

**School District of the City of Muskegon Heights
Receivership Transition Advisory Board Agenda
Wednesday, July 18, 2018, 4:00 PM
2603 Leahy St
Muskegon Heights, MI 49444**

I. CALL TO ORDER

- A. Roll Call
- B. Approval of RTAB Meeting Minutes
 - i. June 20, 2017 (attachment #1)

II. OLD BUSINESS

III. NEW BUSINESS

- A. News and Updates
- B. Monthly Reports (attachment #2)
 - i. Liabilities report (attachment #3)
 - ii. Cash flow projections (attachment #4)
 - iii. Comparison of budgeted revenue and expenditure to actual (attachment #5)
- C. Appoint System Board Member
- D. RTAB Resolutions (to be sent separately)

IV. PUBLIC COMMENT

V. ADJOURNMENT

School District of the City of Muskegon Heights
Receivership Transition Advisory Board Meeting

Wednesday, June 20, 2018
Conference Room
2603 Leahy St.
Muskegon Heights, MI 49444

MINUTES

I. Call to Order

Chair Michael Wrobel called the meeting to order at 4:04p.m.

A. Roll Call

Members Present – 4

Patrice Johnson
Dale Nesbary
Clinton Todd
Michael Wrobel

Members Absent – 1

John Schrier

A quorum was present.

B. Approval of Minutes

Motion by Mr. Todd to approve the draft minutes as presented. Motion moved and seconded by Dr. Nesbary. The RTAB approved the minutes.

II. Old Business

None

III. New Business

A. Monthly Reports

i. Liabilities Report

Mr. Lewis reported that the District has received its 4th emergency loan and closed outstanding liabilities to the Office of Retirement Services (ORS) and Unemployment Insurance Agency (UIA).

ii. Cash Flow Projections

Mr. Lewis noted the District is projected to enter June 2019 with 915 thousand in cash. Interest and principal for the emergency loans will be due that month.

iii. Comparison of Budgeted Revenue and Expenditure to Actual

Mr. Lewis reported the District is proceeding as planned with the inclusion of the 4th emergency loan being accounted as revenue for the District. This is shown in the proposed budget amendment.

ORS had previously placed a charge on the district for late reporting. Mr. Lewis reported good news in that this charge has been forgiven.

B. FY 2017-18 Budget

The District passed an amended budget for FY 2017-18 with no changes except for recognizing the emergency loan receipt as revenue. Discussion occurred whether the FY 2019 budget needed to also be amended to account for the change in fund balance, but Mr. Lewis reported that will not be necessary.

Mr. Todd motioned to approve the budget amendment as presented. Dr. Nesbary seconded. The RTAB approved the FY 2017-18 budget amendment.

C. News and Updates

Chair Wrobel provided an update to the status of the RTAB as an oversight and advisory board for the Muskegon Heights District Board of Education. Chair Wrobel reported outstanding liabilities have been stabilized and surplus budgets are in place for FYs 2017-18 and 2018-19.

Chair Wrobel opened discussion on the possibility for the RTAB transferring oversight to local control. The financial oversight role of the RTAB and potential oversight concerns were briefly discussed to be decided at a future date.

IV. Public Comment

None

V. Adjournment

There being no further business, Chair Wrobel adjourned the meeting at 4:14p.m.

DRAFT



Muskegon Heights Public Schools

2603 Leahy Street • Muskegon Heights, MI 49444 • Phone 231-830-3221 Fax
231-830-3560

Date: July 11, 2018

To: Receivership Transition Advisory Board (RTAB)
Muskegon Heights Public Schools Board of Education

From: John Lewis, Assistant Superintendent

Re: Board Meeting Packet for July 18, 2018

Attached, please find the Muskegon Heights Public Schools 2017/18 Budget to Actual Revenue and Expenditure Report, Cash Flow Statement, and Liabilities Report for your review.

Budget to Actual Revenue and Expenditure Report

Attached you will find the budget to actual reports as of July 10th, 2018.

All taxes have now been received for the 2017/18 fiscal year. There are still some other revenues to receive for the year (authorizer fees, rent, and other miscellaneous) and those will be recorded in the coming months per the 60-day revenue rule.

We will also have additional expenses to record for 2017/18 as any costs incurred during this last fiscal year will have to be recorded as such. Some other costs to expect are for the legal and professional services pertaining to the emergency loan closings, as well as other small operational costs incurred in June 2018.

