

**School District of the City of Muskegon Heights
Receivership Transition Advisory Board Agenda
Wednesday, March 15, 2017, 4:00 PM
2603 Leahy St
Muskegon Heights, MI 49444**

I. CALL TO ORDER

- A. Roll Call
- B. Approval of RTAB Meeting Minutes
 - i. January 18, 2017 (attachment #1)

II. OLD BUSINESS

III. NEW BUSINESS

- A. News and Updates
 - i. School Reform Office
- B. Monthly Reports
 - i. Liabilities report (attachment #2)
 - ii. Cash flow projections (attachment #3)
 - iii. Comparison of budgeted revenue and expenditure to actual (attachment #4)

IV. RECEIVERSHIP TRANSITION ADVISORY BOARD COMMENTS

V. MUSKEGON HEIGHTS BOARD OF EDUCATION COMMENTS

VI. PUBLIC COMMENT

VII. ADJOURNMENT

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

Wednesday, January 18, 2017
Conference Room
2603 Leahy St.
Muskegon Heights, MI 49444

MINUTES

I. Call to Order

Chair Ann Storberg called the meeting to order at 4:04pm

A. Roll Call

Members Present – 5

Patrice Johnson (via phone)

Dale Nesbary

John Schrier

Ann Storberg

Clinton Todd

Members Absent – 0

(None)

Let the record show that four Board members eligible to vote were present and participated in person. One board member eligible to vote was present and participated via phone as provided in Article IV, Section 5 of Board Resolution 2016-2. A quorum was present.

B. Approval of Minutes

Motion made to approve the draft minutes of the RTAB's November 16, 2016 meeting as presented. Motion moved and supported. The RTAB approved the minutes of the November 16, 2016 meeting as presented.

II. Old Business

None

III. New Business

A. Financial Overview

i. District Debt

Mr. John Lewis, Assistant Superintendent for Finance and Administration for Muskegon Heights School District presented an overview of the District's outstanding short- and long-term liabilities. He stated that the District plans to continue borrowing from the School Bond Loan Fund and School Loan Revolving Fund when needed. The total amount due to the Office of Retirement Services (ORS) as of December 16, 2016 was \$1.9 million. The District made a \$500,000 payment to ORS in October 2016 and is planning to make another payment of approximately \$600,000 in June 2017. Per an agreed upon payment plan with ORS, the payments will first be applied to the principal balance and after it is paid off, the payments will be applied to the interest balance.

ii. Two-Year Budget

Mr. Lewis summarized the District's two-year budget. He noted that any amendments will require action by the Board. This will include a technology millage, and revisions to the amount due to the Unemployment Insurance Agency.

B. Monthly Reports

i. Liabilities Report

Mr. Lewis reviewed the current liabilities report. The only open payable is due to the Michigan Department of Education relating to grant monies received but never expended, and are now due back to the state.

ii. Cash Flow Projections

Mr. Lewis reviewed the District's projected monthly one-year cash flow report noting the timing of tax revenues and expenses, but believes the outlook for the district's cash position over the remainder of CY 2017 was good.

iii. Comparison of Budgeted Revenue and Expenditure to Actual

Mr. Lewis provided a comparison of budgeted revenue and expenditure to actual for the District. He stated that there is a lag between revenue from a split levy and roughly \$100,000 in delinquent taxes in which the District should be receiving payments in the next couple months. Taxable value does remain a concern for the District.

Some expenditure functions are above budgeted amounts, these will be covered by reduced expenditure in other areas. Other considerations include renting office space in the District's administrative building to raise revenue. The District is also looking to reduce overhead costs where possible.

IV. Public Comment

None

V. Adjournment

Motion made to adjourn. Motion moved and supported. The Board approved the motion to adjourn.

There being no further business, the meeting adjourned at 3:43 p.m.

