

FINANCIAL PLAN
for the
SCHOOL DISTRICT OF THE CITY OF MUSKEGON HEIGHTS
under the
Local Financial Stability and Choice Act,
2012 PA 436, MCL 141.1541 to 141.1575

November 25, 2013

Part 1

Authorization

Section 1.01. Written Financial and Operating Plan. This written financial and operating plan for the School District of the City of Muskegon Heights is required by Section 11 of the Local Financial Stability and Choice Act, 2012 PA 436, MCL 141.1541. A financial plan must provide for all of the following:

- (a). Conducting all aspects of the operations of the District within the resources available according to the Manager's revenue estimate.
- (b). The payment in full of the scheduled debt service requirements on all bonds, notes, and municipal securities of the District, contract obligations in anticipation of which bonds, notes, and municipal securities are issued, and all other uncontested legal obligations.
- (c). The modification, rejection, termination, and renegotiation of contracts pursuant to section 12 of the Act.
- (d). The timely deposit of required payments to the pension fund for the District or in which the local government participates.
- (e). An educational plan.
- (f). Any other actions considered necessary by the Manager in the Manager's discretion to achieve the objectives of the Plan, alleviate the financial emergency, and remove the local government from receivership.

Section 1.02. Objectives

This financial and operating plan for the District has both of the following objectives:

- (a). Assuring that the District is able to be provided a system of free public elementary and secondary schools and other public educational services to residents of the District.
- (b). Assuring the fiscal accountability of the District.

Section 1.03. Deficit Elimination Plan.

As authorized by the Act, this financial and operating plan also shall serve as a deficit elimination plan for the School District of the City of Muskegon Heights otherwise required by law for the District, if approved for that purpose by the State Superintendent of Public Instruction.

Part 2

Definitions

Section 2.01. Definitions. As used in this written financial plan:

- (a). “Act” means the Local Financial Stability and Choice Act, 2012 PA 436, MCL 141.1541 to 141.1575
- (b). “Board” means the school board of the District, as that term is defined under the Act.
- (c). “Code” means The Revised School Code, 1976 PA 451, MCL 380.1 to 380.1852.
- (d). “District” means the School District of the City of Muskegon Heights.
- (e). “Manager” means the emergency manager for the District appointed under the Act.
- (f). “Plan” means this written financial and operating plan for the District.

Section 2.02. Singular or Plural Terms. Every word or defined term in this Plan importing the singular number only may extend to and embrace the plural number, and every word or defined term importing the plural number may be applied and limited to the singular number.

Section 2.03. References to Statutes. A reference to a statute or portion of a statute in this Plan shall be deemed to include the latest amendments to the statute or portion of a statute.

Section 2.04. Catch lines. The catch line heading of any section of this Plan shall not be deemed to be a part of the section or the Plan, or be used to construe the section more broadly or narrowly than the text of the section would indicate, but shall be deemed to be inserted for purposes of convenience.

Part 3

Plan Duration

Section 3.01. Plan Effective. This Plan is effective beginning in the 2013-2014 fiscal year, which began on July 1, 2013 and ends on June 30, 2014.

Section 3.02. Plan Duration. This Plan will remain in effect until the scheduled debt service requirements on all bonds, notes, and securities of the District and all other uncontested legal obligations of the District are fully satisfied and paid in full, as determined by the Manager.

Section 3.03. Plan Expiration. It is currently projected that the scheduled debt service requirements on all bonds, notes, and securities of the District and all other uncontested legal obligations will be fully satisfied and paid in full in the District's 2041-2042 fiscal year. Accordingly, this Plan will expire on June 30, 2042 and will no longer be effective on July 1, 2042.

Part 4

Revenue Estimate

Section 4.01. Revenue Estimate. The Manager estimates that the District will generate revenue in the following amounts from the following sources in the fiscal year beginning on July 1, 2013 and ending on June 30, 2014:

Property taxes under Section 1211 of the Code ¹	\$1,207,026
Sinking fund revenue	\$ 0
Other property taxes	\$ 0
Oversight fees under Section 502(6) of the Code	\$ 277,155
Asset sales	\$ 10,000
Other revenue	\$ 0
TOTAL	\$1,494,181

A table providing a revenue estimate for each fiscal year in which this Plan is effective (FY 2013-2014 to FY 2041 to 2042) is attached as Appendix A.

Section 4.02. Revised Revenue Estimate. The Manager will reexamine the revenue estimate not less than once each fiscal year. If reexamination results in a reduced revenue estimate, the Manager will modify this Plan to conform to the revised revenue estimate.

¹ While this Plan remains in effect, if authorization of the electors of the District is required to levy a millage under Section 1211 of the Code, before any authorization is scheduled to expire, the Manager will order, as necessary, 1 or more school millage elections for the District placing the question of renewal of the millage before the electors of the District as authorized by Section 28 of the Act.

