

Board of Trustees of the Nebraska State Colleges

Revenue Bond-Auxiliary Operations

POLICY
NAME: Auxiliary Surplus Funds

POLICY
NUMBER: 9100

A. PURPOSE

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

B. DEFINITIONS

None

C. POLICY

1. Surplus Funds

Surplus Funds are part of the revenue, fees and earnings 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 at each 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

The Surplus Funds may be used for extraordinary items 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 to make any extraordinary repairs, renewals, replacements, renovations, or to equip and furnish revenue bond facilities.
- Remaining Surplus Fund may also be used, upon approval of the Board, to complete the costs of construction or acquisition of the

improvement in the event the funds on deposit in the Construction Fund are not adequate or to pay the costs of construction or acquisition of additional buildings and facilities appropriate to be purchased with revenue bond funds.

1.2 Reserve

The minimum balance to be maintained in the Surplus Funds at each College shall be 7.5% of the outstanding debt; however, in no circumstance shall any of the 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 will be submitted to the Legislature for approval as required by law.

FORMS/APPENDICES:

None

SOURCE:

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