039	617,039	-	0%	
Total Fund 16	69,328,177	69,328,177	-	0%	
Fund 18 ARRA					[D]
Early On Part C	-	75,000	75,000	100%	
Summer School Carryover	11,214,898	11,214,898	-	0%	
ARRA School Improvement	-	24,711,065	24,711,065	100%	
Total Fund 18	11,214,898	36,000,963	24,786,065	221%	
Fund 22 Special Education					
State Aid	65,652,932	65,652,932	-	0%	
Prior Year Adjustment	(10,114,589)	(10,114,589)	-	0%	
Transfer from Fund 11	16,846,895	16,846,895	-	0%	
Total Fund 22	72,385,238	72,385,238	-	0%	
Fund 25 Food Service					[D]
USDA Free & Reduced Lunch	27,371,631	32,415,949	5,044,318	18%	
Food Sales to Pupils	1,987,110	1,987,110	-	0%	
31A At Risk	596,650	596,650	-	0%	
31d School Lunch Grant: State Aide	1,023,170	1,023,170	-	0%	
Other State Aid	160,000	160,000	-	0%	
Food Serv - CACFP	1,354,138	1,354,138	-	0%	
Transfer from Fund 11	528,000	528,000	-	0%	
Earnings on Investments	9,500	9,500	-	0%	
Total Fund 25	33,030,199	38,074,517	5,044,318	15%	
Total	\$ 1,237,494,733	\$ 1,287,356,129	\$ 49,861,397	4%	



Detroit Public Schools
Amended Budget
Footnotes
General Fund FY 2012

The FY 2011-2012 (FY2012) adopted budget has been amended with updated information and assumptions. The following is a summary of the footnotes explaining the variances between the adopted and amended budget.

REVENUES

A – PROPERTY TAXES

Amended Property Tax Revenue reflects a decline of \$7.0 million. The decline in revenue is related to a reduction in the collection rate, which is based on a 5-year weighted average of property tax collection rates between 2007 and 2011.

B – OTHER LOCAL SOURCES

The budget for the Medicaid Reimbursement has been increased by \$12.0 million. Subsequent to the adopted budget of FY2012, Detroit Public Schools' (the District) estimate of Medicaid reimbursement to be received in FY2012 has increased by \$12.0 million due to prior year adjustments. Various other adjustments totaling \$533,000 increased the budgeted revenues related to local sources and account for the remaining difference between the adopted and amended budgets.

C – STATE SOURCES

The amended budget reflects an increase of \$15.3 million from the adopted budget due to the following changes in revenues from the State of Michigan:

- Fund 11 – State Aid 22a Proposal A, increase by \$1.2 million due to an increase in student FTE's from the adopted budget.
- Fund 11 – State Aid Prior Year Adjustments, increase by \$5.1 million due to the continued decline in commercial and Non-homestead property tax values.
- Fund 11 – State Aid Renaissance Zone, increase by \$2.8 million due to an increase of tax-exempt properties for which District is receiving reimbursement from the State of Michigan.
- Fund 11 – State Aid Best Practices Incentive increase by \$6.7 million. This revenue source was originally budgeted as a discretionary payment and was reclassified as a separate revenue line item in October 2011.



Detroit Public Schools
Amended Budget
Footnotes
General Fund FY 2012

- Fund 11 – State Aid Michigan Public School Employees Retirement System (MPSERS) Cost – a contra account, increase by \$9.4 million. The adopted FY2012 budget included \$6.5 million for this initiative and was budgeted as a discretionary payment. The amount has increased by \$2.7 million due to the changes in the Michigan Department of Education’s (MDE) formula and \$.2 in various other adjustments.
- Fund 11 – State Aid Discretionary Payment, decrease by \$12 million due to Best Practices Incentive. This revenue source was originally budgeted as a discretionary payment and was reclassified as a separate revenue line item in October 2011.
- Fund 11 – State Aid Vocational Education, decrease by \$0.3 million due to a lower number of participants.
- Fund 14 – Section 31a Program For At-Risk Students (Section 31a), increase by \$2.4 million due to the changes in allocation of grant funds which were unknown at the time of adoption of the FY2012 budget.