District Operations

Section 5.01. Limited District Operations. Beginning with the 2013-2014 fiscal year, the operations of the District will be conducted within the limited resources available to the District and will be restricted to the following functions and responsibilities:

- (a). Assuring the timely payment of financial obligations of the District, including, but not limited to, scheduled debt service on all bonds, notes, and securities of the District and all other uncontested legal obligation of the District.
- (b). Levying and collecting District taxes.
- (c). Budgeting for the District.
- (d). Overseeing the activities of the Muskegon Heights Public School Academy System as an authorizer of a public school academy under Part 6A of the Code.
- (e). Performing functions of the District relating to school elections.
- (f). Exercising functions and responsibilities of the Manager relating to the District under the Act.

While this Plan is in effect the District will expend no funds for the direct provision of public educational services by the District in public schools operated by the District.

Section 5.02. Debt Service Obligations. The Manager will assure the payment in full of the scheduled debt service requirements on all bonds, notes, and securities of the District and other uncontested legal obligations for the District. The estimated obligations of the District are detailed in Appendix B.

Section 5.03. Pension Fund Payments. The Manager will assure the timely deposit of any required District payments to the Michigan Public School Employees' Retirement System under The Public School Employees Retirement Act of 1979, 1980 PA 300, MCL 38.1301 to 38.1467.

Section 5.04. Books and Records. The Manager will regularly examine the books and records of the District. The Manager may require the attendance of witnesses and the production of books, papers, contracts, and other documents relevant to an analysis of the financial condition of the District. All officers and employees of the District shall fully cooperate with the Manager regarding the Manager's examination of the books and records of the District.

Section 5.05. Payroll and Other Claims. The Manager will review any payrolls or other claims against the District before payment. No payments for payroll or other

claims against the District may be made without the express authorization of the Manager.

Section 5.06. Contracts. The Manager will negotiate, renegotiate, approve, and enter into all contracts on behalf of the District. No contract may be entered into or amended by the District without the express authorization of the Manager. The Manager may employ or contract for, at the expense of the District and with the approval of the State Superintendent of Public Instruction, auditors and other technical personnel considered necessary to implement this Plan. The Manager also may enter into contracts, including, but not limited to, contracts with other school districts, the Muskegon Area Intermediate School District (“MAISD”) for the provision of services to the District in a manner that allows this District to conduct the operations of the District within the limited resources available to the District and consistent with this Plan.

Section 5.07. State and Federal Funds. The Manager will receive and disburse on behalf of the District all federal, state, and local funds earmarked for the District, including, but not limited to, funds for specific programs and the retirement of the District’s debt. No federal, state, or local funds received by the District may be disbursed by the District without the express authorization of the Manager.

Section 5.08. Budgets and Expenditures. Each fiscal year, the Manager will adopt a final budget for the next fiscal year of the District. The Manager will have exclusive authority to amend any adopted budget of the District. The authorization to expend funds in a budget is not a mandate to spend. At any time, the Manager may reduce expenditures authorized in the District’s budget.

Section 5.09. Collective Bargaining. The Manager will act as the exclusive agent of the District in any collective bargaining with any District employees. To the fullest extent possible under Michigan law, the Manager may renegotiate any existing labor agreements and negotiate new labor agreements.

Section 5.10. Positions and Vacancies. The Manager may create a new position or approve or disapprove the creation of any new position within the District. The Manager may approve or disapprove the filling of a vacancy in any permanent position within the District by any appointing authority within the District. No new position within the District may be created or vacant position filled without the express approval of the Manager.

Section 5.11. Borrowing and Obligations. The Manager may borrow money on behalf of the District and approve or disapprove the issuance of obligations of the District as the Manager determines necessary for the implementation of this Plan. The District may not borrow any money or issue obligations without the express approval of the Manager.

Section 5.12. Sale of Assets. The Manager will sell or otherwise use the assets of the District to meet past or current obligations as the Manager determines necessary for the implementation of this Plan. The assets of the District may not be sold or otherwise used to meet District obligations without the express approval of the Manager.

Section 5.13. Sinking Fund. The Manager may expend money from any sinking fund established by the District under Section 1212 of the Code for the construction or repair of a school building of the District and as the Manager determines necessary to preserve or enhance the value of an asset of the District, such as an expenditure to physically secure a school building owned by the District.

Section 5.14. Superintendent Services. The District will not directly employ a Superintendent. The Manager will exercise the authority and responsibilities affecting the financial condition of the District that are prescribed by law to the Superintendent of the District to the fullest extent permitted by law. If it is necessary for a person other than the Manager to perform other authority or responsibilities prescribed by law to the Superintendent of the District, the Manager will contract with the MAISD for the intermediate superintendent of the MAISD to exercise the authority or responsibilities for the District or for the MAISD to provide another person to exercise the authority or responsibilities for the District.

Section 5.15. Internal Reorganization. The Division of the Office of the Emergency Financial Manager is established within the District. All other divisions and functions within the District are transferred to and consolidated within the Division of the Office of the Emergency Financial Manager. All heads of divisions within the district other than the Division of the Office of Emergency Financial Manager are removed. All divisions within the District other than the Division of the Office of Emergency Financial Manager are abolished. The Manager shall serve as the head of the Division of the Office of the Emergency Financial Manager. The following positions are established within the Division of the Office of Emergency Financial Manager:

- a. Emergency Financial Manager.
- b. Financial Control Manager.