Description	Long or Short Term	Principal	Interest	Total Amount	Projected Maturity Date	As of Date
ORS	Short			\$ 1,858,401.30	N/A	2/10/2017
Payable to MDE - At-Risk Payback	Short			\$ 371,435.77	N/A	3/6/2017
UIA	Short			\$ 897,311.04	N/A	3/6/2017
Emergency Loan #1 - 2012	Long	\$ 7,130,000.00	\$ 2,641,467.50	\$ 9,771,467.50	11/1/2041	3/6/2017
Emergency Loan #2 - 2012	Long	\$ 3,235,000.00	\$ 1,128,705.00	\$ 4,363,705.00	11/1/2041	3/6/2017
Emergency Loan #3 - 2012	Long	\$ 1,400,000.00	\$ 1,025,685.00	\$ 2,425,685.00	4/3/2044	3/6/2017
2007 Energy Conservation Improvement Bonds	Long	\$ 3,149,000.00	\$ -	\$ 3,149,000.00	12/19/2022	3/6/2017
2016 Refunding Bonds, Series A	Long	\$ 14,470,000.00	\$ 4,990,421.89	\$ 19,460,421.89	5/1/2029	3/6/2017
2016 Refunding Bonds, Series B	Long	\$ 5,240,000.00	\$ 266,803.79	\$ 5,506,803.79	5/1/2021	3/6/2017
School Bond Loan Fund	Long	\$ 2,211.92	\$ 56.96	\$ 2,268.88	5/1/2035*	3/6/2017
School Loan Revolving Fund	Long	\$ 245,329.00	\$ 5,770.68	\$ 251,099.68	5/1/2035*	3/6/2017
		\$ 34,871,540.92	\$ 10,058,910.82	\$ 48,057,599.85		

*Indicates Mandatory Repayment Date

Projected Monthly Cash Flow - One Year Projection

Date 3/6/2017

Attachment #3

School District
Muskegon Heights Public Schools

	March 17	April 17	May 17	June 17	July 17	August 17	September 17	October 17	November 17	December 17	January 18	February 18
Beginning Balance	\$ 566,782	\$ 922,596	\$ 781,417	\$ 767,441	\$ 926,149	\$ 934,474	\$ 595,898	\$ 553,489	\$ 193,610	\$ 230,235	\$ 65,500	\$ 74,025
Estimated Receipts												
Taxes	\$ 360,000			\$ 180,000		\$ 280,000	\$ 40,000		\$ 50,000	\$ 50,000		\$ 180,000
Authorizer Fees	\$ 16,523	\$ 15,400	\$ 15,400	\$ 15,400	\$ 15,400	\$ 15,400		\$ 15,400	\$ 15,400	\$ 15,400	\$ 15,400	\$ 15,400
Note Proceeds												
Other Revenue	\$ 14,000	\$ 23,900	\$ 1,000	\$ 1,000	\$ 23,900	\$ 1,000	\$ 1,000	\$ 23,900	\$ 1,000	\$ 1,000	\$ 23,900	\$ 1,000
Total Available Funds	\$ 957,305	\$ 961,896	\$ 797,817	\$ 963,841	\$ 965,449	\$ 1,230,874	\$ 636,898	\$ 592,789	\$ 260,010	\$ 296,635	\$ 104,800	\$ 270,425
Less Estimated Expenditures:												
Payrolls	\$ 26,839	\$ 23,405	\$ 23,405	\$ 30,922	\$ 23,405	\$ 23,405	\$ 26,839	\$ 23,405	\$ 23,405	\$ 30,922	\$ 23,405	\$ 23,405
Other Expenditures	\$ 7,870	\$ 7,570	\$ 6,970	\$ 6,770	\$ 7,570	\$ 7,570	\$ 56,570	\$ 16,270	\$ 6,370	\$ 18,120	\$ 7,370	\$ 7,870
Note Repayment / Set Asides	\$ -	\$ 149,504	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 359,504	\$ -	\$ -	\$ -	\$ -
Other Liens/Loans (Totals)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 604,000	\$ -	\$ -	\$ -	\$ 182,092	\$ -	\$ -
Estimated Ending Balance	\$ 922,596	\$ 781,417	\$ 767,441	\$ 926,149	\$ 934,474	\$ 595,898	\$ 553,489	\$ 193,610	\$ 230,235	\$ 65,500	\$ 74,025	\$ 239,149

Muskegon Heights Public Schools
 Revenues, Expenditures, and Fund Balance
 2016-2017
 As of 3/6/17

	Budget 2016-17	Actuals to Date	Under/(Over) to Date
Beginning Fund Balance	\$ (2,007,918)	\$ (2,007,918)	
Revenue			
Property taxes	\$ 980,000	\$ 431,096	\$ 548,904
Oversight fees	\$ 166,740	\$ 63,811	\$ 102,929
Transfers and Other	\$ 111,490	\$ 84,128	\$ 27,362
Total Revenue	\$ 1,258,230	\$ 579,034	
Expenditures			
Data Technology	\$ 6,750	\$ 8,020	\$ (1,270)
Board of Education	\$ 49,820	\$ 43,870	\$ 5,951
Executive Administration	\$ 90,870	\$ 51,412	\$ 39,458
Business Services	\$ 273,320	\$ 140,532	\$ 132,788
Building Services	\$ 100,500	\$ 86,087	\$ 14,413
District Technology	\$ 3,460	\$ 2,837	\$ 623
Emergency Loan Payments	\$ 506,490	\$ 356,980	\$ 149,510
Transfers and Other	\$ 182,100	\$ 251,524	\$ (69,424)
Total Expenditures	\$ 1,213,310	\$ 941,261	
Revenues Less Expenditures	\$ 44,920	\$ (362,226)	
Projected Ending Fund Balance	\$ (1,962,998)	\$ (2,370,144)	

