

BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA
Budget Committee
March 28, 2007

SUBJECT: Auxiliary facilities that have bond covenants requiring approval of estimated 2007-2008 operating budgets.

PROPOSED BOARD ACTION

Approve estimated 2007-2008 operating budgets for auxiliary facilities that have bond covenants requiring Board approval.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Subsection (d) of Section 7 of Article IX, Education, of the Constitution of the State of Florida as amended.

BACKGROUND INFORMATION

An auxiliary enterprise, as defined by the National Association of College and University Business Officers (NACUBO) in the College and University Business Administration Manual, is "an entity that exists to furnish a service to students, faculty, or staff, and that charges a rate directly related, but not necessarily equal, to the cost of the service". One of the distinguishing characteristics of auxiliary enterprises is that they are managed as self-supporting activities. Some examples of auxiliary enterprises are housing operations, university bookstores, food services, student health centers, parking services, and continuing education. Many auxiliary enterprises have debt service commitments for the construction of facilities that must be repaid from pledged revenues from operations.

Section 1010.60, Florida Statutes, authorizes the issuance of bonds or other forms of indebtedness pursuant to the State Bond Act to finance or refinance capital projects authorized by the Legislature. Specific covenants, as set forth in the authorizing resolutions of certain bond issues, require approval of estimated operating budgets for the upcoming fiscal year at least ninety (90) days preceding the beginning of the fiscal year. The state universities historically submit annual operating budgets for their auxiliary operations approximately forty-five (45) days after the beginning of the fiscal year; therefore it is necessary for each affected institution to develop and submit, in advance, an estimated operating budget for all facilities with outstanding bond issues containing the operating budget approval covenant language.

The following universities have outstanding bond issues that require Board of Governors approval as successor to the Board of Regents: the University of Florida, Florida State University, Florida A&M University, the University of South Florida, Florida Atlantic University, the University of Central Florida, Florida International University, and New College of Florida.

A review of each university's information for auxiliary facilities affected by the specific bond covenants indicates that there will be sufficient revenues to meet the estimated level of operational expenditures and debt service payments for fiscal year 2007-2008.

Supporting Documentation Included: Income and Expenditure Statements for:

1. University of Florida - Parking Services, Housing System
2. Florida State University - Housing, Parking Services
3. Florida A&M University - Housing, Parking Services, Student Center
4. University of South Florida - Bookstore, Parking Services
5. Florida Atlantic University - Health Center, Housing
6. University of Central Florida - Health Center, Bookstore, Parking Services
7. Florida International University - Parking Services
8. New College of Florida - Housing

Facilitators/Presenters: Tim Jones