

**School District of the City of Muskegon Heights  
Receivership Transition Advisory Board Agenda  
Wednesday, November 21, 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. October 17, 2018 (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)

**IV. PUBLIC COMMENT**

**V. ADJOURNMENT**

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

Wednesday, October 17, 2018  
Conference Room  
2603 Leahy St.  
Muskegon Heights, MI 49444

**MINUTES**

**I. Call to Order**

Chair Michael Wrobel called the meeting to order at 4:01p.m.

**A. Roll Call**

Members Present – 3

Dale Nesbary (via phone)  
John Schrier  
Michael Wrobel

Members Absent – 1

Patrice Johnson  
Clinton Todd

One RTAB member participated via phone as provided in Article IV, Section 5 of Board Resolution 2016-2. A quorum was present.

**B. Approval of Minutes**

Motion by Mr. Schrier to approve the draft minutes of the September 19, 2018 meeting as presented. Motion moved and seconded by Dr. Nesbary. The RTAB approved the minutes.

**II. Old Business**

None

**III. New Business**

**A. News and Updates**

Chair Wrobel provided background on uncertainty behind the System's FY 2018 budget in which was estimated a \$900 thousand operating deficit. The System has now issued a press release identifying the audit has found the operating deficit to be much less than originally anticipated at approximately down \$112 thousand. This amounts to approximately 14% as a percent of total revenue for the general fund.

For next month, Chair Wrobel noted the next meeting is scheduled to occur the day before Thanksgiving and opened discussion on whether to keep the meeting or reschedule. It was determined that a quorum will be able to attend and therefore no action was taken to move the meeting at this time.

## **B. Monthly Reports**

### **i. Liabilities Report**

Mr. Lewis reported no change in Liabilities for the previous month. Liabilities are expected to decrease next month as the result of payments.

### **ii. Cash Flow Projections**

Mr. Lewis noted the City of Muskegon Heights overpaid property taxes to the district. The District is not at fault but will need to pay back an amount estimated around \$130 thousand.

Chair Wrobel followed up with clarifying questions. Mr. Lewis noted the auditors are working to get an exact amount from the City but will estimate the amount for the audit if no answer is received in time. There is a deadline to submit annual financial statements by November 1<sup>st</sup> of each year.

### **iii. Comparison of Budgeted Revenue and Expenditure to Actual**

Mr. Lewis reported the FY 2018 budget numbers do not include the adjustment for property taxes at this moment. A surplus fund balance is still expected for the year, but revenues will be less than budgeted. For FY 2019, expenses are currently greater than revenues due to the timing of income and expenditures for the beginning of the fiscal year.

Mr. Schrier noted legal expenses for FY 2019 were \$5 thousand compared to \$14 thousand for all of FY 2018. Mr. Lewis reported this includes payments from July to present and that he can provide a breakdown of the legal fees incurred if requested. This amount also includes audit fees.

**IV. Public Comment**

Dorothy Gill-Jackson, Treasurer, Muskegon Heights Alumni Association.

Joseph Warren, President, Muskegon Heights Alumni Association.

Mark Glover, Vice President, School District of the City of Muskegon Heights Board of Education.

**V. Adjournment**

There being no further business, the Chair Wrobel adjourned the meeting at 4:26p.m.

DRAFT



# Muskegon Heights Public Schools

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

Date: November 13, 2018

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

From: John Lewis, Assistant Superintendent

Re: Board Meeting Packet for November 21, 2018

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Attached, please find the Muskegon Heights Public Schools 2018/19 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 report for 2018/19 as of November 5, 2018.

The 2017/18 is finally complete. As of June 30, 2018, the general fund balance sits at \$29,385. This amount has been carried over to the beginning balance of the 2018/19 budget to actual reports.

Per this report, we have yet to collect any operating taxes for the current fiscal year. This may be due to the potential recalculation of disbursements from the overpayment issue we discussed at the last meeting. We are still waiting to hear back from the city on how they plan to proceed.

Expenses continue to fall in line as predicted for the most part. We may have slightly higher than expected legal fees for the first half of the year, but I believe those will taper off in the months that follow. If necessary, we will adjust these expenses in the late spring/early summer.

