

# Financial Oversight Panel for Proviso Township High School District 2009 Financial Administrator's Report February 22, 2010

The principal issues to focus on this month are as follows:

- Approval of the financial plan
- Status of the audit
- Approval of the purchase of NCS Pearson – PowerSchool Web-based SIS
- Paul Williams contract
- Life safety capital project needs
- Alternative learning opportunities program

## Financial plan

Dr Johnson is presenting the final financial plan tonight. The plan was approved by the school board at its meeting on February 8<sup>th</sup> and it projects a deficit of \$919 thousand dollars for FY 11. This is within the target of \$1.5 million set by the FOP at the workshop meeting on January 25<sup>th</sup>.

There has been a great deal of discussion about this plan over the last few months and I think the end product is a good one. I will address the FOP with my remarks at the meeting, but I see the following areas as presenting the largest adverse risk to the District attaining its plan:

- *Revenues from state sources* – the District is projecting an increase in these revenues in its plan. The increase is the result of an increase in the poverty-based grant monies. Given the financial condition of the state, this projection, while mathematically accurate based upon the current data, represents in my mind a potential adverse risk to the District with respect to its plan.
- *Life safety/capital needs* – as we have discussed at length, the District has significant capital needs. A funding source has not been identified at this time. If the District would need to fund some or all of these needs from its operating funds, then there would be an adverse effect on the financial plan.
- *Expenditures for salaries* – the District's agreements with significant classes of employees are expiring within the next 18 months. The ultimate outcome of these negotiations could have a significant impact on the financial plan.

I recommend the approval of the financial plan tonight.

## Status of the audit

The District's AFR was filed with the state and the audited numbers have been included in the summary information you received from me tonight. The District has not received its final financial statements or the management letter.

I did a quick comparison of the audited figures to the numbers previously reported to you by the District. The good news is that there is very little change in the District's financial condition and I do not see any impact on the financial plan.

Dr. Johnson is attempting to set up a meeting with representatives of the audit firm, Dr. Collins-Hart and herself to review the final audit information. I have requested to attend the meeting. There are three principal areas that I want to address at this meeting for the FOP:

- I would like the final audit adjustments so that we can assess the reliability of the financial information that the FOP receives from the District during the year. (It appears from my initial look that there was very little change to the District's numbers.)

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- I would like to gain an understanding of the causes for the delay in receipt of the audit so that we can take whatever steps are necessary to correct this in the future.
- I want to review the management letter comments with the audit personnel and gain an understanding of their assessment of the District's accounting operations and any weaknesses that may exist.

If there are other issues that the FOP would like me to address, please let me know. We anticipate that a representative of the audit firm will attend the March FOP meeting, but I do not believe that has been confirmed as yet.

**Approval of the purchase of NCS Pearson- PowerSchool Web-based SIS**

The information is in your packet and the administration will review this with you. My understanding is that the District's current software will not be supported anymore and needs to be replaced. This represents a one-time expenditure of over \$100,000 (which is in the budget) and then there will be recurring maintenance charges in the future.

**Paul Williams contract**

The FOP requested a copy of the contract for Paul Williams. I do not yet have this at the time of this writing, but I expect to obtain it from the District and it will be included in your packet for review.

**Life safety capital project needs**

The FOP requested that the administration obtain information from its bond counsel regarding the feasibility of financing capital project needs with alternative revenue bonds. I do not yet have this information, but I expect that the administration will be presenting it to the FOP at the meeting.

There was some discussion of this at the February school board meeting and I think there may be some misunderstanding that should be cleared up.

**Alternative learning opportunities program**

The District is moving forward with this program and the information is in your packet. I believe that the FOP approved this at an earlier meeting, so I do not believe that further action is necessary at this time.