



TUSCALOOSA CITY SCHOOLS

City of Tuscaloosa Board of Education, Alabama

Special Tax Refunding Warrants, Series 2020

Ratings Presentation

August 18, 2020

Participants

- City of Tuscaloosa Board of Education
 - Dr. Mike Daria, Superintendent
 - Jay Duke, Chief School Financial Officer
 - Eric Wilson, Board Chair
 - Marvin Lucas, Vice Chair
- The Frazer Lanier Company, Incorporated
 - Lee Garrison
 - John Mazyck
- Maynard Cooper & Gale, PC (Bond Counsel)
 - David Ringelstein
- Ryan Law, LLC (Attorney for Board of Education)
 - Dave Ryan



TUSCALOOSA CITY SCHOOLS

FRAZER LANIER

Agenda

- I. Tuscaloosa City Board of Education
- II. Financial Update
- III. Local Economy
- IV. Debt Overview and Financing Plan



TUSCALOOSA CITY SCHOOLS

I. Tuscaloosa City Board of Education

Dr. Mike Daria, Superintendent

Eric Wilson, Board Chair

Marvin Lucas, Board Vice Chair

Dave Ryan, Board Attorney

Tuscaloosa City Schools

High Expectations for Each and Every Student

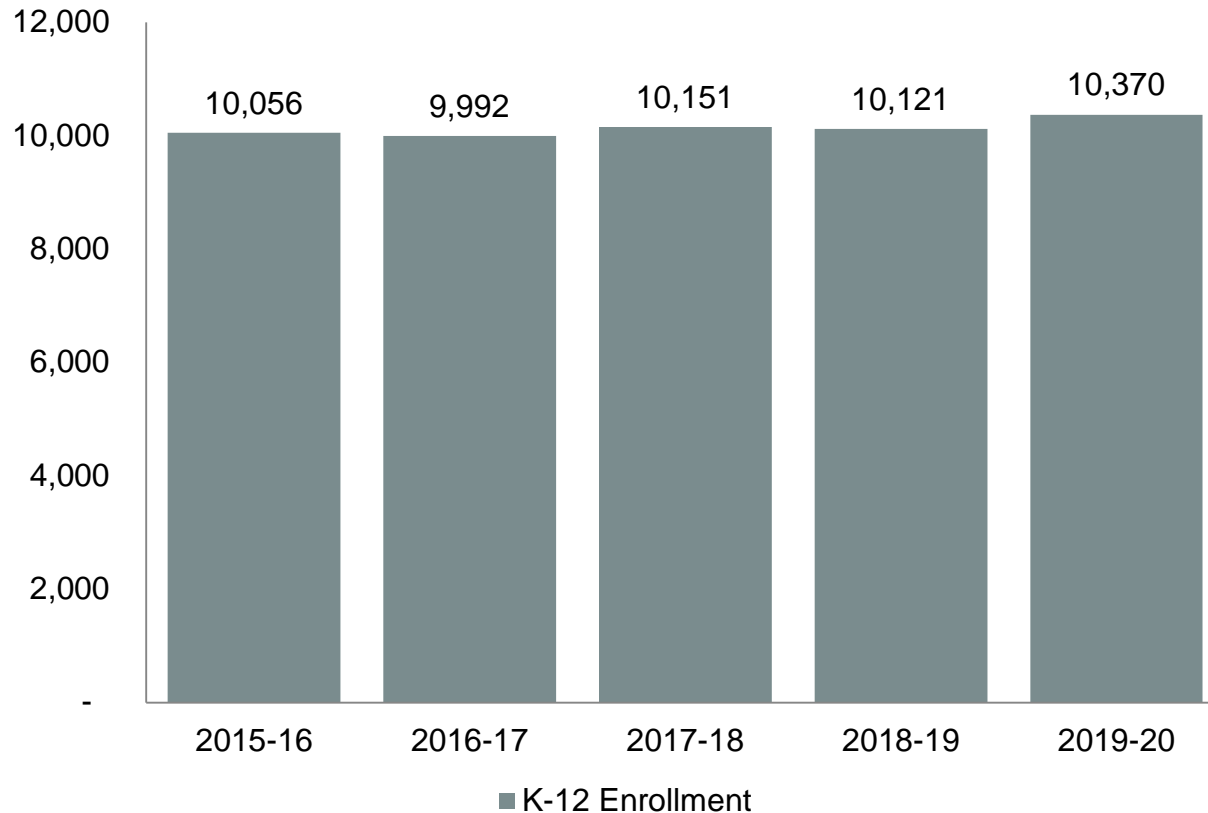
- The mission of the Tuscaloosa City Schools is to create and support a culture of high expectations for each and every student to achieve personal, academic and career excellence.
- The vision of the Tuscaloosa City Schools is to be a premier, innovative school system where each and every student graduates and is fully prepared for life and career success.
- Twenty-one schools comprise the district
 - 11 elementary schools
 - 4 middle schools
 - one K-8 school
 - 3 high schools
 - 2 program sites dedicated to specialty education: one for students receiving alternative education
 - career technical facility for grades 9 – 12.