## **Cash Flow Statement**

We have adjusted our cash flow to reflect the potential tax disbursement issue as discussed above. Even with the negative \$140,000 adjustment, the district should be able to meet all its obligations and keep a positive cash flow for the current year.

December 2018 looks to be the low point in terms of cash balance, but that is mostly due to scheduled emergency loan and QZAB payments.

### **Liabilities Report**

The liability report has slightly changed since the last report as the district made interest payments on the outstanding 2016 refunding bonds. Interest payments on the emergency loans will not come due until December 2018.

## Attachment #3

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	10/31/2018
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	10/31/2018
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	10/31/2018
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	10/31/2018
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	10/31/2018
GF	NA	2007 Energy Conservation Improvement Bonds	12/19/2007		Long	\$ 3,149,000	\$ -	\$ 3,149,000	12/19/2022	10/31/2018
DF	5.00%	2016 Refunding Bonds, Series A	3/29/2016		Long	\$ 12,845,000	\$ 3,632,047	\$ 16,477,047	5/1/2029	10/31/2018
DF	1.74%-2.61%	2016 Refunding Bonds, Series B	3/26/2016		Long	\$ 4,225,000	\$ 46,044	\$ 4,271,044	5/1/2021	10/31/2018
DF	3.41%	School Bond Loan Fund	Annual		Long	\$ 2,212	\$ 163	\$ 2,375	5/1/2035*	10/31/2018
DF	3.41%	School Loan Revolving Fund	Annual		Long	\$ 2,048,249	\$ 42,681	\$ 2,090,930	5/1/2035*	10/31/2018
				\$ 14,004,000		\$ 36,273,461	\$ 9,742,810	\$ 46,387,706		

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  
11/2/2018

Attachment #4

School District  
Muskegon Heights Public Schools

	November 18	December 18	January 19	February 19	March 19	April 19	May 19	June 19	July 19	August 19	September 19	October 19
<b>Beginning Balance</b>	\$ 353,694	\$ 665,594	\$ 270,074	\$ 446,684	\$ 530,833	\$ 706,266	\$ 703,716	\$ 923,549	\$ 550,585	\$ 494,735	\$ 732,585	\$ 747,935
<b>Estimated Receipts</b>												
<b>Taxes</b>	\$ 320,000		\$ 180,000	\$ 87,000	\$ 180,000		\$ 223,892			\$ 240,000	\$ 40,000	
<b>Taxes - Tech Millage</b>	\$ 15,000			\$ 27,000	\$ 25,000			\$ 21,187			\$ 15,000	\$ 15,000
<b>Authorizer Fees</b>	\$ 15,500	\$ 15,500	\$ 15,500	\$ 15,500	\$ 15,500	\$ 15,500	\$ 15,500	\$ 15,500	\$ 15,500	\$ 15,500		\$ 15,500
<b>ELN Proceeds</b>												
<b>Other Revenue</b>	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
<b>Total Available Funds</b>	\$ 705,194	\$ 682,094	\$ 466,574	\$ 577,184	\$ 752,333	\$ 722,766	\$ 944,108	\$ 961,236	\$ 567,085	\$ 751,235	\$ 788,585	\$ 779,435
<b>Less Estimated Expenditures:</b>												
<b>Payrolls</b>	\$ 15,579	\$ 17,149	\$ 14,070	\$ 14,070	\$ 15,579	\$ 14,070	\$ 15,579	\$ 17,149	\$ 14,070	\$ 14,070	\$ 14,070	\$ 15,579
<b>Other Expenditures</b>	\$ 9,020	\$ 9,570	\$ 5,820	\$ 5,280	\$ 5,488	\$ 4,980	\$ 4,980	\$ 4,780	\$ 58,280	\$ 4,580	\$ 11,580	\$ 7,580
<b>Emergency Loan Payment</b>	\$ -	\$ 203,209	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 367,535	\$ -	\$ -	\$ -	\$ -
<b>Tech Millage to PSA</b>	\$ 15,000	\$ -	\$ -	\$ 27,000	\$ 25,000	\$ -	\$ -	\$ 21,187	\$ -	\$ -	\$ 15,000	\$ 15,000
<b>Other Liens/Loans (Totals)</b>	\$ -	\$ 182,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Estimated Ending Balance</b>	\$ 665,594	\$ 270,074	\$ 446,684	\$ 530,833	\$ 706,266	\$ 703,716	\$ 923,549	\$ 550,585	\$ 494,735	\$ 732,585	\$ 747,935	\$ 741,276



