

3A2 Budget Income (revised February 10, 2011)

3A2A All money received by the District, regardless of the source, will be deposited according to Education Code and County requirements. (Education Code Sections 41001-41002)

3A2B The administration will establish a procedure for clearly identifying all sources of income. Such delineation with amounts received will be shown on the budget and all income financial reports.

3A2C All money collected at any member College for any purpose whatsoever must be turned over to the person in charge of College finance and recorded on the books.

3A2D All money collected for lost or damaged school property and for project supplies, which become property of the student shall be carried on the books of the school treasurer as District funds. All money so collected shall be turned in to the District Business Office. District or student body receipts must be issued as a means of auditing such funds. Sub-receipts need not be issued for library fines.

3A2E The administration is authorized to prepare and submit federal, state, local governmental and/or local private foundation grant applications that further the Kern Community College District's strategic mission. (See **Procedure 3A2E** and **Appendices 3A2E (1 & 2)** of this Manual for Grant Preparation and Submission Procedures and Guidelines.)

3A2F Gifts in serviceable condition and useful to the District, upon recommendation of the administration, may be accepted by the Board of Trustees. Gifts to the Colleges or District valued at \$1,000 (one-thousand dollars) or more shall be presented to the Board of Trustees for approval.

3A2G Gifts to the District Foundation or College Foundations valued at \$1,000 (one-thousand dollars) or more shall be presented to the Board of Trustees for information and acknowledgement.

3A3 Budget Expenditures (Revised January 8, 2004)

3A3A The approved budget is the District plan for expenditures during the fiscal year.

3A3B The adoption of the budget by the Board indicates that approval is given for the purchase of or contracting for goods and services as indicated in the budget. The administration may proceed to procure such items or services as they are needed without further referral to the Board. (Exceptions will be those items requiring formal bids and employment of personnel.) The warrant lists as approved by the Board will ratify such transactions.

3A3C The administration will ascertain that all goods, services, and leases are obtained at the lowest possible competitive prices taking into consideration desired quality and services. This will entail the consideration of all qualified vendors. See **Procedure 3A3C** of this Manual.

3A3D The Chancellor or designee is empowered to act for the board in making purchases or letting contracts for services, supplies, or leases which under the Education Code do not require publishing a notice calling for bids.

3A3D1 Purchases, services, or leases under published notice calling for bids shall be awarded by the Board. Other transactions shall be submitted for Board ratification through approval of the warrant list.

3A3D2 To accommodate routine transactions such as minor purchases, postage, freight charges, and purchases from governmental agencies, a revolving cash fund is provided. This fund will be maintained under normal audit procedures and controlled by a fund custodian approved by the Board of Trustees.

3A3E Materials may not be purchased or District obligations incurred without an approved purchase order. The District reserves the right to refuse payment of any invoices covering materials not listed on a District purchase order. Such invoices then become the personal obligation of the requisitioner. Under no circumstances should an item be added to a purchase order after it has been issued. Goods must be ordered exactly as the items appear on the order unless an item is to be cancelled, in which case the District Business Office should be immediately notified. The requisitioner is responsible for the exact order, certification, and receipts of goods. Shipping and receiving or designated departments should electronically approve receipt of goods. This will certify that the invoice covering the order is ready for payment by the District Business Office. Request for Purchase Request forms and related procedures are included in **Procedure 3A3C** of this Manual.

3A3F Copies of all correspondence with a firm in regard to purchase orders must be filed in the District Business Office.

3A3G The College President or designee shall approve all purchase orders which are prepared within the line-staff organization of the College, including reasonable expenditures of District funds to (1) purchase food and beverages as refreshments for attendees at District-sponsored events which further the legitimate purposes of the District, (2) purchase commemorative awards and gifts in recognition of service to the District by non-employees when the purpose is to promote services to the District and (3) purchase awards for students.

3A3H Every effort shall be made to make student body or other extra-curricular activities self-supporting.

3A3H1 The District may pay for all or part of the cost of uniforms and equipment for bands, orchestra, and athletic teams provided the activity is primarily curricular in nature and is included as a course in the regular class schedule.

3A3H2 If there is income from gate receipts or other sources sufficient to pay part but not all of the costs of any of the equipment as listed above, the District may make up the deficit. Such requests must be estimated in advance and must be included in the budget.