COVID-19

- March 13, 2020 the Governor declared state public health emergency due to COVID-19
- March 26th: starting April 6th all public K-12 schools required to implement alternative methods of instructions for remainder of academic year
- April 2, 2020 submitted Academic Continuity Plan to ALSDE; approved on April 3, 2020.
- April 3, 2020 the Governor issued a “Stay at Home” order statewide from April 4th through April 30th
- April 28, 2020 the Governor issued a “Safer at Home” order statewide from May 1st through May 15th which has been extended several times and currently expires August 31st
- July 15, 2020 the Governor issued a statewide mask requirement which expires August 31st
- Prior to COVID-19 state and local economy were very strong with better than expected revenues through February 2020. At this time, no proration expected from state revenues
- No significant impact on expenditures expected at this time
 - Additional outlays for instructional supplies for remote learning and sanitation efforts have been incurred although not material. The CARES ACT has funded most of the COVID-19 expenses.
 - Expenditures may decrease due to cancelled activities - most of which are federally-funded.
- No expected staffing changes
- Too early to predict impact on enrollment

Enrollment Update (Average Daily Membership)

- Enrollment has remained steady with a 3.12% increase since 2015
- Due to increase in enrollment in 2019-20, State funding will increase by \$1.3M for 2020-21



Excludes pre-k enrollment

The Role and Vision of the Board

- Discuss the Role and Vision of the BOE and future actions relative to the overall system and the commitment to balance the budget.
- Discuss the unity that exists on the BOE and working relationship with the Superintendent and the CSFO.

Legal

- Discuss how long you have served the BOE and your role in supporting the BOE.
- Discuss any pending legal matters that could harm the district's financial position.



TUSCALOOSA CITY SCHOOLS

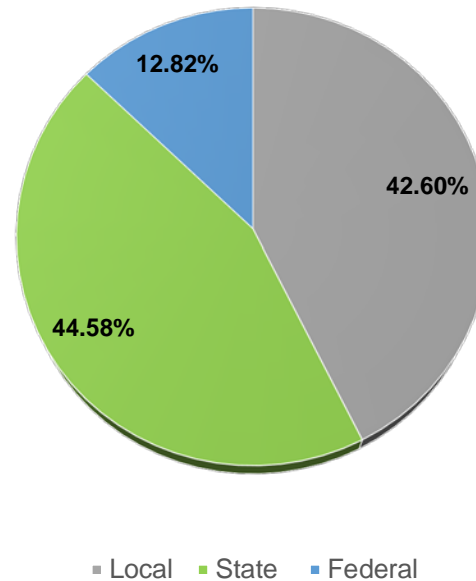
II. Financial Update

Jay Duke, Chief School Financial Officer

Revenue Summary – All Funds

Revenues	FY 2020 Budget	FY 2019 Actual	FY 2018 Actual	FY 2017 Actual	FY 2016 Actual	FY 2015 Actual
Local	\$ 57,959,323	\$ 57,648,855	\$ 57,245,962	\$ 53,789,782	\$ 57,707,202	\$ 55,835,425
State	\$ 67,211,929	\$ 60,322,457	\$ 56,311,190	\$ 54,785,835	\$ 50,749,684	\$ 49,325,087
Federal	\$ 22,547,891	\$ 17,345,790	\$ 16,784,151	\$ 16,926,503	\$ 16,913,345	\$ 23,229,338
Total Revenues	\$ 147,719,143	\$ 135,317,102	\$ 130,341,304	\$ 125,502,120	\$ 125,370,232	\$ 128,389,849
Beginning Fund Balance	\$ 47,312,817	\$ 79,915,498	\$ 161,084,070	\$ 30,007,701	\$ 32,585,308	\$ 29,830,615
Total Revenues and Balances	\$ 195,031,960	\$ 215,232,600	\$ 291,425,374	\$ 155,509,821	\$ 157,955,539	\$ 158,220,464

