

## **FLORIDA BOARD OF GOVERNORS**

April 22, 2004

**SUBJECT:** Auxiliary Facilities that have Bond Covenants Requiring Approval of 2004-2005 Operating Budgets and Facility Maintenance and Equipment Reserve Fund Reports

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### **PROPOSED BOARD ACTION**

Approve income and expenditure statements and facility maintenance and equipment reserve amounts for auxiliary facilities that have bond covenants requiring approval. This action is an annual evaluation of financial information, which was approved last year at the Board's April 30, 2003, meeting.

### **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**

Section 1010.60, Florida Statutes, authorizes the State Board of Education (SBOE) to request 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 bond covenants, as set forth in the authorizing resolutions of SBOE bond issues, require approval of budgets and certification that funds shall be deposited into a Facility Maintenance and Equipment Reserve Fund. The following universities are required to submit budgets and certification that fulfills this requirement: University of Florida, Florida State University, Florida A&M University, University of South Florida, Florida Atlantic University, University of Central Florida, Florida International University, and New College of Florida

Funds deposited into the reserve funds shall be used or loaned for unusual / extraordinary maintenance or repairs, renewals, and replacements. The renovation or replacement of equipment and furnishings not paid as part of the ordinary, normal expense of the operation and maintenance of the facility are also specified uses.

A review of the university information for facilities affected by the specific bond covenants indicates that there are sufficient revenues to meet the estimated expenditures for 2004-2005. Where projected annual expenditures exceed projected revenues, 2003-2004 ending cash balances and anticipated 2004-2005 revenues are sufficient to fund projected expenditures.

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**Supporting Documentation Included:**

- 1) University Certifications
- 2) Income and Expenditure Statements
- 3) Summary Operating Budget and Reserve Balance Information

**Facilitators/Presenters:** Tim Jones