

Our Children...Our Finances...Our Future!

July 19, 2016



HOOVER
CITY SCHOOLS

Bank Balances & Investments

(as of May 2016 reconciled statements)

	Cash	Investments	TOTAL
FY2016	\$119,853,736	\$14,845,506	\$134,699,242

Bryant (Cash)	\$5,627,030
Regions (Cash)	\$6,184,089
BB&T (Cash)	\$108,042,617
Investment Account (CDs)	\$14,845,506
TOTAL	\$134,699,242

Current Debt

Warrants & Bonds	Expiration Date	Annual Current Payment	Increased Payment	Amount Outstanding
Capital Outlay Tax Warrant - 2005	2027	\$482,350 (Interest Only)	\$9,108,700 (Year 2026)	\$14,615,000
Refinanced Bonds-2010	2040	\$7,997,700 (Principal & Interest)	\$10,779,087 (Year 2028)	\$109,055,000
Refinanced Bonds - 2012	2025	\$2,349,800 (Interest Only)	\$6,794,100 (Year 2018)	\$51,915,000
TOTAL:				\$175,585,000

Debt-to-Cash Balance & Investments Ratio: \$175,585,000 /\$134,699,242

-\$40,885,758

HCS Revenue FY15 (ADM 13,892.40)

Federal Revenue (minus carryover FY14)	\$6,529,805
State Revenue (minus 10 mill HCS match)	\$69,931,762
Local Revenue (plus 10 mill HCS match)	\$86,103,051
Other Revenue	\$1,456,438
TOTAL	\$164,021,056



LOCAL REVENUE



Longitudinal Review of Local Revenue

(mills = 1/10 of 1 cent)

Year	Special School District Tax (24 mills)	Sales Tax	Allocation from City Council (less cost of SROs)	JeffCo (22.1 mills)	Shelby Co (22 mills)	Total	(Under)/Over from the Previous Year
2011	\$36,218,396	\$1,297,224	\$1,296,339	\$18,267,033	\$8,467,053	\$65,546,045	(\$2,245,483)
2012	\$35,906,045	\$995,213	\$1,259,847	\$19,955,797	\$8,011,498	\$66,128,400	\$582,355
2013	\$35,659,995	\$1,339,282	\$1,293,014	\$20,164,959	\$7,664,125	\$66,121,375	(\$7,025)
2014	\$34,818,775	\$1,036,979	\$1,186,555	\$21,058,169	\$8,173,275	\$66,273,753	\$152,378
2015	\$37,160,907	\$1,459,023	\$1,159,861	\$21,437,487	\$8,161,646	\$69,378,924	\$3,105,171
2016 <i>As of May 2016</i>	\$37,243,612	\$981,607.45	\$1,131,361	\$21,062,884	\$8,556,533	\$68,975,997	n/a

SUPPORT FROM THE CITY OF HOOVER

- \$2,000,000 annually from the City of Hoover (Paid \$868,638.52 back to the City for SRO's for FY15); 2016-2017 City of Hoover will provide all funding for SROs)
- \$1,500 Front Door Fees (Approved December 2015)

Ad Valorem 2005-2016

Year	Amount	Change from Prior Year	% Change
2005	\$49,993,548	\$2,414,751	5.08%
2006	\$54,931,539	\$4,937,991	9.88%
2007	\$58,869,892	\$3,831,158	7.17%
2008	\$63,642,610	\$4,879,913	8.11%
2009	\$65,315,810	\$1,673,200	2.63%
2010	\$65,293,326	-\$ 22,484	-0.03%
2011	\$64,073,659	-\$1,219,667	-1.90%
2012	\$63,873,341	-\$ 200,318	-0.31%
2013	\$63,489,080	-\$ 384,261	-0.60%
2014	\$66,095,490	\$ 2,606,410	3.94%
2015	\$66,760,040	\$664,550	0.99%
2016 Estimate	\$68,165,241	\$1,405,201	2.06%

RENEWAL of the Jefferson County Tax (9,476 HCS Students Reside in JeffCo)

Millage	Last Voted	Last Levy	Last Collection	Amount Based on FY 2015 Receipts
2.1 Mill Countywide	Aug. 27, 1991	Oct. 1, 2020	Oct. 1, 2021	\$1,994,981.64
5.4 Mill Countywide	Aug. 27, 1991	Oct. 1, 2020	Oct. 1, 2021	\$5,129,952.78
0.7 Mill Countywide	Feb. 7, 1891	Does NOT Expire	Does NOT Expire	\$664,993.88
TOTAL				\$7,789,928.30

RENEWAL of the Jefferson County District 66 Tax

Millage	Last Voted	Last Levy	Last Collection	Amount Based on FY 2015 Receipts
13.9 Mill District	Oct. 26, 1993	Oct. 1, 2020	Oct. 1, 2021	\$13,647,558.32

RENEWAL of the Shelby Countywide Tax (4,416 HCS Students Reside in Shelby County)

