

ITEMS FOR DISCUSSION AND ACTION FISCAL, FACILITIES AND AUDIT

April 23, 2020

ACTION: **Approve Revised Revenue Bond Operating Budgets; Revisions to Peru State College Contingency Maintenance Resolution; and Furnishing Utilities for Revenue Bond Facilities**

This action item includes several proposed adjustments to the Colleges' revenue bond programs for Fiscal Year 2019-20. While the revisions proposed do not resolve the negative fiscal impact to the College's revenue bond programs due to COVID-19, they provide the flexibility for the College's to assure they end the fiscal year in line with board policies and bond covenants related to the program. These proposed actions are intended to assure that the revenue bond programs remain fiscally stable in light of the challenges caused by the pandemic.

An update on revenue bond program planning will be provided at the meeting.

Revised Revenue Bond Operating Budgets

Board Policy 9008 includes language that "Any college may submit, if needed, revisions to its revenue bond operating budget. Any revision shall not become effective until the Board has approved the revision and the same has been delivered to the Bond Trustee." The revisions are necessary to accommodate the estimated amount of room and board refunds provided to students on a pro-rated basis for those who chose to move out of their residence halls due to the coronavirus pandemic. Food service expenditures are also adjusted as the costs for those services will be lower due to lower participation in the food service programs. Wayne State's budget is also adjusted for increased revenue and expenditures due to enrollment increases.

Revisions to Contingency Maintenance Resolutions

Peru State College respectfully requests the release of Item #2 in its Contingency Maintenance Resolution dated January 14, 2020 for the Clayburn HVAC Upgrade in the amount of \$425,000.

At its January 14, 2020 meeting, the Board approved a Contingency Maintenance Resolution for Peru State College that included an HVAC Upgrade in Clayburn Hall in the amount of \$425,000. As a result of the COVID-19 pandemic and the related refunds provided to students who chose to leave campus, PSC is requesting that the Board approve the release of this contingency maintenance item from the resolution to assure adequate surplus funds at the end of the fiscal year to meet bond covenant requirements.

The College intends to include this project again in a future contingency maintenance request, as funds are available.

Furnishing Utilities for Revenue Bond Facilities

In accordance with Nebraska Revised Statute 85-409 and Board Policy 9005, this board action provides the Colleges with flexibility to cover some or all utilities for their revenue bond buildings from general operating budgets this fiscal year and not charge them against the revenue bond program. This action provides the option for the Colleges, should they need it, in order to

maintain the revenue bond programs in good financial condition given the fiscal impact in response to the pandemic.

Nebraska Revised Statute 85-409 applies to the Board of Trustees and states: "The respective boards, referred to in section [85-403](#), in their discretion may furnish heat, light, power, and other similar utilities to any building or structure, or for any activities covered by the provisions of sections [85-403](#) to [85-411](#) without charging the same against the revenue derived therefrom.

Board Policy 9005 states: "The Board may, at its discretion, furnish heat, light, power and other similar utilities for the revenue bond facilities without charging the same against the revenues thereof.

The System Office recommends approval of the Response to COVID-19 Pandemic Regarding Impact of Providing Room and Board Refunds.

ATTACHMENTS:

- CSC Revised Revenue Bond Operating Budget 2019-20 (PDF)
- PSC Revised Revenue Bond Operating Budget 2019-20 (PDF)
- WSC Revised Revenue Bond Operating Budget 2019-20 (PDF)