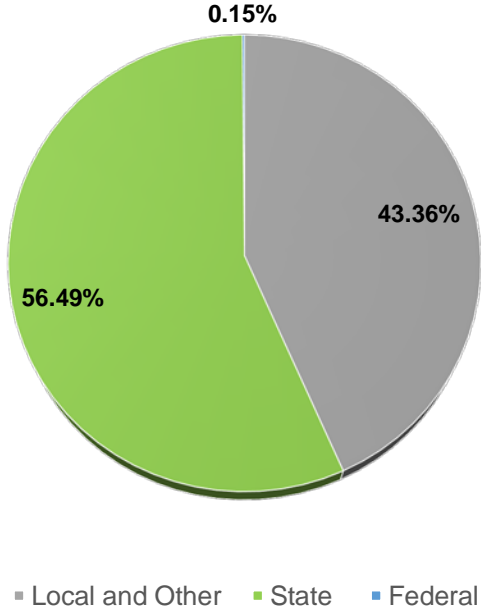
FY 2019 Revenues



Revenue Summary – General Fund

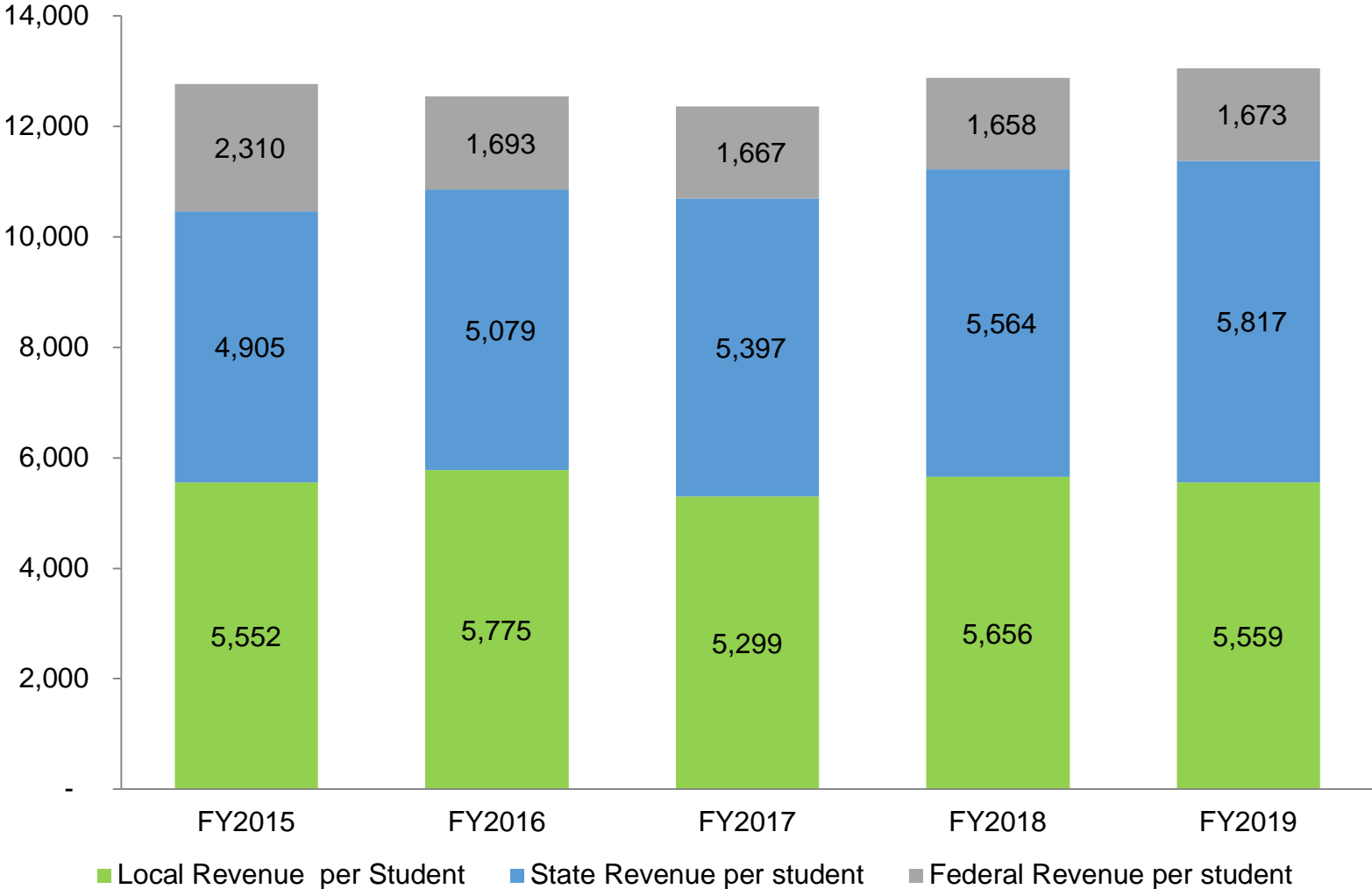
Revenues	FY 2020 Budget	FY 2019 Actual	FY 2018 Actual	FY 2017 Actual	FY 2016 Actual	FY 2015 Actual
Local and Other	\$ 44,698,250	\$ 44,232,519	\$ 43,683,843	\$ 48,561,600	\$ 37,183,051	\$ 34,081,995
State	\$ 60,870,742	\$ 57,623,565	\$ 53,734,151	\$ 53,320,522	\$ 48,561,181	\$ 47,178,621
Federal	\$ 121,500	\$ 156,218	\$ 143,328	\$ 522,466	\$ 133,998	\$ 134,763
Total Revenues	\$ 105,690,492	\$ 102,012,302	\$ 97,561,323	\$ 102,404,588	\$ 85,878,230	\$ 81,395,379
Beginning Fund Balance	\$ 8,755,306	\$ 13,086,864	\$ 16,859,768	\$ 10,807,821	\$ 12,950,655	\$ 14,712,171
Total Revenues and Balances	\$ 114,445,798	\$ 115,099,166	\$ 114,421,091	\$ 113,212,409	\$ 98,828,885	\$ 96,107,550

