



## WORKING CASH PROCEDURE

**Policy Number: 3.5002**

**Subject Area: Business Services and Finances**

**Adopted: 06/16/2025**

**Revised: 06/16/2025**

### **Purpose**

The Working Cash Fund is established by Resolution of the Board of Trustees to enable Kaskaskia College to have sufficient funds at all times to meet demands for ordinary and necessary expenditures.

### **Determination of Allowable Indebtedness Limit**

Prior to incurring any indebtedness for the purpose of creating, maintaining, or increasing the working cash fund, the Board shall calculate the maximum allowable indebtedness based on the lesser of the following two criteria:

#### **a. 75% Calculation**

1. Determine the aggregate authorized maximum tax rate for:
  - Educational purposes
  - Operations and Maintenance purposes
2. Multiply the aggregate tax rate by the last assessed valuation at the time of bond issuance. This computation results in the taxes permitted to be levied for Educational purposes and Operations and Maintenance purposes.
3. Add the last known entitlement to replacement taxes (taxes enacted to replace revenue lost due to the abolition of ad valorem personal property taxes under Article IX, Section 5(c)) to taxes permitted to be levied.
4. Multiply by 75%
5. Subtract the amount of outstanding Working Cash Bonds.

#### **b. 90% Calculation**

1. Determine the aggregate authorized maximum tax rate for:
  - Educational purposes
  - Operations and maintenance purposes
1. Multiply the aggregate tax rate by the last assessed valuation at the time of bond issuance. This computation results in the taxes permitted to be levied for Educational purposes and Operations and Maintenance purposes.
- i. Add the last known entitlement to replacement taxes (taxes enacted to replace revenue lost due to the abolition of ad valorem personal property taxes under Article IX, Section 5(c)) to taxes permitted to be levied.
4. Multiply by 90%.
5. Add monies expected to be received in the current year for educational or operations and maintenance purposes from State and Federal government, except property or replacement taxes.
6. Subtract the amount currently credited to the Working Cash Fund, including amounts loaned to the educational or operations and maintenance funds.
- c. Select the lesser of the two amounts calculated. This will be the maximum permissible indebtedness the Board can incur.
- d. Adopt a resolution authorizing the issuance of bonds or other debt instruments within the legal limit identified.

### **Bond Issuance**

1. The Board shall hold a public hearing, and at a subsequent meeting, adopt a Resolution designating:
  - The purpose and fixing the amount of the bonds proposed to be issued
  - The maturity date
  - The rate of interest
  - The amount of taxes to be levied annually for the purpose of paying the principal and interest
2. The bonds shall be issued in the name of Kaskaskia College and will be signed by the Chairperson, Treasurer, and Secretary of the Board of Trustees.

3. Working Cash Bond proceeds shall be set apart in a fund specified for working cash purposes
4. The monies in the fund account shall not be appropriated by the Board in the Annual Budget.

#### **Fund Abatement or Abolishment**

1. To determine the maximum amount allowable to be abated from the Working Cash Fund
  - Multiply .10% by the then-current taxable property value of the district as assessed by the Department of Revenue
  - Add any outstanding loans from the College to other funds that may be paid or become payable to the fund(s) receiving the money from the abatement
  - This amount must include any funds transferred under Section 3-33.6 that will be reimbursed to the Working Cash Fund.
  - In case of emergency circumstances, the College may revert to the statutory 0.05% instead of 0.10% for the Working Cash Fund balance.
2. To abolish the Working Cash Fund, upon adoption of a Resolution, funds shall be transferred to the Operating Fund at the close of the then-current fiscal year.
3. When the Board adopts a Resolution to abate or abolish Working Cash Funds, the Resolution shall set forth:
  - The taxes or other funds in anticipation of the collection or receipt of which the Working Cash Fund is to be reimbursed
  - The entire amount of taxes extended, or which the Board shall estimate will be extended or received, for any year in anticipation of the collection of all or part of which such transfers are to be made
  - The aggregate amount of warrants or notes issued in anticipation of collection of such taxes under Public Act 103-0278, together with the amount of interest accrued
  - The amount of monies which the Kaskaskia College Board of Trustees estimates will be derived for any year from the State, Federal Government, or other sources in anticipation of the receipt of all or part of which such transfer is to be made
  - The aggregate amount of receipts from taxes imposed to replace revenue lost by units of local government and school districts as a result of the abolition of ad valorem personal property taxes, pursuant to Article IX, Section 5(c) of the Constitution of the State of Illinois, which the corporate authorities estimate will be set aside for the payment of the proportionate amount of debt service and pension or retirement obligations, as required by Section 12 of "An Act in relation to State Revenue Sharing with local government entities", approved July 31, 1969, as amended
  - The aggregate amount of monies transferred from the Working Cash Fund to the Educational Fund or Operations and Maintenance Fund in anticipation of the collection of such taxes or of the receipt of such other monies from other sources. (110 ILCS 805/3-33.6)
  - The College has the authority to increase or again create a Working Cash Fund at any time.

#### **Temporary Working Cash Transfers Repayment**

1. Repayment of temporary working cash transfers will be subject to the payment schedule of the anticipated revenues identified in the Resolution approved by the Board.

#### **Interest Earnings**

1. Estimate the amount of earnings to be transferred.
2. Present Resolution the Board to transfer interest earnings from the Working Cash Fund to the Education Fund.
3. Resolution is approved by the Board.
4. Treasurer completes the transfer.

#### **Review**

1. The Treasurer or the Treasurer's designee shall review this procedure at a minimum every three (3) years .
2. The review shall assess the procedure's effectiveness in meeting the College's objectives.
3. Any substantive changes will be documented and submitted to the Board of Trustees for approval.