



Oak Park Elementary School District 97

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TO: Dr. Carol Kelley, Superintendent of Schools
Board of Education

FROM: Paul Starck-King, Assistant Superintendent of Finance and Operations

SUBJECT: Treasurer's Report- December 31, 2018 (unaudited)

DATE: January 29, 2019

Quarterly Variance Report- Year over Year December 2019 vs December 2018 (Six Months)

[NOTE: As this is the first variance report of this format seen by the board, you should order the attached reports in a sequence of Report 1, Report 2, and Report 3. Report 1 equals Report 2 less Report 3 (i.e., the Year over Year Variance report equals the (corresponding cell) subtraction of the amounts booked for FY2019 of the amounts booked for FY2018.]

The overall year over year unfavorability of \$14,021,451 (found in the lower right hand corner of Report 1) is due to a Total Revenue unfavorability of \$18,597,502 and a Total Expenditure favorability of \$4,576,051 (both of which are found further up the All Funds column on Report 1). The larger factors in each of these variances are summarized below.

Total Revenues- \$18,597,502 Unfavorable

Ed Fund (Local Sources)- \$8,584,555 Unfavorable- This is an expected unfavorability due to the spike in property tax collections in FY2018. You will recall that basically all of the property tax increase from the 2016 Rate Referendum was collected in the second tax installment during the first half of FY2018. Additionally, the first half installment of 2017 taxes (55% of the higher 2016 taxes) was collected in the second half of FY2018. These two mechanisms of Cook County tax billings resulted in a "super year" of property tax revenue for FY2018. FY2019 taxes are reflecting a return to normalcy and will be much lower. This applies across all the operating funds (see below for O&M).

Operations and Maintenance (Local Sources)- \$1,291,794 Unfavorable- See Ed Fund explanation above.

Operations and Maintenance (State Sources)- \$1,500,000 Unfavorable- This is an expected variance due to the allocation of General State Aid to the O&M Fund in FY2018. General State Aid is no longer being collected and the replacement Evidenced Base Funding Model is not being allocated to O&M in FY2019.

Debt Service (Local Sources)- \$4,992,510 Unfavorable- This is an expected variance due to the payoff of bonds in FY2018 (and prior to FY2019). As a result, the Cook County Assessor did not levy for this in FY2019.

Total Expenditures- \$4,576,051 Favorable-

Ed Fund (Salaries)- \$1,805,508 Unfavorable- This is an expected increase due to general wage increases across our employment collective bargaining agreement and contracts. Also, FY2019 has an increased FTE over FY2018.

Ed Fund (Benefits)- \$4,706,572 Favorable- This favorability is due to a few factors. First, our switch to the health insurance cooperative resulted in decreased premiums. And second, the timing of premium payments may be having an influence. The first factor is expected to continue and the second may reverse. Further analysis is needed.

Ed Fund (Other Objects)- \$2,676,867 Favorable- This favorability is due to the timing of transfers from the Ed Fund. A \$2,592,994 transfer was made prior to December 2017 (FY2018) and the budgeted \$1,500,000 transfer for FY2019 was not made prior to December 2018. This favorability is will reduce by \$1,500,000 once the budgeted transfer occurs.

Debt Service (Other Objects)- \$3,141,828 Favorable- This is an expected variance due to reduced bond payments. Further analysis needs to be done to ascertain why the revenue debt service unfavorability amount and the expenditure favorability amounts are not closer.

Capital Projects Fund (Capital Outlay)- \$3,170,899 Unfavorable- This is an expected variance due to the larger Summer 2018 capital projects (Holmes) versus the Summer 2017 capital projects (Life Safety).