Expenses by Month

	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Jul 19	Aug 19	Sep 19	Oct 19	Totals
Payrolls (including contracted staff)	\$ 15,579	\$ 17,149	\$ 14,070	\$ 14,070	\$ 15,579	\$ 14,070	\$ 15,579	\$ 17,149	\$ 14,070	\$ 14,070	\$ 14,070	\$ 15,579	\$ 181,036
Consumers - electric	\$ 700	\$ 500	\$ 500	\$ 500	\$ 510	\$ 500	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 8,010
DTE - natural gas	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,800	\$ 1,998	\$ 1,500	\$ 1,200	\$ 1,000	\$ 500	\$ 800	\$ 800	\$ 800	\$ 13,398
Waste & Water utility	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 2,640
Audit Fees	\$ 3,000										\$ 7,000	\$ 3,000	\$ 13,000
Legal Fees	\$ 2,500	\$ 2,500	\$ 2,500	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 17,940
Property Insurance									\$ 54,000				\$ 54,000
MAISD Tech Fee		\$ 3,750											\$ 3,750
Epicenter													\$ -
Bank Fees	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 7,200
Misc.	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 12,000
EL Loan Payments		\$ 203,209						\$ 367,535					\$ 570,744
Tech Millage Flowthrough	\$ 15,000	\$ -	\$ -	\$ 27,000	\$ 25,000	\$ -	\$ -	\$ 21,187	\$ -	\$ -	\$ 15,000	\$ 15,000	\$ 118,187
QZAB Energy Bonds		\$ 182,092											\$ 182,092
<b>Totals</b>	<b>\$ 39,599</b>	<b>\$ 412,021</b>	<b>\$ 19,890</b>	<b>\$ 46,350</b>	<b>\$ 46,067</b>	<b>\$ 19,050</b>	<b>\$ 20,559</b>	<b>\$ 410,651</b>	<b>\$ 72,350</b>	<b>\$ 18,650</b>	<b>\$ 40,650</b>	<b>\$ 38,159</b>	<b>\$ 1,183,997</b>

**Muskegon Heights Public Schools**  
 Revenues, Expenditures, and Fund Balance  
 GENERAL FUND  
 2018-19  
 11/2/2018

	Budget 2018-19	Actuals to Date	Under/(Over) to Date
<b>Beginning Fund Balance</b>	\$ 29,385	\$ 29,385	
<b>Revenue</b>			
Property taxes	\$ 1,181,020	\$ 33,839	\$ 1,147,181
Oversight fees	\$ 176,310	\$ 15,974	\$ 160,336
Transfers and Other	\$ 9,500	\$ 3,475	\$ 6,025
<b>Total Revenue</b>	<b>\$ 1,366,830</b>	<b>\$ 53,288</b>	
<b>Expenditures</b>			
Data Technology	\$ 4,520	\$ 82	\$ 4,438
Board of Education	\$ 30,170	\$ 12,592	\$ 17,578
Executive Administration	\$ 68,770	\$ 17,135	\$ 51,635
Business Services	\$ 101,960	\$ 33,450	\$ 68,510
Interest and Fees Expense	\$ 6,400	\$ 1,379	\$ 5,021
Unpaid Auction and Delinquent Tax Fees	\$ 50,670	\$ -	\$ 50,670
Building Services	\$ 98,170	\$ 65,488	\$ 32,682
District Technology	\$ 920	\$ 223	\$ 697
Emergency Loan Payments	\$ 570,750	\$ -	\$ 570,750
Transfers and Other	\$ 305,730	\$ 33,839	\$ 271,891
<b>Total Expenditures</b>	<b>\$ 1,238,060</b>	<b>\$ 164,189</b>	
<b>Revenues Less Expenditures</b>	<b>\$ 128,770</b>	<b>\$ (110,901)</b>	
<b>Projected Ending Fund Balance</b>	<b>\$ 158,155</b>	<b>\$ (81,516)</b>	

