

MAINE COMMUNITY COLLEGE SYSTEM

**FINANCIAL AFFAIRS
Section 702**

SUBJECT: BUDGETING

PURPOSE: To establish a uniform budgeting policy for the Maine Community College System.

A. Distribution of Financial Resources

The Board of Trustees, with advice of the System president, shall determine the allocations of all funds to and among the colleges and all other components of the MCCS.

B. Operating Budgets

The Board of Trustees shall adopt a biennial operating budget for presentation to the governor and the legislature, incorporating all projected expenditures and all resources expected or proposed to be made available to fund the operations of the System. Such budget shall be used to support any requests to the legislature for General Fund appropriations that the trustees may deem appropriate and necessary to supplement other resources available to the System. The colleges shall work with the System Office to prepare for the Board's review and approval annual operating budgets for all fund groups, and such budgets shall limit spending to those resources conservatively projected to be available.

C. Capital Improvements Budgets

The colleges shall work with the System Office to prepare and the Board of Trustees shall adopt a biennial capital improvements budget for presentation to the governor and the legislature, incorporating all projected expenditures and all resources expected or proposed to be made available to fund public improvements. The colleges shall work with the System Office to prepare annual capital improvement budgets and such budgets shall limit spending to those resources conservatively projected to be available.

D. Bond Issues

1. General Obligation Bonds

The System Office may from time to time prepare and the Board of Trustees may from time to time adopt for presentation to the governor and the legislature requests for General Obligation bond issues. The colleges shall assist the System Office in developing such requests, and shall comply with the terms of expenditure that become authorized by law.

2. Revenue Bonds

The System Office may from time to time prepare and the Board of Trustees may from time to time approve the purchase of revenue bonds consistent with Maine law. The colleges shall assist the System Office in developing such requests, and shall comply with the terms of expenditure of any requests that the Board and pertinent financial institutions approve.

E. Debt

1. Definitions

For purposes of this section, “debt” shall include capital leases, certificates of participation, revenue bonds, real estate leases as a tenant, or any other borrowing or other financial commitment issued with the intent for repayment to exceed one year.

2. Authority

The System recognizes legal limitations with respect to its ability to issue and/or engage in debt. A college president is authorized to enter into a debt instrument provided that the aggregate commitments in any one year do not exceed 5% of the college’s annual operating budget in such fiscal year, and the aggregate of all debt instruments for the college does not exceed 10% of the book value of college’s net capital assets. Any debt instrument exceeding \$250,000 must be presented to the Board of Trustees for prior authorization.

3. Reports

To keep the System within in its authorized debt limits, each college shall notify the MCCS chief financial officer of debt that the college intends to incur prior to the college signing or otherwise committing to such debt.

REFERENCES: 20-A M.R.S.A. §12706(4-6) and (20); and §12709(8)

DATE ADOPTED: June 24, 2009

DATE(S) AMENDED: November 29, 2012