Millage	Last Voted	Last Levy	Last Collection	Amount Based on FY 2015 Receipts
1.0 Mill County	Feb. 8, 2011	Oct. 1, 2040	Oct. 1, 2041	\$304,130.48
10.0 Mill County	Feb. 8, 2011	Oct. 1, 2040	Oct. 1, 2041	\$3,041,304.83
4.0 Mill County	Feb. 8, 2011	Oct. 1, 2040	Oct. 1, 2041	\$1,216,521.93
1.0 Mill County	Feb. 8, 2011	Oct 1, 2040	Oct. 1, 2041	\$304,130.48
TOTAL				\$4,866,087.72

RENEWAL of the Shelby County District 2 Tax

Millage	Last Voted	Last Levy	Last Collection	Amount Based on FY 2015 Receipts
3 Mill District	Jan. 27, 2004	Oct. 1, 2028	Oct. 1, 2029	\$1,647,779.25
3 Mill District	Jan. 27, 2004	Oct. 1, 2028	Oct. 1, 2029	\$1,647,779.25
TOTAL				\$3,295,558.49

RENEWAL - City Tax

Millage	Last Voted	Last Levy	Last Collection	Amount Based on FY 2015 Receipts
14 Mill City	Apr. 27, 2010	Oct. 1, 2045	Oct. 1, 2046	\$21,677,195.86
10 Mill City	Apr. 27, 2010	Oct. 1, 2045	Oct. 1, 2046	\$15,483,711.33
TOTAL				\$37,160,907.19

Factors Impacting Local Fund Allocations

- **Pay Employees over the State Minimum Salary Schedule**
 - Estimated additional cost over state teacher salary schedule: **\$7,035,379**
 - Estimated annual cost of supplements/stipends (*supplements = “in addition to” employee's base salary; stipend = incentive to participate*) **FY15: \$1,594,095**
 - Estimated cost of the 2% & 4% Pay Increase, all employees: **\$2,320,550**
- **Number of full time equivalent (FTE) certified positions over State Allocation (FY16): 220**
- **Commitment to Technology**
- **Proposed Sale of Old Berry H.S. (\$11,000,000)**
 - \$90,642.12 Annual Utility Savings
- **Variables in Sales Tax**
- **Variables in Ad Valorem**
- **New Home Construction**
- **Allocations from City Council**

2015 Local Revenue Available

Ad Valorem Revenue	\$66,760,040
Sales Tax Revenue	\$1,459,023
Total Ad Valorem & Sales Tax Revenue	\$68,219,063
FY 2015 Foundation Match	\$14,260,730
Debt Service	\$10,836,849
Amount Remaining After 10 Mill Match & Debt Service	\$43,121,484
Amount Remaining Per Pupil	\$3,104
Amount Remaining Per Pupil Rank	4th (out of 136)

BUDGETS



Longitudinal Review of HCS Budgets

Year	Budget Projected Revenues	Actual Revenue	Revenues Over/(Under) Budget	Budget Projected Expenditures	Actual Expenditures	Expenditures (Over)/Under Budget	Use of Reserve Fund
2012	\$145,025,315	\$151,709,636	\$6,684,321	\$165,206,611	\$161,287,738	\$3,918,873	(\$9,578,102)
2013	\$149,818,563	\$216,396,844	\$66,578,281 <i>Bond refinancing</i>	\$165,764,711	\$226,637,818	(\$60,873,107) <i>Debt reduction</i>	(\$10,240,974)
2014	\$157,999,858	\$163,695,925	\$5,696,067	\$167,922,570	\$171,590,090	(\$3,667,520)	(\$7,894,165)
2015	\$160,993,916	\$164,021,055	\$3,027,139	\$170,837,028	\$165,411,134	\$5,425,894	(\$1,390,079)

Budget to 2015 Actual Variance Review

Expenditures in FY15 exceeded revenues by \$1.39 million. The approved budget had projected to spend \$9.84 million more than revenue received. That is a difference of \$8.45 million. Because of the deferral of projects, unexpected income and less-than-anticipated costs, our actual was better than anticipated.

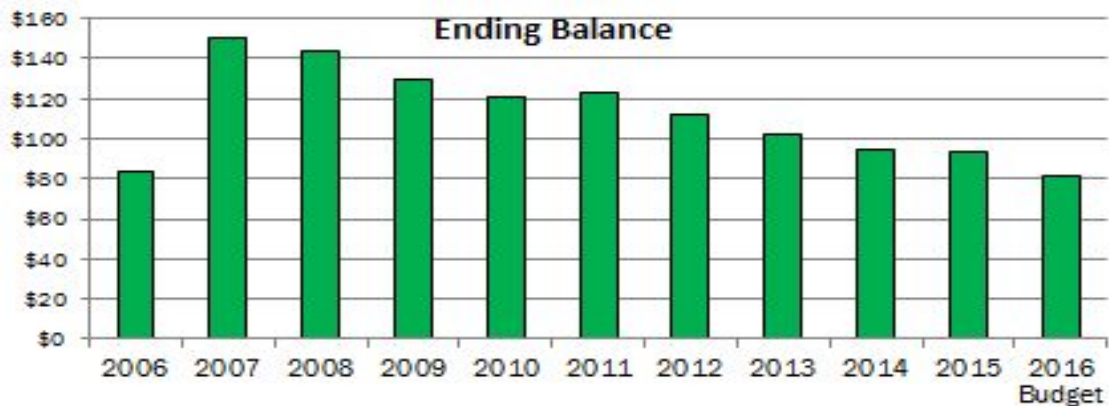
Examples include:

