



**SCHOOL DISTRICT OF THE CITY OF HIGHLAND PARK
REGULAR MEETING OF THE BOARD OF EDUCATION**

**Highland Park Renaissance Academy
45 E. Buena Vista Avenue
Highland Park, Michigan 48203
Tuesday, May 09, 2017
6:00 p.m.**

AGENDA

1. Call to Order

2. Roll Call

3. Communications

A. Public Commentary (None)

B. Student Representative Comments/Report (None)

4. Approval of the Board of Education Meeting Minutes

Approval of the Meeting Minutes of April 11, 2017 (Regular Meeting) to be reviewed and discussed Tuesday, May 09, 2017

5. Emergency Manager Comments/Report

See Attached: Quarterly Report Regarding Financial Conditions-Dated April 14, 2017

6. Board Member Comments/Report

Cheryl Sanford (Board Treasurer) and Teresa Kelly (Board Member) from April 11, 2017

7. New Business

A. The tracking of Highland Park High School Students

1. Where are they enrolled?
2. Percent graduating
3. SAT scores
4. Test results
5. Drop-out rates
6. Etc.

B. Transportation of Highland Park Students

1. How many
2. To what schools
3. Costs



SCHOOL DISTRICT OF THE CITY OF HIGHLAND PARK REGULAR MEETING OF THE BOARD OF EDUCATION

MEETING MINUTES April 11, 2017

1. Call to Order:

The Regular Meeting of the Board of Education of The School District of The City of Highland Park was called to order by Alexis Ramsey, board President at Renaissance Academy, 45 East Buena Vista, Highland Park, Michigan 48203, Tuesday, April 11, 2017 at 6:08 pm.

2. Roll Call:

Present Members: Alexis Ramsey, Eban Morales, Cheryl Sanford,
Linda Wheeler, Morquet Ash-Shafii, and Teresa Kelly

Absent Members: Jamille Edwards

Guest:

3. Communications:

A. **Public Commentary**

None

B. **Student Representative Comment/Reports**

None

4. Approval of the Board of Education Meeting Minutes

There was no quorum present for March 14, 2014 Board of Education Meeting. Therefore, there will be no meeting materials/documents for approval or distribution for the April 11, 2017 meeting.

5. Emergency Manager Comments/Reports

See Attached: Quarterly Report Regarding Financial Conditions (April 14, 2017)

6. Board Member Comments/Report

Cheryl Sanford, board treasurer, raised question/concern regarding the following:

- Why we couldn't house the Adult Education in Highland Park. Since they are in conjunction with Southgate Schools/Michigan Works
- Ms. Sanford would like to invite Dr. Kevin Johnson, Adult Education Director (New Center Community Services) to the meeting.

Teresa Kelly, member, raised concerns regarding the following:

- Broken Window , 2nd Floor, East Wing, Highland Park Renaissance Academy
- Safety Hazard, question, who's responsibility is it to replace damage window (to prevent future destruction of school property)
- Ms. Kelly will contact the attorney (group) who initially handled the law suit (ACLU) against the School District of the City of Highland Park to see if there is any way to get clarification on how we exercise the duty the Appeals Court said the elected board has, namely, to educate the students when the EM had all control.
- Student's have a Right to an Education and to be Proficient in Core Subjects.

7. Next Meeting Date/Time:

Tuesday, May 09, 2017 @ 6:00pm

8. Adjournment:

Motion to convene meeting was called by Alexis Ramsey, board President and supported by board member Cheryl Sanford to adjourn the Board of Education Meeting. Following proper procedure, board President, Alexis Ramsey adjourned the meeting at 6:34 p.m.

