
Detroit Public Schools Community District

**Comprehensive Annual Financial Report
with Supplemental Information
June 30, 2019**

Comprehensive Annual Financial Report

Detroit Public Schools Community District

Detroit, Michigan

For the fiscal year ended

June 30, 2019

Board Of Education

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President

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Vice President

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Dr. Nikolai Vitti
Superintendent

As prepared by the Division of Finance

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October 29, 2019

Citizens, Dr. Nikolai Vitti, Superintendent,
and Board of Education
Detroit Public Schools Community District
Detroit, Michigan

We are hereby submitting the Comprehensive Annual Financial Report (CAFR) of the Detroit Public Schools Community District (the "District") for the fiscal year (FY) ended June 30, 2019. State and federal statutes require that the District issue annual financial reports and that such reports be audited by an independent firm of certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report and all appropriate disclosures for the FY ended June 30, 2019 in an effort to provide all interested parties information on the financial condition of the District.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Office of Finance of the Detroit Public Schools Community District. To provide a reasonable basis for making these representations, management of the Detroit Public Schools Community District has established a comprehensive internal control framework that is designed to compile sufficient reliable information for the preparation of the District's financial statements in conformity with generally accepted accounting principles (GAAP). As the cost of internal controls should not outweigh their benefits, the Detroit Public Schools Community District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of all operations of the various government-wide and governmental funds of the District. All disclosures necessary to enable the reader to gain an understanding of the Detroit Public Schools Community District's financial activities have been included.

The District's financial statements have been audited by Plante & Moran, PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the FY ended June 30, 2019 are free of material misstatement. The independent audit consisted of reviewing, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion, suggesting

that the District's financial statements for the FY ended June 30, 2019 are fairly presented in conformity with GAAP.

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a listing of the elected and top administrative officials of the District, and the District's administrative organizational chart. The financial section includes the independent auditor's report, management's discussion and analysis, basic financial statements, required supplementary information, and other supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The basis for preparing the CAFR for the District was first to identify the financial reporting entity exclusive of any potential component units. Potential component units were evaluated to determine whether they should be reported in the District's CAFR. A component unit is considered to be part of the District's reporting entity if it meets the criteria as outlined by the Governmental Accounting Standards Board in Statement No. 14, The Financial Reporting Entity. The CAFR includes all District funds and account groups that are controlled or dependent upon the District's Board of Education. There are no component units included in the District's CAFR.

In addition, in accordance with *Government Auditing Standards*, the District issued the federally mandated single audit, designed to meet the special needs of federal granting agencies. The standards governing single audit engagements require the independent auditor to report on both the fair presentation of the financial statements and on the audited District's internal controls and compliance with legal requirements, especially concerning the administration of federal awards. This report is available separately in the District-issued report on federal awards.

Budgetary Controls

The Management and Budget Division (MBD) initiates the annual budget process each Fall by meeting with Cabinet members to understand new initiatives and priorities for the following fiscal year. During this process MBD works with departments to build out cost estimates for new initiatives and proposals. Those plans are reviewed by the Superintendent and if approved included as part of the department's annual budget.

MBD participates in an annual review of the school staffing model with the Offices of Schools, Curriculum and Instruction, and Human Resources. This annual review determines the type and allocation of positions at schools that will be built in the overall school staffing allocation. Once the school staffing model is finalized, MBD works with the Enrollment Department to pull actual school winter count data to allocate staff based on actual student enrollment.

MBD uses previous year Fall Count and current year winter count to calculate the projected State Aid (Proposition A and Discretionary Payment) to be received from the State of Michigan based on the projected total number of students.

Afterwards, MBD prepares the projections for the remaining General Purpose revenues (MPSERS Rate Stabilization, Revenue Enhancement Millage, Medicaid, etc.) for the

upcoming fiscal year. For the remaining funds (Adult Education, Grants, Special Education, Food Service), the respective fund managers provide the revenue projections to MBD.

In a parallel process, Department Heads develop line item budgets based on annual operating expenditures and any one-time initiatives. Through this process MBD meets with staff to review past year expenditures and ensure proper budget estimates for the following year.

MBD combines the individual department line item budgets and the school staffing model to develop the initial budget proposal. This budget proposal is reviewed by the Superintendent, Chief Financial Officer and members of Cabinet. The budget is reviewed to ensure a balanced budget with contingency and alignment with District initiatives and priorities. Department Heads present their line item requests to the Superintendent for review.

Upon approval from the Superintendent, MBD compiles the final department line item budgets and school staffing model into the budget proposal which is presented for approval to the School Board and Financial Review Commission. Upon approval the budget is loaded into PeopleSoft for implementation.

MBD prepares budget amendments during the year to account for actual Fall Count Day enrollment and then ensure budget aligns to actual expenditures. Additional amendments are presented if material changes to the District's budget occur. Through this process all positions are fully funded and District expenditures are aligned with Strategic Priorities. The District presented and received approval for FY 2019 Budget Amendment #1 by the School Board and FRC in January 2019.

Profile of the Detroit Public Schools Community District

On June 21, 2016, Public Act 192 of 2016 ("Act 192") amended the Revised School Code, 1976 PA 451, as amended, MCL 380.1 to 380.1853 was enacted to immediately effect the School District of the City of Detroit ("DPS") to become a qualifying school district under section 12b of the Code, MCL 380 12b. Detroit Public Schools Community District (hereinafter "DPSCD" or the "District"), was created for the same geographic area of DPS to provide public educational services for residents of that geographic area under section 383 of the Code, MCL 380.383. DPS was dissolved except for the limited purposes of repayment of debt, satisfaction of liabilities from legal claims filed before July 1, 2016, and protection of the credit of the State and of its school districts. Pursuant to Section 6(1) of public Act 181 of 2014, the Michigan Financial Review Commission Act was amended in March of 2016 to include the soon to be created DPSCD to provide oversight on financial matters.

The District encompasses an area of approximately 140 square miles, and is located within the City of Detroit, Wayne County, Michigan. Although the corporate boundaries of the District are coterminous with the corporate boundaries of the City of Detroit, the District is a totally separate governmental unit.

Detroit Public Schools Community District is the largest public-school system in Michigan. The District is one of the largest employers in Detroit, employing 6,917 employees (full-time equivalents).

Refer to Note 1 *Nature of Business and Summary of Significant Accounting Policies* for more information regarding the reporting entity.

Profile of the City of Detroit

The City of Detroit is in Southeastern Michigan, incorporated in 1806, currently occupies a land area of approximately 140 squares miles and, according to the 2019 census estimate, serves a population of 672,662. The City of Detroit is the State of Michigan's largest city and accounts for nearly half of Wayne County's population.

Economic and Geographic Makeup

The District is in the major urban city of Detroit, which has an estimated population of 672,662 inhabitants based on the U.S. Census Bureau's 2019 estimates. Downtown Detroit has a strong and growing residential population that will provide a strong base for future development. According to the 2018 U.S. Census Bureau estimates, the City has 258,471 households with a median family income of \$27,838, and a poverty rate of 37.9 percent for individuals. The survey estimates that the Detroit population is made up of approximately 47.3 percent males and 52.7 percent females.

National economic factors have a direct impact on the employment rate within the city limits. The Bureau of Labor Statistics indicates that the unemployment rate for the City of Detroit is 9.3 percent while the national unemployment rate was 3.7 percent and the State of Michigan had a rate of 4.2 percent. Continued focus has been placed on educational training for students as well as adults within the City of Detroit to reduce the City's unemployment rate and provide enhanced opportunities for its residents.

The City of Detroit will continue to thrive economically with the new Fiat Chrysler's Jeep factory opening late 2020. FCA plans to invest \$2.5 billion in the new Jeep plant and the adjacent Jefferson North Assembly Plant, creating roughly 5,000 jobs within the city. While FCA's UAW members will get first crack at the new jobs, the citizens of Detroit will be next in line before the general public. FCA has agreed to pay for a \$35-million package of community benefits, including \$19 million for workforce training and education, with millions more to build a buffer wall around the new plant and to demolish or renovate homes in the area. The deal is a major economic boost for the city Detroit.

About the Detroit Public Schools Community District

The District is divided into geographically defined configurations. Each configuration has administrative responsibility for the elementary, middle, and high schools located within its boundaries, which include regular, special education, vocational/technical, and alternative programs.

The District has 106 schools, consisting of 18 elementary schools, 51 K-8 schools, three middle schools, one middle/high school, 23 high schools, two K-12 school, seven special education, three career technical and vocational centers, and one alternative education school. These locations provide services to nearly 50,176 students.

Of the District's total general fund operating expenditures of approximately \$718,225,780 million, 52 percent or approximately \$374,311,760 million, was spent on instruction for the year ended June 30, 2019. When pupil and instructional expenditures are included, the total spent on instruction related activities climbs to approximately 68 percent.

Included in the footprint of the District are slightly over 102 charter schools. Charter schools are funded on the same basis as traditional school districts in Michigan – receiving a foundation allowance. However, they are not able to levy taxes, which means the State of Michigan provides 100% of their funding, rather than a shared commitment between residents of the City and the State.

The District is focused on improving educational opportunities for all students of Detroit through our Blueprint 2020. We have seen an increase in student enrollment in FY 18 and in FY 19 the district maintained the increased enrollment from the previous year.

For FY 2020, the District launched four new schools including a new partnership with Kresge Foundation, University of Michigan to create a K-12 school on the Marygrove campus.

- Barton (K-5): A traditional elementary school on the District's westside. Barton will increase capacity in a region where the District is unable to meet all student demand.
- Edmonson (K-8): A Montessori school in Detroit's Midtown neighborhood. The School will open as an elementary school and expand to a K-8 by adding a grade each year.
- Hamilton (K-8): A former charter school that closed. The District is reopening Hamilton as a District K-8 to provide capacity on the city's eastside.
- Marygrove (K-12): Will eventual expand to serve students from Kindergarten through twelfth grade. The school will open with high school and add elementary grades in the coming years.

These schools increase the District's capacity as well as increasing the type of school programs offered to families.

Teaching and Learning are the core operations of all school districts. DPSCD has prioritized financial investments into the learning environment over the last three years.

1. \$6.0M in new K-8 ELA and Math curriculum in Spring 2018
2. \$3.5M in new high school ELA and Math curriculum, K-8 Science curriculum, and K-2 reading intervention curriculum in Spring 2019
3. \$40M in new classroom technology so all K-8 schools have one laptop per student.
4. The District has increased compensation for teachers by more than 10% over the last three years which has reduced core teaching vacancies from 270+ to less than 70.

Academic Performance 2019

This past year, to dramatically improve the academic experience of all students to ensure they are college and career ready, we:

1. Expanded adoption of aligned curriculum materials to high schools.
2. Expanded and improved dual-enrollment programing.
3. Developed an intensive intervention strategy for our struggling readers.

The median child in our District made a year's worth of growth, and then some, in ELA.

54% k-8 students made a least typical growth (I.e., one year of growth) for reading this year. 26% k-8 students met their stretch growth target, (I.e., gap closing growth toward grade level proficiency) for reading year.

The District also showed growth in math with the typical student making more than a year's growth. The median child in our district made a year's worth of growth, and then some, in Mathematics. 58% k-8 students made at least typical growth (I.e., one year of growth) for math this year. 29% k-8 students met their stretch growth target, (I.e. gap closing growth toward grade level proficiency) for math this year.

Through our initiative the following schools are performing above the state proficiency average in Mathematics/English/Language Arts.

- Bates Academy
- Charles Wright Academy of Arts and Science
- Chrysler Elementary School

The District believes that these investments will result in continued student growth on statewide assessments and graduation rates. This in turn will result in a more stable and viable school District.

BLUEPRINT 2020

The School District's mission is to education and empower every student, in every community, every day to build a strong Detroit. In 2017, the District has established a strategic plan, BluePrint 2020, which outlines the process for rebuilding Detroit's Public Schools. The strategic plan outlines the Districts priorities:

1. Outstanding Achievement - Dramatically improve the academic experience of all students ensure they are college and career ready.
2. Transformative Culture - Transform our culture so that students, families, community members, and staff feel safe, respected, and connected.
3. Whole Child Commitment - Champion a whole child approach that unlocks students' full potential.
4. Exceptional Talent - Build an excellent team of dedicated staff to serve our students.
Responsible Stewardship - Manage and deploy our resources responsibly, transparently, and equitably to support our students' success.

Financial Planning, Policies and Future Financial Outlook

The entire School District is committed to maintaining a fiscally sound organization and balancing the available resources with the needs of the District to serve its students at the highest level possible. The financial policies of

the District have been and are continually being revised to strengthen controls, streamline operations and standardize procedures.

FY 19 marks the third consecutive year the District had a positive fund balance. This trend is projected to continue in FY 19. The School Board created a \$35 million dollar "Rainy Day" Fund which will be kept in reserve and has allocated approximately \$30 million in Capital Projects across the District.

An independent assessment of District facilities concluded District facilities require \$500 million of investments to bring them up to 2020 standards. This cost will grow to \$1.5 billion in the next five years as building systems are scheduled to need replacement.

While the District is making investments in capital repairs with one-time operating surplus, the District along with public and private stakeholders across the City of Detroit are identifying long term solutions to address the District's facility needs.