FY 2019 General Fund Revenues



Revenue Summary – Revenue per Student

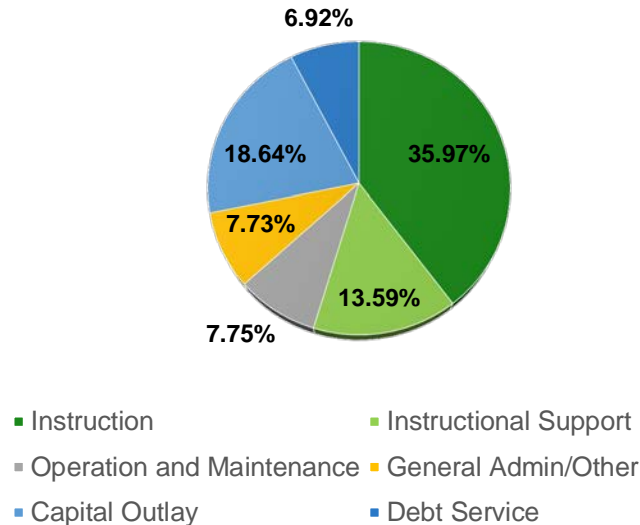
- Revenues per pupil have remained steady over the last 5 years



Expenditure Summary – All Funds

Expenditures	FY 2020 Budget	FY 2019 Actual	FY 2018 Actual	FY 2017 Actual	FY 2016 Actual	FY 2015 Actual
Instruction	\$ 65,118,214	\$ 62,065,672	\$ 58,971,912	\$ 59,369,549	\$ 53,988,590	\$ 52,567,237
Instructional Support	\$ 25,163,342	\$ 23,456,767	\$ 22,708,023	\$ 22,091,871	\$ 20,633,454	\$ 19,258,328
Operation and Maintenance	\$ 14,771,789	\$ 13,371,733	\$ 12,810,114	\$ 12,607,810	\$ 13,868,710	\$ 12,179,029
Auxiliary Services	\$ 15,663,485	\$ 16,234,862	\$ 15,017,486	\$ 14,264,053	\$ 14,466,022	\$ 13,277,565
General Admin/Other	\$ 14,564,335	\$ 13,339,838	\$ 12,436,133	\$ 12,738,868	\$ 11,545,895	\$ 10,355,420
Capital Outlay	\$ 27,785,685	\$ 32,164,619	\$ 83,045,765	\$ 33,974,818	\$ 11,178,830	\$ 10,676,701
Debt Service	\$ 11,350,439	\$ 11,934,730	\$ 11,730,646	\$ 6,296,639	\$ 9,978,468	\$ 9,009,839
Total Expenditures	\$ 174,417,289	\$ 172,568,221	\$ 216,720,078	\$ 161,343,609	\$ 135,659,968	\$ 127,324,118
Ending Fund Balance	\$ 22,250,412	\$ 47,312,817	\$ 79,915,498	\$ 161,084,070	\$ 30,007,701	\$ 32,585,308