- \$1.4 million deferral of capital projects
- \$1.2 million deferral of bus purchases
- \$0.5 million of utilities cost less than anticipated
- \$1.6 million of personnel cost less than anticipated
- \$0.7 million of technology cost less than anticipated
- \$0.3 million from the receipt of BP Settlement
- \$0.3 million of eRate and other miscellaneous revenues being more than anticipated
- \$2.5 million favorable adjustment to the year-end accrual for salary

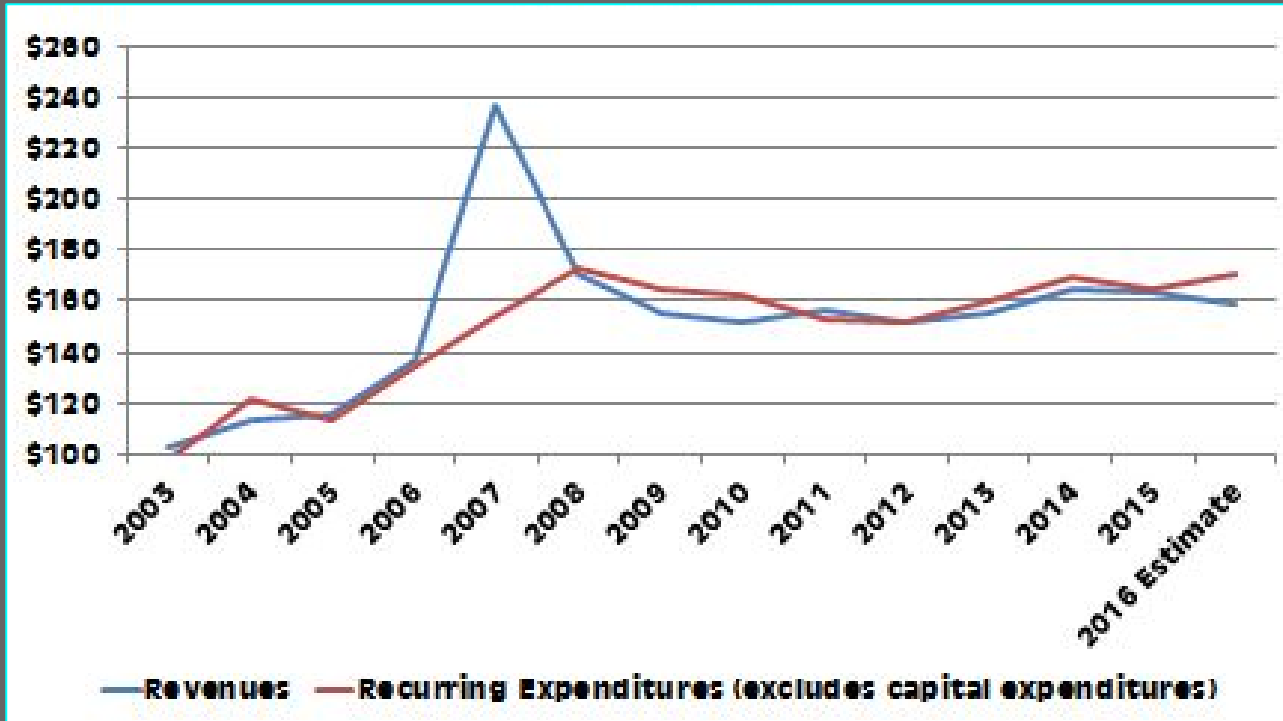
\$8.5 million total

Fund Balance (\$ in millions)

Fund Balance (\$ in millions)