Accomplishments and Acknowledgements

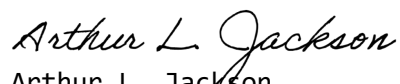
Acknowledgments

The preparation of this report was accomplished through the commitment, dedication, and tireless effort of the entire Office of Finance. We would also like to extend our thanks to other District and non-district personnel who assisted in the preparation of this report.

Respectfully submitted,

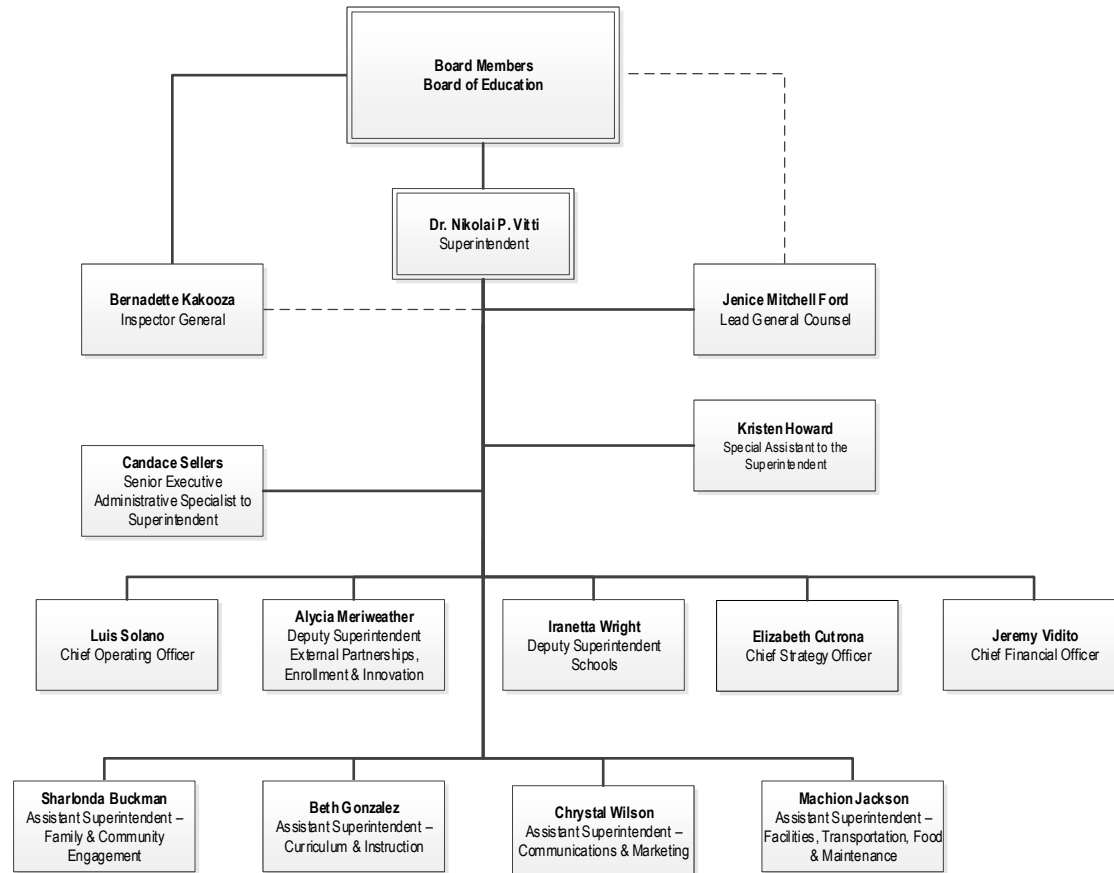


Jeremy Vidito
Chief Financial Officer



Arthur L. Jackson
Executive Director, Business Division

DPSCD Organizational Chart



June 30, 2019

Board of Education

President	Dr. Iris Taylor
Vice President	Angelique Peterson-Mayberry
Treasurer	Sonya Mays
Secretary	Misha Stallworth
Member	Deborah Hunter-Harvill
Member	Georgia Lemmons
Member	Bishop. Corletta J. Vaughn

Cabinet

Superintendent	Dr. Nikolai P. Vitti
Chief General Counsel	Jenice Mitchell Ford
Deputy Superintendent External Partnerships, Enrollment & Innovation	Alycia Meriweather
Chief Operating Officer	Luis Solano
Chief Financial Officer	Jeremy Vidito
Deputy Superintendent Schools	Iranetta Wright
Assistant Superintendent Family & Community Engagement	Sharlonda Buckman
Chief Strategy Officer	Elizabeth Cutrona
Assistant Superintendent Curriculum & Instruction	Beth Gonzalez
Assistant Superintendent Communications & Marketing	Chrystal Wilson
Assistant Superintendent Operations	Machion Jackson
Executive Director Compliance & Special Assistant to the Superintendent	Kristen Howard

Independent Auditor's Report

To the Board of Education
Detroit Public Schools Community District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and aggregate remaining fund information of Detroit Public Schools Community District (the "School District") as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise Detroit Public Schools Community District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and aggregate remaining fund information of Detroit Public Schools Community District as of June 30, 2019 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Education
Detroit Public Schools Community District

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Detroit Public Schools Community District's basic financial statements. The other supplemental information, as identified in the table of contents, introductory section, and statistical section schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2019 on our consideration of Detroit Public Schools Community District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Detroit Public Schools Community District's internal control over financial reporting and compliance.



October 29, 2019

This section of Detroit Public Schools Community District's (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2019. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Detroit Public Schools Community District financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term, as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant fund, the General Fund, with all other funds presented in one column as nonmajor funds. The School District has also established proprietary internal service funds, primarily to account for certain insurance obligations and legal commitments. The remaining statements, the statement of fiduciary net position and statement of changes fiduciary net position, present financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. This report is composed of the following elements:

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplemental Information

Budgetary Information for Major Fund

Schedules of the School District's Proportionate Share of the Net Pension and OPEB Liabilities

Schedules of Pension and OPEB Contributions

Other Supplemental Information

Detroit Public Schools Community District

Management's Discussion and Analysis (Continued)

Reporting the School District as a Whole - Government-wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the School District's Most Significant Funds - Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required to be established by state law. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as restricted dollars designated for certain purposes).

Governmental Funds

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

Proprietary Funds

Proprietary fund reporting focuses on the economic resources measurement and an accounting method called full accrual accounting. The proprietary fund statements present a long-term view of operations and the services it provides to other funds. The School District established proprietary funds, specifically the internal service funds, to finance specific services provided to other funds of the School District on a cost-reimbursement basis. The specific services represent certain insurance and legal obligations.

Reporting the School District's Fiduciary Responsibilities

The School District is the fiduciary for its student activity funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Detroit Public Schools Community District

Management's Discussion and Analysis (Continued)

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2019 and 2018:

	Governmental Activities	
	2019	2018
	(in millions)	
Assets		
Current and other assets	\$ 358.3	\$ 348.6
Capital assets	1,169.9	1,213.9
Total assets	1,528.2	1,562.5
Deferred Outflows of Resources	386.6	199.7
Liabilities		
Current liabilities	130.5	157.2
Noncurrent liabilities	23.9	24.5
Net pension liability	986.6	838.1
Net OPEB liability	265.5	286.3
Total liabilities	1,406.5	1,306.1
Deferred Inflows of Resources	233.2	196.8
Net Position		
Net investment in capital assets	1,169.9	1,213.9
Restricted	26.6	24.3
Unrestricted	(921.4)	(978.9)
Total net position	\$ 275.1	\$ 259.3

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$275.1 million at June 30, 2019. Net investment in capital assets totaling \$1,169.9 million compares the original cost, less depreciation of the School District's capital assets. Restricted net position is reported separately to show legal constraints from legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position (\$(921.4) million) was unrestricted.

The \$(921.4) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from the adoption of GASB Statement Nos. 68 and 75 (recording the School District's share of the net pension and OPEB liabilities from the state-managed retirement system). The unrestricted net position balance, when available, enables the School District to meet working capital and cash flow requirements, as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

Detroit Public Schools Community District

Management's Discussion and Analysis (Continued)

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2019 and 2018:

	Governmental Activities	
	2019	2018
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 5.0	\$ 5.9
Operating grants	387.0	341.1
General revenue:		
State aid not restricted to specific purposes	372.0	353.0
Other	30.4	23.1
Total revenue	794.4	723.1
Expenses		
Instruction	389.5	330.2
Support services	329.8	294.1
Athletics	3.7	2.0
Food services	40.4	34.7
Community services	3.4	5.5
Depreciation expense (unallocated - exclusive of direct charge)	18.7	19.1
Total expenses	785.5	685.6
Special Item	6.9	15.2
Change in Net Position	15.8	52.7
Net Position - Beginning of year	259.3	498.3
Cumulative Effect of Change in Accounting	-	(291.7)
Net Position - Beginning of year	259.3	206.6
Net Position - End of year	\$ 275.1	\$ 259.3

As reported in the statement of activities, the cost of all of our governmental activities this year was \$785.5 million. Certain activities were partially funded from those who benefited from the programs (\$5.0 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$387.0 million). We paid for the remaining "public benefit" portion of our governmental activities with \$372.0 million in state foundation allowance and with our other revenue.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since unrestricted state aid constitutes the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$175.5 million, which is an increase of \$10.8 million from last year. The primary reasons for the increase relate to the School District's continued efforts to post and fill open positions. Since not all positions were able to be filled, although many were, the expenditures are less than anticipated. The School District treats the fund balance increase as a temporary measure since many efforts continue to attract additional staff to the School District.

Detroit Public Schools Community District

Management's Discussion and Analysis (Continued)

In the General Fund, our principal operating fund, the fund balance decreased \$1.5 million to \$139.5 million. The change is mainly due to the deferral of revenue as certain funds were not received within the period of allowability, as well as due to a transfer of funds to the Capital Projects Fund.

In the Food Service Fund, our only special revenue fund, the fund balance increased from \$22.1 million last year to \$24.4 million this year as a result of certain expenditures being reimbursed by the General Fund and our efficient operation, which allows for costs to be less than the per meal reimbursements received from the government. The School District has an operational spending plan to utilize some of the Food Service Fund fund balance in the coming year.

The School District has two capital project funds that have a combined fund balance of \$11.5 million, which is an increase of \$10.0 million from last year. This increase is primarily due to the transfer of funds from the General Fund to the Capital Projects Fund to help pay for future capital improvements.

Combining General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The School District amended the budget in January 2019 to reflect final fall student enrollment, adopted state per pupil funding, and revised projected expenditures. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

There were significant revisions made to the 2018-2019 General Fund original budget. The original budget was adopted in April 2018 and included projected state revenue allocations. Budgeted revenue was increased by \$12.9 million due to higher than budgeted state foundation allowance, increase in 31a funding, and increased federal revenue.

Budgeted expenditures were also increased by \$26.5 million, mainly related to one-time investments in curriculum for high school ELA and math of \$12.5 million, \$4.0 million for increased services, and \$1.0 million for additional materials, and the remaining increase was a result of fewer school district vacancies, primarily teachers.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2019, the School District had \$1,170.0 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately \$44.0 million, or 3.6 percent, from last year.

	Governmental Activities	
	2019	2018
Land	\$ 55,388,106	\$ 55,508,814
Buildings and improvements	1,064,401,818	1,104,613,904
Furniture and equipment	19,168,547	21,808,381
Buses and other vehicles	795,881	290,353
Land improvements	30,179,214	31,697,073
Total capital assets - Net of accumulated depreciation	\$ 1,169,933,566	\$ 1,213,918,525

There were significant additions in the current year across a wide array of asset groups, but primarily related to buildings and improvements. Additional major capital projects are planned for the 2019-2020 fiscal year. We anticipate capital additions will be approximately \$10.0 million in fiscal year 2020. We present more detailed information about our capital assets in the notes to the financial statements.

Detroit Public Schools Community District

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2019-2020 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2019-2020 budget was adopted in June 2019 based on an estimate of students who will enroll in September 2019. Approximately 56.1 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2019 school year, we anticipate that the fall student count will be close to the estimates used in creating the FY 2020 budget. Once the final student count and related per pupil funding is validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District. The State periodically holds a revenue estimating conference to estimate revenue. Based on the results of the state-approved budget, the School District has additional funding of \$236 per pupil for the 2019-2020 school year.

During 2019, the School District settled wage reopeners with all the seven labor groups represented by the School District's workforce. The financial impact on operations was included within the final FY 2019 budget and is included in the adopted FY 2020 budget.

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact 313-873-4149.

