

BOARD MEMO – ACTION ITEM



PUTNAM COUNTY COMMUNITY UNIT SCHOOL DISTRICT #535

*Providing Foundations Together,
Cultivating Individual Growth*

To: Board of Education

From: Cody Martzluf, Superintendent

Date: Tuesday, July 21, 2026

RE: Working Cash Abatement

Recommendation: Approval of the resolution of the permanent abatement of \$1,300,000.00 from the working cash fund to the capital projects fund.

Background:

- It is considered a financial best practice to use the Capital Projects Fund (Fund 60) to pay for significant building and infrastructure projects rather than using operating funds.
- Examples of appropriate Fund 60 expenditures include major renovations, building additions, HVAC replacements, security improvements, and other capital investments that extend the useful life of district facilities.
- Using the appropriate fund ensures that expenditures are aligned with their intended purpose and provides greater transparency in the district's financial reporting.
- The Operations and Maintenance Fund (Fund 20) should primarily be used for the district's day-to-day facility operations. Appropriate expenditures include custodial and maintenance salaries and benefits, cleaning supplies, maintenance materials, utilities, routine repairs, and other recurring operational costs.
- Limiting Fund 20 expenditures to operational needs helps preserve operating resources and provides a clearer picture of the district's annual operating costs. Paying for major facility projects from the Capital Projects Fund instead of the Operations and Maintenance Fund also reduces operating expenditures reported within the district's operating funds. This improves the district's financial profile by demonstrating stronger operating performance and may positively impact financial indicators used by ISBE and credit rating agencies.
- Separating one-time capital investments from recurring operational expenses also provides the Board and community with a more accurate understanding of the district's ongoing financial health.
- Utilizing Working Cash reserves for these one-time capital improvements allows the district to preserve its annual operating revenues while making necessary investments in district facilities. This approach aligns with the intended purpose of the Working Cash Fund by providing financial flexibility for significant expenditures when needed.
- Board-approved projects to be funded through this process include: Installation of secure vestibules at the Putnam County High School and Putnam County Junior High School to enhance building security and visitor management. Replacement of the high school media center wall as part of the planned facility improvements. Replacement of a high school rooftop HVAC unit to address aging infrastructure and maintain reliable climate control within the building.

RESOLUTION ABATEMENT OF WORK CASH FUND

WHEREAS, the Board of Education of Putnam County CUSD 535, Putnam, LaSalle, and Marshall Counties, Illinois, has heretofore created and established a working cash fund in and for the District; and

WHEREAS, the Board has determined and does hereby determine that it is necessary and in the best interest of the District that the Fund be abated; and

WHEREAS, Section 5/17-2A of the School Code of the State of Illinois, as amended (the “Code”), authorizes the Board to abate the Fund.

NOW, THEREFORE, BE IT RESOLVED by the Board of Education of Putnam County CUSD 535, Putnam, LaSalle, and Marshall Counties, Illinois as follows:

Section 1. That the Working Cash Fund shall be abated by the amount of One Million Three Hundred Thousand Dollars (\$1,300,000.00).

Section 2. That the School Treasurer of the District is hereby authorized and directed to permanently transfer the Abatement amount of \$1,300,000.00 to the Capital Projects Fund of the District.

Section 3. That all resolutions or parts thereof in conflict are hereby repealed and that this resolution shall be in full force and effect upon its adoption.

Passed by a roll call yea and nay vote at a regular meeting of the Board of Education held in Granville, Illinois on July 21, 2026.

President, Board of Education

Secretary, Board of Education