

Board of Trustees of the Nebraska State Colleges

Revenue Bond-Auxiliary Operations

POLICY NAME: ~~Revenue Bonds; Use of Surplus Funds~~ Auxiliary Surplus Funds

POLICY NUMBER: ~~90069100~~

A. PURPOSE

To identify the priority and potential uses of surplus auxiliary funds.

B. DEFINITIONS

None

C. POLICY

1. Surplus Funds

~~Surplus Funds are would be of which all or~~ part of the revenue, fees and earnings ~~are~~ derived from the operations of the auxiliary system and which are pledged under the revenue bond resolution to payment on the debt of the facilities. The Surplus Funds ~~on at each campus-College~~ are those funds remaining each year after costs of operations and maintenance have been paid and after the required minimum dollar amounts have been deposited into the various other bond funds at the end of the fiscal year.

1.1. Uses

~~These Surplus Funds may be used for~~ extraordinary items ~~are these~~ which are not customarily included as costs of operation and maintenance and which are deemed necessary or desirable by the Board in order to maintain such revenues, fees and earnings or to maintain the facilities as a revenue-producing enterprise.

- The Surplus Fund shall be drawn upon first to make up any deficiencies in the Bond Fund and/or the Bond and Interest Reserve Funds.
- Remaining Surplus Funds can then be used ~~and~~ to make any extraordinary repairs, renewals, replacements, renovations, or to equip and furnish equipments, and furnishings to the revenue bond facilities.

- ~~The Remaining~~ Surplus Fund may ~~also be then be~~ used, upon approval of the Board, to complete the ~~Costs-costs~~ of ~~Construction construction~~ or ~~Acquisition-acquisition~~ of the ~~Improvement improvement~~ in the event the funds on deposit in the Construction Fund are not adequate ~~or~~ to pay the ~~Costs-costs~~ of ~~Construction construction~~ or ~~Acquisition-acquisition~~ of additional buildings and facilities appropriate to be purchased with revenue bond funds.

1.2 Reserve

~~It is the Board of Trustees' intent that t~~he minimum balance to be maintained in the Surplus Funds at each ~~of the State-Colleges~~ shall be 7.5% of the outstanding debt; however, in no circumstance shall any of the ~~colleges'-Colleges'~~ Surplus Funds be drawn down below two hundred thousand dollars (\$200,000).

1.3 Maximum Expenditure

Before an expenditure exceeding five hundred thousand dollars (\$500,000) for any one item can be initiated, and subsequent to Board approval, the ~~project Chancellor will be~~ submitted such project to the Legislature for approval as required by law.

The following was moved to 9101 – Auxiliary System Maintenance

PROCEDURE

~~An annual Contingency Maintenance Request for extraordinary repair items shall be submitted to the System Office in the format and according to the schedule developed by the System Office. The request material shall be reviewed by the Board's revenue bond financial management consultant and Vice Chancellor for Finance & Administration, and a recommendation submitted by them to the Board. The projects being requested are authorized to be initiated at the beginning of the subsequent fiscal year and expenditures for them are to be transacted after July 1 of that new fiscal year. An exception to this procedure is granted for those projects that must be completed during the subsequent summer months. The Colleges are authorized to begin planning and design activities and to place purchase orders for such Contingency Maintenance projects as soon as the Board has approved the requests. However, no payments shall be made on those projects until after July 1 of the request year. Approved projects will be initiated and completed within three (3) years of the resolution's applicable fiscal year period. Projects that have not been initiated within that time period shall be closed out and Surplus Fund balances earmarked for those specific projects shall be reclassified as uncommitted Surplus Funds. Designated funds may continue to be earmarked for those projects that have been initiated within the three year period but, due to extraordinary circumstances, have not been completed and payment made to the vendor.~~

~~Periodically it may be necessary to expend Surplus Funds on an emergency-type project. The System Office should be notified and the College may proceed with the project, after approval is given by the Chancellor and the Fiscal, Facilities and Audit Subcommittee Chair. Such approvals shall be reported to the Board at the subsequent meeting.~~

~~If any contingency maintenance item approved by the Board exceeds its estimated cost, the College may reallocate up to one thousand dollars (\$1,000) in fund balances from other completed projects and report same to the System Office.~~

~~If any fund balances remain from completed Contingency Maintenance projects, the College may expend up to fifty thousand dollars (\$50,000) of those funds for additional, related projects, once approved by the Vice Chancellor for Finance & Administration, or the Vice Chancellor for Facilities & Information Technology. Such reallocation shall be reported to the Board in the subsequent Contingency Maintenance Progress Report. Reallocations exceeding fifty thousand dollars (\$50,000) shall be submitted to the Board for approval prior to initiating the projects using those funds.~~