Detroit Public Schools Community District

Statement of Net Position

June 30, 2019

Governmental
Activities

Assets

Cash and investments (Note 4)	\$ 176,391,973
Receivables:	
Land contract and other receivables	180,312
Due from other governments	175,360,419
Prepaid costs	4,006,059
Restricted assets - Cash and investments (Note 4)	2,295,694
Capital assets: (Note 6)	
Assets not subject to depreciation	55,388,106
Assets subject to depreciation - Net	<u>1,114,545,460</u>
Total assets	1,528,168,023

Deferred Outflows of Resources

Deferred pension costs (Note 11)	331,546,166
Deferred OPEB costs (Note 11)	<u>55,087,811</u>
Total deferred outflows of resources	386,633,977

Liabilities

Accounts payable	37,601,847
Due to other governmental units	16,798,871
Accrued liabilities and other	68,715,062
Unearned revenue (Note 5)	7,348,235
Noncurrent liabilities:	
Due within one year (Note 8)	1,901,491
Due in more than one year (Note 8)	22,032,948
Net pension liability (Note 11)	986,631,301
Net OPEB liability (Note 11)	<u>265,468,584</u>
Total liabilities	1,406,498,339

Deferred Inflows of Resources

Revenue in support of pension contributions made subsequent to the measurement date (Note 11)	36,969,349
Deferred pension cost reductions (Note 11)	136,424,513
Deferred OPEB cost reductions (Note 11)	<u>59,798,495</u>
Total deferred inflows of resources	<u>233,192,357</u>

Net Position

Net investment in capital assets	1,169,933,566
Restricted:	
Capital projects	2,164,476
Food service	24,391,708
Unrestricted	<u>(921,378,446)</u>
Total net position	<u><u>\$ 275,111,304</u></u>

Detroit Public Schools Community District

Statement of Activities

Year Ended June 30, 2019

	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	\$ 389,479,989	\$ -	\$ 267,434,164	\$(122,045,825)
Support services	329,805,720	-	77,637,414	(252,168,306)
Athletics	3,729,375	-	-	(3,729,375)
Food services	40,356,766	391,396	41,927,073	1,961,703
Community services	3,378,976	4,592,841	-	1,213,865
Depreciation expense (unallocated - exclusive of direct charge)	18,734,196	-	-	(18,734,196)
Total primary government	\$ 785,485,022	\$ 4,984,237	\$ 386,998,651	(393,502,134)
General revenue:				
State aid not restricted to specific purposes				371,985,072
Interest and investment earnings				707,217
Loss on disposal of capital assets				55,857
Other revenue:				
Enhancement millage				21,287,319
Other				8,325,954
Total general revenue				402,361,419
Special Item (Note 12)				6,941,837
Change in Net Position				15,801,122
Net Position - Beginning of year				259,310,182
Net Position - End of year				\$ 275,111,304

Detroit Public Schools Community District

Governmental Funds Balance Sheet

June 30, 2019

	General Fund	Nonmajor Funds	Total Governmental Funds
Assets			
Cash and investments (Note 4)	\$ 118,181,006	\$ 39,414,893	\$ 157,595,899
Receivables:			
Land contract and other receivables	180,312	-	180,312
Due from other governments	166,821,026	8,539,393	175,360,419
Due from other funds (Note 7)	11,878,164	-	11,878,164
Prepaid costs	4,006,059	-	4,006,059
Restricted assets - Cash and investments (Note 4)	-	2,295,694	2,295,694
	<u>\$ 301,066,567</u>	<u>\$ 50,249,980</u>	<u>\$ 351,316,547</u>
Total assets			
Liabilities			
Accounts payable	\$ 34,571,077	\$ 2,825,832	\$ 37,396,909
Due to other governmental units	16,798,871	-	16,798,871
Due to other funds (Note 7)	114,938	11,461,193	11,576,131
Accrued liabilities and other	68,715,062	-	68,715,062
Unearned revenue (Note 5)	7,348,235	-	7,348,235
	<u>127,548,183</u>	<u>14,287,025</u>	<u>141,835,208</u>
Total liabilities			
Deferred Inflows of Resources - Unavailable revenue (Note 5)			
	<u>34,018,839</u>	<u>-</u>	<u>34,018,839</u>
Total liabilities and deferred inflows of resources	161,567,022	14,287,025	175,854,047
Fund Balances			
Nonspendable - Prepays	4,006,059	-	4,006,059
Restricted:			
Capital projects	-	2,164,476	2,164,476
Food service	-	24,391,708	24,391,708
Assigned:			
Capital projects	-	9,406,771	9,406,771
Transitional funding	12,911,459	-	12,911,459
Rainy day fund	35,747,555	-	35,747,555
Unassigned	86,834,472	-	86,834,472
	<u>139,499,545</u>	<u>35,962,955</u>	<u>175,462,500</u>
Total fund balances			
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 301,066,567</u>	<u>\$ 50,249,980</u>	<u>\$ 351,316,547</u>

Detroit Public Schools Community District

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2019

Fund Balances Reported in Governmental Funds	\$ 175,462,500
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	2,174,063,002
Accumulated depreciation	<u>(1,004,129,436)</u>
Net capital assets used in governmental activities	1,169,933,566
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	34,018,839
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(7,249,230)
Net pension liability and related deferred inflows and outflows	(791,509,648)
Net OPEB liability and related deferred inflows and outflows	(270,179,268)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(36,969,349)
Internal service funds are included as part of governmental activities	<u>1,603,894</u>
Net Position of Governmental Activities	<u><u>\$ 275,111,304</u></u>

Detroit Public Schools Community District

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2019

	General Fund	Nonmajor Funds	Total Governmental Funds
Revenue			
Local sources	\$ 36,728,239	\$ 516,232	\$ 37,244,471
State sources	519,494,195	2,813,908	522,308,103
Federal sources	130,779,965	41,927,073	172,707,038
Interdistrict sources	37,341,126	-	37,341,126
Total revenue	724,343,525	45,257,213	769,600,738
Expenditures			
Current:			
Instruction	374,311,760	-	374,311,760
Support services	325,813,590	4,622,086	330,435,676
Athletics	2,278,384	-	2,278,384
Food services	-	39,648,147	39,648,147
Community services	3,395,888	-	3,395,888
Capital outlay	12,426,158	4,704,666	17,130,824
Total expenditures	718,225,780	48,974,899	767,200,679
Excess of Revenue Over (Under) Expenditures	6,117,745	(3,717,686)	2,400,059
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	1,445,670	2,000	1,447,670
Transfers in (Note 7)	1,580,445	17,621,381	19,201,826
Transfers out (Note 7)	(17,621,381)	(1,580,445)	(19,201,826)
Total other financing (uses) sources	(14,595,266)	16,042,936	1,447,670
Special Item (Note 12)	6,941,837	-	6,941,837
Net Change in Fund Balances	(1,535,684)	12,325,250	10,789,566
Fund Balances - Beginning of year	141,035,229	23,637,705	164,672,934
Fund Balances - End of year	\$ 139,499,545	\$ 35,962,955	\$ 175,462,500

Detroit Public Schools Community District

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2019

Net Change in Fund Balances Reported in Governmental Funds	\$ 10,789,566
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	10,427,861
Depreciation expense	(53,021,007)
Net book value of assets disposed of	<u>(1,391,813)</u>
Total	(43,984,959)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	28,840,884
Revenue in support of pension contributions made subsequent to the measurement date	(4,153,172)
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	27,412,539
Internal service funds are included as part of governmental activities	<u>(3,103,736)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 15,801,122</u></u>

Detroit Public Schools Community District

Proprietary Funds Statement of Net Position

June 30, 2019

Internal Service
Funds

Assets - Cash and investments (Note 4)	\$ 18,796,074
Liabilities	
Current liabilities:	
Accounts payable	90,000
Due to other funds (Note 7)	416,971
Self-insurance claims (Note 8)	657,614
Legal reserve (Note 8)	510,500
Total current liabilities	1,675,085
Noncurrent liabilities - Self-insurance claims and legal reserve (Note 8)	15,517,095
Total liabilities	17,192,180
Net Position - Unrestricted	\$ 1,603,894

Detroit Public Schools Community District

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2019

	<u>Internal Service Funds</u>
Operating Revenue - Charges for services	\$ 6,487,389
Operating Expenses - Payments and changes in estimates	<u>10,287,720</u>
Operating Loss	(3,800,331)
Nonoperating Revenue - Interest and earnings on investments	<u>696,595</u>
Change in Net Position	(3,103,736)
Net Position - Beginning of year	<u>4,707,630</u>
Net Position - End of year	<u><u>\$ 1,603,894</u></u>

Detroit Public Schools Community District

Proprietary Funds Statement of Cash Flows

Year Ended June 30, 2019

	<u>Internal Service Funds</u>
Cash Flows from Operating Activities	
Charges for services	\$ 6,487,389
Payments and changes in estimates	<u>(32,200,005)</u>
Net cash and investments used in operating activities	(25,712,616)
Cash Flows Provided by Investing Activities - Interest and earnings on investments	<u>696,595</u>
Net Decrease in Cash and Investments	(25,016,021)
Cash and Investments - Beginning of year	<u>43,812,095</u>
Cash and Investments - End of year	<u>\$ 18,796,074</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating loss	\$ (3,800,331)
Adjustments to reconcile operating loss to net cash from operating activities - Changes in assets and liabilities:	
TIP obligation	(20,061,923)
Self-insurance claims	(138,203)
Legal reserve	55,662
Due to other funds	1,501,482
Due from other funds	<u>(3,269,303)</u>
Total adjustments	<u>(21,912,285)</u>
Net cash and investments used in operating activities	<u>\$ (25,712,616)</u>

Detroit Public Schools Community District

Fiduciary Funds Statement of Fiduciary Net Position

June 30, 2019

	Private Purpose Trust Fund	Agency Fund
Assets		
Cash and investments (Note 4)	\$ 444,962	\$ 1,666,433
Due from other funds (Note 7)	114,938	-
Total assets	559,900	<u><u>\$ 1,666,433</u></u>
Liabilities		
Accounts payable	42,056	\$ -
Due to student groups	-	1,666,433
Total liabilities	42,056	<u><u>\$ 1,666,433</u></u>
Net Position - Restricted	<u><u>\$ 517,844</u></u>	

Detroit Public Schools Community District

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2019

	<u>Private Purpose Trust Fund</u>
Additions - Interest	\$ 3,503
Deductions	<u>-</u>
Net Increase	3,503
Net Position - Beginning of year	<u>514,341</u>
Net Position - End of year	<u><u>\$ 517,844</u></u>

June 30, 2019

Note 1 - Nature of Business

Detroit Public Schools Community District (the "School District" or DPSCD) is a school district in the state of Michigan that provides educational services to students. Effective July 1, 2016, the Michigan Legislature approved a set of bills to restructure Detroit Public Schools (DPS). The bills effectively split the School District into two entities, Detroit Public Schools and Detroit Public Schools Community District. The bills include a funding package totaling \$617 million. DPS continues to exist for the purpose of collecting 18 mills of property taxes on nonhomestead properties, which are authorized to be assessed and collected through 2022. The tax revenue from the 18 mills will be used to pay down the certain remaining obligations of DPS, as negotiated with the Michigan Department of Treasury.

DPSCD holds the school buildings and all the assets and employee liabilities that are not specifically left in DPS and is responsible for overseeing the daily operations of the schools, primarily focused on student education. The students, employees, contracts, employee benefits, and assets transferred to DPSCD when it was established. Once DPS' allocated debt has been discharged, DPS will dissolve. As part of the funding package that created DPSCD, certain funds were to be transferred from DPS to pay for transitional costs, as well as certain operational support items.

In addition to the transitional funds provided, DPSCD will collect the full foundation allowance for the students of the School District. Additionally, as part of the restructuring package, control of DPSCD was returned to a seven-member locally elected school board in January 2017. The administration also reports activity associated with DPSCD to the Financial Review Commission, an independent body that provides additional oversight during the term of the financial restructuring.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The School District follows accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the School District:

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, claims and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Note 2 - Significant Accounting Policies (Continued)

Fund Accounting

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, and capital project funds. The School District's only major fund is the General Fund, which is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.

Additionally, the School District reports the following nonmajor governmental fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District's only special revenue fund is the Food Service Fund. Any operating deficit generated by these activities is the responsibility of the General Fund.
- Capital project funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, equipment, technology upgrades, and for remodeling and repairs. The funds operate until the purpose for which they were created is accomplished. The School District reports the 1994 School Building Site Improvements Bond Series V, which was transferred to DPSCD upon its formation. The School District also established a Capital Projects Fund, which is used to set aside funds for capital improvements. This Capital Projects Fund is funded through transfers from the General Fund.

Proprietary Funds

The School District has three internal service funds that serve different purposes:

- Termination Incentive Program Fund - This fund was established to process payments to employees as they separate from service, based on an agreement previously prescribed between DPS and certain employees. A one-time transfer of funds was made from DPS to DPSCD, which was equal to the nonpresent value of the remaining obligation at July 1, 2016. As of June 30, 2019, all outstanding obligations have been paid in full. The remaining balance in the fund was transferred to the Workers Compensation and Health Fund.
- Workers Compensation and Health Fund - This fund was established to service the School District's obligations related to self-insured workers' compensation claims and self-insured dental claims. Current obligations are paid for by the General Fund through charges for service on an annual basis, based on expected claims each year.
- Legal Reserve Fund - This fund was established to service the School District's obligations that arise from legal claims or judgements. Current obligations will be provided by the DPSCD General Fund on a cost-reimbursement basis for future legal claims.

Note 2 - Significant Accounting Policies (Continued)

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the School District's programs. The School District maintains a student activity agency fund to record the transactions of student groups for school and school-related purposes. The funds are segregated and held for the benefit of students.

The School District also maintains a Private Purpose Trust Fund, which is used to account for resources legally held in trust, including contributions received by the School District to be awarded in the form of scholarships.

Interfund Activity

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Note 2 - Significant Accounting Policies (Continued)

Reporting Entity

The School District is governed by an elected seven-member Board of Education. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value except for investments in the Michigan Liquid Asset Fund (MILAF), which are valued at amortized cost. Investment income is recorded in the fund for which the investment income account was established.

Inventories and Prepaid Items

Inventories, if any, are valued at cost, on a first-in, first-out basis. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

Restricted Assets

The unspent bond proceeds and related interest on 1994 School Building Site Improvement Bonds Series V, which were transferred from DPS to DPSCD, are required to be set aside for future capital project expenditures.