NEBRASKA STATE COLLEGE SYSTEM
 2019-2020 REVENUE BOND OPERATIONS BUDGET
 CHADRON STATE COLLEGE

April 23, 2020

REVISED BUDGET

	<i>Revised Budget FY 2020</i>
<u>Revenues:</u>	
Dormitory Rentals	\$2,025,000
Apartment/House Rentals	\$0
Facilities Rentals	\$41,000
Food Service Contracts	\$2,175,000
Facilities Fees*	\$850,000
Bookstore Commissions	\$25,000
Investment/Interest Income	\$75,000
Other Income	\$73,750
Total Revenues	<u>\$5,264,750</u>
<u>Expenditures:</u>	
FTE 27.8	
Salaries and Benefits	\$1,300,000
Utilities	\$584,500
Insurance	\$30,000
Equipment & Furnishings	\$0
Capital Outlay	\$0
Telephone/Cable T.V & Internet Services	\$72,250
Supplies, Materials & Other	\$173,250
Repairs and Maintenance	\$188,000
Subtotal - Operations and Maintenance	<u>\$2,348,000</u>
Food Service Payments	1,800,000
Debt Service	893,108
Total Expenditures	<u>\$5,041,108</u>
Available for Distribution	
to Subsidiary Funds	<u><u>\$223,642</u></u>

Debt Service Coverage Ratio **125.04%**

*All student derived fees

*Revolving Funds: Includes appropriation of \$2,536,500 adjusted down to \$2,348,000 as anticipated revenue for 2019-20 will not reach approved expenditure level for FY20.

**NEBRASKA STATE COLLEGE SYSTEM
2019-2020 REVENUE BOND OPERATIONS BUDGET**

April 23, 2020

PERU STATE COLLEGE

REVISED BUDGET

REVENUE SOURCE	PROPOSED BUDGET FY 2020
Residence Hall/Dormitory Rentals	1,700,594
Apartments/House Rentals	199,506
Facilities Rentals	0
Food Service Contracts	1,835,971
Food Service Commissions	0
Facilities Fees	1,001,507
Bookstore Commissions/Income	36,969
Trustee Investment/Interest Income	129,014
Parking Fees/Fines	0
Other	27,677
TOTAL REVENUE	4,931,238
 EXPENDITURES AND DEBT SERVICE	
FTE 14.68	
Salaries and Benefits	770,912
Utilities	302,500
Insurance	51,705
Equipment & Furnishings	75,000
Capital Outlay	0
Telephone/Cable Television/Internet	36,565
Supplies	85,000
Repairs and Maintenance	119,470
Other Operating Expenses	146,631
Operating/Maintenance Total	1,587,783
Food Service Payments	1,586,295
Debt Service	947,430
TOTAL EXPENSES	4,121,508
Available for Distribution to Subsidiary Funds	809,730
DEBT SERVICE COVERAGE RATIO	185.47%

**NEBRASKA STATE COLLEGE SYSTEM
2019-20 REVENUE BOND OPERATIONS BUDGET**

WAYNE STATE COLLEGE

*****REVISED BUDGET*****

REVENUE SOURCE	PROPOSED BUDGET FY20
Residence Hall/Dormitory Rentals	3,996,000
Apartment/House Rentals	0
Facilities Rentals	5,800
Food Service Contracts	3,838,000
Food Service Commissions	96,000
Facilities Fees	1,491,000
Bookstore Commissions/Income	106,000
Trustee Investment/Interest Income	191,000
Parking Fees/Fines	40,000
Other	65,000
TOTAL REVENUE	9,828,800

EXPENDITURES AND DEBT SERVICE

FTE 61.81	
Salaries and Benefits	2,662,122
Utilities	1,100,000
Insurance	40,000
Equipment & Furnishings	180,000
Capital Outlay	5,000
Telephone/Cable Television/Internet	180,000
Supplies	320,000
Repairs and Maintenance	370,000
Other Operating Expenses	347,481
Operations/Maintenance Total*	5,204,603
Food Service Payments	2,187,337
Debt Service	1,401,024
TOTAL EXPENSES	8,792,964
Available for Distribution to Subsidiary Funds	1,035,836

DEBT SERVICE COVERAGE RATIO **173.93%**

*Revolving Funds: Includes new appropriation of \$4,775,000 and carryforward balance of \$429,603.