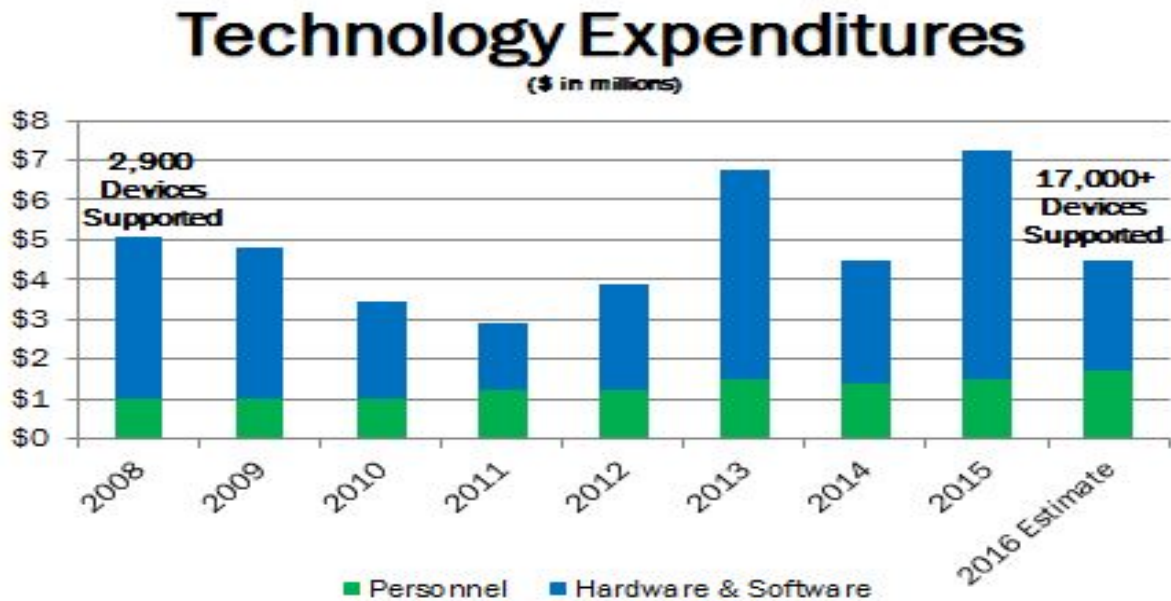
Historical Review (in millions)



HCS Legal Fees FY15

ADM	13,892.40
Total Legal Fees	\$271,769
Per Pupil	\$19.56
Rank	36th (out of 132)

Technology Expenditures (in millions)



FUTURE?

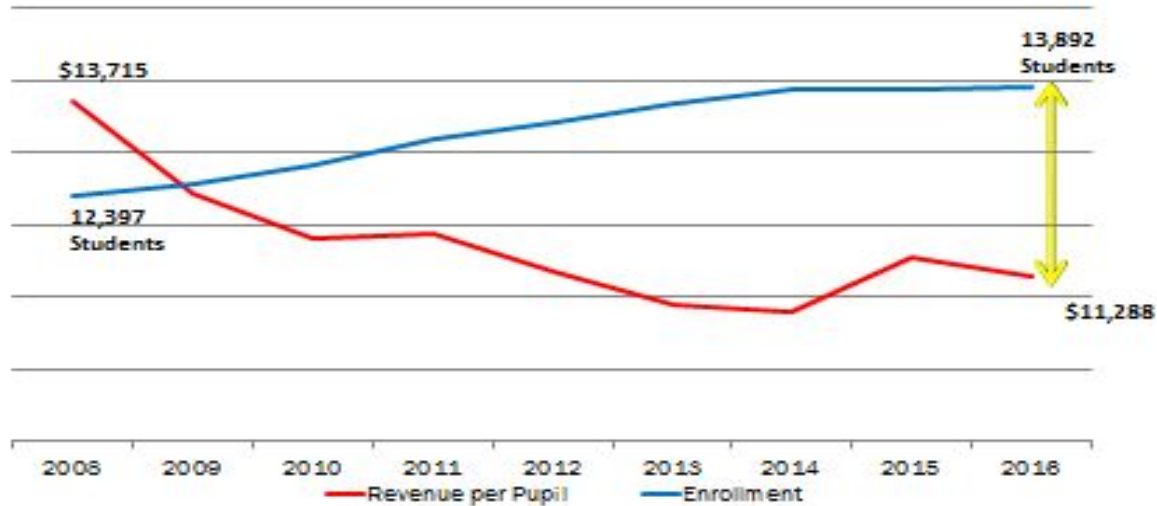


HCS Enrollment History - Five Year Intervals

1988-1989	5,243
1994-1995	7,706
2000-2001	9,792
2005-2006	11,771
2010-2011	13,171
2015-2016	13,846

Revenue/Enrollment

Revenue/Enrollment



HOUSING DEVELOPMENTS IMPACTING HCS

Existing Homes in Hoover	36,977	To Be Built (15+ years)	7,191
Multi-family	10,946	Multi-Family	408
Town Homes	1,484	Town Homes	0
Single Family Detached	23,963	Single Family Detached	6,783
Group Quarters	584	Group Quarters	0

TO DETERMINE THE NUMBER OF STUDENTS FROM NEW HOUSING DEVELOPMENTS:

Average number of students per dwelling (0.378) multiplied by the number of dwellings to be built (7,191) = 2,718.19 additional students; OR

Average number of dwellings per student (2.64) divided into the number of dwellings to be built (7,191) = 2,723.86 additional students

Actions Taken This Year to Reduce Costs

- Delayed filling positions
- Terminated positions
- Reduced or modified instructional programs
- Proposed sale of old BHS
- Delayed state mandated pay increases until October 1st
- Renegotiated vendor contracts
- Delayed capital projects
- Purchasing digital textbooks when possible

Where do we go from here?