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Buildings and improvements	20 to 50
Furniture and equipment	5 to 20
Buses and other vehicles	5 to 10

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The School District reports deferred outflows related to the deferred charges for the unfunded pension and OPEB benefit obligations.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Note 2 - Significant Accounting Policies (Continued)

The School District reports deferred inflows related to revenue in support of pension and OPEB payments made subsequent to the measurement date and deferred pension and OPEB cost reductions. The School District also reports deferred inflows relating to unavailable revenue, which is money that has not been received within the period of allowability.

Net Position

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements (as applicable), a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School District's assigned fund balance relates to intent to spend resources on specific purposes. The assignment related to transitional funding is directed by the legislation that created the School District. The assignment related to the rainy day fund represents funds set aside by the School District in a particular investment account to be used at the discretion of the Board of Education, in support of the School District's students. The assignment related to the Capital Projects Fund represents the fund balance that has been designated by the Board of Education for the purpose of future capital improvements.

Note 2 - Significant Accounting Policies (Continued)

Grants and Contributions

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Pension and Other Postemployment Benefit (OPEB) Plan

For the purpose of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from the MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave)

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the School District will pay upon employment termination; vacation pay is accrued when incurred. These amounts are reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds are charges to customers for sales or services. Operating expenses for these funds include the cost of sales or services, administrative expenses, and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. As of July 1, 2019, the School District will report the activities of the agency fund and related balances currently reported as fiduciary in a newly created special revenue fund.

Note 2 - Significant Accounting Policies (Continued)

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2021.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds, except that capital outlay is budgeted in other expenditure categories on a functional basis. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were significant amendments during the year that are further discussed in the management's discussion and analysis.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

In June 2019, the School District prepared a second budget amendment; however, that budget was not formally adopted by the Board of Education. As a result, the most recent Board of Education adopted budget is the first budget amendment that was adopted in January 2019. Therefore, the first budget amendment is presented as the final budget in the General Fund budgetary comparison schedule, as reported in the required supplemental information section. During the year, the School District incurred expenditures in the General Fund that were in excess of the amounts budgeted for in the first budget amendment, as well as amounts incurred in excess of the Food Service Fund budget, which are as follows:

	Budget	Actual
General Fund - Transfers out	\$ -	\$ 17,621,381
General Fund - Support services - Business office	10,218,789	10,999,653
General Fund - Support services - Other	378,233	649,913
Food Service Fund - Capital outlay	164,454	1,630,816

Note 4 - Deposits and Investments

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

The School District has designated four banks for the deposit of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost except for the School District's investments in the Michigan Liquid Asset Fund Plus - MAX Class fund, which may not be redeemed for at least 14 calendar days with the exception of direct investments of funds distributed by the state. Redemptions made prior to the end of the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed. Investments in the MILAF Cash Management Class have no limitations or restrictions on withdrawals except for a one-day minimum investment period.

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District had \$97,936,470 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. At June 30, 2019, the School District does not have investments with custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by requiring the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements. At year end, the School District did not hold any investments with maturity dates.

Note 4 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
MILAF+ Cash management Class	\$ 7,016,610	AAAm	S&P
MILAF+ MAX Class	93,397,699	AAAm	S&P
Total	<u>\$ 100,414,309</u>		

Concentration of Credit Risk

The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. All investments held at year end are reported in the schedule above.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's investment policy prohibit investments in foreign currency.

Note 5 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned. The majority of unavailable revenue relates to federal grant funding not yet received.

Unearned revenue relates to certain state and local grants where funding, primarily Section 31a At-Risk funding, which was received in advance of programs being offered or completed. Additionally, there is unearned revenue related to cell tower leases whereby the lessors prepaid the lease payments in a previous year. The cell tower lease revenue is earned monthly over a period of 15-20 years.

At June 30, 2019, the various components of unearned and unavailable revenue were as follows:

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Land contract receivable	\$ 142,817	\$ -
Grant and categorical aid payments not received until subsequent to 60 days after year end	33,876,022	-
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	4,054,621
Cell tower leases	-	3,293,614
Total	<u>\$ 34,018,839</u>	<u>\$ 7,348,235</u>

Note 6 - Capital Assets

Capital asset activity of the School District's activities was as follows:

	Balance July 1, 2018	Additions	Disposals	Balance June 30, 2019
Capital assets not being depreciated - Land	\$ 55,508,814	\$ -	\$ (120,708)	\$ 55,388,106
Capital assets being depreciated:				
Buildings and improvements	1,795,043,554	4,578,971	(2,236,593)	1,797,385,932
Machinery and other equipment	211,590,481	1,904,041	(812,723)	212,681,799
Vehicles	2,637,642	598,631	-	3,236,273
Land improvements	102,114,878	3,346,218	(90,204)	105,370,892
Subtotal	2,111,386,555	10,427,861	(3,139,520)	2,118,674,896
Accumulated depreciation:				
Buildings and improvements	690,429,649	43,543,736	(989,271)	732,984,114
Machinery and other equipment	189,782,101	4,543,874	(812,723)	193,513,252
Vehicles	2,347,289	93,103	-	2,440,392
Land improvements	70,417,805	4,840,294	(66,421)	75,191,678
Subtotal	952,976,844	53,021,007	(1,868,415)	1,004,129,436
Net capital assets being depreciated	1,158,409,711	(42,593,146)	(1,271,105)	1,114,545,460
Net governmental activities capital assets	<u>\$ 1,213,918,525</u>	<u>\$ (42,593,146)</u>	<u>\$ (1,391,813)</u>	<u>\$ 1,169,933,566</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
Instruction	\$ 28,550,834
Support services	3,337,385
Community services	36,020
Food services	859,149
Athletics	1,503,423
Unallocated	18,734,196
Total governmental activities	<u>\$ 53,021,007</u>

Depreciation expense was unallocated whereby the School District considers its assets to impact multiple activities, and allocation is not practical.

Construction Commitments

The School District has active construction projects at year end. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Capital projects	<u>\$ 9,336,238</u>	<u>\$ 1,725,351</u>

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From			
	General Fund	Internal Service Funds	Nonmajor Funds	Total
General Fund	\$ -	\$ 416,971	\$ 11,461,193	\$ 11,878,164
Fiduciary funds	114,938	-	-	114,938
Total	\$ 114,938	\$ 416,971	\$ 11,461,193	\$ 11,993,102

Interfund receivables and payables occur in the course of ordinary operations and reflect short-term transactions between funds. All interfund balances are expected to be repaid within one year.

Interfund transfers consisted of a transfer from the Food Service Fund to the General Fund for administrative costs for approximately \$1,580,000, as well as a transfer from the General Fund to the Capital Projects Fund to cover the costs of various capital improvements for approximately \$17,620,000. Additionally, the Termination Incentive Program (TIP) internal service fund has recorded a transfer out and an interfund payable due to the Workers Compensation and Health internal service fund for approximately \$3,600,000 in order to transfer the remaining unused TIP fund cash. The interfund payable is expected to be settled subsequent to year end.

Note 8 - Long-term Debt

Long-term debt activity for the year ended June 30, 2019 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Compensated absences	\$ 7,626,933	\$ -	\$ (377,703)	\$ 7,249,230	\$ 733,377
Workers' compensation and health insurance claims (included in internal service fund)	16,312,912	6,487,389	(6,625,592)	16,174,709	657,614
Legal reserve (included in internal service fund)	544,838	-	(34,338)	510,500	510,500
Net TIP obligation (included in internal service fund)	20,061,923	-	(20,061,923)	-	-
Total obligations	\$ 44,546,606	\$ 6,487,389	\$ (27,099,556)	\$ 23,934,439	\$ 1,901,491

Note 9 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for medical claims and is self-insured for workers' compensation; dental benefits; and other claims, litigation, and assessments. Accruals for claims, litigation, and assessments are recorded in the Legal Reserve internal service fund. These accruals are recorded in the fund financial statements within the governmental funds when the amounts are due and payable at year end. There were no significant reductions in coverage from the prior year.

Dental insurance and workers' compensation claims that are probable of loss and estimable in amount are included in the Workers Compensation and Health Fund. The amount of claims liability is based on analyses performed by outside consultants and includes an estimate of incurred claims that have not yet been reported.

Note 9 - Risk Management (Continued)

A reconciliation of the School District's self-insured claims liability at June 30, 2019 is as follows:

	2019	2018
Estimated liability - Beginning of year	\$ 16,312,912	\$ 17,857,973
Estimated claims incurred, including changes in estimates	6,487,389	8,073,341
Claim payments	(6,625,592)	(9,618,402)
Estimated liability - End of year	\$ 16,174,709	\$ 16,312,912

The liability for workers' compensation claims includes an estimate of loss and allocated loss adjustment (ALAE). The estimate of loss is based on historical loss runs for the workers' compensation program through June 30, 2019. ALAE represents the cost of legal fees, expert testimony, medical examination, etc. that are associated with the defense and settlement of particular claims. Unallocated loss adjustment expenses are not included in the estimate.

Various legal actions, proceedings, and claims are pending or may be asserted in the future against the School District, including those arising out of personal injuries and civil actions. Some of the foregoing matters involve compensatory and/or punitive damage claims.

Litigation is subject to many uncertainties, the ultimate outcome of which is not predictable; however, the School District's management believes the resulting liabilities from outstanding legal actions, proceedings, and claims will not have a material adverse effect upon the School District's financial position or results of operations. At June 30, 2019, the School District has recorded an estimated liability of approximately \$510,000 for pending litigation as a long-term obligation.

Note 10 - Termination Incentive Plan (TIP)

The Detroit Federation of Teachers (DFT), Local 231 union contract from July 1, 2009 through June 30, 2012 included a professional compensation clause: Termination Incentive Plan. This plan started on January 12, 2010 and was expected to expire in fiscal year 2012. On August 19, 2011, DPS' emergency manager signed an amended order relating to wages, compensation, and benefits structure for DPS employees. This amended order suspended the Termination Incentive Plan. The plan applies to all salaried members of DFT except assistant attendance officers, accompanists, and members who work less than 0.5 FTEs. A total of \$250 was deducted each pay except during the summer. Plan to date, these deductions amounted to \$49 million. Up until May 2, 2018, if an employee retires or resigns, the employee is entitled to \$1,000 for each year of service up to nine years with a cap of \$9,000. No payment will exceed the amount contributed. Payments are subject to pension calculations and reportable to the Office of Retirement Services at the time the employee receives the funds from DPSCD.

Effective May 2, 2018, the DFT union contract was amended to pay out all remaining TIP obligations in fiscal year 2019. As of June 30, 2019, the School District has paid the full amount of the TIP obligation, and no further amounts remain due.

Note 11 - Michigan Public School Employees' Retirement System

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (MPERS or the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. Certain school district employees also receive defined contribution retirement and healthcare benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

Note 11 - Michigan Public School Employees' Retirement System (Continued)

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. That report is available on the web at <http://www.michigan.gov/orsschools> or by writing to the ORS at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment healthcare plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan and the postemployment healthcare plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension, but is permanently reduced 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits, but with an actuarial reduction.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree healthcare recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

Contributions

Public Act 300 of 1980, as amended, required the School District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to the retiree health care and keeping the premium subsidy benefit described above, or choosing not to pay the 3 percent contribution and, instead, opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stop paying the 3 percent contribution to the retiree health care as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

The School District's contributions are determined based on employee elections. There are multiple different pension and healthcare benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The range of rates is as follows:

	Pension	OPEB
October 1, 2017 - January 31, 2018	13.54% - 17.89%	7.42% - 7.67%
February 1, 2018 - September 30, 2018	13.54% - 19.74%	7.42% - 7.67%
October 1, 2018 - September 30, 2019	13.39% - 19.59%	7.57% - 7.93%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The School District's required and actual pension contributions to the plan for the year ended June 30, 2019 were \$94,471,645, which include the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$36,969,349 in revenue received from the State of Michigan and remitted to the System to fund the MPERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2019.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2019 were \$25,068,340, which include the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2019, the School District reported a liability of \$986,631,301 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2017, which used updated procedures to roll forward the estimated liability to September 30, 2018. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2018 and 2017, the School District's proportion was 3.28 and 3.23, respectively, representing a change of 1.50 percent

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Net OPEB Liability

At June 30, 2019, the School District reported a liability of \$265,468,584 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2019 was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2017, which used updated procedures to roll forward the estimated liability to September 30, 2018. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2018 and 2017, the School District's proportion was 3.34 and 3.23 percent, respectively, representing a change of 3.40 percent.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For 2019, the School District recognized pension expense of \$83,358,350, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,578,153	\$ 7,169,679
Changes in assumptions	228,502,997	-
Net difference between projected and actual earnings on pension plan investments	-	67,460,501
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	18,162,682	61,794,333
The School District's contributions to the plan subsequent to the measurement date	80,302,334	-
Total	\$ 331,546,166	\$ 136,424,513

The \$36,969,349 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ended June 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2020	\$ 31,809,218
2021	37,226,267
2022	31,214,072
2023	14,569,762
Total	\$ 114,819,319

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

June 30, 2019

Note 11 - Michigan Public School Employees' Retirement System (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the School District recognized OPEB expense of \$25,068,340.

