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DETROIT PUBLIC SCHOOLS

TO: The Detroit Public Schools Community District Board of Education

FROM: Marios Demetriou, Deputy Superintendent of Finance and Operations

SUBJECT: Fiscal Year 2017 Budget Amendment # 2

DATE: June 6, 2017

CC: Dr. Nikolai Vitti, General Superintendent

Delores Brown, Executive Director, Finance

Michael Bridges, Deputy Executive Director, Finance

Marc Ingram, Deputy Executive Director, Finance

The Fiscal Year 2016-2017 (FY 2017) budget amendment No. 2 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 budget amendment No. 1.

TRANSFERS TO DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT (DPSCD)

Internal Service Fund and Agency Fund - Budget amendment no. 1 assumed Detroit Public Schools (DPS) would make the following transfers to the DPSCD Internal Service Fund and Agency Fund.

- FY 2017: \$28.6 million
- FY 2018: \$19.8 million

Subsequently, DPS decided to transfer the entire \$48.4 million to DPSCD during FY 2017.

Food Service Surplus – DPS transferred the remaining \$4.5 million from the Food Service Fund to DPSCD.

EXPENSES

Invoices – The budget now reflects payments to vendors made since the completion of the FY 2015-2016 (FY 2016) audit. This primarily impacts Operations and Maintenance, Transportation, Central Support Services and Instructional Staff Support.

Payroll expenses – The budget now reflects payroll expenses to employees made during the first quarter of FY 2017. This primarily impacts Instruction and Pupil Services.

The Detroit Public Schools expects the FY 2017 surplus to decrease to \$85,024,897.



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DETROIT PUBLIC SCHOOLS

**DETROIT PUBLIC SCHOOLS
GENERAL FUND
BUDGET AMENDMENT # 2
THROUGH THE YEAR ENDING JUNE 30, 2017**

	<u>FY 2017 - Adopted</u>	<u>FY 2017 - Budget Amendment # 1</u>	<u>FY 2017 - Budget Amendment # 2</u>	<u>Budget Amendment # 2 Increase (Decrease) Over Budget Amendment # 1</u>
Revenue:				
Local sources				
Property Taxes	66,000,000	58,100,000	58,100,000	-
Total local sources	66,000,000	58,100,000	58,100,000	-
State sources	-	4,339,880	4,339,880	-
Federal sources	-	35,160,478	35,160,478	-
Total Revenue	66,000,000	97,600,358	97,600,358	-
Expenditures:				
Instruction	-	6,373,208	8,070,275	1,697,067
Support services				
Pupil services	-	1,057,615	1,488,538	430,923
Instructional staff support	-	539,652	1,436,258	896,606
General administration	300,000	315,829	341,120	25,291
School administration	-	168,073	262,366	94,293
Business office	700,000	3,031,519	3,028,042	(3,477)
Operations & maintenance	-	5,496,000	7,746,640	2,250,640
Transportation	-	138,310	2,308,425	2,170,115
Central support service	-	177,006	3,032,933	2,855,927
Other support service	-	3,626	86,750	83,124
Total support services	1,000,000	10,927,630	19,731,072	8,803,442
Community service	-	16,092	181,442	165,350
Facilities acquisitions and improvement	-	2,417	2,417	-
Debt service				
SAN Debt Service	-	34,300,000	34,285,117	(14,883)
Deferred MPERS Interest	-	5,500,000	5,500,000	-
Emergency Loan Debt Service	-	1,211,750	1,211,750	-
Total Debt service	65,000,000	41,011,750	40,996,867	(14,883)
Total Expenditures	66,000,000	58,331,097	68,982,073	10,650,976
Other Financial Sources (Uses)				
Sources				
State Transition Funding	150,000,000	150,000,000	150,000,000	-
Total Sources	150,000,000	150,000,000	150,000,000	-
Uses				
Transfer to DPSCD General Fund - Transition Operating Costs	-	(25,000,000)	(25,000,000)	-
Transfer to DPSCD General Fund - Other	-	(15,696,275)	(15,696,275)	-
Transfer to DPSCD Food Service Surplus	-	-	(4,458,220)	(4,458,220)
Transfer to DPSCD Internal Service Fund and Agency Fund (TIP/WC/Legal)	-	(28,600,000)	(48,438,893)	(19,838,893)
Total Uses	-	(69,296,275)	(93,593,388)	(19,838,893)
Total Other Financial Sources (Uses)	150,000,000	80,703,725	56,406,612	(19,838,893)
Excess (deficiency) of Revenue and Other Sources Over (Under) Expenditures and Other Uses	150,000,000	119,972,986	85,024,897	(30,489,869)
Beginning Fund Balance	(251,587,254)	(251,587,254)	(251,587,254)	
Ending Fund Balance	<u>\$(101,587,254)</u>	<u>\$(131,614,268)</u>	<u>\$(166,562,357)</u>	