- **Consider further reduction of expenditures**
 - decrease personnel (86% of Budget is Personnel) 220 certified employees above state earned units
 - decrease supplements/stipends; change to base amount, not percentages
 - decrease discretionary funds to schools
- **Consider eliminating or further modification of instructional programs**
- **Consider eliminating second collaboration / planning periods at middle / high schools**
- **Consider further consolidation of bus routes**
- **Consider transitioning to a Bring Your Own Device (BYOD) plan**

Where do we go from here?

Consider further reduction of expenditures:

- **Reduce Travel Costs**
- **Reduce Number of Employees with School District Phones**
- **Reduce Length of Contracts**
- **Increase and Enforce Facility Use Fees**
- **Implement Energy Saving Strategies**
- **Address students attending HCS not living in the district**

Where do we go from here?

Consider potential increases in revenue

Federal

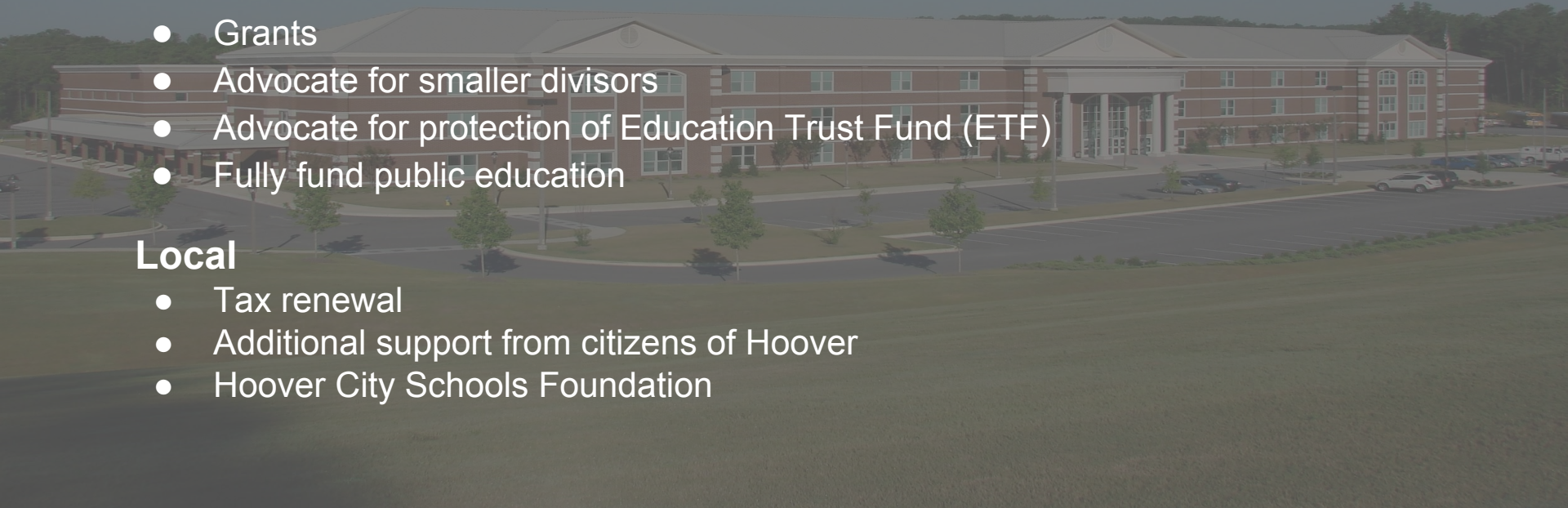
- Grants

State

- Grants
- Advocate for smaller divisors
- Advocate for protection of Education Trust Fund (ETF)
- Fully fund public education

Local

- Tax renewal
- Additional support from citizens of Hoover
- Hoover City Schools Foundation



BEST ECONOMIC DEVELOPMENT ...