At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 49,410,524
Changes in assumptions	28,113,260	-
Net difference between projected and actual earnings on OPEB plan investments	-	10,202,592
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	8,019,691	185,379
Employer contributions to the plan subsequent to the measurement date	18,954,860	-
Total	<u>\$ 55,087,811</u>	<u>\$ 59,798,495</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2020	\$ 6,075,538
2021	6,075,538
2022	6,075,538
2023	3,995,849
2024	1,443,081
Total	<u>\$ 23,665,544</u>

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2018 are based on the results of an actuarial valuation as of September 30, 2017 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00% - 7.05%	Net of investment expenses based on the groups
Investment rate of return - OPEB	7.15%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75% for 2019 and 3.50% for 2018
Healthcare cost trend rate - OPEB	7.50%	Year 1 graded to 3.0% year 12
Mortality basis		RP2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Assumption changes as a result of an experience study for the periods from 2012 to 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation.

Discount Rate

The discount rate used to measure the total pension liability was 6.00 to 7.05 percent as of September 30, 2018 depending on the plan option. The discount rate used to measure the total OPEB liability was 7.15 percent as of September 30, 2018. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28.00 %	5.70 %
Private equity pools	18.00	9.20
International equity pools	16.00	7.20
Fixed-income pools	10.50	0.50
Real estate and infrastructure pools	10.00	3.90
Absolute return pools	15.50	5.20
Short-term investment pools	2.00	-
Total	100.00 %	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the School District, calculated using the discount rate depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (5.00 - 6.05%)	Current Discount Rate (6.00 - 7.05%)	1 Percent Increase (7.00 - 8.05%)
Net pension liability of the School District	\$ 1,295,370,696	\$ 986,631,301	\$ 730,119,052

June 30, 2019

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (6.15%)	Current Discount Rate (7.15%)	1 Percent Increase (8.15%)
Net OPEB liability of the School District	\$ 318,689,636	\$ 265,468,584	\$ 220,703,175

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the School District, calculated using the current healthcare cost trend rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (6.50%)	Current Rate (7.50%)	1 Percent Increase (8.50%)
Net OPEB liability of the School District	\$ 218,344,986	\$ 265,468,584	\$ 319,528,973

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan and OPEB Plan

At June 30, 2019, the School District reported a payable of \$19,057,879 and \$3,924,843 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2019.

Note 12 - Special Items

In connection with the Master Debt Indenture Agreement between the School District and the State of Michigan, the School District is eligible to receive disbursements from DPS equal to the amount of excess funds transferred to DPS through the indenture agreement, after full payment of the respective obligations at June 30 of each year. DPS transferred approximately \$6,122,000 to the School District's General Fund, related primarily to this provision. This amount has been recorded as a special item in the financial statements, as the amount was calculated, approved, and authorized prior to June 30. This amount was also approved by the Michigan Department of Treasury and is not expected to recur.

Additionally, as part of the finalization of closing certain bank accounts in DPS and moving those funds to DPSCD, DPS moved the final \$818,000 during the year ended June 30, 2019. This has been reported as a special item as the transfer of funds from one governmental entity to another as the operations transferred from DPS to DPSCD.

Required Supplemental Information

Detroit Public Schools Community District

Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 30,142,275	\$ 31,899,556	\$ 36,728,239	\$ 4,828,683
State sources	503,289,568	512,763,670	519,494,195	6,730,525
Federal sources	174,565,368	183,058,492	130,779,965	(52,278,527)
Intergovernmental sources	41,388,864	34,556,431	37,341,126	2,784,695
Total revenue	749,386,075	762,278,149	724,343,525	(37,934,624)
Expenditures				
Current:				
Instruction	390,136,373	378,051,491	375,019,602	(3,031,889)
Support services:				
Pupil	78,354,488	91,306,167	67,821,786	(23,484,381)
Instructional staff	32,899,337	45,723,042	41,530,227	(4,192,815)
General administration	6,078,685	5,688,261	5,201,194	(487,067)
School administration	52,476,876	48,188,781	47,157,627	(1,031,154)
Business office	11,073,394	10,218,789	10,999,653	780,864
Operations and maintenance	81,961,782	92,615,755	94,293,371	1,677,616
Pupil transportation services	36,749,795	36,975,486	35,358,139	(1,617,347)
Central	38,949,349	41,881,594	34,519,996	(7,361,598)
Other	33,195	378,233	649,913	271,680
Athletics	2,379,819	2,379,819	2,278,384	(101,435)
Community services	1,271,230	5,463,516	3,395,888	(2,067,628)
Total expenditures	732,364,323	758,870,934	718,225,780	(40,645,154)
Excess of Revenue Over Expenditures	17,021,752	3,407,215	6,117,745	2,710,530
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	368,575	1,445,670	1,077,095
Transfers in	2,000,000	2,000,000	1,580,445	(419,555)
Transfers out	-	-	(17,621,381)	(17,621,381)
Contingency	(17,831,299)	-	-	-
Total other financing (uses) sources	(15,831,299)	2,368,575	(14,595,266)	(16,963,841)
Special Item	6,900,000	6,900,000	6,941,837	41,837
Net Change in Fund Balance	8,090,453	12,675,790	(1,535,684)	(14,211,474)
Fund Balance - Beginning of year	141,035,229	141,035,229	141,035,229	-
Fund Balance - End of year	\$ 149,125,682	\$ 153,711,019	\$ 139,499,545	\$ (14,211,474)

Detroit Public Schools Community District

Required Supplemental Information
Schedule of the School District's Proportionate Share of the
Net Pension Liability
Michigan Public School Employees' Retirement System

	Last Three Plan Years		
	Plan Years Ended September 30		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
School District's proportion of the net pension liability	3.28201 %	3.23564 %	3.38535 %
School District's proportionate share of the net pension liability	\$ 986,631,301	\$ 838,120,461	\$ 844,616,130
School District's covered employee payroll	\$ 284,689,399	\$ 266,534,366	\$ 279,494,927
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	346.56 %	314.45 %	302.19 %
Plan fiduciary net position as a percentage of total pension liability	62.12 %	63.96 %	63.01 %

Detroit Public Schools Community District

Required Supplemental Information
Schedule of Pension Contributions
Michigan Public School Employees' Retirement System

	Last Three Fiscal Years		
	Years Ended June 30		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 94,471,645	\$ 81,231,740	\$ 76,103,398
Contributions in relation to the statutorily required contribution	<u>94,471,645</u>	<u>81,231,740</u>	<u>76,103,398</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Employee Payroll	\$ 319,137,617	\$ 279,301,756	\$ 267,779,118
Contributions as a Percentage of Covered Employee Payroll	29.60 %	29.08 %	28.42 %

Detroit Public Schools Community District

Required Supplemental Information
Schedule of the School District's Proportionate Share of the
Net OPEB Liability
Michigan Public School Employees' Retirement System

	Last Two Plan Years	
	Plan Years Ended June 30	
	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability	3.33967 %	3.23326 %
School District's proportionate share of the net OPEB liability	\$ 265,468,584	\$ 286,320,154
School District's covered employee payroll	\$ 284,689,399	\$ 266,534,366
School District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	93.25 %	107.42 %
Plan fiduciary net position as a percentage of total OPEB liability	43.10 %	36.53 %

Detroit Public Schools Community District

Required Supplemental Information
Schedule of OPEB Contributions
Michigan Public School Employees' Retirement System

	Last Two Fiscal Years	
	Years Ended June 30	
	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 25,068,340	\$ 20,058,056
Contributions in relation to the statutorily required contribution	<u>25,068,340</u>	<u>20,058,056</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Employee Payroll	\$ 319,137,617	\$ 279,301,756
Contributions as a Percentage of Covered Employee Payroll	7.86 %	7.18 %

Pension Information

Ultimately, 10 years of data will be presented in both of the pension-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms for each of the plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the report plan years ended September 30, except for the following:

- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percent.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percent.

OPEB Information

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms for each of the plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the report plan years ended September 30, except for the following:

- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percent.

Other Supplemental Information

Detroit Public Schools Community District

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2019

	Special Revenue Fund	Capital Project Funds		Total
	Food Service Fund	1994 School Building Site Improvement Bonds Series V	Capital Projects Fund	
Assets				
Cash and investments	\$ 21,759,546	\$ -	\$ 17,655,347	\$ 39,414,893
Due from other governments	8,539,393	-	-	8,539,393
Restricted assets - Cash and investments	-	2,295,694	-	2,295,694
Total assets	\$ 30,298,939	\$ 2,295,694	\$ 17,655,347	\$ 50,249,980
Liabilities				
Accounts payable	\$ 2,003,775	\$ 72,093	\$ 749,964	\$ 2,825,832
Due to other funds	3,903,456	59,125	7,498,612	11,461,193
Total liabilities	5,907,231	131,218	8,248,576	14,287,025
Fund Balances				
Restricted:				
Capital projects	-	2,164,476	-	2,164,476
Food service	24,391,708	-	-	24,391,708
Assigned - Capital projects	-	-	9,406,771	9,406,771
Total fund balances	24,391,708	2,164,476	9,406,771	35,962,955
Total liabilities and fund balances	\$ 30,298,939	\$ 2,295,694	\$ 17,655,347	\$ 50,249,980

Detroit Public Schools Community District

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

Year Ended June 30, 2019

	Special Revenue Fund	Capital Project Funds		Total
	Food Service Fund	1994 School Building Site Improvement Bonds Series V	Capital Projects Fund	
Revenue				
Local sources	\$ 423,863	\$ 48,131	\$ 44,238	\$ 516,232
State sources	2,813,908	-	-	2,813,908
Federal sources	41,927,073	-	-	41,927,073
Total revenue	45,164,844	48,131	44,238	45,257,213
Expenditures				
Current:				
Support services	36,363	-	4,585,723	4,622,086
Food services	39,648,147	-	-	39,648,147
Capital outlay	1,630,816	131,217	2,942,633	4,704,666
Total expenditures	41,315,326	131,217	7,528,356	48,974,899
Excess of Revenue Over (Under) Expenditures	3,849,518	(83,086)	(7,484,118)	(3,717,686)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	2,000	-	-	2,000
Transfers in	-	-	17,621,381	17,621,381
Transfers out	(1,580,445)	-	-	(1,580,445)
Total other financing (uses) sources	(1,578,445)	-	17,621,381	16,042,936
Net Change in Fund Balances	2,271,073	(83,086)	10,137,263	12,325,250
Fund Balances (Deficit) - Beginning of year	22,120,635	2,247,562	(730,492)	23,637,705
Fund Balances - End of year	\$ 24,391,708	\$ 2,164,476	\$ 9,406,771	\$ 35,962,955

Detroit Public Schools Community District

Other Supplemental Information
Combining Statement of Net Position
Internal Service Funds

June 30, 2019

	Termination Incentive Program Fund	Workers Compensation and Health Fund	Legal Reserve Fund	Eliminations	Total
Assets					
Current assets:					
Cash and investments	\$ 3,633,197	\$ 14,010,120	\$ 1,152,757	\$ -	\$ 18,796,074
Due from other funds	-	3,633,197	-	(3,633,197)	-
Total current assets	3,633,197	17,643,317	1,152,757	(3,633,197)	18,796,074
Liabilities					
Current liabilities:					
Accounts payable	-	-	90,000	-	90,000
Due to other funds	3,633,197	416,971	-	(3,633,197)	416,971
Self-insurance claims	-	657,614	-	-	657,614
Legal reserve	-	-	510,500	-	510,500
Total current liabilities	3,633,197	1,074,585	600,500	(3,633,197)	1,675,085
Noncurrent liabilities - Self-insurance claims and legal reserve	-	15,517,095	-	-	15,517,095
Total liabilities	3,633,197	16,591,680	600,500	(3,633,197)	17,192,180
Net Position - Unrestricted	\$ -	\$ 1,051,637	\$ 552,257	\$ -	\$ 1,603,894

Detroit Public Schools Community District

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Internal Service Funds

Year Ended June 30, 2019

	Termination Incentive Program Fund	Workers Compensation and Health Fund	Legal Reserve Fund	Eliminations	Total
Operating Revenue - Charges for services	\$ -	\$ 6,487,389	\$ -	\$ -	\$ 6,487,389
Operating Expenses - Payments and changes in estimates	-	9,468,154	819,566	-	10,287,720
Operating Income (Loss)	-	(2,980,765)	(819,566)	-	(3,800,331)
Nonoperating Revenue - Interest and earnings on investments	234,065	399,303	63,227	-	696,595
Transfers In	-	3,633,099	-	(3,633,099)	-
Transfers Out	(3,633,099)	-	-	3,633,099	-
Change in Net Position	(3,399,034)	1,051,637	(756,339)	-	(3,103,736)
Net Position - Beginning of year	3,399,034	-	1,308,596	-	4,707,630
Net Position - End of year	<u>\$ -</u>	<u>\$ 1,051,637</u>	<u>\$ 552,257</u>	<u>\$ -</u>	<u>\$ 1,603,894</u>