Cash Flow Statement

The district's cash flow continues to remain stable for the coming year. Outflows for this month will be higher than usual as we will be paying the emergency loan professional and legal fees as mentioned in the previous section. This will only be a one-time occurrence and will be the same for July in subsequent years. We will also be paying our insurance fees, but we have yet to receive an invoice. This amount may move up or down and is only an estimate at this time.

Liabilities Report

The liability report is fairly unchanged for this period, with the exception of accrued interest for the School Loan Revolving Fund and School Bond Loan Fund.

Fund	Rate	Description	Issuance Date	Original Amount	Term Length	Principal	Interest	Total Amount	Projected Maturity Date	As of Date
GF		Payable to MDE - At-Risk Payback			Short			\$ 371,436	N/A	7/1/2018
GF	2.45%	Restructured Emergency Loan #1 - 2018	5/23/2018	\$ 6,990,000	Long	\$ 6,990,000	\$ 2,436,301	\$ 9,426,301	6/15/2042	7/1/2018
GF	2.35%	Restructured Emergency Loan #2 - 2018	5/23/2018	\$ 3,165,000	Long	\$ 3,165,000	\$ 1,164,132	\$ 4,329,132	6/15/2042	7/1/2018
GF	3.45%	Restructured Emergency Loan #3 - 2018	5/23/2018	\$ 1,400,000	Long	\$ 1,400,000	\$ 635,824	\$ 2,035,824	6/15/2043	7/1/2018
GF	2.70%	2017/18 Emergency Loan #4 - 2018	5/23/2018	\$ 2,449,000	Long	\$ 2,449,000	\$ 1,785,617	\$ 4,234,617	6/15/2047	7/1/2018
GF	NA	2007 Energy Conservation Improvement Bonds	12/19/2007		Long	\$ 3,149,000	\$ -	\$ 3,149,000	12/19/2022	7/1/2018
DF	5.00%	2016 Refunding Bonds, Series A	3/29/2016		Long	\$ 12,845,000	\$ 3,953,172	\$ 16,798,172	5/1/2029	7/1/2018
DF	1.74%-2.61%	2016 Refunding Bonds, Series B	3/26/2016		Long	\$ 4,225,000	\$ 94,709	\$ 4,319,709	5/1/2021	7/1/2018
DF	3.41%	School Bond Loan Fund	Annual		Long	\$ 2,212	\$ 163	\$ 2,375	5/1/2035*	7/1/2018
DF	3.41%	School Loan Revolving Fund	Annual		Long	\$ 2,048,249	\$ 42,681	\$ 2,090,930	5/1/2035*	7/1/2018
				\$ 14,004,000		\$ 36,273,461	\$ 10,112,600	\$ 46,757,496		

Note: GF - General Fund (18 mill levy); DF - Debt Service Fund (13 mill levy)

*Indicates Mandatory Repayment Date

Liability

Usage Explanation:

- EL #1 Majority of proceeds used to retire SAN received in August 2011. Remainder used for final payrolls and other prior year expenses
 - EL #2 Legacy costs
 - EL #3 Legacy costs
 - EL #4 Proceeds used to retire ORS and UIA debt
- Total Emergency Loans issued: \$14,004,000

Projected Monthly Cash Flow - One Year Projection

Date
7/10/2018

School District Muskegon Heights Public Schools	WITH EL PROCEEDS
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	July 18	August 18	September 18	October 18	November 18	December 18	January 19	February 19	March 19	April 19	May 19	June 19
Beginning Balance	\$ 894,746	\$ 782,711	\$ 1,018,952	\$ 1,041,301	\$ 1,079,151	\$ 1,072,313	\$ 681,211	\$ 859,161	\$ 943,311	\$ 1,119,271	\$ 1,117,248	\$ 1,332,689
Estimated Receipts												
Taxes		\$ 240,000	\$ 40,000	\$ 40,000			\$ 180,000	\$ 87,000	\$ 180,000		\$ 223,892	
Taxes - Tech Millage			\$ 15,000	\$ 15,000				\$ 27,000	\$ 25,000			\$ 21,187
Authorizer Fees	\$ 15,400	\$ 15,400	\$ -	\$ 15,500	\$ 15,500	\$ 15,500	\$ 15,500	\$ 15,500	\$ 15,500	\$ 15,500	\$ 15,500	\$ 15,400
ELN Proceeds												
Other Revenue	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,527	\$ 1,527	\$ 1,527	\$ 1,527
Total Available Funds	\$ 911,146	\$ 1,039,111	\$ 1,074,952	\$ 1,112,801	\$ 1,095,651	\$ 1,088,813	\$ 877,711	\$ 989,661	\$ 1,165,338	\$ 1,136,298	\$ 1,358,167	\$ 1,370,803
Less Estimated Expenditures:												
Payrolls	\$ 14,070	\$ 15,579	\$ 14,070	\$ 14,070	\$ 18,658	\$ 14,070	\$ 14,070	\$ 14,070	\$ 15,579	\$ 14,070	\$ 18,658	\$ 14,070
Other Expenditures	\$ 114,365	\$ 4,580	\$ 4,580	\$ 4,580	\$ 4,680	\$ 8,230	\$ 4,480	\$ 5,280	\$ 5,488	\$ 4,980	\$ 6,820	\$ 7,620
Emergency Loan Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203,209	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 367,535
Tech Millage to PSA	\$ -	\$ -	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ 27,000	\$ 25,000	\$ -	\$ -	\$ 21,187
Other Liens/Loans (Totals)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Estimated Ending Balance	\$ 782,711	\$ 1,018,952	\$ 1,041,301	\$ 1,079,151	\$ 1,072,313	\$ 681,211	\$ 859,161	\$ 943,311	\$ 1,119,271	\$ 1,117,248	\$ 1,332,689	\$ 960,391