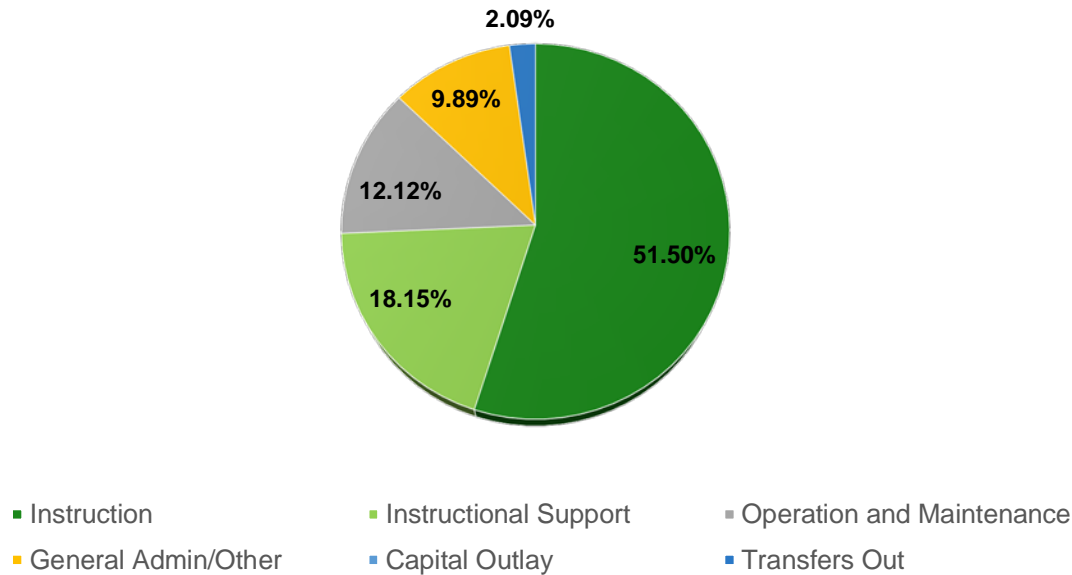
FY 2019 Expenditures



Expenditure Summary – General Fund

Expenditures	FY 2020 Budget	FY 2019 Actual	FY 2018 Actual	FY 2017 Actual	FY 2016 Actual	FY 2015 Actual
Instruction	\$ 55,783,385	\$ 55,646,915	\$ 52,950,730	\$ 52,877,078	\$ 47,916,749	\$ 45,503,906
Instructional Support	\$ 19,854,958	\$ 19,608,675	\$ 19,101,254	\$ 18,432,288	\$ 16,675,729	\$ 15,173,424
Operation and Maintenance	\$ 12,099,410	\$ 13,095,311	\$ 12,435,864	\$ 11,112,621	\$ 10,595,917	\$ 10,107,729
Auxiliary Services	\$ 6,597,993	\$ 6,638,838	\$ 6,112,809	\$ 5,769,168	\$ 5,723,790	\$ 5,010,847
General Admin/Other	\$ 10,579,349	\$ 10,686,405	\$ 9,207,770	\$ 8,791,740	\$ 8,032,568	\$ 7,170,570
Capital Outlay		\$ 130,436	\$ 270,061	\$ 22,860	\$ 128,375	\$ 490,833
Transfers Out	\$ 389,623	\$ 2,255,178	\$ 2,235,896	\$ 859,717	\$ 1,763,135	\$ 1,201,703
Total Expenditures	\$ 105,304,718	\$ 108,061,757	\$ 102,314,385	\$ 97,865,472	\$ 90,836,262	\$ 84,659,011
Ending Fund Balance	\$ 9,517,684	\$ 8,755,306	\$ 13,086,864	\$ 16,859,768	\$ 10,807,821	\$ 12,950,655

FY 2019 General Fund Expenditures



2020 YTD Results (through June 2020)

- Slightly under budget in expenses in the General Fund
- Slightly over budget in revenues in the General Fund
- Total YTD local revenues approximately \$1.4M higher when compared to fiscal 2019
- Receipts of sales tax from March 2020 to July 2020 are disproportionately low compared to the 2019 receipts for the same monthly period, but increased in August
- YTD financials compared to budget through June 2020 included in rating packet

Pledged Sales and Use Taxes

- Although sales taxes increase during football season, the monthly collections are relatively equal.

Board's Share of Monthly Sales Tax Collections					
<u>Month</u>	FY2019	FY2020	Increase/ (Decrease)	FY2021 Estimate	FY2021 Estimate as a % of 2019 Actual
October	\$1,558,465	\$1,763,053	\$204,588	\$1,480,542	95%
November	\$1,590,479	\$1,795,248	\$204,769	\$1,510,955	95%
December	\$1,816,950	\$1,684,813	(\$132,137)	\$1,726,103	95%
January	\$1,607,400	\$1,590,319	(\$17,081)	\$1,543,104	96%
February	\$1,638,748	\$1,676,366	\$37,618	\$1,573,198	96%
March	\$1,597,624	\$1,450,354	(\$147,270)	\$1,533,719	96%
April	\$1,388,754	\$1,379,670	(\$9,084)	\$1,347,091	97%
May	\$1,641,137	\$1,569,304	(\$71,833)	\$1,591,903	97%
June	\$1,545,444	\$1,245,800	(\$299,644)	\$1,499,081	97%
July	\$1,585,482	\$1,437,988	(\$147,494)	\$1,553,772	98%
August	\$1,478,743	\$1,510,800	\$32,057	\$1,449,168	98%
September	\$1,454,000			\$1,424,920	98%
	\$18,903,226	\$17,103,715	(\$345,511)	\$18,233,556	96.46%

FY2020 General Fund Budget to Actual (June)

- General Fund through June 2020
 - Revenues are at 78% of budget
 - Expenditures are at 75% of budget

Revenues	FY 2020 General Fund Budget	FY2020 YTD (June 2020)	% of Budget
Local and Other	\$44,698,250	\$38,823,120	86.86%
State	\$60,870,742	\$44,355,446	72.87%
Federal	\$121,500	\$127,856	105.23%
Total Revenues	\$105,690,492	\$83,306,421	78.82%
Expenditures	FY 2020 General Fund Budget	FY2020 YTD (June 2020)	% of Budget
Instruction	\$55,783,385	\$41,837,539	75.00%
Instructional Support	\$19,854,958	\$14,891,219	75.00%
Operation and Maintenance	\$12,099,410	\$9,074,557	75.00%
Auxiliary Services	\$6,597,993	\$4,948,495	75.00%
General Admin/Other	\$10,579,349	\$7,934,512	75.00%
Transfers Out	\$389,623	\$292,218	75.00%
Total Expenditures	\$105,304,718	\$78,978,539	75.00%