Detroit Public Schools Community District

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds

Year Ended June 30, 2019

	Termination Incentive Program Fund	Workers Compensation and Health Fund	Legal Reserve Fund	Total
Cash Flows from Operating Activities				
Charges for services	\$ -	\$ 6,487,389	\$ -	\$ 6,487,389
Payments and changes in estimates	<u>(20,287,056)</u>	<u>(10,241,045)</u>	<u>(1,671,904)</u>	<u>(32,200,005)</u>
Net cash and investments used in operating activities	(20,287,056)	(3,753,656)	(1,671,904)	(25,712,616)
Cash Flows Provided by Investing Activities -				
Interest and earnings on investments	<u>234,065</u>	<u>399,303</u>	<u>63,227</u>	<u>696,595</u>
Net Decrease in Cash and Investments	(20,052,991)	(3,354,353)	(1,608,677)	(25,016,021)
Cash and Investments - Beginning of year	<u>23,686,188</u>	<u>17,364,473</u>	<u>2,761,434</u>	<u>43,812,095</u>
Cash and Investments - End of year	<u>\$ 3,633,197</u>	<u>\$ 14,010,120</u>	<u>\$ 1,152,757</u>	<u>\$ 18,796,074</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities				
Operating loss	\$ -	\$ (2,980,765)	\$ (819,566)	\$ (3,800,331)
Adjustments to reconcile operating loss to net cash from operating activities:				
Transfers (out) in	(3,633,099)	3,633,099	-	-
Changes in assets and liabilities:				
Self-insurance claims	-	(138,203)	-	(138,203)
TIP obligation	(20,061,923)	-	-	(20,061,923)
Legal reserve	-	-	55,662	55,662
Due to other funds	3,407,966	(998,484)	(908,000)	1,501,482
Due from other funds	<u>-</u>	<u>(3,269,303)</u>	<u>-</u>	<u>(3,269,303)</u>
Total adjustments	<u>(20,287,056)</u>	<u>(772,891)</u>	<u>(852,338)</u>	<u>(21,912,285)</u>
Net cash and investments used in operating activities	<u>\$ (20,287,056)</u>	<u>\$ (3,753,656)</u>	<u>\$ (1,671,904)</u>	<u>\$ (25,712,616)</u>

Detroit Public Schools Community District

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Fund Food Service Fund

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 629,972	\$ 629,972	\$ 423,863	\$ (206,109)
State sources	1,844,667	1,887,267	2,813,908	926,641
Federal sources	47,031,438	47,031,438	41,927,073	(5,104,365)
Total revenue	49,506,077	49,548,677	45,164,844	(4,383,833)
Expenditures				
Current - Food services:				
Personnel	19,103,195	19,103,195	14,586,556	(4,516,639)
Purchased services	1,060,633	1,399,201	686,703	(712,498)
Supplies	26,857,627	26,881,827	24,411,251	(2,470,576)
Capital outlay	484,622	164,454	1,630,816	1,466,362
Total expenditures	47,506,077	47,548,677	41,315,326	(6,233,351)
Excess of Revenue Over Expenditures	2,000,000	2,000,000	3,849,518	1,849,518
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	2,000	2,000
Transfers out	(2,000,000)	(2,000,000)	(1,580,445)	419,555
Total other financing uses	(2,000,000)	(2,000,000)	(1,578,445)	421,555
Net Change in Fund Balance	-	-	2,271,073	2,271,073
Fund Balance - Beginning of year	22,120,635	22,120,635	22,120,635	-
Fund Balance - End of year	<u>\$ 22,120,635</u>	<u>\$ 22,120,635</u>	<u>\$ 24,391,708</u>	<u>\$ 2,271,073</u>

Statistical and Other Information
(Unaudited)

Statistical and Other Information (Unaudited)

This part of Detroit Public Schools' Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the government's overall financial health.

Contents

Financial Trends	54-58
<i>These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.</i>	
Revenue Capacity	59-61
<i>These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.</i>	
Demographic and Economic Information	62-64
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.</i>	
Operating Information	65-80
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year

Detroit Public Schools Community District

Net Position by Component (Unaudited)

Last Three Fiscal Years

	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
Governmental Activities			
Net investment in capital assets	\$ 1,264,920,459	\$ 1,213,918,525	\$ 1,169,933,566
Restricted	17,137,249	24,368,197	26,556,184
Unrestricted	<u>(783,754,910)</u>	<u>(978,976,540)</u>	<u>(921,378,446)</u>
Total net position	<u>\$ 498,302,798</u>	<u>\$ 259,310,182</u>	<u>\$ 275,111,304</u>

Source: District Comprehensive Annual Financial Report

Note: There is only three years of prior historical data for Detroit Public Schools Community District as it was established July 1, 2016. The District will build this schedule to include 10 years of data on a prospective basis.

Detroit Public Schools Community District

Changes in Governmental Net Position (Unaudited)

Last Three Fiscal Years

	2017	2018	2019
Expenses			
Governmental activities:			
Instruction	\$ 289,892,135	\$ 330,239,944	\$ 389,479,989
Support services	267,183,144	294,093,879	329,805,720
Community services	3,666,308	5,528,566	3,378,976
Food services	38,473,730	34,689,187	40,356,766
Athletics	2,972,243	1,961,266	3,729,375
Depreciation (unallocated - exclusive of direct charge)	<u>18,710,663</u>	<u>19,056,838</u>	<u>18,734,196</u>
Total governmental activities	620,898,223	685,569,680	785,485,022
Revenue			
Governmental activities - Charges for services:			
Instruction	86,150	-	-
Support services	-	-	-
Community services	3,479,804	5,457,502	4,592,841
Food services	355,123	480,297	391,396
Athletics	<u>-</u>	<u>-</u>	<u>-</u>
Total charges for services	3,921,077	5,937,799	4,984,237
Operating grants and contributions:			
Instruction	140,438,000	298,104,723	267,434,164
Support services	129,111,529	2,367,076	77,637,414
Community services	-	-	-
Food services	<u>47,247,599</u>	<u>40,630,342</u>	<u>41,927,073</u>
Total operating grants and contributions	<u>316,797,128</u>	<u>341,102,141</u>	<u>386,998,651</u>
Net expenses	(300,180,018)	(338,529,740)	(393,502,134)
General Revenue			
Federal and state aid not restricted to specific purposes	310,332,569	353,003,900	371,985,072
Interest and investment earnings	22,091	130,020	707,217
Other sources	22,456,507	6,193,318	8,325,954
County-wide enhancement millage	-	16,716,750	21,287,319
(Loss) Gain on sale of capital assets	<u>(2,501,331)</u>	<u>-</u>	<u>55,857</u>
Total general revenue	330,309,836	376,043,988	402,361,419
Special Item	<u>468,172,980</u>	<u>15,188,659</u>	<u>6,941,837</u>
Change in Net Position	<u>\$ 498,302,798</u>	<u>\$ 52,702,907</u>	<u>\$ 15,801,122</u>

Source: District Comprehensive Annual Financial Report

Note: There is only three years of prior historical data for Detroit Public Schools Community District as it was established July 1, 2016. The District will build this schedule to include 10 years of data on a prospective basis.

Detroit Public Schools Community District

Fund Balances, Governmental Funds (Unaudited)

Last Three Fiscal Years

	2017	2018	2019
General Fund:			
Nonspendable	\$ 2,609,934	\$ 3,852,965	\$ 4,006,059
Assigned	20,190,532	16,466,398	48,659,014
Unassigned	<u>56,162,654</u>	<u>119,985,374</u>	<u>86,834,472</u>
Total General Fund	<u>78,963,120</u>	<u>140,304,737</u>	<u>139,499,545</u>
Other governmental funds:			
Restricted	17,137,249	24,368,197	26,556,184
Assigned			9,406,771
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total other governmental funds	<u>17,137,249</u>	<u>24,368,197</u>	<u>35,962,955</u>
Total fund balance	<u>\$ 96,100,369</u>	<u>\$ 164,672,934</u>	<u>\$ 175,462,500</u>

Source: District Comprehensive Annual Financial Report

Note: There is only three years of prior historical data for Detroit Public Schools Community District as it was established July 1, 2016. The District will build this schedule to include 10 years of data on a prospective basis.

Detroit Public Schools Community District

Changes in Fund Balances Governmental Funds (Unaudited)

Last Three Fiscal Years

	2017	2018	2019
Revenue			
Local revenue	\$ 24,208,800	\$ 29,086,201	37,244,471
State revenue	443,612,908	485,408,565	522,308,103
Federal revenue	163,539,913	172,361,381	172,707,038
Intergovernmental sources	38,857,198	37,682,585	37,341,126
Total revenue	670,218,819	724,538,732	769,600,738
Other Financing Sources			
Transfers in	2,571,460	1,779,586	19,201,826
Proceeds from sale of capital assets	9,453,274	-	1,447,670
Total revenue and other financing sources	682,243,553	726,318,318	790,250,234
Expenditures			
Instruction	300,458,746	324,114,333	374,311,760
Support services	278,073,392	300,438,395	330,435,676
Community services	3,698,595	4,047,594	3,395,888
Food services	40,520,751	34,591,200	39,648,147
Athletics	1,535,672	1,996,288	2,278,384
Capital outlay	4,291,558	3,878,357	17,130,824
Total expenditures	628,578,714	669,066,167	767,200,679
Other Financing Uses			
Transfers out	2,571,460	1,779,586	19,201,826
Total expenditures and other financing uses	631,150,174	670,845,753	786,402,505
Special Item	45,006,990	13,100,000	6,941,837
Net Change in Fund Balances	\$ 96,100,369	\$ 68,572,565	\$ 10,789,566

Source: District Comprehensive Annual Financial Report

Note: There is only three years of prior historical data for Detroit Public Schools Community District as it was established July 1, 2016. The District will build this schedule to include 10 years of data on a prospective basis.

Detroit Public Schools Community District

Comparison of Unassigned General Fund Balance to Expenditures and Other Uses (Unaudited)

Last Three Fiscal Years

<u>Fiscal Year</u>	<u>Unassigned Fund Balance</u>	<u>Expenditures and Transfers Out</u>	<u>General Fund Balance as a Percentage of Expenditures and Other Uses</u>
2017	\$ 56,162,654	\$ 587,898,328	9.55%
2018	119,985,374	633,115,754	18.95%
2019	86,834,472	735,847,161	11.80%

Source: District Comprehensive Annual Financial Report

Note: There is only three years of prior historical data for Detroit Public Schools Community District as it was established July 1, 2016. The District will build this schedule to include 10 years of data on a prospective basis.

Detroit Public Schools Community District

Assessed Value and Estimated Actual Value of Taxable Property (Unaudited)

Last Three Fiscal Years

Fiscal Year	Assessed Value				Taxable Value			Total Direct Tax Rate	Taxable Assessed Value
	Commercial and Industrial	Residential	Personal	Total	Commercial and Industrial	Residential	Total		as a Percentage of Actual Taxable Value
2017	\$ 2,867,178,689	\$ 2,566,135,740	\$ 1,518,530,153	\$ 6,951,844,582	\$ 2,867,178,689	\$ 2,566,135,740	\$ 5,433,314,429	N/A*	78.16%
2018	2,938,295,128	2,450,477,398	1,482,438,412	6,871,210,938	2,938,295,128	2,450,477,398	5,388,772,526	N/A*	78.43%
2019	3,272,436,415	2,574,909,572	1,484,119,257	7,331,465,244	3,272,436,415	2,574,909,572	5,847,345,987	N/A*	79.76%

Note: Property in Wayne County is reassessed every year. The county reassesses property at 50 percent of actual value for commercial, industrial, and residential. Estimated actual value is calculated by sales and 50 percent of the market value.

* Tax Rate is not applicable as the School District, by way of legislation, does not have the authority to levy taxes. The School District will receive the full Foundation allowance from the State of Michigan

Source: Wayne County Equalization Report and Wayne County Assessor's Office.

Detroit Public Schools Community District

Assessed Valuation Data (Unaudited)

For the Year Ended June 30, 2019

Type of Property	Assessed Value at December, 31 2018*	Percent of Total Real Property	Percent of Total Roll
Commercial property	\$ 4,685,573,700	57.39%	48.23%
Industrial property	587,205,300	7.19%	6.04%
Residential property	<u>2,892,304,491</u>	<u>35.42%</u>	<u>29.77%</u>
Total real property	8,165,083,491	<u>100.00%</u>	84.05%
Personal property	<u>1,549,192,198</u>		<u>15.95%</u>
Total property	<u>\$ 9,714,275,689</u>		<u>100.00%</u>

* The December 31, 2018 valuations, used for the 2018 tax year levy, are not used to generate revenue for the School District, as they have no ability to levy taxes, due to the legislation that formed the District.

