

## STATE BOARD OF EDUCATION

April 15, 2003

**SUBJECT:** 2003-2004 Operating Budgets and Building Repair and Renovation Reserve Reports for Auxiliary Facilities that have Bond Covenants requiring State Board of Education Approval.

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### **PROPOSED BOARD ACTION**

Approve the operating budgets and building repair and renovation reserve reports for auxiliary facilities that have bond covenants requiring State Board of Education (SBOE) approval.

### **BACKGROUND INFORMATION**

Section 1010.60, Florida Statutes, authorizes the 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, set forth in the authorizing resolutions of SBOE bond issues, require the SBOE to approve operating budgets and certify that funds will be deposited into a Facility Maintenance and Equipment Reserve Fund.

Chancellor's Memorandum CM-D31.00-02/97 relating to Auxiliary Facilities requires that a minimum of 3% of anticipated operating revenues be deposited into the Facility Maintenance and Equipment Reserve Fund. The Chancellor's Memorandum also establishes the required procedures for the universities to follow in meeting the bond covenant requirements.

A review of the university budgets for facilities affected by the specific bond covenants indicates there are sufficient revenues to meet the estimated expenditures and the minimum annual 3% reserve deposit for 2003-2004, in the event sufficient reserves are not currently on deposit.

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**Supporting Documentation Included:** Reserve Summary Detail by University

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