Expenses by Month

	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Totals
Payrolls (including contracted staff)	\$ 14,070	\$ 15,579	\$ 14,070	\$ 14,070	\$ 18,658	\$ 14,070	\$ 14,070	\$ 14,070	\$ 15,579	\$ 14,070	\$ 18,658	\$ 14,070	\$ 181,036
Consumers - electric	\$ 1,544	\$ 800	\$ 800	\$ 800	\$ 700	\$ 500	\$ 500	\$ 500	\$ 510	\$ 500	\$ 800	\$ 800	\$ 8,754
DTE - natural gas	\$ 319	\$ 800	\$ 800	\$ 800	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,800	\$ 1,998	\$ 1,500	\$ 1,200	\$ 1,000	\$ 13,216
Waste & Water utility	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 2,640
Audit Fees													\$ -
Legal Fees	\$ 19,174	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 3,000	\$ 4,000	\$ 36,614
Property Insurance	\$ 52,306												\$ 52,306
MAISD Tech Fee						\$ 3,750							\$ 3,750
Epicenter													\$ -
Bank Fees	\$ 1,200	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 7,800
Misc.	\$ 39,603	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 50,603
EL Loan Payments						\$203,209						\$367,535	\$ 203,209
Tech Millage Flowthrough	\$ -	\$ -	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ 27,000	\$ 25,000	\$ -	\$ -	\$ 21,187	\$ 103,187
QZAB Energy Bonds						\$182,092							\$ 182,092
Totals	\$ 128,435	\$ 20,159	\$ 33,650	\$ 33,650	\$ 23,338	\$407,602	\$ 18,550	\$ 46,350	\$ 46,067	\$ 19,050	\$ 25,478	\$410,412	\$ 845,207

Muskegon Heights Public Schools
 Revenues, Expenditures, and Fund Balance
 GENERAL FUND
 2017-18
 As of 7/10/18

	Amended Budget 2017-18	Actuals to Date	Under/(Over) to Date
Beginning Fund Balance	\$ (2,430,766)	\$ (2,430,766)	
Revenue			
Property taxes	\$ 1,313,930	\$ 1,326,521	\$ (12,591)
Oversight fees	\$ 171,150	\$ 139,812	\$ 31,338
Transfers and Other	\$ 2,471,730	\$ 2,468,299	\$ 3,431
Total Revenue	\$ 3,956,810	\$ 3,934,632	
Expenditures			
Data Technology	\$ 4,520	\$ 4,516	\$ 4
Board of Education	\$ 30,170	\$ 27,504	\$ 2,666
Executive Administration	\$ 65,480	\$ 58,927	\$ 6,553
Business Services	\$ 100,710	\$ 100,107	\$ 603
Interest and Fees Expense	\$ 186,850	\$ 155,198	\$ 31,652
Unpaid Auction and Delinquent Tax Fees	\$ 50,670	\$ 50,664	\$ 6
Building Services	\$ 98,170	\$ 90,710	\$ 7,460
District Technology	\$ 920	\$ 1,618	\$ (698)
Emergency Loan Payments	\$ 524,320	\$ 524,319	\$ 1
Transfers and Other	\$ 305,730	\$ 299,282	\$ 6,448
Total Expenditures	\$ 1,367,540	\$ 1,312,845	
Revenues Less Expenditures	\$ 2,589,270	\$ 2,621,787	
Projected Ending Fund Balance	\$ 158,504	\$ 191,021	