Part 6

IMPLEMENTATION

Sec. 6.01. Public Availability of Plan. In compliance with Section 11(4) of the Act, the Manager will conduct a public informational meeting on the Plan and any modifications to the Plan at 6 p.m. on Thursday, December 19, 2013 at the following location:

**Muskegon Heights High School Auditorium
2441 Sanford St.
Muskegon Heights, MI 49444**

Sec. 6.02. Reexamination of Plan. This Plan will be reexamined at least every 6 months by the Manager and the Treasurer, or his or her designee.


Sec. 6.03. Modification of Plan. The Manager may from time to time modify this Plan as the Manager determines necessary to advance the objectives of this Plan. If the Manager reduces revenue estimates for the District, the Manager will modify the plan to conform to the revised revenue estimates. Prior to implementing any modification, the Manager will first notify the Treasurer and the State Superintendent of Public Instruction.

Sec. 6.04. Issuance of Orders. As authorized under Section 10 of the Act, the Manager will issue to the appropriate elected and appointed officials and employees, agents, and contractors of the District the orders the Manager considers necessary for the timely and satisfactory implementation of this Plan

Sec. 6.05 Submission of Plan. This Plan was developed after consultation with the State Treasurer and the State Superintendent of Public Instruction and is submitted to the State Treasurer as required by Section 11 of the Act. A copy of this Plan will be transmitted to the State Superintendent of Public Instruction, the superintendent of the District, and the Board.

This Plan is adopted as the written financial plan for the District required under the Act.

Adopted by:


Gregory Weatherspoon
Emergency Financial Manager for the
School District of the City of Muskegon Heights

11/25/13
Date

APPENDIX A

REVENUE ESTIMATE

FY 2013-2014

To

FY 2041-2042

Muskegon Heights Public Schools
Estimated Revenue

Section 4.01. **Revenue Estimate.** The Manager estimates that the District will generate revenue in the following amounts from the following sources during the following fiscal year(s) beginning July 1 and ending June 30:

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
Property taxes under Section 1211 of the Code (1)	\$ 1,207,026	\$ 1,170,816	\$ 1,135,691	\$ 1,135,691	\$ 1,135,691	\$ 1,135,691	\$ 1,135,691	\$ 1,135,691	\$ 1,135,691	\$ 1,135,691	\$ 1,135,691	\$ 1,135,691	\$ 1,135,691	\$ 1,135,691
Sinking Fund revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Oversight fees under Section 502(6) of the Code	\$ 277,155	\$ 277,155	\$ 277,155	\$ 277,155	\$ 277,155	\$ 277,155	\$ 277,155	\$ 277,155	\$ 277,155	\$ 277,155	\$ 277,155	\$ 277,155	\$ 277,155	\$ 277,155
Asset Sales	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenue (State Aid)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Revenue (Deferred from prior year)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 1,494,181	\$ 1,447,971	\$ 1,412,846	\$ 1,412,846	\$ 1,412,846	\$ 1,412,846	\$ 1,412,846	\$ 1,412,846	\$ 1,412,846	\$ 1,412,846	\$ 1,412,846	\$ 1,412,846	\$ 1,412,846	\$ 1,412,846

	2027-2028	2028-2029	2029-2030	2031-2032	2032-2033	2033-2034	2034-2035	2035-2036	2036-2037	2037-2038	2038-2039	2039-2040	2040-2041	2041-2042
Property taxes under Section 1211 of the Code (1)	\$ 1,135,691	\$ 1,135,691	\$ 1,135,691	\$ 1,135,691	\$ 1,135,691	\$ 1,135,691	\$ 1,135,691	\$ 1,135,691	\$ 1,135,691	\$ 1,135,691	\$ 1,135,691	\$ 1,135,691	\$ 1,135,691	\$ 1,135,691
Sinking Fund revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Oversight fees under Section 502(6) of the Code	\$ 277,155	\$ 277,155	\$ 277,155	\$ 277,155	\$ 277,155	\$ 277,155	\$ 277,155	\$ 277,155	\$ 277,155	\$ 277,155	\$ 277,155	\$ 277,155	\$ 277,155	\$ 277,155
Asset Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenue (State Aid)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Revenue (Deferred from prior year)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 1,412,846	\$ 1,412,846	\$ 1,412,846	\$ 1,412,846	\$ 1,412,846	\$ 1,412,846	\$ 1,412,846	\$ 1,412,846	\$ 1,412,846	\$ 1,412,846	\$ 1,412,846	\$ 1,412,846	\$ 1,412,846	\$ 1,412,846

[1] While this Plan remains in effect, if authorization of the electors of the District is required to levy a millage under Section 1211 of the Code, before any authorization is scheduled to expire, the Manager will order, as necessary, 1 or more school millage elections for the District placing the question of renewal of the millage before the electors of the District as authorized by Section 41(2)(f) of the Act.

APPENDIX B

ESTIMATE OF OBLIGATIONS

FY 2013-2014

To

FY 2041-2042