REVENUES

ACTUAL

11-0111-0000-000-0000-000000-000000-	PROPERTY TAXES CURRENT	-424,263.43
11-0151-0000-000-0000-000000-000000-	EARNINGS ON INVEST & DEPOSITS	-0.25
11-0191-0000-000-0000-000000-000000-	RENTALS	-3,400.00
11-0199-0000-000-0000-000000-000000-	MISCELLANEOUS	-80,727.92
11-0321-0000-000-0000-000000-000000-	PPT REIMBURSEMENT	-6,832.20
11-0519-0000-001-0000-000000-000000-	3% AUTHORIZER FEE - MHPSA	-63,810.69
		-579,034.49

EXPENDITURES

ACTUAL

11-1-225-5910-000-0000-000000-000000-	OFFICE SUPPLIES	60.00		
11-1-225-7410-840-0000-000000-000000-	LICENSING FEES & RENEWALS	7,630.35		
11-1-226-4220-899-0000-000000-000000-	COPY MACHINE	329.60	\$	8,020
11-1-231-3170-000-0000-000000-000000-	LEGAL SERVICES	24,929.50		
11-1-231-3180-000-0000-000000-000000-	AUDIT SERVICES	16,315.00		
11-1-231-7410-000-0000-000000-000000-	DUES & FEES	2,625.00	\$	43,870
11-1-232-3150-000-0000-000000-000000-	CONTRACTED SERVICES	36,733.60		
11-1-232-3210-000-0000-000000-000000-	COST OF TRAVEL (MILEAGE)	1,611.66		
11-1-232-3430-000-0000-000000-000000-	MAILING	371.55		
11-1-232-7910-000-0000-000000-000000-	MISCELLANEOUS	12,694.93	\$	51,412
11-1-252-1620-033-0000-000000-000000-	ACCOUNTING SPECIALIST	53,044.92		
11-1-252-2130-000-0000-000000-000000-	HOSPITALIZATION	18,690.89		
11-1-252-2820-033-0000-000000-000000-	CONTRIB TO ST&LOC RETIRE FUNDS	13,402.71		
11-1-252-2830-033-0000-000000-000000-	EMPLOYER SOCIAL SECURITY	4,057.92		
11-1-252-2840-033-0000-000000-000000-	WORKMAN'S COMPENSATION	122.04		
11-1-252-3150-030-0000-000000-000000-	CONTRACTED SERVICES	47,447.37		
11-1-252-3220-030-0000-000000-000000-	TRAVEL & CONFERENCE	1,190.75		
11-1-252-5910-030-0000-000000-000000-	OFFICE SUPPLIES	326.73		
11-1-252-7410-000-0000-000000-000000-	INTEREST & FEES EXPENSE	2,248.49	\$	140,532
11-1-261-3190-100-0000-000000-000000-	CONTRACTED SERVICES	17,466.95		
11-1-261-3410-000-0000-000000-000000-	TELEPHONE CHARGES	3,191.46		
11-1-261-3830-000-0000-000000-000000-	WATER & SEWAGE	795.56		
11-1-261-3840-000-0000-000000-000000-	WASTE & TRASH DISPOSAL	396.00		
11-1-261-3910-000-0000-000000-000000-	INSURANCE	48,592.02		
11-1-261-4110-000-0000-000000-000000-	LAND AND BLDGS-REPAIRS & MAINT	5,523.79		
11-1-261-5510-000-0000-000000-000000-	HEATING FUEL	4,882.26		
11-1-261-5520-000-0000-000000-000000-	ELECTRICITY	5,239.03	\$	86,087
11-1-284-3410-000-0000-000000-000000-	CELL PHONE CHARGES	2,836.80	\$	2,837
11-1-411-8910-000-0000-000000-000000-	TRANSFERS TO MHPSA	69,431.44		
11-1-511-7110-994-0000-000000-000000-	PRINCIPAL PMT - EMERGENCY LOAN	205,000.00		
11-1-511-7230-994-0000-000000-000000-	INTEREST PMT - EMERGENCY LOANS	151,980.00	\$	356,980
11-1-634-8110-000-0000-000000-000000-	QZAB TRANSFER - DEBT RETIREMEN	182,092.42	\$	251,524
			\$	941,261