Date: 04-11-17

Linda G. Wheeler
Linda G. Wheeler, Secretary
Board of Education





THE SCHOOL DISTRICT OF THE CITY OF HIGHLAND PARK
OFFICE OF THE EMERGENCY MANAGER
12360 Woodward Avenue
Highland Park, Michigan 48203

Kevin A. Smith
Emergency Manager

April 14, 2017

Nick A. Khouri
State Treasurer
Michigan Department of Treasury
430 West Allegan Street
Lansing, Michigan 48922

Brian J. Whiston
State Superintendent of Education
Michigan Department of Education
608 W. Allegan Street
P.O. Box 30008
Lansing, MI 48909

Bert Johnson
State Senator
PO Box 30036
Lansing, Michigan 48909

Latanya Garrett
State Representative
P.O. Box 30014
Lansing, MI 48909-7514

RE: Quarterly Report Regarding Financial Condition

Dear Distinguished Stakeholders:

Enclosed for your review and consideration is my Quarterly Report regarding the financial condition of the School District of the City of Highland Park (the "District"), that I'm submitting in accordance with Section 9(5) of Public Act 436 of 2012, as amended ("PA 436").

This report includes a current (unaudited) cashflow historical statement and projection ("Cash Flow") for this fiscal year ending June 30, 2017, and a statement of the debt obligations of the District. These are two of the important financial indicators for the District and our efforts to understand its financial health. Based on review of those statements, this report summarizes the current assessment of the District's financial condition based on: (1) current cash position, (2) debt obligations and (3) the challenges that need be addressed to return the District to financial stability.

Overview

Cash Flow

The District's goal has been to balance cash to properly manage funds for necessary operational costs and debt service payments. The attached cash flow statement shows the movement of cash in the general fund. Below are highlights and challenges to managing cash at the District.

- ***Balance of District Operations (annual operating cash surplus)*** – As a result of decisions and cost cutting measures implemented since 2012, the District’s annual expenditures for operations no longer exceed annual revenues. For fiscal year ending June 30, 2017, the District projects a cash surplus after operating costs of approximately \$823,000.
- ***Unfunded Debt Obligations results in sustained structural deficit***— Scheduled annual debt service payments, if made, would result in a general fund cash deficit for the fiscal year. The District currently projects making payments on approximately \$1,688,000 in outstanding debt this fiscal year ending June 30, 2017. If all payments are made, the District’s general fund cash balance decreases approximately \$254,000 this fiscal year. This estimate does not take into consideration outstanding ORS payments, which have been deferred to date.
- ***Accuracy of Historical Data*** – The District is in the process of reconciling historical account data to accelerate completion of the District’s outstanding Certified Audited Financial Statements (the “Audits”) for fiscal years ended 2015 and 2016. Subject to completion of those audits, certain assumptions were made regarding historical data.
- ***Status of Fund Balance*** – As of the end of the 3rd quarter of this fiscal year, the District hasn’t completed the outstanding Audits for fiscal years ended June 30, 2015 and 2016. With financial support from the Michigan Department of Treasury (“Treasury”), the District has engaged the certified public accounting firm, The Clairmount Group, PLC, to complete a forensic reconciliation of the District’s accounts and fund balances. By investing the resources to reconcile all accounts, the District has the ability now to expedite completion of the outstanding prior year audits. The District’s independent auditing firm, Yeo & Yeo, expects to have outstanding prior year Audits completed before June 30 of this year.

The benefits of investing these resources now are: (1) the District will then be current on all statutorily required audits, (2) would be prepared to finalize and approve its budget for fiscal year 2017-18, and (3) will be in position to start preparing the Audit for this fiscal year 2016-17 that will be due in November 2017.

Debt Service Statements

The attached debt service documents show the District’s obligations as of March 31, 2017. The Emergency Manager is working with the District’s debtors to reduce the amount of the outstanding obligations.

Other Highlights

Over the past six (6) months the District has taken the following actions to begin the process towards the optimal goal of becoming solvent:

- Secured a no cost settlement with Robert Davis for dismissal of all claims against the District, resulting in elimination of approximately \$240,000 in annual legal expenses.
- Assessed the current operations of the District with the goal of reducing the number of non-critical administrative staffing hours and staffing costs. Eliminated additional bookkeeper staff position.
- Reduced the District’s budgeted annual labor costs by employing all District contract employees through a new staffing company charging 50% lower commission rates.

