

SCHOOL CAPITAL PROJECTS FUND

This fund is used to account for the proceeds of general obligation bonds, Qualified Zone Academy Bonds (QZAB), 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 a AAA credit rating, and the County has a AA- rating. 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. That leaves \$13,500,000 unissued, which is reserved for the construction of the new elementary school. The land has been purchased for that school. 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 this school is discussed in detail. We have been able to delay construction for several years as enrollments have flattened during the economic downturn. This has saved taxpayers the interest and principal costs on \$13,500,000, as well as increased costs to operate the school. Operating costs are expected to be from \$800,000 to \$1,000,000 annually.

There was no issuance of debt for schools in FY 2013 or FY 2014, and none is planned for FY 2015.

COUNTY OF LINCOLN, NORTH CAROLINA
SCHOOL CAPITAL PROJECTS FUND
FY 2015 BUDGET

Account Number	Account Description or Title	FY 2012 Actual	2013 Actual	FY 2014 Budget	FY 2014 Thru 2/28/14	FY 2014 Projected	FY 2015 Requested	FY 2015 Recommended
	REVENUE							
	INTERGOVERNMENTAL							
20-3591-4991	Fund Balance Appropriated	-	-	6,063,188	-	1,999,500	4,063,188	4,063,188
20-3591-4910	Proceeds Sale of Debt	-	-	-	-	-	-	-
	TOTAL INTERGOVERNMENT	-	-	6,063,188	-	1,999,500	4,063,188	4,063,188
	INVESTMENT EARNINGS							
20-3591-4490	Interest on Investment	5,383	3,173	5,000	311	500	1,000	1,000
	TOTAL INVESTMENT	5,383	3,173	5,000	311	500	1,000	1,000
	Miscellaneous							
20-3591-4915	Bond Premium	-	-	-	-	-	-	-
20-3591-4986	Transfer from General Fund	-	-	-	-	-	-	-
	TOTAL MISCELLANEOUS	-	-	-	-	-	-	-
	TOTAL REVENUE	5,383	3,173	6,068,188	311	2,000,000	4,064,188	4,064,188
	CAPITAL OUTLAY							
20-5910-5565	New Elementary School	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20-5910-5568	East Middle (Water Line)	-	-	-	-	-	-	-
20-5910-5570	Land	-	-	-	-	-	-	-
20-5910-5578	Lincolnton Middle	-	-	-	-	-	-	-
20-5910-5579	West Lincoln	-	-	-	-	-	-	-
20-5910-5584	Reserve Future Projects	-	-	-	-	-	-	-
20-5910-5585	East Lincoln	-	-	-	-	-	-	-
20-5910-5586	North Lincoln Middle	-	-	-	-	-	-	-
20-5910-5587	Lincolnton	-	-	-	-	-	-	-
20-5910-5590	Co-Improvements	2,988,219	2,757,951	6,068,188	938,492	2,000,000	4,064,188	4,064,188
20-5910-5593	QZAB Projects	-	-	-	-	-	-	-
	TOTAL CAPITAL OUTLAY	2,988,219	2,757,951	6,068,188	938,492	2,000,000	4,064,188	4,064,188
	TRANSFERS							
20-5910-5983	Transfer to Capital Reserve	-	-	-	-	-	-	-
	TOTAL OTHER FINANCING USES	-	-	-	-	-	-	-
	EXPENSE TOTAL	2,988,219	2,757,951	6,068,188	938,492	2,000,000	4,064,188	4,064,188