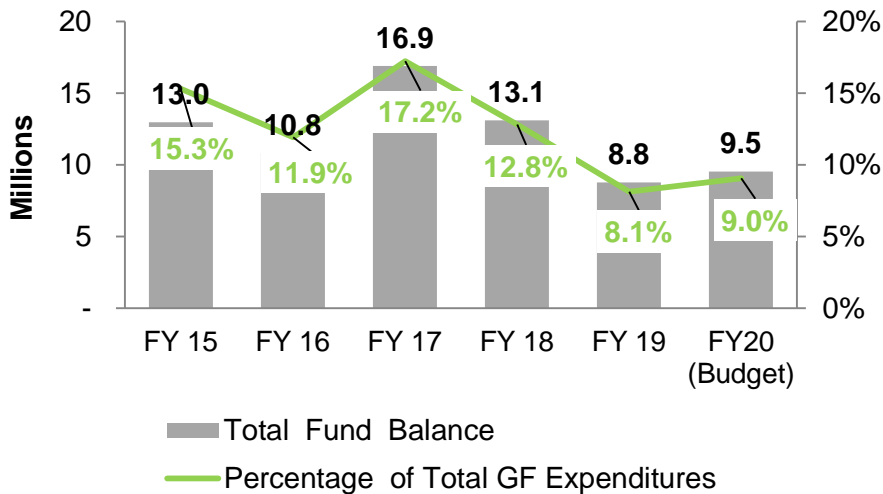
FY 2021 Budget Assumptions

- Biggest revenue assumption is FY2021 Local Sales Tax Estimates (contained on slide 17)
- Other large sources of revenue: 1) State Foundation Program 2) Federal programs and 3) Ad valorem tax are pretty much locked-in, as they are based on a prior year's calculation and the money has already been allocated by the respective agencies.
- The assumptions in expenses are numerous, but all mostly relate to COVID-19, such as:
- Substitute cost; if we have an outbreak involving teachers/employees on numerous and wide-scale occurrences
- Clean-up cost; same as above but if it involves students as well
- Overtime cost for Maintenance Department; same as above
- Supplies (PPE) that might go over and above Federal relief amounts
- Otherwise, we have budgeted for 33 less employees which should be a savings of about \$2.1M

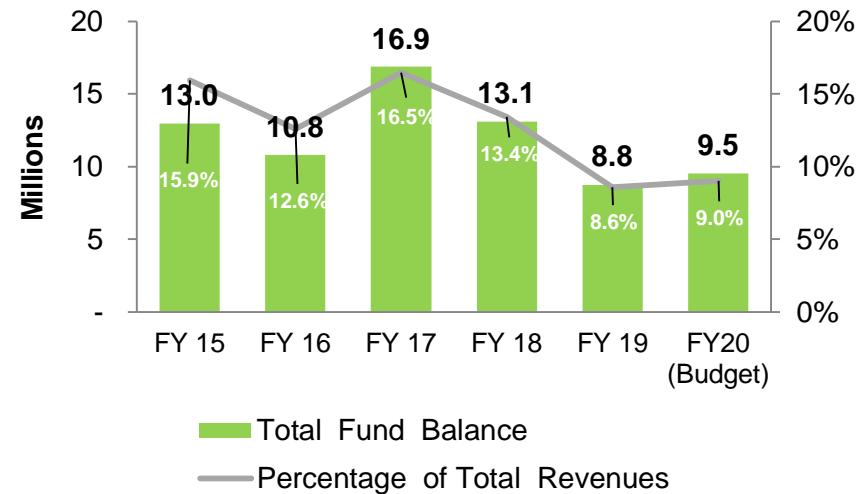
General Fund Balance Trend

- The State has a Fund Balance requirement of 1 month of operating expenditures (8.33%)
- The Board has implemented a policy that matches the State’s Fund Balance requirement
- The Board relies on ALSDE General Fund balance calculations to calculate the Fund Balance requirement

General Fund Balance as a % of Expenditures



General Fund Balance as a % of Revenues



Upcoming Capital Needs

- Currently, the Board does not anticipate any new debt over the next 2-3 years.
- The Board is scheduled to receive \$11.58M in FY2021 from the Alabama Public School and College Authority's upcoming \$1B Capital Outlay Bond issue

Project		Proposed Amount	Projected Year
Eastwood Middle School	Roofing Only	\$400,000.00	2020
Paul W Bryant High School	Roofing Only	\$500,000.00	2020
Rock Quarry Elementary School	Roofing Only	\$500,000.00	2020
Skyland Elementary School	Additions	\$750,000.00	2020
Tuscaloosa Career and Technology Academy	Renovations	\$200,000.00	2020
Verner Elementary School	Land Improvements	\$150,000.00	2020
Central High School	Roofing Only	\$400,000.00	2021
Skyland Elementary School	Roofing Only	\$50,000.00	2021
Tuscaloosa City Board Of Education	Electrical Only	\$300,000.00	2021
Westlawn Middle School	Roofing Only	\$400,000.00	2021
Central Elementary School	Land Improvements	\$100,000.00	2022
Central High School	HVAC Only	\$150,000.00	2022
Northridge High School	HVAC Only	\$150,000.00	2022
Oakdale Elementary School	Roofing Only	\$40,000.00	2022
Paul W Bryant High School	HVAC Only	\$150,000.00	2022
Tuscaloosa Magnet School - Elementary	Roofing Only	\$50,000.00	2022
Central High School	Renovations	\$50,000.00	2023
Oakdale Elementary School	Land Improvements	\$40,000.00	2023
Skyland Elementary School	Land Improvements	\$125,000.00	2023
The Alberta School of Performing Arts	Renovations	\$175,000.00	2023
Tuscaloosa City Board Of Education	Land Improvements	\$700,000.00	2023
Woodland Forrest Elementary School	Land Improvements	\$400,000.00	2023
The Alberta School of Performing Arts	Additions	\$870,000.00	2024
Tuscaloosa Career and Technology Academy	Additions	\$2,000,000.00	2024
Tuscaloosa City Board Of Education	Information Technology	\$3,000,000.00	2024
Tuscaloosa City Board Of Education	Renovations	\$3,000,000.00	2024
Total		\$14,650,000.00	



