

February 27, 2008

Mr. Eugene Carlo, Superintendent  
 Mr. Patrick Collins, Business Manager  
 Assabet Valley Regional School District  
 215 Fitchburg Street  
 Marlboro, MA 01752

**Memo re: 2006 Audited Financial Statements**

Dear Sirs:

As you have requested, the following discusses certain aspects of the financial statement presentations regarding cash and fund balances.

The financial statements reflect that the District had \$8,882,228 in pooled cash which resided in the general fund at June 30, 2006. This figure represents the cash of many funds, i.e., the general fund, trust funds, adult continuing education revolving fund, special revenue funds, student activity funds and capital projects funds. Of this total cash, \$5,624,922 is due to the various funds outside of the general fund. The availability of this cash is governed by what is, or is not, reserved for certain uses as dictated by the School Committee, statute, and by liabilities owed to vendors, encumbrances, and for payroll due to employees at June 30, 2006 (summer pay). The following recaps the cash, obligations and reserves in the general fund at June 30, 2006.

Total cash at June 30, 2006		\$ 8,882,228
Cash due to other funds residing in general fund		(5,624,922)
Cash residing in adult continuing education		( 45,441)
Cash residing in trust funds		<u>( 454,565)</u>
True general fund cash		2,757,300
Obligations for warrants payable and payroll at June 30	(1,189,391)	
Encumbrances at June 30	( 27,865)	<u>(1,217,256)</u>
<b>Subtotal of general fund cash available</b>		<b><u>\$ 1,540,044</u></b>

Composite of fund balance representing general fund cash available (designated funds were established by school committee votes) which will be expended for the specific purpose described as follows:

Designated to reduce fy 07 member assessments	\$ 200,000
Designated for fy 07 transportation	611,516
Designated for retirement, unemployment and litigation	218,856
Petty cash reserve	<u>250</u>
Subtotal	1,030,622
Unreserved Excess & deficiency (certified by DOR \$494,920)	<u>509,422</u>
<b>Total general fund cash as accounted for above</b>	<b><u>\$1,540,044</u></b>

Concerning funds outside the general fund, these funds consist of funds which are legally restricted to expenditures for a specified purpose or to support a service such as cafeteria. Special revenue funds and revolving accounts include for example, state and federal grants, cafeteria funds, shops, student activities etc. Trust funds are for a specific purpose and used to account for resources legally held in trust such as scholarship funds and the insurance trust. Capital projects funds are to be used for the acquisition or construction of major capital expenditures. The following recaps the funds to be accounted for, but for which the cash resides in the general fund and is due to these funds

Trust funds (insurance trust-medical and life)	\$ 9,206
Student activity funds cash due from general fund (trust)	64,273
Adult continuing education (revolving)	849,593
State and federal grants (special revenue fund)	1,222
Café fund( Revolving)	20,277
Revolving (shop funds, etc.)	1,100,623
Capital projects fund	107,580
Out of district tuition (revolving)	<u>3,472,148</u>
<b>Total cash due from general fund</b>	<b><u>\$5,624,922</u></b>

Finally, it should be noted that **each** year the School Committee votes to use available cash in various revolving funds such as the out-of-District tuition fund to also reduce assessments and to additionally fund the insurance trust. The 2007 budget reduced assessments to the Member Towns by \$3,288,002, using the out-of-District tuition fund of \$2,563,002 to reduce the operating budget, \$700,000 to support additions to the insurance trust, and \$25,000 to support capital projects fund. In addition, \$100,000 was used from the adult continuing education fund, which is an enterprise fund, to reduce assessments for 2007.

Finally, the net availability of funds which are not designated or not restricted are as follows:

	<u>Total</u>	<u>Restricted/ Designated</u>	<u>Available Funds</u>
General fund	\$1,540,044	\$1,030,622	\$ 509,422
Encumbrances	27,865	27,865	0
Supplies inventory	55,971	55,971	0
Special revenue funds	1,127,072	1,127,072	0
Revolving funds			
Out of district tuition	3,472,148	3,288,002	184,186
Trust funds			
Scholarship funds	67,504	67,504	0
Insurance claims trust	395,480	395,480	0
Capital projects funds	107,580	107,580	0
Student activity funds	64,273	64,273	0
Adult continuing education			
Enterprise fund	<u>895,034</u>	<u>895,034</u>	<u>0</u>
<b>Total fund balances</b>	<b><u>\$7,752,971</u></b>	<b><u>\$7,059,363</u></b>	<b><u>\$ 693,608</u></b>

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I trust this will clarify the presentation of the District accounts as shown in the audited financial statements for June 30, 2006. Should you have further questions, please contact me at your convenience.

Very truly yours,

A handwritten signature in black ink that reads "Kieliszak, Eggert & Co. Ltd." The signature is written in a cursive, flowing style.

Kieliszak, Eggert & Co., Ltd.

cc: District School Committee