3A4 Budget Control

3A4A The administration will maintain a system of fiscal accounts which will afford an accurate and current analysis of expenditures, encumbrances, and balances for each significant item within the annual budget.

3A4B The system will use as its base the requirements of the California Community Colleges Accounting Manual to assure that reports prepared for county, state and federal agencies are meaningful for comparative purposes.

3A4C The Board of Trustees shall be given regular budget control reports.

3A4D The Chancellor and/or the Assistant Chancellors are authorized agents to sign trustee orders drawn on the funds of the District and these agents shall be bonded.

3A4E Two (2) types of trustee orders shall be prepared; namely, payroll orders including employees on both salary and wage basis and orders in payment of invoices. A schedule of trustee orders should show the trustee order number, main budget classification, payee, and the amount of each order and is to be presented for Board approval at each regular meeting.

3A4F All income and expenditures are subject to annual audit by a private firm selected by the Board of Trustees.

3A4G Use of Credit Cards Issued by the Kern Community College District

3A4G1 CAL-Cards

3A4G1A CAL-Cards generally will only be issued to District and College Educational Administrators and Classified Managers when their job duties require the regular use of a credit card. CAL-Cards will be issued to non-managers only in cases where there is a compelling business reason and issuance is approved by the District Chief Financial Officer and College President or District Chancellor. (**See Procedure 3A4G**)

3A4G1B CAL-Card applications will be completed prior to issuance. [See Appendix 3A4G(b)]

3A4G1C Transactions will be limited to travel, supplies, or equipment.

3A4G1D Credit card purchasing limits will be no greater than those authorized for the cardholder.

3A4G1E District Office Accounting will issue monthly utilization reports to the District Chief Financial Officer and the College Directors of Administrative Services.

3A4G2 Bank of America Cards

3A4G2A Generally will only be checked out to District and College staff authorized to initiate transactions by the District Chief Financial Officer.

3A4G2B Will be administered by Departments designated by the College Administrative Directors or District Chief Financial Officer.

3A4G2C Cards will be checked out on an as-needed basis.

3A4G2D Verification of written purchase requisition will be made prior to checking out the card.

3A4G2E After card use the card and all receipts will be returned to the designated Department.

3A4G2F Transactions will be limited to travel, supplies, or equipment.

3A4G2G Cards should only be used for emergencies or unusual circumstances in which the normal purchase order process cannot be utilized.

3A4G2H Credit card purchasing limits will be no greater than those authorized for the cardholder.

3A4G2I District Office Accounting will issue monthly utilization reports.

3A4G3 Gas Credit Cards

3A4G3A Individual gas cards will be assigned to employees assigned a vehicle as part of their employment contract.

3A4G3B Individual pool vehicles will be assigned specific cards and checked out when vehicles are approved for specific District or College use.

3A4G3C Cards will be maintained by the College Administrative Director or Chief Financial Officer for check-out only.

3A4G3D Checked out cards will be returned after each trip with all receipts.

3A4G3E District Office Accounting will issue monthly utilization reports to the District Chief Financial Officer and the College Directors of Administrative Services.

3A4H All postage stamps and envelopes shall be used for official College business only. Such materials shall be under the supervision of the College administration.

3A5 Investments

3A5A Excess funds of the District shall be invested by the Chancellor or his designee as directed by the Investment Committee. The Investment Committee will consist of the Board of Trustees.

3A5B All funds will be held in the name of the Kern Community College District and will be invested in accordance with California Government Code Section 53600 et seq. Permissible investments include the following:

- U.S. Treasury notes, bonds and bills
- Registered warrants, treasury notes and bonds of the State of California
- Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California
- Obligations issued by, or fully guaranteed as to principal and interest by the Federal National Mortgage Association or instruments issued by a federal agency
- Bankers acceptances which are eligible for purchase by the Federal Reserve System
- Rated commercial paper (A1 or P1)
- Negotiable certificates of deposit
- Repurchase agreements and reverse repurchase agreements with Master Agreement under California law
- Medium-term notes with a maximum of five (5) years maturity issued by U.S. Corporations and rated A or better
- Money market mutual funds meeting criteria prescribed in California Government Code Section 53601 (k)
- Local Agency Investment Fund (State Pool)
- Passbook Savings Account Demand Deposits
- Interest-bearing demand deposits with the County of Kern Auditor-Controller

3A5C Investments will be selected based on the criteria which is prioritized as follows:

- **Safety**--The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. The primary objective is to protect, preserve and maintain intact amounts invested under this policy.