REVENUES	DESCRIPTION	AMOUNT
11-0111-0000-000-0000-000000-000000-	PROPERTY TAXES CURRENT	0.00
11-0111-0000-100-0000-000000-000000-	OTHER TAXES	0.00
11-0121-0000-000-0000-000000-000000-	TECH MILLAGE FLOWTHROUGH	-33,839.32
11-0124-0000-000-0000-000000-000000-	PENALTY & INT ON DEL TAXES	0.00
11-0151-0000-000-0000-000000-000000-	EARNINGS ON INVEST & DEPOSITS	0.00
11-0191-0000-000-0000-000000-000000-	RENTALS	-3,400.00
11-0199-0000-000-0000-000000-000000-	MISCELLANEOUS	-75.00
11-0321-0000-000-0000-000000-000000-	PPT REIMBURSEMENT	0.00
11-0519-0000-001-0000-000000-000000-	3% AUTHORIZER FEE - MHPSA	-15,973.98
11-0519-0000-100-0000-000000-000000-	SHARED BUSINESS SVCS	0.00
11-0591-0000-000-0000-000000-000000-	PROCEEDS FROM ISSUANCE OF BOND	0.00
		-53,288.30

EXPENDITURES	DESCRIPTION	AMOUNT	SUMS
11-1-225-7410-840-0000-00000-000000-	LICENSING FEES & RENEWALS		
11-1-226-4220-899-0000-00000-000000-	COPY MACHINE	82.40	\$ 82.40
11-1-231-3170-000-0000-00000-000000-	LEGAL SERVICES	5,292.00	
11-1-231-3180-000-0000-00000-000000-	AUDIT SERVICES	7,300.00	
11-1-231-7410-000-0000-00000-000000-	DUES & FEES		\$ 12,592.00
11-1-232-3150-000-0000-00000-000000-	CONTRACTED SERVICES	17,019.60	
11-1-232-3210-000-0000-00000-000000-	COST OF TRAVEL (MILEAGE)		
11-1-231-3220-007-0000-00000-000000-	TRAVEL - TRINELL SCOTT	115.00	
11-1-232-3430-000-0000-00000-000000-	MAILING		
11-1-232-7910-000-0000-00000-000000-	MISCELLANEOUS		\$ 17,134.60
11-1-252-1620-033-0000-00000-000000-	ACCOUNTING SPECIALIST	20,769.21	
11-1-252-2130-000-0000-00000-000000-	HOSPITALIZATION	5,686.57	
11-1-252-2820-033-0000-00000-000000-	CONTRIB TO ST&LOC RETIRE FUNDS	4,991.31	
11-1-252-2830-033-0000-00000-000000-	EMPLOYER SOCIAL SECURITY	1,588.86	
11-1-252-2840-033-0000-00000-000000-	WORKMAN'S COMPENSATION	0.63	
11-1-252-3150-030-0000-00000-000000-	CONTRACTED SERVICES		
11-1-252-3220-030-0000-00000-000000-	TRAVEL & CONFERENCE		
11-1-252-5910-030-0000-00000-000000-	OFFICE SUPPLIES	413.70	\$ 33,450.28
11-1-252-7410-000-0000-00000-000000-	INTEREST & FEES EXPENSE	1,379.48	\$ 1,379.48
11-1-259-7610-000-0000-00000-000000-	TAXES ABATED & WRITTEN OFF		\$ -
11-1-261-3190-100-0000-00000-000000-	CONTRACTED SERVICES	2,345.28	
11-1-261-3410-000-0000-00000-000000-	TELEPHONE CHARGES	173.65	
11-1-261-3830-000-0000-00000-000000-	WATER & SEWAGE	350.82	
11-1-261-3840-000-0000-00000-000000-	WASTE & TRASH DISPOSAL	192.00	
11-1-261-3910-000-0000-00000-000000-	INSURANCE	54,814.00	
11-1-261-4110-000-0000-00000-000000-	LAND AND BLDGS-REPAIRS & MAINT		
11-1-261-5510-000-0000-00000-000000-	HEATING FUEL	4,134.24	
11-1-261-5520-000-0000-00000-000000-	ELECTRICITY	3,477.66	\$ 65,487.65
11-1-284-3410-000-0000-00000-000000-	CELL PHONE CHARGES	223.17	\$ 223.17
11-1-411-8910-000-0000-00000-000000-	TRANSFERS TO MHPSA	33,839.32	
11-1-511-7110-994-0000-00000-000000-	PRINCIPAL PMT - EMERGENCY LOAN		
11-1-511-7230-994-0000-00000-000000-	INTEREST PMT - EMERGENCY LOANS		\$ -
11-1-634-8110-000-0000-00000-000000-	QZAB TRANSFER - DEBT RETIREMEN		\$ 33,839.32
		\$ 164,188.90	\$ 164,188.90