Source: Wayne County Equalization Report (2019)

Detroit Public Schools Community District

Direct and Overlapping Property Tax Rates (Unaudited)

**(Rates per \$1,000 of assessed value)
Last Three Fiscal Years**

Fiscal Year	School Operating	School Debt	Judgement Levy	Total	State Education		City of Detroit	Wayne County*	Wayne Regional Education Service Agency	Wayne County Community College	Wayne County
					Tax	Library					
2017	N/A	N/A	N/A	0.000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2018	N/A	N/A	N/A	0.000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2019	N/A	N/A	N/A	0.000	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Tax Rate is not applicable as the School District, by way of legislation, does not have the authority to levy taxes. The School District will receive the full Foundation allowance from the State of Michigan

Source: City of Detroit Finance Department and Michigan Department of Education

Detroit Public Schools Community District

Demographic and Economic Statistics (Unaudited)

Last Three Fiscal Years

Fiscal Year	Population	Personal Income*	Per Capita Personal Income**	Unemployment Rate
2017	672,795	N/A*	N/A*	8.40%
2018	673,104	N/A*	N/A*	9.30%
2019	672,662	N/A*	N/A*	9.30%

n/a* - City of Detroit information not available

Sources:

U.S. Census Bureau

U.S. Department of Labor - Bureau of Labor Statistics

Note: There is only three years of prior historical data for Detroit Public Schools Community District as it was established July 1, 2016. The District will build this schedule to include 10 years of data on a prospective basis

Detroit Public Schools Community District

Principal Private Employers (Unaudited)

Last Three Fiscal Years

Employer	2019 Employees	Percentage of Total Employment	2018 Employees	Percentage of Total Employment	2017 Employees	Percentage of Total Employment
Rock Ventures	17,819	21.9%	16,617	20.4%	14,237	17.7%
Henry Ford Health System	10,008	12.3%	8,923	10.9%	8,790	10.9%
City of Detroit	9,565	11.8%	9,066	11.1%	8,918	11.1%
Detroit Medical Center	8,738	10.7%	9,014	11.1%	9,184	11.4%
U.S. government	6,279	7.7%	6,361	7.8%	6,427	8.0%
General Motors Co.	5,932	7.3%	6,341	7.8%	7,371	9.1%
Wayne State University	5,910	7.3%	5,780	7.1%	5,806	7.2%
FCA US LLC	5,778	7.1%	5,981	7.3%	5,919	7.3%
Detroit Public Schools Community District	5,700	7.0%	5,794	7.1%	6,300	7.8%
Ilitch companies	5,630	6.9%	7,686	9.4%	7,616	9.5%
Total principal private employers	<u>81,359</u>		<u>81,563</u>		<u>80,568</u>	
Total employment	<u>N/A</u>		<u>N/A</u>		<u>N/A</u>	

Source: Crain's Detroit Business

District Human Resource System
 City of Detroit Finance Department
 Bureau of Labor Statistics

Principal Property Tax Payers (Unaudited)

Last Three Fiscal Years

Taxpayer	Fiscal Year 2018/2019		Fiscal Year 2017/2018		Fiscal Year 2016/2017		Percentage of Total
	2018 Taxable Value	Percentage of Total	2017 Taxable Value	Percentage of Total	2016 Taxable Value	Total	
1 DTE ENERGY COMPANY	\$ 568,479,098	9.5%	\$ 518,815,824	8.9%	\$ 524,606,862	8.7%	
2 MARATHON PETROLEUM COMPANY	173,300,491	2.9%	303,313,157	5.2%	285,369,420	4.7%	
3 VHS HARPER-HUTZEL HOSPITAL INC	220,713,351	3.7%	278,258,817	4.8%	287,730,332	4.8%	
4 MGM GRAND DETROIT	191,765,504	3.2%	204,898,402	3.5%	207,301,077	3.4%	
5 RIVERFRONT HOLDINGS LLC	112,301,823	1.9%	112,962,017	1.9%	111,055,429	1.8%	
6 FCA US LLC	72,558,950	1.2%	72,014,109	1.2%	73,710,524	1.2%	
7 INTERNATIONAL TRANSMISSION COMPANY	83,611,386	1.4%	66,889,416	1.1%	67,642,795	1.1%	
8 DETROIT ENTERTAINMENT LLC	62,905,348	1.0%	60,420,398	1.0%	61,357,822	1.0%	
9 GREEKTOWN CASINO LLC	130,952,900	2.2%	54,069,657	0.9%	53,069,211	0.9%	
10 1000 WEBWARD LLC	56,699,278	0.9%	56,699,278	1.0%	50,601,350	0.8%	
Total	\$ 1,673,288,129	27.9%	\$ 1,728,341,075	29.7%	\$ 1,722,444,822	28.5%	
Total taxable value	\$ 6,006,998,424		\$ 5,820,081,759		\$ 6,038,052,029		

Source: City of Detroit Finance Department

Wayne County Equalization Report

Fiscal Year Ended	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-teacher Ratio	Average Daily Attendance
2017	45,237	\$ 624,287,156	\$ 13,800	N/A	\$ 628,578,714	\$ 13,895.23	N/A	2,494	18.1	85.0%
2018	50,875	\$ 665,187,810	\$ 13,075	N/A	\$ 669,066,167	\$ 13,151.18	N/A	2,700	18.8	83.0%
2019	50,176	\$ 750,069,855	\$ 14,949	N/A	\$ 767,200,679	\$ 15,290.19	N/A	2,835	17.7	85.2%

Note: Operating expenditures are total expenditures less debt service and capital outlays.

The School District was formed July 1, 2016. This schedule will build to 10 years of information on a prospective basis.

Source: Nonfinancial information from School District records

Detroit Public Schools Community District

Full-time Equivalent District Employees by Type (Unaudited)

Last Three Fiscal Years

	2017	2018	2019
Officials, administrators, managers	163.0	182.0	230.0
Principals	96.0	103.0	113.0
Assistant principals	48.0	57.0	119.0
Classroom teachers	2,493.7	2,669.2	2,834.8
Guidance	98.2	98.6	123.0
Psychological	33.4	31.4	30.0
Librarians/Audio-visual staff	-	-	2.0
Consultants/Supervisors of instruction	205.0	109.0	133.0
Other professional staff	317.0	340.0	527.4
Teacher aides	997.0	965.0	990.0
Technicians	6.0	5.0	5.0
Clerical/Secretarial staff	260.0	275.0	288.0
Service workers	676.0	655.0	779.0
Skilled crafts	11.0	10.0	10.0
Staff Totals	5,404.3	5,500.2	6,184.2
Part-time Staff	328.0	381.0	320.0
Substitute staff:			
Instructional	370.0	742.0	411.0
Instructional support	7.0	8.0	2.0
Substitute Staff Totals	377.0	750.0	413.0
Staff Totals	6,109.3	6,631.2	6,917.2

Note: Full-time equivalent employees are as of June 30.

Source: District Human Resource department

Schedule of Major Insurance Coverage (Unaudited)

For the Year Ended June 30, 2019

Policy Coverage	Insurance Company Policy Number	Policy Period	Details of Insurance Coverage	Premium	Insurance Agency/Broker
Commercial General Liability Insurance	AIG-Lexington	01/30/19 - 01/30/20	Provides coverage for bodily injury and property damage arising out of premises and operations.	\$ 298,811	Aon Risk Management Services
Law Enforcement Professional Liability Insurance	AIG-Lexington	01/30/19 - 01/30/20	Provides errors and omissions coverage for DPSCD Police Department.	\$ 350,124	Aon Risk Management Services
School Leader Liability Insurance	AIG-Lexington	01/30/19 - 01/30/20	School Entity Errors and Omissions Insurance/Employment Practices Liability.	\$ 86,092	Aon Risk Management Services
Commercial Property Insurance	Lexington Insurance Company	07/01/18 - 07/01/19	Coverage protects the physical assets of the District – buildings, contents, valuable papers & records. Coverage is provided on an all risk basis, including Earthquake and Flood, subject to exclusions.	\$ 377,595	Aon Risk Management Services
Excess Workers' Compensation and Employer's Liability	State National Insurance Company, Inc.	08/01/18 - 08/01/19	Excess Insurance coverage against catastrophic occurrences for Self-Insured loss	\$ 138,766	Aon Risk Management Services
Automobile Liability Insurance	National Union Fire Insurance Company	09/01/18 - 09/01/19	Liability coverage for Detroit Public Schools Community District owned vehicles.	\$ 179,770	Aon Risk Management Services
Student Travel Insurance	AIG - National Union Fire Insurance Company of Pittsburgh, PA.	09/01/18 - 09/01/19	Covers participating students and adult supervisors to & from DPS sponsored and supervised field trips – out of state & international only.	\$ 5,000	Aon Risk Management Services
Underground Storage Tank Liability Insurance	ACE American Insurance Company	09/19/18 - 09/19/19	For Eastside & Westside Hub/Bus Terminal Third-Party Liability, Corrective Action, and Cleanup Policy.	\$ 3,040	Aon Risk Management Services
Surety Bond	The Hartford	10/19/18 - 10/19/19	For Detroit Public Schools Community District Police Department -campus police. (Two-year policy)	\$ 194	Aon Risk Management Services
Aircraft Hull & Liability Insurance	ACE American Insurance Company Endurance American Insurance Company	11/13/18 - 11/13/19	Liability coverage for District's owned aircrafts at Davis Aerospace.	\$ 18,096	Aon Risk Management Services
Student Catastrophic Athletic Accident Insurance	Gerber Life Insurance Company	12/1/18 - 12/01/19	Covers students involved in interscholastic activities, including athletics sport, and nonsport extracurricular activities.	\$ 26,592	Aon Risk Management Services

Detroit Public Schools Community District

Graduate Information (Unaudited)

Last Three Fiscal Years

<u>School Year</u>	<u>High School</u>	<u>Adult High School Completion</u>	<u>GED Graduates</u>
2016-2017	2,647	34	85
2017-2018	2,965	12	71
2018-2019	2,852	13	54

Source: Student Information Services - Detroit Public Schools
Office of Adult Education - Detroit Public Schools

Note: There is only three years of prior historical data for Detroit Public Schools Community District as it was established July 1, 2016. The District will build this schedule to include 10 years of data on a prospective basis

Detroit Public Schools Community District

Summary of Buildings and Sites (Unaudited)

Last Three Fiscal Years

School	2019 (1)	2018	2017
Elementary Schools			
Bagley (1929):			
Square feet	54,317	54,317	54,317
Capacity	596	596	596
Enrollment	411	325	325
Bennett (1911):			
Square feet	67,144	67,144	67,144
Capacity	697	697	697
Enrollment	437	497	497
Bow (1949):			
Square feet	59,100	59,100	59,100
Capacity	652	652	652
Enrollment	496	456	456
Brown (2001):			
Square feet	122,415	122,415	122,415
Capacity	1,161	1,161	1,161
Enrollment	913	731	731
Carleton (1945):			
Square feet	52,134	52,134	52,134
Capacity	640	640	640
Enrollment	310	295	295
Chrysler (1962):			
Square feet	23,066	23,066	23,066
Capacity	160	160	160
Enrollment	125	163	163
Clemente, Roberto (2001):			
Square feet	86,000	86,000	86,000
Capacity	862	862	862
Enrollment	629	658	658
Cooke (1925):			
Square feet	45,184	45,184	45,184
Capacity	420	420	420
Enrollment	365	294	294
Dossin (1949):			
Square feet	50,508	50,508	50,508
Capacity	404	404	404
Enrollment	357	325	325
Edison (1921):			
Square feet	44,263	44,263	44,263
Capacity	476	476	476
Enrollment	276	284	284

Detroit Public Schools Community District

Summary of Buildings and Sites (Unaudited) (Continued)

Last Three Fiscal Years

School	2019 (1)	2018	2017
Elementary Schools (continued)			
Emerson (1947):			
Square feet	126,805	126,805	126,805
Capacity	473	473	473
Enrollment	554	567	554
Gardner (1925):			
Square feet	32,634	32,634	32,634
Capacity	397	397	397
Enrollment	248	259	259
Harms (1915):			
Square feet	44,933	44,933	44,933
Capacity	687	687	687
Enrollment	398	415	415
Mann (1944):			
Square feet	44,909	44,909	44,909
Capacity	492	492	492
Enrollment	326	348	344
Maybury (1909):			
Square feet	45,322	45,322	45,322
Capacity	542	542	542
Enrollment	278	302	333
Neinas (1916):			
Square feet	52,771	52,771	52,771
Capacity	499	499	499
Enrollment	290	326	289
Pasteur (1930):			
Square feet	56,541	56,541	56,541
Capacity	607	607	607
Enrollment	337	386	388
Schulze (2002):			
Square feet	94,991	94,991	94,991
Capacity	749	749	749
Enrollment	585	479	462
Thirkell (1914):			
Square feet	68,701	68,701	68,701
Capacity	528	528	528
Enrollment	552	558	591

Detroit Public Schools Community District

Summary of Buildings and Sites (Unaudited) (Continued)

Last Three Fiscal Years

School	2019 (1)	2018	2017
Elementary Schools (continued)			
Vernor (1945):			
Square feet	44,608	44,608	44,608
Capacity	428	428	428
Enrollment	223	243	220
Wayne (1929):			
Square feet	45,296	45,296	45,296
Capacity	606	606	606
Enrollment	286	286	272
Wright, Charles (2002):			
Square feet	94,991	94,991	94,991
Capacity	739	739	739
Enrollment	436	458	404
Young, C. (1982):			
Square feet	67,800	67,800	67,800
Capacity	718	718	718
Enrollment	434	375	375
K - 8 Schools			
Academy of the Americas (1996):			
Square feet	97,929	97,929	97,929
Capacity	1,034	1,034	1,034
Enrollment	872	872	924
Ann Arbor Trail (1946):			
Square feet	44,850	44,850	44,850
Capacity	626	626	626
Enrollment	215	215	282
Bates Academy (at Beaubien MS) (1966):			
Square feet	128,190	128,190	128,190
Capacity	1,210	1,210	1,210
Enrollment	704	704	674
Blackwell Institute (1980):			
Square feet	57,044	57,044	57,044
Capacity	808	808	808
Enrollment	304	304	312
Bow (1949):			
Square feet	59,100	59,100	59,100
Capacity	804	804	804
Enrollment	525	525	456
Brenda Scott Academy(2003)			
Square feet	147,620	147,620	147,620
Capacity	1,152	1,152	1,152
Enrollment	728	723	728