D – FEDERAL SOURCES

The amended budget reflects an increase of \$13.2 million as compared to the adopted budget due to the following changes in grant allocations:

- Fund 14 – Title I carryover, decrease by \$16.6 million. The adopted FY2012 budget included an estimate for the amount of carryover for the Title I grant. The estimate was adjusted in the fall when the actual amount became available.
- Fund 18 – School Improvement Grant (SIG), increase \$24.8 million. SIG is part of the American Recovery and Reinvestment Act (ARRA). SIG was not initially budgeted but the funds meet the standards for reporting.
- Fund 25 – United States Department of Agriculture (USDA) Free and Reduced Lunch, increase by \$5.0 million. In August 2011 Detroit Public Schools became a participant in Community Eligibility Option program that allows every student in the District to have a free breakfast and lunch. Since that time, the reimbursement rate for the breakfast and lunch program has increased which resulted in additional revenue of \$5.0 million.



Detroit Public Schools
Amended Budget
Footnotes
General Fund FY 2012

E – PROCEEDS FROM SETTLEMENT

The District anticipated up to a \$21.0 million expense in the adopted budget related to the loss of State Aid for days where student attendance was below 75%. After a detailed analysis, it has been determined that the expense is approximately \$4.0 million, resulting in a savings of \$17.0 million.

F – TRANSFERS IN

The General Fund budget analysis include gross transfer amounts to reflect a balanced general fund. At the time of adoption, \$9.0 million in indirect costs was included in the budget. However, based on the most recent available information, the budget for indirect costs has been reduced to \$7.8 million, a decrease of \$1.2 million.

DETROIT PUBLIC SCHOOLS
FY 2012
AMENDED BUDGET - by OBJECT
Expenditures - General Fund

	FY 2012 Adopted	FY 2012 Amended	Increase (Decrease)	% Increase (Decrease)	Notes
Fund 11 General Fund					
Personnel	\$ 246,278,484	\$ 292,821,510	\$ 46,543,026	19%	[U]
Purchased Services	124,596,229	131,141,060	6,544,831	5%	[V]
Supplies	18,186,082	12,927,268	(5,258,814)	(29%)	[W]
Equipment & Capital	412,333	376,739	(35,594)	(9%)	[X]
Utilities	20,900,000	10,756,634	(10,143,366)	(49%)	[Y]
Restricted	4,250,500	342,846	(3,907,654)	(92%)	[Z]
Principal & Interest	41,670,041	42,255,684	585,643	1%	[AA]
Transfers	25,975,917	25,594,590	(381,327)	(1%)	[AB]
Total Fund 11	482,269,587	516,216,332	33,946,745	7%	
Fund 13 Adult Education					
Personnel	3,362,326	3,362,326	-	0%	
Purchased Services	1,097,729	1,316,641	218,912	20%	[AC]
Supplies	75,000	75,000	-	0%	
Equipment & Capital	13,544,576	13,544,575	-	0%	
Total Fund 13	18,079,630	18,298,542	218,912	1%	
Fund 14 Grants					
Personnel	267,478,930	235,555,129	(31,923,801)	(12%)	[AD]
Purchased Services	50,375,359	64,369,667	13,994,308	28%	[AE]
Supplies	23,697,759	13,809,389	(9,888,370)	(42%)	[AF]
Equipment & Capital	621,923	830,876	208,953	34%	[AG]
Utilities	6,120	8,280	2,160	35%	[AH]
Restricted	-	14,661,605	14,661,605	100%	[AI]
Transfers	9,006,912	7,817,413	(1,189,499)	(13%)	[AJ]
Total Fund 14	351,187,003	337,052,360	(14,134,643)	(4%)	
Fund 16 Special Education Center Based Programs					
Personnel	65,543,691	64,041,146	(1,502,545)	(2%)	[AK]
Purchased Services	3,120,947	4,623,492	1,502,545	48%	[AL]
Supplies	663,539	663,539	-	0%	
Total Fund 16	69,328,177	69,328,177	-	0%	
Fund 18 ARRA					
Personnel	9,953,308	24,511,403	14,558,094	146%	[AM]
Purchased Services	1,261,590	9,249,882	7,988,292	633%	[AN]
Supplies	-	1,582,746	1,582,746	100%	[AO]
Equipment & Capital	-	656,932	656,932	100%	[AP]
Total Fund 18	11,214,898	36,000,963	24,786,065	221%	
Fund 22 Special Education					
Personnel	67,080,788	67,080,788	-	0%	
Purchased Services	3,866,550	3,868,890	2,340	0%	[AQ]
Supplies	1,362,900	1,360,560	(2,340)	0%	[AR]
Equipment & Capital	75,000	75,000	-	0%	
Total Fund 22	72,385,238	72,385,238	-	0%	
Fund 25 Food Service					
Personnel	13,915,727	15,074,905	1,159,178	8%	[AS]
Purchased Services	750,500	930,748	180,248	24%	[AT]
Supplies	15,679,933	17,983,494	2,303,561	15%	[AU]
Equipment & Capital	558,000	1,959,331	1,401,331	251%	[AV]
Transfers	2,126,039	2,126,039	-	0%	
Total Fund 25	33,030,199	38,074,517	5,044,318	15%	
Total	\$ 1,037,494,733	\$ 1,087,356,129	\$ 49,861,397	5%	