- Initiated negotiations with unsecured creditors (vendors, utility providers) with the possibility that the Emergency Manager may impose reductions on unsecured amounts by authority of Public Act 436.
- Undertaken review of all settlement options for ORS and UIA obligations.
- Replaced the District's bookkeeping and accounting staff with a contract for onsite accounting and back office and bookkeeping support from CPA firm, The Clairmount Group. We expect this change will result in greater bookkeeping integrity and efficiency, better compliance, lower administrative costs, and ultimately more accurate and current financial information that will help us negotiate and make informed decisions to address the debt obligations that remain for the District before my term expires.

Respectfully submitted,



Kevin A. Smith
Emergency Manager

Enclosures

cc: Eric Scorson, Senior Deputy State Treasurer
Paul Connors, Director, Office of School Review and Fiscal Accountability

The School District of Highland Park
Cash Flow
General Fund Only
Fiscal Year 2016-2017

	July	August	September	October	November	December	January	February	March	April	May	June	Total
Cash beginning balance	1,366,306	1,476,456	1,727,310	2,516,098	1,041,890	1,193,968	1,212,972	3,145,720	1,195,658	1,130,340	1,050,676	849,417	17,166,706
Cash receipts													
Property Taxes	119,378	316,677	810,762	637,958	112,901	73,789	9,216	84,652	7,811	6,972	25,794	317,764	2,019,680
Administrative	34,452	22,698	242	611	6,556	50	762	217	-	30,000	41,500	6,962	57,760
Other Revenue	18,015	242	502	611	242	50	762	217	-	300	300	300	157,680
Interest	57	-41	63	80	108	80	112	114	-	300	300	300	27,753
Total Cash Receipts	181,900	319,608	891,237	719,910	126,985	60,405	17,435	92,794	7,811	37,762	73,556	354,025	2,272,888
Cash disbursements													
Support Services													
General Administration	6,870	16,902	54,654	80,604	24,817	17,192	18,951	980	-	19,161	20,000	10,000	210,141
Legal	1,579	3,000	-	-	271	518	180	410	-	180	180	180	6,679
Audit	8,449	19,802	55,075	30,604	25,088	17,710	24,131	1,410	-	31,341	35,180	50,110	209,010
Board of Education expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Total General Administration	16,898	39,704	109,729	111,208	50,176	35,402	43,162	2,800	-	50,682	55,360	60,290	226,830
Business Services													
Administrative Staff	3,791	-	14,270	13,981	13,091	13,081	28,155	19,940	6,980	19,048	17,288	17,298	157,774
Finance/HR/Compliance	32,888	40,851	14,712	9,863	9,210	9,566	14,036	2,370	39,455	30,000	41,500	24,000	274,481
Charter Oversight/Scientific	-	-	-	-	199	173	376	-	1,439	9,500	-	4,500	18,500
Emergency/Disaster response	591	-	2,330	570	199	173	376	1,945	1,439	-	-	65	5,314
Office Administration	6,306	3,410	4,469	2,088	2,111	5,637	10,144	890	690	1,768	1,768	1,768	31,781
Total Business Services	25,076	37,271	33,841	26,502	24,111	29,357	38,971	18,195	4,874	60,317	65,666	47,516	487,550
Operations and Maintenance													
Rent	5,700	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	33,400
Utilities	604	1,509	1,370	940	1,084	1,004	3,345	1,205	801	11,824	11,214	11,814	49,593
Janitorial	2,901	2,462	638	638	933	580	687	710	462	800	800	800	17,092
Repairs and maintenance	1,651	651	63	-	-	-	-	-	62	65	65	65	1,840
Total Operations and Maintenance	10,223	6,571	3,033	4,178	4,317	4,394	6,632	4,514	4,315	15,219	15,219	15,219	89,165
Total Cash Disbursements before debt service	61,750	76,744	93,949	61,284	53,716	51,461	67,184	34,219	57,939	106,916	115,935	119,035	812,881
Total Cash Disbursements	320,150	160,864	798,778	106,616	73,269	25,004	149,679	66,565	65,248	160,684	149,579	240,591	1,336,616
Surplus/(deficit) before debt service													
Debt Service (Short and Long)													
Principals and Interest - Emergency Loan #1	-	-	-	-	114,193	-	-	-	-	-	-	-	142,185
Principals and Interest - Emergency Loan #2	-	-	-	-	167,998	-	-	-	-	-	-	-	209,645
Principals, Interest and Principal - UIA	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	20,000	10,000	10,000	10,000	140,000
Principals and Interest - Advance	-	-	-	-	-	-	-	-	-	-	-	-	77,610
Principals and Interest - Debt Service	-	-	-	-	284,191	10,000	7,573	8,657	20,000	10,000	165,719	10,000	1,128,044
Total Debt Service	10,000	10,000	10,000	10,000	284,191	10,000	7,573	8,657	20,000	10,000	165,719	10,000	1,687,514
Total Cash Surplus/(Deficit)	110,150	150,864	728,778	1,111,208	110,221	19,004	67,121	49,978	65,288	19,684	109,351	230,591	1,200,691
Surplus/(deficit) - Cash balance	1,476,456	1,727,310	2,516,098	3,109,810	1,193,968	1,212,972	1,445,720	3,145,648	1,130,260	1,050,676	849,417	1,075,008	17,166,706