FORMS/APPENDICES:

None

SOURCE:

Legal Reference: RRS 85-408 Dormitories; housing facilities; other facilities; rates, fees, or charges; pledge for payment of bonds; surplus; expend; approval of Legislature

Policy Adopted: March 1994

Policy Revised: August 1997, February 1999, June 2006, September 2006, April 2007, June 2013, June 2014, January 2021, April 2022

Board of Trustees of the Nebraska State Colleges

Revenue Bond-Auxiliary Operations

POLICY NAME: ~~Revenue Bonds; Use of Surplus Funds~~Auxiliary System Maintenance

POLICY NUMBER: ~~90069101~~

A. PURPOSE

To lay out the process for allocating and approving surplus funds to make repairs, renewals, replacements, renovations, or to equip and furnish auxiliary facilities.

B. DEFINITIONS

1. **Surplus Funds:** The Surplus Funds ~~on~~at each campusCollege are those funds remaining each year after costs of operations and maintenance have been paid and after the required minimum dollar amounts have been deposited into the various other bond funds at the end of the fiscal year.

C. POLICY

1. **Maintenance and Repair Approval**

An annual ~~Contingency-Auxiliary~~ Maintenance Request for ~~extraordinary~~ repair items shall be submitted to the System Office in the format and according to the schedule developed by the System Office. The request material shall be reviewed by the ~~Board's revenue bond financial management consultant and~~ Vice Chancellor for Finance & Administration and the Vice Chancellor for Facilities, and a recommendation submitted by them to the Board.

1.1. **Project Timing**

- The projects being requested are generally authorized to be initiated at the beginning of the subsequent fiscal year and expenditures for them are to be transacted after July 1 of that new fiscal year. An exception to this procedure is granted for those projects that must be completed during the ~~subsequent~~ summer months following the approval of the projects. The Colleges are also authorized to begin planning and design activities for any approved project and to cover incurred expenses ~~and to place purchase orders for such Contingency Maintenance projects as soon as the Board has approved the~~

~~requests. However, no payments shall be made on these projects until after July 1 of the request year.~~

- Approved projects will be initiated and completed within three (3) years of the resolution's applicable fiscal year period. Projects that have not been initiated within that time period shall be closed out and Surplus Fund balances earmarked for those specific projects shall be reclassified as uncommitted Surplus Funds. Designated funds may continue to be earmarked for those projects that have been initiated within the three-year period but, due to extraordinary circumstances, have not been completed and payment made to the vendor.

1.2. Emergency Projects

Periodically it may be necessary to expend Surplus Funds on an emergency-type project. The System Office should be notified and the College may proceed with the project, after approval is given by the Chancellor and the Fiscal, Facilities and Audit Subcommittee Chair. Such approvals shall be reported to the Board at the subsequent meeting.

1.3. Realignment Between Approved Projects

In any contingency maintenance item approved by the Board exceeds ~~the~~ its estimated cost, the Colleges may realign funds between the approved projects. A transfer request identifying the Resolution Year(s) and the amount(s) being transferred between approved projects will be processed through the System Office and then reported to the Trustee. reallocate up to one thousand dollars (\$1,000) in fund balances from other completed projects and report same to the System Office.

1.4. Reallocation of Funds to New Projects

• \$50,000 or Less

If any fund balances remain from completed ~~Contingency~~ Maintenance projects or from projects that will not be completed, the College may request reallocation expend of up to fifty thousand dollars (\$50,000) of those funds for additional, related projects. The project(s) must be once approved by the Vice Chancellor for Finance & Administration, or approved by the Vice Chancellor for Facilities & Information Technology. The Such reallocation shall be reported to the Board in the subsequent Contingency Auxiliary Maintenance Progress Report.

• More than \$50,000

Projects costing more Reallocations exceeding than fifty thousand dollars (\$50,000) shall be submitted to the Board for approval prior to initiating the projects using those funds.

1.5. Maximum Expenditure

Before an expenditure exceeding five hundred thousand dollars (\$500,000) for any one item can be initiated, and subsequent to Board approval, the project Chancellor will be submitted such project to the Legislature for approval as required by law.

FORMS/APPENDICES:

None

SOURCE:

Legal Reference: RRS 85-408 Dormitories; housing facilities; other facilities; rate, fees, or charges; pledge for payment of bonds; surplus; expend; approval of by Legislature

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