



## BUDGET POLICY

**Board Bylaw:**

**Policy Number: 3.1000**

**Subject Area: Business Services and Finances**

**Adopted: 01/01/1999**

**Revised: 01/01/1999**

The Board of Trustees of Kaskaskia College will adopt an annual budget within the first quarter of each fiscal year. The fiscal year will be from July 1 through June 30 of each year. The annual budget will be adopted in accordance with Illinois Revised Statutes, Chapter 122, Paragraph 103-20.1 and said budget shall contain a statement of cash on hand at the beginning of the fiscal year, an estimate of cash revenues to be received during the fiscal year, and estimate of expenditures contemplated for the fiscal year, and a statement of estimated cash on hand at the end of the fiscal year.

The Board may from time to time make transfers between the various items in any fund as long as that transfer does not exceed an aggregate of 10% of the total of said fund as set forth in the budget. If the total should exceed 10%, the Board may proceed to amend said budget with the same procedure used for adoption of the original budget.

In order to carry out the entire educational program of the district, the Board, in accordance with the Illinois Revised Statutes noted above, has established the following funds for operation:

**Educational Fund:** This fund is for the purpose of financing the cost of the academic and service program. It includes the cost of instructional, administrative and professional salaries, supplies and equipment, library books, materials, maintenance of instructional and administrative equipment, and other costs pertaining to the educational program.

**Operations and Maintenance Fund:** This fund is for the purpose of maintaining and improving existing buildings and grounds as well as the fixtures and equipment that are a permanent part of the buildings and grounds. Payments on insurance on buildings are to be made from this fund.

**Operations, Building, and Maintenance Fund (Restricted - Site and Constructions Fund):** Funds may be accumulated for the construction of buildings and site acquisition. The law permits an accumulation of funds not to exceed an amount equal to five percent of the equalized assessed valuation of the district. The accumulated funds may not be used for any other purpose. Taxes levied for accumulation purposes should be so defined by resolution of the Board of Trustees.

The resolution shall stipulate the rate levied for such purposes, the total amount to be accumulated, and specific use intended. Funds that are being accumulated should be accounted for separately in the Operations, Building and Maintenance Fund (Restricted).

**Bond and Interest Fund:** This is for the purpose of retiring debt from the sale of general obligation bonds.

**Auxiliary Enterprise Fund:** This fund exists to account for college services where a fee is charged to students/staff. Examples of accounts in this fund include food services, student stores and intercollegiate athletics. Only monies over which the institution has complete control is included in this fund.

**Restricted Purposes Fund:** The Restricted Purposes Fund is established for the following purposes:

- Acceptance of federal funds for all types of instructional programs, student services and student development, and construction of physical facilities.
- Acceptance of gifts, grants, devices and bequests from any source if made for community college purposes.
- Entering into contracts with any person, organization, association, or governmental agency for providing or securing educational services.
- Receiving and holding funds for which the College acts as custodian or fiscal agent for another agency such as classes, clubs, and associations which may acquire and collect funds in the name of the College, under such regulations as the State Board may prescribe. The College has an agency interest rather than a proprietary interest in these funds.

Restricted Purposes Funds, therefore, are those funds restricted as to use and for which a specific fund has not been otherwise provided in this fund structure. These are to be contrasted with funds over which the institution has complete control and freedom of use.

Under most conditions, revenues and expenditures from any of the four preceding categories (including federal and state grants for projects or student aid; gifts or bequests for specific purposes; projects carried out under contractual arrangements with any person, organization, association, or governmental agency; scholarship or loan funds; endowment funds; agency funds, public service and organized research program funds) should be accounted for within the Restricted Purposes Fund.

Procedures are to be established for the accounting of these funds and reporting requirements of the grantor will be met by the accounts.

**Working Cash Fund:** The Working Cash Fund may be established by resolution of the Board of Trustees for the purpose of enabling the Board to have on hand at all times sufficient cash to meet the demands for ordinary and necessary expenditures. Outstanding bonds may be issued in an amount or amounts not to exceed at any one time 75 percent of the total taxes from the authorized maximum rates for the Educational Fund and the Operations and Maintenance Fund combined, plus 75 percent of the last known entitlement of the College to taxes imposed to replace revenue loss as a result of the abolition of ad valorem personal property taxes as provided by law. These bonds may be issued by resolution of the Board of Trustees without voter approval.

**Long-Term Liabilities Fund:** This fund exists to provide for the recording of liabilities that exist beyond the current year's operation.

**Audit Fund:** The Audit Fund is established for recording the payment of auditing expenses. The audit tax levy is recorded in this fund.

**Liability, Protection and Settlement Fund:** The tort, liability, employment insurance and worker's compensation levy are recorded in this fund.

**Trust and Agency Fund:** A sub-fund is established called Employee Medical Insurance Fund which accounts for employee health and dental insurance-related transactions.

Approval History: Replaces Budget Policy 4.150