REVENUES	DESCRIPTION	AMOUNT
11-0111-0000-000-0000-000000-000000-	PROPERTY TAXES CURRENT	-1,182,575.38
11-0111-0000-100-0000-000000-000000-	OTHER TAXES	-7,306.20
11-0121-0000-000-0000-000000-000000-	TECH MILLAGE FLOWTHROUGH	-123,405.57
11-0124-0000-000-0000-000000-000000-	PENALTY & INT ON DEL TAXES	-5,497.97
11-0151-0000-000-0000-000000-000000-	EARNINGS ON INVEST & DEPOSITS	0.00
11-0191-0000-000-0000-000000-000000-	RENTALS	-5,100.00
11-0199-0000-000-0000-000000-000000-	MISCELLANEOUS	-61.00
11-0321-0000-000-0000-000000-000000-	PPT REIMBURSEMENT	-7,735.80
11-0519-0000-001-0000-000000-000000-	3% AUTHORIZER FEE - MHPSA	-139,812.06
11-0519-0000-100-0000-000000-000000-	SHARED BUSINESS SVCS	-14,137.86
11-0591-0000-000-0000-000000-000000-	PROCEEDS FROM ISSUANCE OF BOND	-2,449,000.00
		-3,934,631.84

EXPENDITURES	DESCRIPTION	AMOUNT	SUMS
11-1-225-7410-840-0000-00000-000000-	LICENSING FEES & RENEWALS	4,062.63	
11-1-226-4220-899-0000-00000-000000-	COPY MACHINE	453.20	\$ 4,515.83
11-1-231-3170-000-0000-00000-000000-	LEGAL SERVICES	12,943.66	
11-1-231-3180-000-0000-00000-000000-	AUDIT SERVICES	13,610.00	
11-1-231-7410-000-0000-00000-000000-	DUES & FEES	950.00	\$ 27,503.66
11-1-232-3150-000-0000-00000-000000-	CONTRACTED SERVICES	58,927.20	
11-1-232-3210-000-0000-00000-000000-	COST OF TRAVEL (MILEAGE)	0.00	
11-1-232-3430-000-0000-00000-000000-	MAILING	0.00	
11-1-232-7910-000-0000-00000-000000-	MISCELLANEOUS	0.00	\$ 58,927.20
11-1-252-1620-033-0000-00000-000000-	ACCOUNTING SPECIALIST	59,999.94	
11-1-252-2130-000-0000-00000-000000-	HOSPITALIZATION	18,846.30	
11-1-252-2820-033-0000-00000-000000-	CONTRIB TO ST&LOC RETIRE FUNDS	15,250.24	
11-1-252-2830-033-0000-00000-000000-	EMPLOYER SOCIAL SECURITY	4,590.04	
11-1-252-2840-033-0000-00000-000000-	WORKMAN'S COMPENSATION	1.82	
11-1-252-3150-030-0000-00000-000000-	CONTRACTED SERVICES	0.00	
11-1-252-3220-030-0000-00000-000000-	TRAVEL & CONFERENCE	343.36	
11-1-252-5910-030-0000-00000-000000-	OFFICE SUPPLIES	1,075.48	\$ 100,107.18
11-1-252-7410-000-0000-00000-000000-	INTEREST & FEES EXPENSE	155,198.10	\$ 155,198.10
11-1-259-7610-000-0000-00000-000000-	TAXES ABATED & WRITTEN OFF	50,663.65	\$ 50,663.65
11-1-261-3190-100-0000-00000-000000-	CONTRACTED SERVICES	17,109.79	
11-1-261-3410-000-0000-00000-000000-	TELEPHONE CHARGES	0.00	
11-1-261-3830-000-0000-00000-000000-	WATER & SEWAGE	1,531.41	
11-1-261-3840-000-0000-00000-000000-	WASTE & TRASH DISPOSAL	648.00	
11-1-261-3910-000-0000-00000-000000-	INSURANCE	53,206.00	
11-1-261-4110-000-0000-00000-000000-	LAND AND BLDGS-REPAIRS & MAINT	0.00	
11-1-261-5510-000-0000-00000-000000-	HEATING FUEL	11,437.43	
11-1-261-5520-000-0000-00000-000000-	ELECTRICITY	6,777.03	\$ 90,709.66
11-1-284-3410-000-0000-00000-000000-	CELL PHONE CHARGES	1,618.18	\$ 1,618.18
11-1-411-8910-000-0000-00000-000000-	TRANSFERS TO MHPSA	117,189.96	
11-1-511-7110-994-0000-00000-000000-	PRINCIPAL PMT - EMERGENCY LOAN	210,000.00	
11-1-511-7230-994-0000-00000-000000-	INTEREST PMT - EMERGENCY LOANS	314,318.81	\$ 524,318.81
11-1-634-8110-000-0000-00000-000000-	QZAB TRANSFER - DEBT RETIREMEN	182,092.42	\$ 299,282.38
		\$ 1,312,844.65	\$ 1,312,844.65

