

GREAT OAKS CAREER CAMPUSES FIVE-YEAR FORECAST GENERAL ASSUMPTIONS

REVENUES

General Property Tax

- Valuations and new construction has dramatically picked up over the past year. Hamilton County increased by 5.2% in reappraisal, Clermont by 14% and Greene by 3.1% in updates in 2017, with Warren County estimated to increase 15% in 2018. Commercial/industrial continues to be abated by local governments providing little or no growth in tax revenues. Great Oaks anticipates reaching the 2 mil floor” with this year with the passage of the 2.70 mill operating levy.
- First half real estate collections increased by 4.3% in fiscal year 2018 due to property owners prepaying their taxes prior to the end of calendar year 2017. This resulted in an increase of over \$1.6 million during fiscal year 2018. The overall increase in fiscal year 2018 will result in an overall decrease of 4.5% in fiscal year 2019 due to the timing of the real estate collection payments.
- Commercial Agricultural Use Values (CAUV) were updated to reflect more diverse soil types, which contribute to crop yields. As a result, assessed valuations for CAUV decreased significantly. We are seeing double-digit reductions in valuations and project this to continue through the next reappraisal cycle.
- On December 31, 2019 the ten-year levy funding the District was due to expire, however; the district passed its 2.70 mill renewal levy on November 6, 2018, for a continuing period of time. The general property tax revenues now reflects throughout the forecast.

Tangible Personal Property Tax

- The only remaining tax revenue in this classification is from Public Utility Personal Property (PUPP) which is seeing some growth from investment in infrastructure by utility companies.

Unrestricted Grants in Aid

- State foundation funding is projected to increase by \$1,186,000 due to an increase of 30 overall student FTE’s and the reclassification of Open Enrollment, Associated Services and Other Adjustments from Other Revenue; even while its State Share % has been reduced by 1.1% due to the increase in property valuations from the past two year’s reappraisals.
- Great Oaks would qualify for significantly more funding (\$3,000,000) with its current student population if these caps were not in place. The current cap is 3% for the current biennium.
- Casino Revenues of \$512,000 continue to be reported with Unrestricted Grants in Aid.
- In FY18, the District is breaking weighted funding out to Restricted Grants in Aide since the weights are no longer restricted by the cap or guarantee. The State Foundation “cap” applied to the Opportunity Grant and specific funding is being raised by 3% in the next two budget years. Omitted from the “cap” are CTC weighted funds and the graduation bonus.

Property Tax Allocation

The State of Ohio currently reimburses Great Oaks for the following:

- 10% Rollback for qualifying residence
- 2.5% Homestead Exemption for qualifying residence
- Senior Homestead Exemption for qualifying residence

The biennium budget for 2014-2015 eliminated the homestead and rollback reimbursements from the State for districts placing new or replacement levies on the ballot. The property owners will no longer receive the tax credit when paying their taxes as they currently do unless the district renews existing millage.

Other Revenues

- This revenue stream includes interest earnings, Payments In Lieu Of Taxes (PILOT) for Tax Incentive Financing (TIF) programs/projects and immaterial miscellaneous. As mentioned above under Unrestricted Grants in Aide, non-formula revenues are now included in this line item including Open Enrollment, Associated Services and Other Adjustments.
- Investment earnings are increasing due to the Federal Reserve raising short-term interest rates during fiscal years 2018 and 2019. One-year treasury yields started 2017 at 0.81%, and the current yield on the one-year Treasury note is 2.63%. Star Ohio, the State of Ohio's Money Market Fund has increased from 1.22% in October of 2017 to 2.26% today.
- Other Revenues have decreased by \$819,000 due to the reclassification of Open Enrollment, Associated Services, and Other Adjustments being coded into the Unrestricted Grants in Aid.

EXPENDITURES

Personal Services

- Compensation projections are based on historical trend data and include incremental steps, staff turnover and severance. Approximately two percent overall increases are attributable to step increases with an additional 1.5% salary increase and forecasted throughout the entire fiscal years. Great Oaks is and has been engaged for over five years in pursuit of strategically compensating all staff focused on Associates performance in conjunction with student success. July 1, 2017, the District put into place a model which brings lower salaries for teaching staff compensation up more aggressively than in the past and still affords for teachers who were topped out on the traditional schedule to continue to be compensated. This model allows the administration and Board to right size this portion of the budget without compromising the ability to compensate teaching staff based upon the achievement of District and individual goals.

Employees' Retirement/Insurance Benefits

- Some benefits change as a percent of salaries. Benefits consist of retirement contribution, premiums for insurances, Medicare and Workers' Compensation.
- Only full-time District Associates qualify to participate in the health insurance plan and all Associates pay 24% of the premiums to participate.
- While medical insurance costs continue to present challenges, the District experienced a 6% increase in premiums for calendar year 2018 and will experience no increase for calendar year 2019. We anticipate approximately 10% increases going forward and though these are projected evenly, these increases do not occur uniformly and are not able to be projected as they may occur. The long-term results should provide for materially accurate trending.

Purchased Services

- This line item represents utilities, fuel, telecommunications and contracted services. Changes affecting the trend in this line item include decisions to decrease costs, as well as increases from reclassification of expenditures for technology once accounted for in the Capital Projects Fund. Work has been transitioned from this line item to payroll as out-sourced services have been brought in house for information technology and maintenance. We are projecting an 8.8% increase in fiscal year 2019 due to additional planning costs associated with building renovations at Laurel then an average annual increase of 2% for budgetary trend. Budgetary numbers for utilities are projected to be a worst case scenario in anticipation of weather-related expenses. Recent technological monitoring and manipulation of climate control systems along with LED projects have and will provide significant, measurable and long-term savings.

Supplies and Materials

- This line item represents more end users than all other accounts combined and as such is projected higher than trend to accommodate potential needs verses actual expenditures. Fiscal Year 2019 is a slight reduction due to fiscal year 2018 expenditures increasing to allow for supplies to be purchased in fiscal year 2018 that were used in fiscal year 2019. Additionally, software licenses and a few other budgets previously accounted for in the Capital Projects Fund were determined to be operating expenditures and reassigned to the General Fund.

Capital Outlay

- The District is projecting capital outlay to be reduced to fiscal year 2017 levels and held flat across the period for operational needs only. All other facility and equipment expenditures are purchased out of the Capital Projects Fund with moneys transferred from the General Fund as authorized by the Board. These expenditures are prioritized and planned relevant to the direct educational and operational needs of the District.

Other Objects

- Projections for this line item are consistent with historical trend data for audit, county-auditor collection fees and other relevant services.

Operating Transfers-Out

- Transfers for Permanent Improvement and for other needs are determined based upon priority and availability of funds. Three percent of the total operating budget is allocated in this line item for contingencies as allowed by law, but funds may not be paid from this line item. Periodically as needs arise, adjustments/transfers are made to the appropriate General Fund line items from which expenditures are made.