* Note: Historical data is unaudited.

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. Two emergency loans were issued during the year ended June 30, 2013 under the powers of the emergency manager and communication with the State of Michigan. General obligation bonds are direct obligations and pledge the full faith and credit of the School District.

Long-term bonds and loans are summarized as follows:

School Building and Site Bonds:

\$3,580,000 of School Building and Site Bonds due in installments of \$130,000 to \$870,000 through May 1, 2031; Interest at 3.625 percent to 5.00 percent

2,810,000 Balance at 6/30/14 per the Audit
(will be updated to current amt upon completion of current ytd accounting)

Emergency Loan #1:

\$4,410,000 of Emergency Loan #1 due in installments of \$110,000 to \$205,000 through November 1, 2041; Interest at 2.35 percent

4,305,000 Balance at 6/30/14 per the Audit
(will be updated to current amt upon completion of current ytd accounting)

Emergency Loan #2:

\$3,000,000 of Emergency Loan #2 due in installments of \$75,000 to \$140,000 through November 1, 2041; Interest at 2.30 percent

2,925,000 Balance at 6/30/14 per the Audit
(will be updated to current amt upon completion of current ytd accounting)

10,040,000

Other long-term debt is summarized as follows:

Unemployment Insurance Agency (UIA)

1,240,187.87 Balance at 3/17/17
(see attached)

DTE

(this amount has not yet been verified by The Clairmount Group)

324,230.29 Balance at 2/23/17 per Theresa Maner
(see attached)

Office of Retirement Services (ORS)

(this amount has not yet been verified by The Clairmount Group)

827,511.13 Balance at 10/4/16 per John Lewis
(see attached)

Sinking Fund -- The Sinking Fund is used to record the sinking fund property tax levy and other revenue and the disbursement of invoices specifically designated for technology and major remodeling. The fund will bperate until the purpose for which it was created is accomplished. The Sinking Fund has a significant balance due from the General Fund. (this amount has not yet been verified by The Clairmount Group)

2,547,412.00 Balance at 10/4/16 Per John Lewis
(see attached)

Michigan Dept. of Education-State Aid Advances
(this amount has not yet been verified by The Clairmount Group)

2,973,444.00 Balance at 10/4/16 Per John Lewis
(see attached)

7,912,785.29

17,952,785.29