# Muskegon Heights Public Schools Financial Update

Donald Weatherspoon Emergency Manager June 24, 2013



<ul> <li>Non-Homestead (mills)</li> <li>Debt Retirement</li> </ul>	18 <u>12.5</u>
Total Millage	30.5
City of Muskegon Heights Muskegon Montague	68.75 58.23 61.87

## Millage Rates

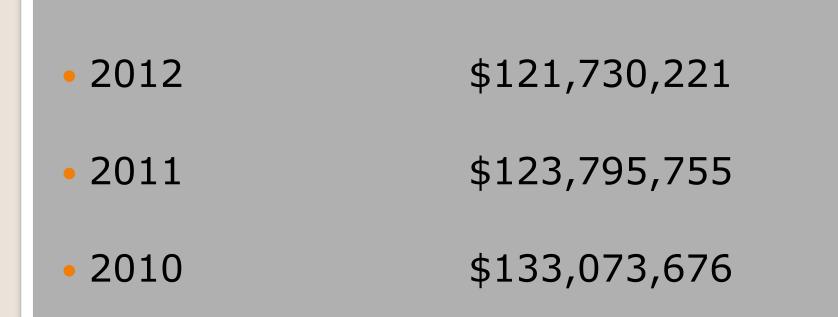
<ul> <li>2006 High School Refunding Bonds</li> <li>QZAB Energy Conservation Bonds</li> <li>School Bond Loan Fund*</li> </ul>	\$18,885,000 3,149,000 2,702,933
<ul> <li>School Loan Revolving Fund*</li> </ul>	<u>1,011,232</u>
Total Long-Term Debt Obligations	\$25,748,165

Outstanding

\*Figures were taken from the 2011/12 audited financial statements

## **Long-Term Debt Obligations**





#### City of Muskegon Heights – All Taxable Values



• 2010 \$899,061

The City of Muskegon Heights may still owe over \$100K to the school district. This issue is still being reviewed by both the city and school district.

### **Delinquent Tax Collections**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	
Property Taxes	\$1,244	\$1,207	\$1,170	
Oversight Fees (PSA)	277	277	277	
Asset Sales	50	10	-	
Other Revenue (State Aid)	107	-	-	
Federal Revenue (Deferred from PY)	1,048	-	-	

**Totals** 

\$2,726 \$1,494 \$1,447

### **Revenue Estimates (in thousands)**

- Outstanding debt
- Future revenue streams
- Stability of student population
- Excess properties
- Continued operating costs
- Litigation costs
- Technology Enhancement Millage

## **Ongoing Concerns**

- \$19 million for the bond approved by voters in 1989 at 12.5 mills
- \$3.5 million owed on a QZAB bond (energy efficiency bond - paid off in 2023)
- \$1.5 million to Office of Retirement Svs.
- Unemployment & Workmen's Comp
- Utilities (City of MH \$49K)
- \$11 million to the State of Michigan

## **Outstanding Debt (Estimated)**

#### **18 mills Non-Homestead Property Tax**

- Debt paid off by 2041 (estimated)
- Non-Homestead Expires in 2028
- \$7.7 million + \$2.4 million = \$10.1 million
- Balance Due:
  - 1% increase in property tax value = \$230,000
  - 1% decrease in property tax value = \$10.8 mil.
- Voters will be asked to renew for 16 years

### **Future Revenue Streams**

#### **MHPS Academy System**

- Must survive on estimated \$7,100 state per-student funding
- Fewer students means less funding
- 1,268 2012 (1,426 in 2011)

## **Stability of Student Population**

#### Sold

• E. Grace Loftis sold for \$7,000

#### Transferred to the State Land Bank\* July 1

- Roosevelt Elementary
- Lindbergh Elementary
- Glendale Elementary

\*Michigan Housing Development Authority

## **Surplus Properties**

#### Estimated to be \$200,000

- One full-time district employee
   50% of salary paid by Highland Park
- One full-time contractual employee
  - 50% of salary paid by Highland Park
- Two part-time employees (temp. agency)Utilities
- Office supplies

## **Continued Operating Costs**

\$300,000+ in settlements\$200,000 in legal costs

### **2012 Litigation Costs**

- Petitions being circulated for special election
- September 24, 2013
- One Mill for 10 years = \$4.3 million a year
- \$150+ per student, per year
- \$41,000 market value = \$21 more per year
- ALL dollars benefit students
- MAISD gets \$0 by law
- Improve security and technology for all public school students; online testing begins 2014
- Change in law has been requested to extend to PSA systems

### Technology Enhancement Millage

- At this point, district finances have been stabilized and repayment plan is in place
- Admin Building is the lone asset remaining that has not been leased
  - It will be Re-appraised and right-of-first-refusal will be offered to City of MH if a buyer presents an offer
- PA436 requires the EM to develop an exit plan which is in progress; If approved the EM could exit by August 2014
- Only economics, an EM order, or change in law can alter this course of action
- Now the EM's primary focus is academics.

### What's Next?

# Academic Update Public Forum

August 9, 2013 6:00 p.m. Waters Performing Arts Center MHPSAS High School