III. Local Economy

Lee Garrison, Frazer Lanier

Local Economy

- Tuscaloosa, Alabama has a population of approximately 100,000
- Geographic size of 62 square miles
- Median family income of \$43,979
- Home of The University of Alabama, the largest institution of higher education in Alabama with just over 38,000 students.
 - The University of Alabama is also the largest employer in the county with over 11,000 employees.
 - Tuscaloosa also hosts Stillman College, a predominantly African-American 4-year institution, and Shelton State Community College, a two-year institution.



Largest Employers

Employer	Nature of Business	Employees
The University of Alabama	Higher Education	11,403
Mercedes-Benz U.S. International	Automobile Manufacturing	3,900
DCH Regional Medical Center	Medical Services	3,315
County Board of Education	Public Education	2,277
City Board of Education	Public Education	1,446
Warrior Met Coal, Inc	Metallurgical Coal Mining	1,387
Michelin/BFGoodrich Tire	Aftermarket Tire Manufacturing	1,348
City of Tuscaloosa	City Services	1,289
Veterans Administration Hospital	Specialized Healthcare	1,277
Phifer Incorporated	Aluminum/Fiberglass Screening Manufacturing	1,204

Source: Tuscaloosa County Industrial Development Authority

Local Economic Update

Colleges and Universities

- The University of Alabama
- Stillman College
- Shelton State Community College



DCH Regional Medical Center

- DCH Health System includes DCH Regional Medical Center, Northport Medical Center, and Fayette Medical Center.
- 583 beds
- More than 3,300 employees
- Fayette Medical Center Named One of Newsweek's Best Hospitals in the United States for 2020



Local Economic Update

- Discuss current state of the economy relative to the University of Alabama and the on-campus student body that has returned to campus.
- Elevate Tuscaloosa: <https://www.elevatetuscaloosa.com/>
- Tuscaloosa County Road Improvement Commission (TCRIC): <https://www.tcric.org/>
- Downtown/Riverfront Development (Hotels/Retail/Residential/Office/Restaurants/Saban Center/Amphitheater)
- Mercedes Benz (all in on the electric vehicle/new battery plant)
- Automobile Supplier Expansions including Project Orion (1,000 jobs with 200 being engineers)

IV. Debt Overview/Plan of Finance

Jay Duke, CSFO

City of Tuscaloosa BOE Outstanding Debt

Series Name	Outstanding Par	Pledged Revenues	Final Maturity
Series 2011 (APSCA)	13,545,000	PSF Funds	2027
Series 2013 (APSCA)	5,340,395	PSF Funds	2033
2016 Capstone Bank (Fleet Renewal)	3,943,535	State Allocation	2026
Series 2016 School Tax Warrants	146,975,000	Pledged Taxes	2046
2018 Regions Bank (Fleet Renewal)	1,616,354	State Allocation	2028
Series 2018 QZAB	2,000,000	Ad Valorem Tax	2032
Series 2019 (APSCA)	2,696,101	PSF Funds	2039
Total:	176,116,385		

as of: 9/30/2019

Excludes Capital Leases & Notes Payable

Special Tax Refunding Warrants Series 2020

- Refunding Warrants are being issued for the purpose of:
 - Advance refunding a portion the outstanding Special Tax Revenue Warrants Series 2016
 - To pay costs of issuance
- The Series 2016 Warrants were issued for acquisition and construction of new infrastructure and improvements and repairs to existing infrastructure

Sources*		Series 2020
Par amount		100,025,000
Total Sources:		100,025,000
Uses*		
Escrow Deposit		99,410,628
Issuance Expenses		614,372
Total Uses:		100,025,000
*Preliminary, subject to change.		

