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December 15, 2023

Dear Assabet Valley Collaborative Community,

AVC's FY 2023 Financial Audit Report was approved by the Board of Directors on December 1, 2023.

The Collaborative is required to transmit the annual audit report to member school districts, the Department of Elementary and Secondary Education, the Office of the State Auditor, and to post it on AVC's website.

Highlights of the FY23 Audit Report are bulleted below:

- AVC's cumulative general fund surplus as of June 30, 2023 was \$2,020,432 which represents approximately 12% of general fund expenditures for fiscal year 2023. The maximum percentage allowable by statute and regulation is 25%.
- As with public school districts, AVC's financial audits require a statement of net OPEB liability which in FY23 was \$9,936,147 (including deferred inflows/outflows). This net OPEB liability is reflected in the government-wide financial statement deficit of \$7,408,841. For context, AVC's actual retiree benefit expense in FY23 was \$30,390. While the net OPEB liability shows on the balance sheet, it does not reflect AVC's actual general fund deficit for FY23. See below.
- The general fund (operating) deficit for FY 2023 excluding capital outlay was \$292,000 (page 12, \$349,491 deficit adding back \$57,700 of lease financing).
- Throughout FY2023 AVC's Board of Directors received monthly budget reports. The audit report includes no findings and represents calculations that were consistent with financial projections presented to the Board of Directors throughout the fiscal year.
- AVC's operating deficit and capital outlay required use of surplus funds. The operating deficit was largely due to a reduction in enrollment in two programs - REACH and Orchard Street Academy (OSA). FY24 enrollment at OSA has increased and is mostly on target. AVC's REACH program's enrollment continues to be down, due in part to the unexpected and tragic death of three students between 2022 and 2023. AVC's capital outlay was required for the completion of a renovation project for Evolution which will be complete in FY24.

Respectfully submitted,

Cathy Cummins, Ed. D.
Executive Director
Assabet Valley Collaborative