

**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Budget and Finance Committee  
March 28, 2023**

**SUBJECT:** Auxiliary Facilities that have Bond Covenants Requiring Approval of  
Estimated 2023-2024 Operating Budgets

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**PROPOSED COMMITTEE ACTION**

Approve estimated 2023-2024 operating budgets for auxiliary facilities that have bond covenants requiring Board approval.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Article IX, Section 7, Florida Constitution, Bond Covenants

**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 1010.62, 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: University of Florida, Florida State University, the University of South Florida, Florida Atlantic University, the University of Central Florida, and Florida International University.

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 2023-2024.

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**Supporting Documentation Included:**

Auxiliary Facility 2023-2024  
Operating Budgets

**Facilitators/Presenters:**

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