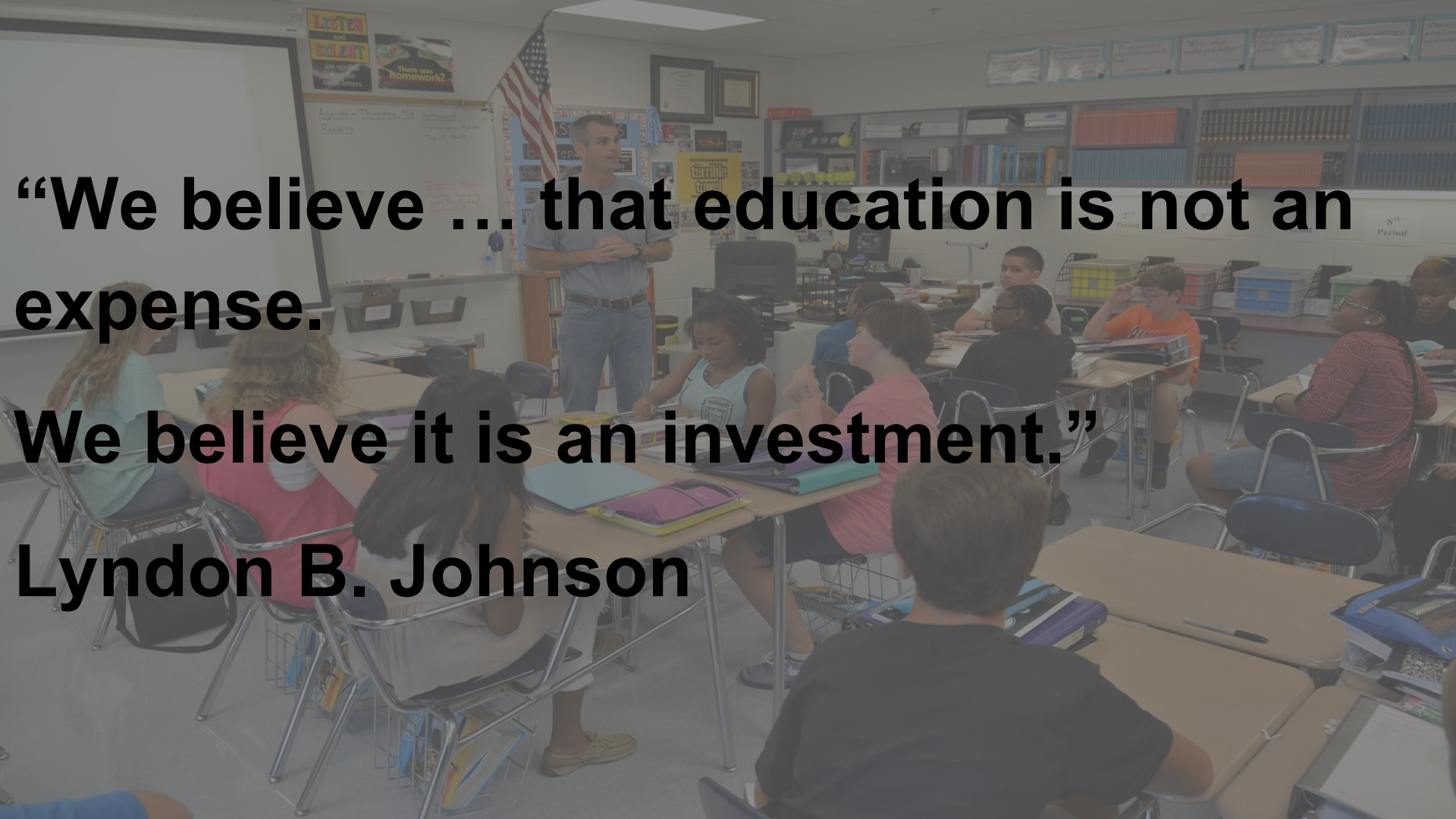
INVEST IN OUR CHILDREN



AS PUBLIC EDUCATION GOES...



SO GOES THE COMMUNITY.

A photograph of a classroom scene. A male teacher in a light blue polo shirt and jeans stands at the front of the room, facing a group of students. The students are seated at desks, some looking towards the teacher. The classroom is filled with educational materials, including a whiteboard with writing, an American flag, and various posters on the walls. The text "We believe ... that education is not an expense." is overlaid in large, bold, black font across the top half of the image.

“We believe ... that education is not an expense.

We believe it is an investment.”

Lyndon B. Johnson

Our Children...Our Finances...Our Future!

