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**PRESS RELEASE**

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## University Repair and Renovation Fund could use some fine-tuning, Auditor Campbell says

RALEIGH \_ The State's Repair and Renovation Reserve Fund for university buildings generally is working well, but could use some fine-tuning, according to a new performance review released Thursday by State Auditor Ralph Campbell.

The State owns \$12 billion worth of buildings and sets aside a percentage of the General Fund each year to pay for repairs and renovations. Of the funds set aside annually, 54 percent is used for buildings used by State agencies and 46 percent for university facilities.

Since the Repair and Renovation Reserve was established 10 years ago, funding for repairs in the University of North Carolina System have ranged from a high of \$89 million in 1999 to no funding in 2001 and 2002 as the State faced a budget crisis.

Auditors said the level, consistency and timing of allocations from the Repair and Renovation Reserve for universities are not reviewed on a regular basis, and property values set by the Department of Insurance and State Property Office may not reflect improvements that universities and agencies have not reported.

They recommended that the Reserve Fund be reviewed every five years and adjusted as needed to be sure that critical repairs can be funded. They also recommended that agencies and universities promptly report all improvements so that accurate values can be set on State-owned property.

More than \$2.5 billion in bonds for universities approved by voters in 2000 included nearly \$1 billion for major repairs and renovations. But auditors said the bonds did not cover all repairs needed on university campuses. The UNC System has about \$760 million in continuing repair and renovation needs which do not meet the criteria of "major repairs", according to an annual assessment of the campuses.



“I believe there is an assumption that the 2000 bonds took care of the repair and renovation backlog on our University campuses,” Campbell said. “But our analysis shows that the Repair and Renovation Reserve is crucial to protecting the investment in facilities made by North Carolina’s taxpayers.

“It is as true for the State as it is for individuals that when you own property, you must set aside funds to keep that property in good repair,” Campbell said. “To do otherwise reduces the value of your investment.”

Auditors also reviewed the process used to identify repair and renovation needs at the 16-campus University of North Carolina System. Their review of the process, as well as studies financed by the System, indicated that the procedures are reasonable and adequate for identifying needs and setting repair priorities.

The report is available on-line at <http://www.ncauditor.net/EPSSWeb/EDSreportdetail.asp?RepNum=PER-2005-0210>. The report also is available at the Office of the State Auditor web site: [www.ncauditor.net](http://www.ncauditor.net). Printed copies of the report also can be ordered from the web site.