Muskegon Heights Public Schools
 Revenues, Expenditures, and Fund Balance
 DEBT SERVICE - 2016 REFUNDING BONDS
 2017-18
 As of 7/10/18

	Actuals to Date
Beginning Fund Balance	\$ 236,108
Revenue	
Tax Revenues	\$ 1,373,858
SBLF/SLRF (State Bond Loan Programs)	\$ 1,347,237
Total Revenue	\$ 2,721,095
Expenditures	
Tax Chargebacks & Auction Property	\$ 33,047
Principal Payments	\$ 1,865,000
Interest Payments	\$ 800,230
Total Expenditures	\$ 2,698,277
Revenues Less Expenditures	\$ 22,818
Projected Ending Fund Balance	\$ 258,926

Account	Description	2018 Actual
32-0111-0000-000-0000-000000-0000000-	PROPERTY TAX LEVY	-1,255,377.97
32-0111-0000-100-0000-000000-0000000-	OTHER TAXES-HSBF	0.00
32-0124-0000-000-0000-000000-0000000-	PENALTY & INT ON DEL TAXES	-13,736.41
32-0151-0000-000-0000-000000-0000000-	EARNINGS ON INVESTMENTS-HSBF	-328.07
32-0321-0000-000-0000-000000-0000000-	PPT REIMBURSEMENT	-104,415.35
32-0591-0000-000-0000-000000-0000000-	BOND PROCEEDS	0.00
32-0595-0000-000-0000-000000-0000000-	STATE LOAN PROGRAM-HSBF	-1,347,237.00
32-0596-0000-000-0000-000000-0000000-	PROCEEDS FROM REFINANCING DEBT	0.00
32-0596-0000-001-0000-000000-0000000-	PREMIUM ON REFUNDING BONDS	0.00
32-0599-9000-000-0000-000000-0000000-	DUE TO/FROM	0.00
32-0631-0000-000-0000-000000-0000000-	TRANSFER IN	0.00
		-2,721,094.80

Account	Description	2018 Actual
32-1-252-3180-000-0000-000000-000000-	AUDIT SERVICES	0.00
32-1-252-7410-000-0000-000000-000000-	PAYING AGENT FEES	0.00
32-1-259-3610-000-0000-000000-000000-	PRINTING	0.00
32-1-259-7610-000-0000-000000-000000-	TAXES ABATED & WRITTEN OFF	33,046.94
32-1-511-7110-000-0000-000000-000000-	PRINCIPAL - 2006 REF BDS	1,865,000.00
32-1-511-7230-000-0000-000000-000000-	INTEREST-HSBF	800,230.00
32-1-511-7310-000-0000-000000-000000-	OTHER BOND ISSUANCE COSTS	0.00
32-1-511-7330-000-0000-000000-000000-	BOND DISCOUNT	0.00
32-1-511-7410-000-0000-000000-000000-	PAYING AGENT FEES-HSBF	0.00
32-1-512-7320-000-0000-000000-000000-	PAYMENTS TO BOND ESCROW AGENT	0.00

Muskegon Heights Public Schools
 Revenues, Expenditures, and Fund Balance
 QZAB Fund
 2017-18
 As of 7/10/18

	Actuals to Date
Beginning Fund Balance	\$ 1,796,294
Revenue	
Earnings on Investment	\$ 37,912
Transfers In	\$ 182,092
Total Revenue	\$ 220,005
Expenditures	\$ -
Total Expenditures	\$ -
Revenues Less Expenditures	\$ 220,005
Projected Ending Fund Balance	\$ 2,016,299

Account	Description	2018 Actual
34-0151-0000-000-0000-000000-000000-	EARNINGS ON INVESTMENTS	-37,912.45
34-0611-0000-000-0000-000000-000000-	QZAB TRANSFER	-182,092.42