Detroit Public Schools
Amended Budget
Footnotes
General Fund FY 2012

EXPENDITURES – by FUNCTIONS

G – INSTRUCTION

The amended budget reflects an increase of \$29.3 million in the budget for instruction.

The teacher service budget has been amended to address the District's need for additional teachers to meet the needs of the students in the District for FY2012. In addition, funding was required for teacher prep periods, which were not included in the teacher service calculations used for the adopted budget. A total of 454 positions have been added this year, resulting in an additional \$43.2 million in expenditures.

Furthermore, the instructional budgets for the following grants have changed since the budget was adopted:

- Great Start Readiness Program (GSRP), increase \$4.6 million
- Title II Part A, increase \$4.1 million
- Section 31a, increase \$2.2 million
- Title I, decrease \$24.7 million

Various other adjustments totaling \$100,000 reduced the budgeted expenses for instruction and account for the remaining difference between the amended and adopted budgets.

H – PUPIL SERVICES

GSRP funding in the amount of \$4.7 million has been reclassified from pupil services to various functional categories. This is offset by \$2.0 million in SIG funded pupil services expenses, which were not included in the adopted budget. Various other adjustments totaling \$300,000 increased the budgeted expenses for pupil services and account for the remaining difference between the adopted and amended budgets.

I – INSTRUCTIONAL STAFF SUPPORT

The FY2012 amended budget reflects \$24.8 million in additional ARRA revenue, of which \$14.0 million is being used to fund instructional staff support positions. Subsequent to adopting the budget, the District required additional Title II Part A positions which costs \$6.7 million and were charged to instructional staff support. Various other adjustments totaling \$500,000 reduced the budgeted expenses for instructional staff support and account for the remaining difference between the adopted and amended budgets.



Detroit Public Schools
Amended Budget
Footnotes
General Fund FY 2012

J – GENERAL ADMINISTRATION

The net decrease of \$3.8 million was a result of a reallocation of Head Start funding to other various functional categories.

K – SCHOOL ADMINISTRATION

The budget for school administrative staff participating in the Second Chance Program was increased by \$2.2 million. Various other adjustments totaling \$300,000 increased the budgeted expenses for school administration and account for the remaining difference between the adopted and amended budgets.