Debt Service Savings

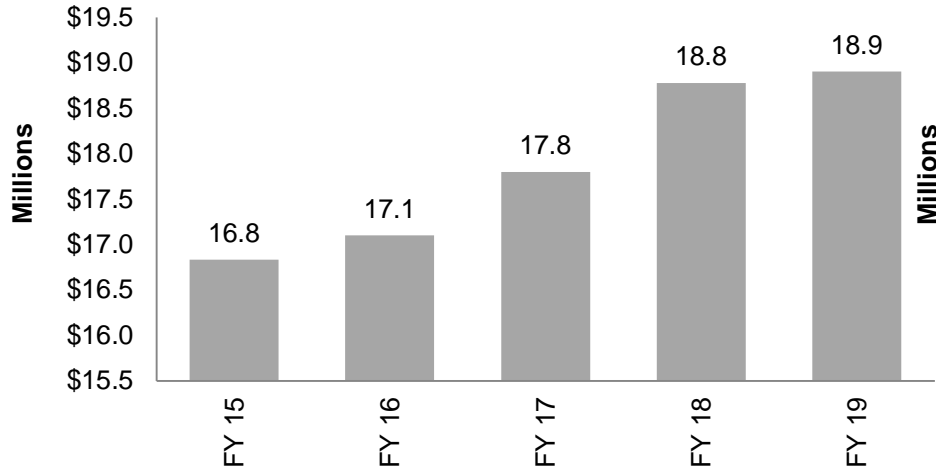
- Proposed refunding of Series 2016 maturities with 5% coupons (2030, 2034-2046)
- Estimated NPV savings of 11.28% (\$8,745,776.17)
- MADS coverage in 2016 was 2.71 and is projected to increase to 2.96
- Additional refunding candidates will be evaluated prior to pricing for efficiency

Fiscal Year	Proposed Series 2020 Debt Service			Unrefunded Debt Service	Total Debt Service	Prior Bonds Total Debt Service	Gross Annual Debt Service Savings
	Principal	Interest	Total				
2021	1,525,000	1,903,026	3,428,026	5,881,650	9,309,676	9,758,400	448,724
2022	1,160,000	2,270,394	3,430,394	5,881,900	9,312,294	9,758,650	446,356
2023	1,170,000	2,257,889	3,427,889	5,884,900	9,312,789	9,761,650	448,861
2024	1,185,000	2,246,154	3,431,154	5,885,150	9,316,304	9,761,900	445,596
2025	1,195,000	2,233,107	3,428,107	5,882,400	9,310,507	9,759,150	448,643
2026	1,210,000	2,219,352	3,429,352	5,886,400	9,315,752	9,763,150	447,398
2027	1,225,000	2,203,368	3,428,368	5,886,400	9,314,768	9,763,150	448,382
2028	1,245,000	2,185,973	3,430,973	5,882,150	9,313,123	9,758,900	445,777
2029	1,260,000	2,166,564	3,426,564	5,883,400	9,309,964	9,760,150	450,186
2030	5,780,000	2,145,408	7,925,408	1,389,400	9,314,808	9,761,150	446,342
2031	1,160,000	2,043,738	3,203,738	6,109,400	9,313,138	9,761,400	448,262
2032	1,180,000	2,022,174	3,202,174	6,110,600	9,312,774	9,762,600	449,826
2033	1,205,000	1,999,058	3,204,058	6,109,200	9,313,258	9,761,200	447,942
2034	6,540,000	1,974,849	8,514,849	800,000	9,314,849	9,762,000	447,151
2035	6,675,000	1,838,229	8,513,229	800,000	9,313,229	9,761,500	448,271
2036	6,820,000	1,692,113	8,512,113	800,000	9,312,113	9,762,750	450,637
2037	5,160,000	1,539,481	6,699,481	2,610,000	9,309,481	9,760,000	450,519
2038	5,265,000	1,421,420	6,686,420	2,627,600	9,314,020	9,760,850	446,830
2039	5,370,000	1,297,798	6,667,798	2,646,600	9,314,398	9,763,100	448,702
2040	5,475,000	1,169,026	6,644,026	2,666,800	9,310,826	9,761,050	450,224
2041	5,590,000	1,034,998	6,624,998	2,688,000	9,312,998	9,759,250	446,252
2042	6,220,000	883,620	7,103,620	2,210,000	9,313,620	9,762,000	448,380
2043	6,370,000	715,183	7,085,183	2,227,600	9,312,783	9,763,350	450,567
2044	6,525,000	542,683	7,067,683	2,246,600	9,314,283	9,762,100	447,817
2045	6,680,000	365,986	7,045,986	2,266,800	9,312,786	9,762,550	449,764
2046	6,835,000	185,092	7,020,092	2,288,000	9,308,092	9,758,750	450,658
Total:	100,025,000	42,556,683	142,581,683	99,550,950	242,132,633	253,790,700	11,658,067

Preliminary, subject to change

Series 2020 Pledged Taxes & Coverage

Pledged Sales and Use Tax Collections



Pledged Ad Valorem Tax Collections



Available Revenues	FY 2015	FY 2016	FY 2017	FY2018	FY2019
Pledged Ad Valorem Taxes	7,615,177	7,863,315	7,917,427	8,542,658	8,760,389
Countywide Sales and Use School Tax	16,833,861	17,097,474	17,796,574	18,777,937	18,903,226
Total Revenues:	24,449,038	24,960,789	25,714,001	27,320,595	27,663,615
Series 2020 & Parity Obligation MADS	9,316,304	9,316,304	9,316,304	9,316,304	9,316,304
Pro-Forma Coverage	2.62	2.68	2.76	2.93	2.97

Preliminary, subject to change

Financing Schedule

Financing Schedule	
Tuesday, August 18 th	Rating Call
Monday, August 24 th	Receive Rating
Tuesday, August 25 th	Post POS
Wednesday, September 2 nd	Price Bonds
Week of September 21 st	Pre-Closing and Closing