August 8, 2016

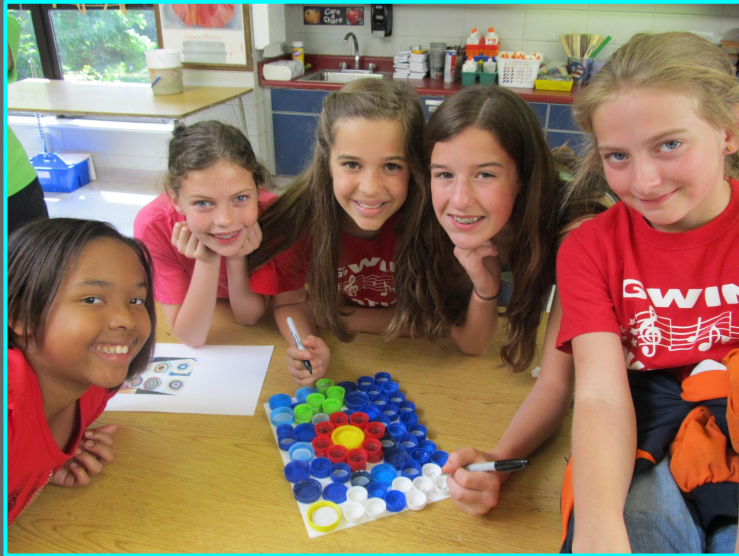


HOOVER
CITY SCHOOLS

FEDERAL FUNDING & STATE FUNDING



HCS Revenue FY15



State Revenue by ADM	\$5,034
State Revenue by ADM Rank	128/136
Federal Revenue by ADM	\$470
Federal Revenue by ADM Rank	133/136
Local Revenue by ADM	\$6,198
Local Revenue by ADM Rank	3/136
Other Revenue by ADM	\$105
Other Revenue by ADM Rank	124/136

Longitudinal Review of Federal Funds

Year	Title I	Title II	Title III	IDEA	IDEA-Preschool	Total
2012	\$766,186	\$180,389	\$93,389	\$2,520,305	\$31,389	\$3,591,658
2013	\$1,125,559	\$176,875	\$64,679	\$2,538,988	\$30,928	\$3,937,029
2014	\$1,218,040	\$152,387	\$122,055	\$2,278,450	\$29,734	\$3,800,666
2015	\$1,224,702	\$205,597	\$143,564	\$2,397,484	\$29,873	\$4,001,220
2016	\$1,081,782	\$145,661	\$135,732	\$2,386,165	\$29,734	\$3,779,074
2017	\$1,239,962	\$141,016	\$108,684	\$2,352,819	\$37,733	\$3,880,214

Child Nutrition Program

FY 2015

CNP is Federally Funded



Total Revenues	\$8,768,561
Total Expenditures	\$9,140,002
Excess Revenues	(\$371,440)
Ending Fund Balance	\$1,206,824
One Month Operating Expense	\$761,667
Two Month Operating Expense (SDE Required)	\$1,523,334
Number of Month's Operating Balance	1.68
Dollar Value Greater Than Two Months	(\$244,919)
Current Assets (July 2016)	\$1,424,389
Current Liabilities (July 2016)	\$288,506
Net Cash Resources (July 2016)	\$1,135,882

Factors Impacting Federal Fund Allocations

- Free/Reduced Lunch (24% in 2015-16)
- English Limited Learners (553 Students in 2015-16)
- Special Education Services (1160 Students Pre-K-12 in 2015-16)
- eRate Changes



STATE FUNDING



State Allocation Calculations

System ADM (Average Daily Membership) - Total, average daily enrollment for HCS during the first 20 days after Labor Day of the current school year to determine next year's allocations. Teacher units determined by dividing the ADM in each grade at each school by the "grade divisor."

Grade Level	State Divisors (Includes Sp. Ed.)	HCS Divisors (Does not include Sp. Ed.)
K-3	14.25	16.75
4-6	21.85	16.75
7-8	20.20	16.75
9-12	18.45	16.00

HCS Earned Units to Actual Units

Year	State Earned Units or Full-Time Equivalents (FTEs)	Actual Units in HCS	FTE Units Over State Earned
2012	814.33	1070.65	256.32
2013	830.52	1071.49	240.97
2014	848.41	1094.19	245.78
2015	861.55	1097.21	235.66
2016	863.11	1090.30	227.19
2017 Estimate	868.48	1064.22	195.74

Foundation Program and Education Trust Fund

Foundation Program - In order to participate in the Foundation Program, HCS must contribute 10 mills

For FY 2017	10 Mills Contribution from HCS to Foundation Program	Foundation Program to HCS
HCS	\$15,305,440	\$61,767,852

Education Trust Fund is used for the support, maintenance and development of public education, debt service and capital improvements relating to educational facilities, and other functions related to educating the state's citizens.

STATE FOUNDATION PROGRAM 2008-2017

Year	Funding ADM	Earned Units	\$ (Less 10 mills)	Per ADM
2008	12,041.75	767.56	\$54,043,754	\$4,488.03
2009	12,397.05	793.39	\$47,155,976	\$3,803.81
2010	12,541.55	801.81	\$43,400,126	\$3,460.51
2011	12,816.55	816.60	\$47,487,069	\$3,705.14
2012	13,170.70	814.33	\$50,693,501	\$3,848.96
2013	13,409.75	830.52	\$52,583,090	\$3,921.26
2014	13,688.75	848.41	\$56,561,789	\$4,131.99
2015	13,882.10	861.55	\$58,884,842	\$4,241.78
2016	13,892.40	863.11	\$58,874,714	\$4,237.90
2017	13,845.65	868.48	\$61,767,852	\$4,461.17