Detroit Public Schools Community District

Summary of Buildings and Sites (Unaudited) (Continued)

Last Three Fiscal Years

School	2019 (1)	2018	2017
K - 8 Schools (Continued)			
Brewer Academy (at Columbus MS) (1928):			
Square feet	54,174	54,174	54,174
Capacity	812	812	812
Enrollment	495	495	480
Bunche Academy (at Duffield) (1922):			
Square feet	109,671	109,671	109,671
Capacity	1,167	1,167	1,167
Enrollment	584	584	517
Burton International (at Pelham) (1963):			
Square feet	114,200	114,200	114,200
Capacity	1,038	1,038	1,038
Enrollment	632	632	672
Carstens Academy (at Remus Robinson) (1977):			
Square feet	128,000	128,000	128,000
Capacity	785	785	785
Enrollment	363	363	317
Carver (1953):			
Square feet	67,102	67,102	67,102
Capacity	6,628	6,628	6,628
Enrollment	315	315	301
Clark (1925):			
Square feet	56,852	56,852	56,852
Capacity	789	789	789
Enrollment	430	430	508
Dixon Academy (at Lessenger) (1963):			
Square feet	93,258	93,258	93,258
Capacity	914	914	914
Enrollment	495	495	449
Dossin (1949):			
Square feet	50,508	50,508	50,508
Capacity	498	498	498
Enrollment	366	366	---
Durfee (1928):			
Square feet	170,870	170,870	170,870
Capacity	1,561	1,561	1,561
Enrollment	498	498	514
Earhart Elementary/Middle (2011):			
Square feet	111,090	111,090	111,090
Capacity	1,064	1,064	1,064
Enrollment	793	793	737

Detroit Public Schools Community District

Summary of Buildings and Sites (Unaudited) (Continued)

Last Three Fiscal Years

School	2019 (1)	2018	2017
K - 8 Schools (Continued)			
Ellington, Duke at Beckham (2001):			
Square feet	104,836	104,836	104,836
Capacity	1,069	1,069	1,069
Enrollment	602	602	562
Emerson (1947):			
Square feet	126,805	126,805	126,805
Capacity	1,586	1,586	1,586
Enrollment	567	567	554
Fisher Magnet Lower Academy (at Heilmann Park ES) (2002):			
Square feet	95,098	95,098	95,098
Capacity	866	866	866
Enrollment	546	546	549
Fisher Magnet Upper Academy (at Heilmann Park MS) (2003):			
Square feet	147,620	147,620	147,620
Capacity	1,088	1,088	1,088
Enrollment	431	431	423
Foreign Language Immersion (1992):			
Square feet	92,010	92,010	92,010
Capacity	1,037	1,037	1,037
Enrollment	681	681	658
Garvey Academy, Marcus (at Butzel) (1964):			
Square feet	144,400	144,400	144,400
Capacity	1,080	1,080	1,080
Enrollment	342	342	348
Gompers Elementary/Middle (2011):			
Square feet	111,882	111,882	111,882
Capacity	1,064	1,064	1,064
Enrollment	765	765	793
Greenfield Union (1914):			
Square feet	75,285	75,285	75,285
Capacity	893	893	893
Enrollment	297	297	303
Henderson Academy (1963):			
Square feet	109,000	109,000	109,000
Capacity	1,013	1,013	1,013
Enrollment	800	800	726

Detroit Public Schools Community District

Summary of Buildings and Sites (Unaudited) (Continued)

School	Last Three Fiscal Years		
	2019 (1)	2018	2017
K - 8 Schools (continued)			
Holmes, A. L. (1915):			
Square feet	102,217	102,217	102,217
Capacity	813	813	813
Enrollment	447	447	437
Hutchinson at Howe (2002):			
Square feet	97,174	97,174	97,174
Capacity	745	745	745
Enrollment	342	342	361
King J.R. (at Cerveny) (1923):			
Square feet	133,580	133,580	133,580
Capacity	1,320	1,320	1,320
Enrollment	880	1,189	790
Marion Law Academy(2001)			
Square feet	125,995	125,995	125,995
Capacity	1,227	1,227	1,227
Enrollment	476	425	476
Mackenzie Elementary/Middle (2012):			
Square feet	111,774	111,774	111,774
Capacity	1,064	1,064	1,064
Enrollment	804	804	1,116
Marquette (1949):			
Square feet	92,618	92,618	92,618
Capacity	1,233	1,233	1,233
Enrollment	510	510	521
Marshall, Thurgood (1920):			
Square feet	90,905	90,905	90,905
Capacity	781	781	781
Enrollment	584	584	578
Mason Elementary/Middle (at Farwell MS) (1964):			
Square feet	96,304	96,304	96,304
Capacity	974	974	974
Enrollment	413	413	378
Munger Elementary/Middle (2012):			
Square feet	111,245	111,245	111,245
Capacity	1,064	1,064	1,064
Enrollment	1,007	1,007	955
Nichols (1910):			
Square feet	51,904	51,904	51,904
Capacity	481	481	481
Enrollment	292	292	256

Detroit Public Schools Community District

Summary of Buildings and Sites (Unaudited) (Continued)

School	Last Three Fiscal Years		
	2019 (1)	2018	2017
K - 8 Schools (continued)			
Noble (1920):			
Square feet	143,605	143,605	143,605
Capacity	1,030	1,030	1,030
Enrollment	634	634	515
Palmer Park Prep Academy (at B. Jordan) (1928):			
Square feet	160,261	160,261	160,261
Capacity	1,115	1,115	1,115
Enrollment	437	437	392
Priest Elementary/Middle (1923):			
Square feet	117,502	117,502	117,502
Capacity	1,161	1,161	1,161
Enrollment	743	743	750
Pulaski (1942):			
Square feet	60,966	60,966	60,966
Capacity	955	955	955
Enrollment	468	468	473
Robeson, Paul / Malcolm X Academy at Hally (1927):			
Square feet	48,500	48,500	48,500
Capacity	750	750	750
Enrollment	309	309	326
Sampson Webber Academy (1964):			
Square feet	145,118	145,118	145,118
Capacity	1,101	1,101	1,101
Enrollment	335	335	339
Schulze (2002):			
Square feet	94,991	94,991	94,991
Capacity	813	813	813
Enrollment	479	479	462
Spain (1912):			
Square feet	145,591	145,591	145,591
Capacity	1,125	1,125	1,125
Enrollment	359	359	337
Thirkell (1914):			
Square feet	68,701	68,701	68,701
Capacity	619	619	619
Enrollment	558	558	591
Twain, Mark Academy (at Boynton) (1925):			
Square feet	120,132	120,132	120,132
Capacity	936	936	936
Enrollment	216	216	243

Detroit Public Schools Community District

Summary of Buildings and Sites (Unaudited) (Continued)

Last Three Fiscal Years

School	2019 (1)	2018	2017
K - 8 Schools (continued)			
Clippert Academy (1905):			
Square feet	46,194	46,194	46,194
Capacity	626	626	626
Enrollment	461	461	509
Detroit Lions Alternative MS (1963):			
Square feet	32,241	32,241	32,241
Capacity	146	146	146
Enrollment	86	86	97
Ludington Magnet (at Langston Hughes/Taft MS) (1963):			
Square feet	95,591	95,591	95,591
Capacity	693	693	693
Enrollment	359	359	369
Breithaupt Career and Tech (1981):			
Square feet	150,361	150,361	150,361
Capacity	616	616	616
Enrollment	6	6	5
Carson, Ben Academy (at Crockett CTC) (1980):			
Square feet	95,691	95,691	95,691
Capacity	594	594	594
Enrollment	385	385	400
Cass Tech (2004):			
Square feet	402,484	402,484	402,484
Capacity	2,286	2,286	2,286
Enrollment	2,458	2,458	2,447
Cody (1947):			
Square feet	286,752	286,752	286,752
Capacity	677	677	677
Enrollment	704	217	248
King HS (2011):			
Square feet	245,413	245,413	245,413
Capacity	1,656	1,656	1,656
Enrollment	1,189	1,189	1,424
Osborn (1956):			
Square feet	201,884	201,884	201,884
Capacity	671	671	671
Enrollment	615	615	---
Randolph Career and Tech (1982):			
Square feet	122,883	122,883	122,883
Capacity	660	660	660
Enrollment	6	6	105

Detroit Public Schools Community District

Summary of Buildings and Sites (Unaudited) (Continued)

School	Last Three Fiscal Years		
	2019 (1)	2018	2017
K - 8 Schools (continued)			
Renaissance (2005):			
Square feet	295,523	295,523	295,523
Capacity	1,169	1,169	1,169
Enrollment	1,178	1,178	1,134
West Side Academy (at Westside Multicultural) (2002):			
Square feet	71,283	71,283	71,283
Capacity	419	419	419
Enrollment	486	---	484
Western International (1937):			
Square feet	299,630	299,630	299,630
Capacity	2,367	2,367	2,367
Enrollment	1,985	1,985	1,878
Special Education Centers			
Banks-Williamson, Diann Special Education Center (2013):			
Square feet	21,165	21,165	21,165
Capacity	108	108	108
Enrollment	66	66	73
Drew Transition Center (1970):			
Square feet	139,000	139,000	139,000
Capacity	500	500	500
Enrollment	468	468	477
Field, Moses Center (1964):			
Square feet	53,742	53,742	53,742
Capacity	97	97	97
Enrollment	78	---	---
Keidan Special Education Center (1963)			
Square feet	83,850	83,850	83,850
Capacity	492	492	492
Enrollment	123	127	266
Turning Point Academy (1929)			
Square feet	58,690	58,690	58,690
Capacity	659	659	659
Enrollment	31	26	75
Total - Instructional			
Total - Square Feet ⁽²⁾	8,810,431	8,810,431	8,810,431

Detroit Public Schools Community District

Summary of Buildings and Sites (Unaudited) (Continued)

Last Three Fiscal Years

Total - Capacity ⁽³⁾	77,862	77,862	77,862
Total - Enrollment (PK-12) ⁽⁴⁾	43,593	42,558	42,008

School	2019 (1)	2018	2017
Noninstructional Sites			
Children's Museum (1929):			
Square feet	29,928	29,928	29,928
Capacity	---	---	---
Enrollment	---	---	---
Detroit School for the Deaf (1970):			
Square feet	61,152	61,152	61,152
Capacity	---	---	---
Enrollment	---	---	---
Eastside Bus Terminal (1940):			
Square feet	44,784	44,784	44,784
Capacity	---	---	---
Enrollment	---	---	---
Fisher Building (1928):			
Square feet	172,068	172,068	172,068
Capacity	---	---	---
Enrollment	---	---	---
Golightly Horticulture (1982):			
Square feet	1,600	1,600	1,600
Capacity	---	---	---
Enrollment	---	---	---
Office of Adult Education East (at Richard) (1928):			
Square feet	43,664	43,664	43,664
Capacity	---	---	---
Enrollment	---	---	---
Office of Adult Education West (at Crary) (1938):			
Square feet	48,742	48,742	48,742
Capacity	---	---	---
Enrollment	---	---	---
Professional Development at Northwestern:			
Square feet	33,700	33,700	33,700
Capacity	---	---	---
Enrollment	---	---	---
Public Safety Command Center/HQ (2011):			
Square feet	28,400	28,400	28,400
Capacity	---	---	---
Enrollment	---	---	---

Detroit Public Schools Community District

Summary of Buildings and Sites (Unaudited) (Continued)

	Last Three Fiscal Years		
School	2019 (1)	2018	2017
Noninstructional Sites (continued)			
Speech & Hearing Clinic:			
Square feet	5,400	5,400	5,400
Capacity	---	---	---
Enrollment	---	---	---
Support Services Bldg A (1929):			
Square feet	169,000	169,000	169,000
Capacity	---	---	---
Enrollment	---	---	---
Support Services Bldg B (1921):			
Square feet	28,000	28,000	28,000
Capacity	---	---	---
Enrollment	---	---	---
Support Services Bldg C (1929):			
Square feet	44,000	44,000	44,000
Capacity	---	---	---
Enrollment	---	---	---
Westside Bus Terminal (1939):			
Square feet	41,735	41,735	41,735
Capacity	---	---	---
Enrollment	---	---	---
Total - Non-Instructional			
Total - Square Feet ⁽²⁾	752,173	752,173	752,173
Total - Capacity ⁽³⁾	-	-	-
Total - Enrollment (PK-12) ⁽⁴⁾	-	-	-
GRAND TOTAL			
Total - Square Feet ⁽²⁾	9,562,604	9,562,604	9,562,604
Total - Capacity ⁽³⁾	77,862	77,862	77,862
Total - Enrollment (PK-12) ⁽⁴⁾	43,593	42,558	42,008

Detroit Public Schools Community District

Summary of Buildings and Sites (Unaudited) (Continued)

Last Three Fiscal Years

Notes:

- (1) The enrollment number reflects the ACTUAL Spring 2019 FTE count.
- (2) Total gross square footage by school and non-instructional building. Provided by DPSPMT Planning and Programming Department.
- (3) The capacity result reflect program capacity of the School. The numbers come from the "School Facility Capacity Report" conducted and prepared by the Pupil Population Management Department.
- (4) The enrollment reflects the actual pre-audit number of PK-12 and Special Education students (based on FTE's) resulting from the Official Count Day process.

Source: Department of Pupil Population Management, DPSCD; DPSCD Capital Projects Group; and, District historical records.