L – BUSINESS OFFICE

In October 2011, the District converted short-term debt into long-term bonds. As a result, the short-term expenditure budget of \$19.0 million was reclassified to the new long-term debt and was transferred to Debt Service. Subsequent to the adoption of the budget, the District has increased the budget for the Office of Charter Schools charged to business office by \$700,000. Various adjustments totaling \$600,000 increased the budgeted expenses for business office and account for the remaining difference between the adopted and amended budgets.

M – OPERATIONS AND MAINTENANCE

The District successfully negotiated a settlement of utilities payments owed to the City of Detroit. The negotiated amount has been paid in full, allowing the District to realize a savings of \$17.5 million. This is offset by a request to increase the utilities budget by \$5.0 million.

N – TRANSPORTATION

The Title I budget for transportation expenses (Field Trips, Transportation and Student Bus Passes) has been reduced by \$268,000. This amount has been offset by increasing the transportation budgets for Head Start, GSRP and SIG cumulatively by \$180,000. Various other adjustments totaling \$25,000 increased the budgeted expenses for transportation and account for the remaining difference between the adopted and amended budgets.

O – CENTRAL SUPPORT SERVICE

The District reclassified \$4.3 million in school closure costs to central support service. In addition, the amended budget includes \$1.6 million in Title II Part A central support service expenses, which were not included in the adopted budget. Furthermore, the Office of General Counsel's budget has increased by \$818,000 to pay various outstanding expenditures. Various other adjustments totaling \$257,000 reduced the budgeted expenses for central support service and account for the remaining difference between the adopted and amended budgets.



Detroit Public Schools
Amended Budget
Footnotes
General Fund FY 2012

P – OTHER SUPPORT SERVICE

The adopted revenue budget for USDA Free and Reduced Lunch program was \$27.4 million. Subsequent to budget adoption, the program reimbursement rates for breakfast and lunch programs have increased. As a result revenue increased \$5.0 million for an amended budget of \$32.4 million. In addition, the budgeted Food Service expenditures have increased by \$5.0 million. Various other adjustments totaling \$300,000 increased the budgeted expenses for other support service and account for the remaining difference between the adopted and amended budgets.

Q – COMMUNITY SERVICE

The \$3.5 million increase in Community Services is the result of an increase in spending for community programs including: School Improvement, Title II and IV and Michigan School Readiness.

R – FACILITIES ACQUISITIONS AND IMPROVEMENT

Ludington Magnet Middle School received a \$100,000 donation for Facelift for the New Millennium initiative. This donation will be used for facilities improvement.

S – DEBT SERVICE

In October 2011, the District converted short-term debt into long-term bonds. As a result, the short-term expenditure budget of \$19.0 million was reclassified to the new long-term debt. Various other adjustments totaling \$1.4 million increased the budgeted debt service and account for the remaining difference between the adopted and amended budgets.

T – TRANSFER OUT

With the increased USDA Free and Reduced Lunch Program revenue, the General Fund transfer to the Food Service Fund to pay for guest meals has been reduced from \$528,000 to \$147,000 a savings of \$381,000. Furthermore, the Indirect Cost transfer has been reduced by \$1.2 million based on the most recent available information.



Detroit Public Schools
Amended Budget
Footnotes
General Fund FY 2012

EXPENDITURES –by OBJECT

FUND 11 (GENERAL FUND)

U – PERSONNEL

Personnel costs include salaries, fringe benefits, insurances, pension and taxes.

The teacher service budget has been amended to address the District’s need for additional teachers to accommodate the number of students in the District for FY2012 and to fund teacher prep periods, which were not included in the teacher service calculations used for the adopted budget. A total of 454 positions have been added this year, resulting in an additional \$43.2 million in teacher service expenditures.

Moreover, the budget for school administrative staff participating in the Second Chance Program was increased by \$2.2 million. Various other adjustments totaling \$1.1 million increased the budgeted personnel expenses and account for the remaining difference between the adopted and amended budgets.

V – PURCHASED SERVICES

Purchased services are amounts paid for services rendered by persons who are not the District’s payroll.

