

SCHOOL CAPITAL PROJECTS FUND

This fund is used to account for the proceeds of general obligation bonds, QZAB (Qualified Zone Academy Bonds), certificates of participation, and other forms of indebtedness used to finance the school system's large capital projects such as school construction and major renovations.

A General Obligation bond issue must be approved by voters in a referendum. They carry the lowest interest at which a county can borrow money, because they pledge the full faith and credit of the county. That is essentially a pledge to adopt property tax rates sufficient to assure payment of the indebtedness in a timely manner.

Qualified zone academy bonds are a state program that the school system can apply for periodically. The advantage is that the State is able to get a lower interest rate on these bonds than general obligation bonds. That is because the State has an AAA credit rating, and the County has an AA+ / AA3rating. While the program is popular, it has limited funding.

Certificates of participation are a form of installment purchase contract debt that splits the contract among a group of creditors. Each creditor's share is their "participation", hence the name certificates of participation. They are used in lieu of general obligation bonds and do not require a referendum for approval. However, the interest cost is usually higher because the collateral pledged is not the full faith and credit of the county.

NOTES:

In FY 2011, the County issued \$9,600,000 of the \$44,600,000 school bonds approved by referendum in May, 2008. This funding was to complete the major renovations and expansions of existing schools. The Board of Education and the Board of Commissioners review the student enrollment figures each fall. As part of that process, the need for constructing additional facilities is discussed in detail. As enrollments have continued to decrease annual expenses have trended slightly upward to cover additional teacher supplements, supplies, etc. However, the Board of Education has agreed to forego issuing the 13.5 Million in bond funds. As a result, the Board of County Commissioners have agreed to increase funding towards increased operational costs over the next three years.

LINCOLN COUNTY, NORTH CAROLINA
SCHOOL CAPITAL PROJECT FUND
FISCAL YEAR 2018

ACCOUNT	DESCRIPTION	FY 2016 ACTUAL	FY 2017 BUDGET	FY 2017 THRU 2/14/17	FY 2018 REQUESTED	FY 2018 RECOMMENDED
REVENUES						
20-0000-00-00-37000-	Interest Revenue	\$ (1,397.27)	\$ -	\$ (860.51)	\$ (1,000)	\$ (1,000)
20-0000-00-00-39999-	Fund Balance Appropriated	-	(466,343)	-	(300,000)	(300,000)
	TOTAL REVENUES	(1,397.27)	(466,343)	(860.51)	(301,000)	(301,000)
EXPENDITURES						
20-5910-57-00-57201-	Improvements	519,261.04	466,343	106,124.95	301,000	301,000
	TOTAL EXPENDITURES	\$ 519,261.04	\$ 466,343	\$ 106,124.95	\$ 301,000	\$ 301,000