Longitudinal Review of State Funds

Year	Technology	Tech Coordinators	Text-books	Professional Development	Transportation	Other Current Expenses (OCE)	Capital Outlay	Total
2012	\$0	\$27,219	\$209,150	\$0	\$5,201,895	\$12,466,311	\$2,475,163	\$20,379,738
2013	\$0	\$26,813	\$420,396	\$0	\$4,974,147	\$12,422,834	\$2,615,468	\$20,459,658
2014	\$0	\$27,147	\$429,141	\$0	\$5,224,434	\$13,287,034	\$2,688,406	\$21,656,162
2015	\$0	\$27,147	\$485,876	\$0	\$5,349,166	\$13,756,124	\$2,753,047	\$22,371,360
2016	\$55,058	\$34,300	\$732,300	\$55,058	\$4,891,323	\$14,052,289	\$2,827,189	\$22,647,517
2017	\$147,068	\$35,411	\$748,677	\$55,400	\$5,215,755	\$14,782,706	\$2,840,055	\$23,825,072

HCS Expenditures & Percentage by Function FY15

Function	Expenditures	Percentage
Instructional Services	\$90,765,060	55%
Instructional Support	\$24,300,183	15%
Operations/Maintenance	\$16,018,228	10%
Debt Services	\$10,836,849	7%
Food Services	\$9,140,002	6%
Transportation Services	\$6,703,334	4%
Other Expenditures	\$4,741,781	3%
Administrative Services	\$2,792,908	2%
Capital Outlay	\$112,789	Less than 1%
TOTAL	\$165,411,134	100%

Transportation Summary for HCS FY 2015



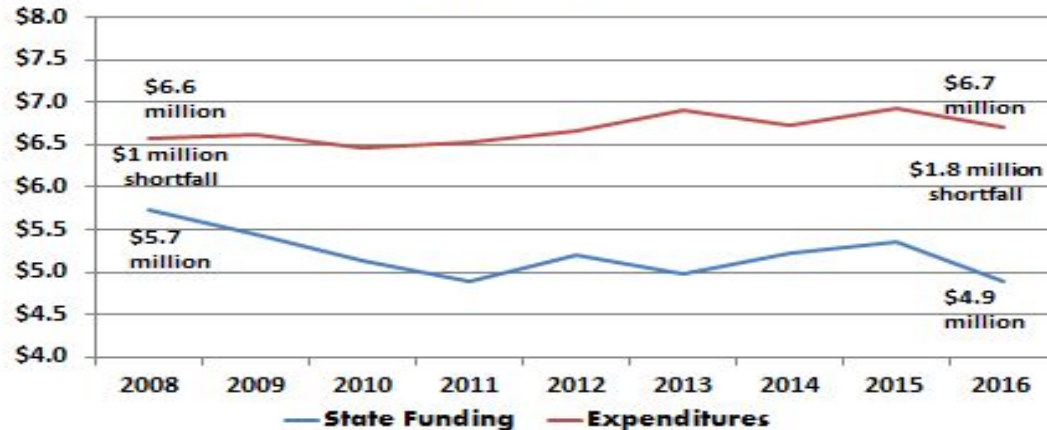
Students Transported by Buses Daily	5,988
Annual Bus Miles	1,059,480
Total Buses Operating Routes	131
Total Buses 10 Years Old or Less	82
Percentage of Buses 10 Years Old or Less	62.60%



TRANSPORTATION OPERATIONS (in millions)

Transportation Operations

(\$ in millions)



Excludes expenditures for new/replacement buses and related state funding

Learning for Life

CAPITAL OUTLAY PLAN

2016

- Bluff Park/Shades Mtn Roofs
- Hoover High Kitchen Heat Pumps
- Exterior/Interior Painting (Simmons, Gwin, Green Valley)
- Hoover High Door Replacements - 1 set and Kitchen Heat Pumps (2)
- South Shades Crest Traffic Study

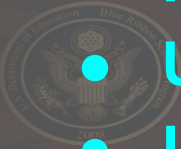
2017

- Partial Asphalt Projects (South Shades Crest/Jaguar Drive/Learning Lane)
- Partial Roofing (Rocky Ridge/Simmons)
- Partial HVAC
- Exterior/Interior Painting
- Hoover High Door Replacements - 1 set and Kitchen Heat Pumps
- Brock's Gap Chillers
- Interior/Exterior Painting

**Requests - Hoover High Band Room, Hoover High/Spain Park Tracks, Spain Park Artificial Turf*

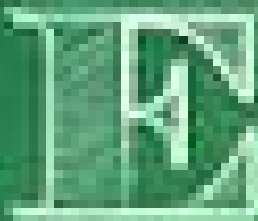
Factors Impacting State Fund Allocations

- HCS Enrollment
- PEEHIP Changes
- Unfunded Mandates
- Legislative Action

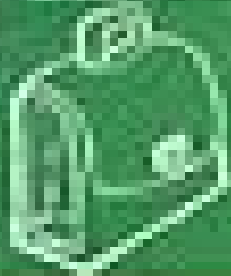




Cost
of



Education





INVESTING in our CHILDREN is a PRIVILEGE
NOT a BURDEN



We Get What We Pay For . . .