Central Hub has increased its purchased services budget by \$5.4 million subsequent to the adoption of the budget. Additionally, the Office of Public Safety has increased the budget for Security Services by \$2.1 million. Various other adjustments totaling \$1.0 million reduced the budgeted expenses for purchased services and account for the remaining difference between the adopted and amended budgets.

W – SUPPLIES

Supplies are items that are consumed, worn out or deteriorate in use.

In order to fund the increase in their purchased services budget, Central Hub reclassified \$6.2 million in supply expenses.

The budget for textbooks has been increased by \$850,000 subsequent to budget adoption. Various other adjustments totaling \$100,000 increased the budgeted supply expenses and account for the remaining difference between the adopted and amended budgets.

X - EQUIPMENT AND CAPITAL

Equipment and Capital Outlay are expenditures for land or existing buildings, improvements of grounds, construction of buildings, additions to buildings, remodeling of buildings, initial equipment, additional equipment and replacement of equipment.



Detroit Public Schools
Amended Budget
Footnotes
General Fund FY 2012

Schools have reduced their budget for copiers by \$20,000 and classroom equipment by \$16,000 subsequent to the budget adoption.

Y – UTILITIES

Utilities are expenditures for services usually provided by public companies such as water, sewage, and garbage collection. In addition, expenditures for energy, including natural gas, electricity, bottled gas, fuel oil, coal and gasoline received from public or private utility companies are classified as utilities.

The District successfully negotiated a settlement of utilities payments owed to the City of Detroit. The negotiated amount has been paid in full, allowing the District to realize a savings of \$17.5 million. This is offset by a request to increase the utilities budget by \$5.0 million. Various other adjustments totaling \$2.4 million increased the budgeted expenses and account for the remaining difference between the adopted and amended budgets.

Z – RESTRICTED

Restricted budgets are expenses which are not available to schools or departments without Division of Finance intervention.

The District budgeted \$4.0 million for an arbitration case and classified the expense as restricted. Subsequently, the budget has been reclassified as personnel costs. Various other adjustments totaling \$100,000 increased the budgeted expenses and account for the remaining difference between the adopted and amended budgets.

AA – PRINCIPAL AND INTEREST

Principal and interest expenditures are expenditures used to retire serial bonds, loans and to pay interest on serial bonds.

In October 2011, the District converted short-term debt into long-term bonds. As a result, the FY2012 short-term expenditure budget of \$19.8 million was reclassified to the new long-term debt. According to the new debt payment schedule, the amount that District should pay in FY2012 is \$20.4 million, the net increase of \$600,000.

AB – TRANSFERS

This category represents transactions, which transfer money from one fund to another.

With the increased USDA Free and Reduced Lunch Program revenue, the General Fund transfer to the Food Service Fund to pay for guest meals has been reduced from \$528,000 to \$147,000 a savings of \$381,000.



Detroit Public Schools
Amended Budget
Footnotes
General Fund FY 2012

FUND 13 (ADULT EDUCATION)

AC – PURCHASED SERVICES

The local travel budget for the Adult Education Department has been increased by \$219,000.

FUND 14 (GRANTS)

AD - PERSONNEL

Subsequent to the adoption of the budget, the District had to realign the grant budgets to the Michigan Electronic Grants System (MEGS). When the budgets were realigned, the personnel budget for Title I was reduced by \$40.2 million, and the personnel budget for Section 31a was decreased by \$11.6 million.

Upon the confirmation of additional Title II Part A funding, the District increased the personnel budget for Title II by \$11.5 million. In addition, the District increased the personnel budgets for GSRP \$4.3 million and Head Start \$4.0 million. Various other adjustments totaling \$100,000 increased the budgeted personnel expenses and account for the remaining difference between the adopted and amended budgets.

