

Zionsville Community Schools

Board of School Trustees Meeting “Item for Consideration”

New Business Item 6d • February 10, 2025

Transfer from Operations Fund to Rainy Day Fund

Category:

<input type="checkbox"/> Human Resources, Personnel/Staffing	<input type="checkbox"/> Curriculum, Instruction, Assessment	
<input checked="" type="checkbox"/> Finance, Budgeting, Accounting	<input type="checkbox"/> Student Services	<input type="checkbox"/> Board Policy
<input checked="" type="checkbox"/> Facilities, Transportation, Nutrition	<input type="checkbox"/> Community Relations	<input type="checkbox"/> Other

Type of Board of Trustees Consideration Sought:

Action	<input checked="" type="checkbox"/>
Discussion	<input type="checkbox"/>
Report	<input type="checkbox"/>

Facts of this Matter:

As the Board may recall, the Leadership Team began reassessing the use of the ZCS Rainy Day Fund (RDF) and cash balance structure early in the Fall of 2021. This analysis was prompted by the Indiana General Assembly’s prior legislated fund structure change that occurred in January 2019. Target percentages were set for cash balances to be maintained in the major funds with the intent of transferring portions of remaining cash balances to RDF for use toward emergent or non-budgeted needs. This transfer allows the Board additional flexibility to address the needs of our school corporation in ways beyond the yearly budgetary process for the Operations Fund.

Best practice in school finance has been to maintain a cash balance of 12-15% of annual operating expenses in the Operations Fund. ZCS has set a target specifically of maintaining a cash balance in the Operations Fund of 13% of the budget approved appropriations. At this time, final year-end information has been reported and the Leadership Team recommends that the Board authorize a transfer from the Operations Fund to the RDF in the amount of \$2,000,000. If approved, this transfer will provide flexibility for future use of funds and maintain the Operations Fund with the desired 13% cash balance.

Objective POSITIVES related to this item or approach:

The transfer of these funds to the RDF will allow ZCS to maximize flexibility to respond to future district needs that may not fit elsewhere in our state approved budget. For example, in 2024, the RDF balance was authorized for the elementary literacy adoption, security purchases, emergent facility needs and a land purchase. The \$2,000,000 transfer requested partially replenishes the RDF for the 2024 purchases.

Objective NEGATIVES related to this item or approach:

None identified.

Opinion/Recommendation:

It is recommended that the Board of School Trustees authorize the transfer of \$2,000,000.00 from the Operations Fund to the RDF.

Financial Implications, if any:

Authorizing the transfer of \$2,000,000.00 would result in a cash balance in the Operations Fund of 13% of annual operating expenses. The RDF balance will increase to approximately \$8.9 million.

Suggested Wording for a Motion, if any:

I move to approve the resolution authorizing the transfer of \$2,000,000.00 from the Operations Fund to the RDF as presented.