- **Liquidity**--Liquidity refers to the ability to dispose of investments at any moment in time with a minimal chance of losing some portion of principal or interest. An adequate percentage of the portfolio should be maintained in liquid short-term securities which can be converted to cash if necessary to meet disbursement requirements. No investment shall be for a term greater than five (5) years, unless specifically authorized by the Board of Trustees as provided in Section 53601 of the California Education Code.

- **Yield**--Yield is the potential dollar earnings an investment can provide.

3A5D The Chancellor or his designee shall render a monthly report to the Board of Trustees of all outstanding investments and investment transactions for the month including the additional information specified by California Government Code Section 53646.

3A5E Securities purchased from brokers/dealers may be held by the broker/dealer provided that the total principal and interest of all securities held for the account of the Kern Community College District by each broker/dealer does not exceed the amount of the individual account insurance coverage carried by the broker/dealer. In the absence of adequate insurance coverage, securities shall be held in third party safekeeping by the trust department of a designated bank in the name of the Kern Community College District.

3A5F Security purchases and holdings shall be maintained within statutory limits imposed by the California Government Code. Current limits are: Bankers acceptances--forty percent (40%), Section 53601 (f); Commercial paper--thirty percent (30%), Section 53601 (g); Negotiable certificates of deposit--thirty percent (30%), Section 53601 (h); Medium-term notes--thirty percent (30%), Section 53601 (j); Money-market mutual funds--fifteen percent (15%), Section 53601 (k).

3A6 Subsidiary Services--Subsidiary services are those auxiliary operations which are provided to support the instructional function of the Colleges.

3A6A Bookstore

3A6A1 Bookstores shall be under the supervision of the College Presidents. Operational responsibilities may be delegated to appropriate officers of the respective Colleges.

3A6A2 Books, materials, and supplies that students are required to buy as a part of the classroom instruction may be purchased at the College bookstore. No books, materials, or supplies are to be sold directly to students by staff. Off-site bookstore operations shall be conducted by the College bookstores as necessary.

3A6A3 Net proceeds derived from the operation of the College bookstores shall be used for the establishment and maintenance of adequate operating reserves for the bookstores and for the benefit of a student development program. See **Procedure 3A6A3** of this Manual for the Definition and Allocation of Net Proceeds. *(Added June 1, 1995)*

3A6B Cafeteria

3A6B1 Cafeterias shall be under the supervision of the College Presidents. Operational responsibilities may be delegated to appropriate officers of the respective Colleges.

3A6C College-Sponsored Events *(Added June 1, 1995)*

3A6C1 College-sponsored events are those events which are funded in whole or in part by the College or are associated with the College name by permission of the College President. College-sponsored events, including athletic events, shall be under the supervision of the College Presidents. Operational responsibilities may be delegated to appropriate officers of the respective Colleges.

3A6C2 Extra-curricular activities are those activities which enhance but may not directly relate to the instructional program. Extra-curricular activities determined by the College President or designee to not be a part of the regular College program shall be self-supporting.

3A6C3 Net proceeds generated from College-sponsored events, including College-operated concessions and gate receipts, shall be used to fund the costs of co-curricular programs. Co-curricular programs are those activities which occur outside of the classroom but which support the instructional program. Each College shall adopt procedures for allocating all College-sponsored event net proceeds to its co-curricular programs. The income and expense allocations shall be incorporated into the respective College budgets to be approved and adopted by the Board of Trustees.

3A7 Library--See **Procedure 3A7** of this Manual for procedures on the selection of library materials. (*Revised June 1, 1995*)

3A7A The basic responsibility for the acquisition or withdrawal of library materials rests with the College President or designee.

3A7B The head librarian at each College has the primary responsibility for the withdrawal of obsolete and/or damaged materials from the library collection.

3A7C Materials shall be disposed of in a manner which may be economically feasible and may be beneficial to groups, institutions, and individuals.