AE – PURCHASED SERVICES

During the budget realignment, the budget for instructional services provided by outside contractors and consultants was increased by \$12.7 million. Additionally, the workshops and related expenses were increased by \$1.0 million. Various other adjustments totaling \$300,000 increased the budgeted expenses for purchased services and account for the remaining difference between the adopted and amended budgets.

AF – SUPPLIES

As part of the realignment of the schools' budget to match MEGS, the budgets for Teaching and Testing Supplies were reduced by \$5.2 million. In addition, \$3.8 million in Head Start supply expenses were reclassified to other areas. Various other adjustments totaling \$900,000 decreased the budgeted supply expenses and account for the remaining difference between the adopted and amended budgets.

AG – EQUIPMENT AND CAPITAL

During the realignment, the schools' budget for classroom equipment increased by \$182,500, and the Foundation of Early Learners increased their equipment budget by \$26,500.



Detroit Public Schools
Amended Budget
Footnotes
General Fund FY 2012

AH – UTILITIES

The Detroit International Academy for Young Women increased its Title I budget for telephone expense by \$2,160.

AI – RESTRICTED

The District reclassified \$14.7 million in Section 31a and Title I expenditures as “Unbudgeted Restricted Funds.” Consequently, the money remains in the respective budgets, but the schools and departments are unable to access the funds without the approval of the Title I Office.

AJ – TRANSFERS

The Indirect Cost transfer has been reduced by \$1.2 million based on the most recent available information.

FUND 16 (SPECIAL EDUCATION CENTER BASED PROGRAMS)

AK – PERSONNEL

The personnel budget for Health Services (Nurses and Physical Therapists) has been reduced by \$1.5 million.

AL – PURCHASED SERVICES

Health Services’ purchased services budget has been increased by \$1.5 million.

FUND 18 (ARRA)

AM – PERSONNEL

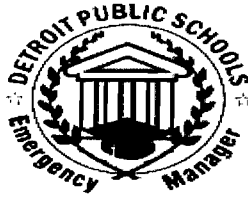
Subsequent to the budget adoption, the District has increased the budget for instructional coaches and counselors by \$4.8 million, after-school programs \$4.3 million, Academic Engagement Administrators \$2.0 million and workshops \$900,000. Additional funds totaling \$2.6 million have been budgeted for Social Workers, Student Service Assistants, Attendance Officers and other classifications.

AN – PURCHASED SERVICES

Once the District confirmed the receipt of ARRA for FY2012, schools increased their Purchased Services budget \$7.2 million. Subsequent to the budget adoption, additional funds totaling \$800,000 were budgeted for Staff Services, Workshops, and other purchased services.

AO – SUPPLIES

Upon the confirmation of the ARRA funding, schools established budgets for teaching and administrative



Detroit Public Schools
Amended Budget
Footnotes
General Fund FY 2012

supplies totaling \$1.2 million. Additional funds totaling \$400,000 were budgeted for non-capital equipment and food.

AP – EQUIPMENT AND CAPITAL

Schools created budgets worth \$650,000 for new classroom equipment upon the confirmation of the ARRA funding.

FUND 22 (SPECIAL EDUCATION)

AQ – PURCHASED SERVICES

The District has increased the budget for Copier Maintenance by \$2,300.

AR – SUPPLIES

The District has reclassified \$2,300 in Teaching and Testing Supplies in order to fund the increase in the Copier Maintenance budget.

FUND 25 (FOOD SERVICE)

AS – PERSONNEL

To meet the expanded operations provided by Food Services, \$1.1 million of administrative costs were added to the budget to meet required demand.

AT – PURCHASED SERVICES

The Office of Food Service's purchased services budget has increased by \$180,000 to further meet the demand of the expanded operations.

AU – SUPPLIES

With the additional federal revenue, the Office of Food Service has increased the food budget by \$2.2 million. Additionally, the administrative supplies budget for the Office of Food Service has been increased by \$100,000 to handle the expanded operations.

AV – EQUIPMENT AND CAPITAL

To further assist with the expanded operations, the Office of Food Service has increased its equipment budget by \$1.4 million.