



## Westerly Public Schools Finance Department

To: School Committee Members  
Mark Garceau, Ed.D., Superintendent

From: Cindy Kirchhoff, Director of Finance & Operations

Date: January 9, 2025

Re: Request for Commitment of Fund Balance

The District must finalize fund balance commitments as of June 30, 2024, for the annual financial audit.

Therefore, I am requesting the School Committee commit \$28,300 for buses, \$666,231 for maintenance, and \$1,869,317 for school building projects.

With these commitments the current estimated unassigned fund balance is \$3,412,113 which exceeds 5% of the operating budget by \$435,395. In accordance with School Committee policy the School Committee may commit these funds.

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**Westerly Public Schools  
Committed Fund Balance History  
FY2018-FY2025 as of 1/9/25**

<b>Commitment</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>
<b>Cosmetology Renovation</b>	\$ 255,016							
<b>Maintenance*</b>			\$ 1,400,000			\$ 1,219,364		
<b>Owner's Project Management Services</b>					\$ 86,365			
<b>Buses (budget overage)</b>					\$ 28,300			
<b>School Building Projects</b>							\$ 1,869,317	
<b>General Operating Budget</b>								\$ 419,899
<b>A&amp;E Services RIDE Stage II 5 year CIP</b>								\$ 329,870
<b>Total by Fiscal Year</b>	\$ 255,016	\$ -	\$ 1,400,000	\$ -	\$ 114,665	\$ 1,219,364	\$ 1,869,317	\$ 749,769
<b>Remaining</b>	\$ -	\$ -	\$ -	\$ -	\$ 114,665	\$ 666,231	\$ 1,869,317	\$ 749,769
<b>Total Committed</b>	\$ 5,608,131							
<b>Total Remaining</b>	\$ 3,399,982							

\*The FY2023 commitment includes \$531,500 for the turf field.

**Westerly Public Schools**  
**Fund Balance Report January 9, 2025**

<b>Estimated Fund Balance</b>	<b>Amount</b>	<b>% of Budget</b>
<b>Unassigned Audited Fund Balance 6/30/23</b>	<b>\$ 4,812,992</b>	<b>8%</b>
Less FY2024 and FY2025 commitments	\$ (2,619,086)	
Plus FY2022 uncommitted funds	\$ 86,365	
Plus estimated increase FY2024	\$ 1,131,842	
Estimated Current Unassigned Fund Balance	<b>\$ 3,412,113</b>	<b>6%</b>
<b>Excess Unassigned Fund Balance Over 5%</b>	<b>\$ 435,395</b>	

# Policies

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## Westerly Public Schools School Fund Balance

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### Purpose:

Governments and school districts need to maintain adequate levels of fund balance to mitigate current and future risks and ensure stable tax rates. Fund balance is crucial in consideration of long-term financial planning. The overall financial health and liquidity of the community are dependent upon financial policies that are coordinated between the Town of Westerly and Westerly Public Schools to weather economic downturns and other unexpected financial events.

### Fund Balance Use & Maintenance:

#### **A. Goal**

The goal of the unassigned school fund balance shall be between 2.5 and 5.0 percent of the school's operating budget.

#### **B. Applicability**

To the extent that aspects of this policy conflict with either Rhode Island General Laws (RIGL), or GASB Statement No. 54, the GASB Statement and RIGL shall prevail.

#### **C. Classification of Fund Balances**

The District shall classify its fund balances as follows:

1. Non-spendable funds;
2. Restricted funds;
3. Committed funds;
4. Assigned funds; or
5. Unassigned funds

#### **D. Unassigned Fund Balance Exceeding 5% of the Operating Budget**

When the unassigned fund balance exceeds the upper limit of the goal, the School Committee, based on economic circumstances, may recommend a distribution of the unassigned fund balance, up to and including 100% of the excess (over 5 percent), to be used within the next subsequent year.

#### **E. Unassigned Fund Balance Falling Below 2.5% of the Operating Budget**

1. When the unassigned fund balance falls below 2.5 percent of the school's operating budget, the School Committee may only use the unassigned fund balance for emergency purposes, which are defined as: a significant loss of state aid, a reduction in town revenue sources that does not allow the school to meet its statutorily-required maintenance of effort, or other imminent needs as approved by the School Committee.
2. When the unassigned fund balance falls below 2.5 percent, the School Committee will direct the Superintendent and Director of Finance to enact strategies to replenish the fund to the minimum level. The unassigned fund balance shall be replenished within one year if the balance

# Policies

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## Westerly Public Schools School Fund Balance

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falls between 1.5 and 2.5 percent, and replenished within two years if the balance falls below 1.5 percent.

### F. Definitions

1. "Fund balance" means the arithmetic difference between the assets and liabilities reported in a school district fund.
2. "Non-spendable" fund balance amounts are comprised of funds that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. They include items that are inherently un-spendable, such as, but not limited to prepaid items, long-term receivables, non-financial assets held for resale, or the permanent principal of endowment funds.
3. "Restricted" fund balance amounts are comprised of funds that have legally enforceable constraints placed on their use that either are externally imposed by resource providers or creditors (such as through debt covenants), grantors, contributors, voters, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.
4. "Committed" fund balance amounts are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action of the school committee and that remain binding unless removed by the school committee by subsequent formal action. The formal action to commit a fund balance must occur prior to fiscal year end; however, the specific amounts actually committed can be determined in the subsequent fiscal year. A committed fund balance cannot be a negative number.
5. "Assigned" fund balance amounts are comprised of unrestricted funds constrained by the school district's intent that they be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. In funds other than the general fund, the assigned fund balance represents the remaining amount that is not restricted or committed. The assigned fund balance category will cover the portion of a fund balance that reflects the school district's intended use of those resources. The action to assign a fund balance may be taken after the end of the fiscal year. An assigned fund balance cannot be a negative number.
6. "Unassigned" fund balance amounts are the residual amounts in the general fund not reported in any other classification. Unassigned amounts in the general fund are technically available for expenditure for any purpose. The general fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of non-spendable, restricted, and committed fund balances exceed the total net resources of that fund.
7. "Unrestricted" fund balance is the amount of fund balance left after determining both non-spendable and restricted net resources. This amount can be determined by adding the committed, assigned, and unassigned fund balances.

Adopted: January 24, 2018