**Muskegon Heights Public Schools**  
 Revenues, Expenditures, and Fund Balance  
 DEBT SERVICE - 2016 REFUNDING BONDS  
 2018-19  
 11/2/2018

		Actuals to Date
<b>Beginning Fund Balance</b>	<b>\$</b>	<b>148,927</b>
<b>Revenue</b>		
Tax Revenues	\$	366,629
SBLF/SLRF (State Bond Loan Programs)	\$	-
<b>Total Revenue</b>	<b>\$</b>	<b>366,629</b>
<b>Expenditures</b>		
Tax Chargebacks & Auction Property	\$	-
Principal Payments	\$	-
Interest Payments	\$	369,790
<b>Total Expenditures</b>	<b>\$</b>	<b>369,790</b>
<b>Revenues Less Expenditures</b>	<b>\$</b>	<b>(3,161)</b>
<b>Projected Ending Fund Balance</b>	<b>\$</b>	<b>145,766</b>

<b>Account</b>	<b>Description</b>	
32-0111-0000-000-0000-000000-000000-	PROPERTY TAX LEVY	-366,546.45
32-0111-0000-100-0000-000000-000000-	OTHER TAXES-HSBF	0.00
32-0124-0000-000-0000-000000-000000-	PENALTY & INT ON DEL TAXES	0.00
32-0151-0000-000-0000-000000-000000-	EARNINGS ON INVESTMENTS-HSBF	-82.83
32-0321-0000-000-0000-000000-000000-	PPT REIMBURSEMENT	0.00
32-0591-0000-000-0000-000000-000000-	BOND PROCEEDS	0.00
32-0595-0000-000-0000-000000-000000-	STATE LOAN PROGRAM-HSBF	0.00
32-0596-0000-000-0000-000000-000000-	PROCEEDS FROM REFINANCING DEBT	0.00
32-0596-0000-001-0000-000000-000000-	PREMIUM ON REFUNDING BONDS	0.00
32-0599-9000-000-0000-000000-000000-	DUE TO/FROM	0.00
32-0631-0000-000-0000-000000-000000-	TRANSFER IN	0.00
		-366,629.28

<b>Account</b>	<b>Description</b>	
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	0.00
32-1-511-7110-000-0000-000000-000000-	PRINCIPAL - 2006 REF BDS	0.00
32-1-511-7230-000-0000-000000-000000-	INTEREST-HSBF	369,790.00
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  
 2018-19  
 11/2/2018

	Actuals to Date
<b>Beginning Fund Balance</b>	<b>\$ 2,016,299</b>
<b>Revenue</b>	
Earnings on Investment	\$ 10,089
Transfers In	\$ -
<b>Total Revenue</b>	<b>\$ 10,089</b>
<b>Expenditures</b>	\$ -
<b>Total Expenditures</b>	<b>\$ -</b>
<b>Revenues Less Expenditures</b>	<b>\$ 10,089</b>
<b>Projected Ending Fund Balance</b>	<b>\$ 2,026,388</b>



<b>Account</b>	<b>Description</b>	
34-0151-0000-000-0000-000000-	EARNINGS ON INVESTMENTS	-10,089.20
34-0611-0000-000-0000-000000-	QZAB TRANSFER	0.00