PROCEDURES MANUAL
PUBLIC SCHOOL BUILDING CAPITAL FUND

(Established by the School Facilities Finance Act of 1987)

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SCHOOL PLANNING SECTION, SAFE AND HEALTHY SCHOOLS SUPPORT DIVISION, NCDPI
PROCEDURES MANUAL
PUBLIC SCHOOL BUILDING CAPITAL FUND

Prepared by
Office of State Budget and Management

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Department of Public Instruction
301 N. Wilmington Street
Raleigh, North Carolina

Questions relating to the Public School Building Capital Fund should be directed to: School Planning Section, Department of Public Instruction, 6319 Mail Service Center, Raleigh, North Carolina, 27699-6319, (919) 807-3554.
PURPOSE

The purpose of this manual is to provide a comprehensive set of guidelines and regulations pertaining to the Public School Building Capital Fund to assist counties and school units in the application for funds for public school capital outlay projects as defined in G.S. 115C-546.2(b), in the drawdown of these funds, and in the reporting of the use of these funds.

FORMAT

This document is comprised of the Manual written by the Office of State Budget Management in 1988 and subsequent revisions and modifications by OSBM and the Department of Public Instruction. It is divided into the following sections:

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  Origin of the Fund
  Procedures
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    II. Source of Monies
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The sections of “Procedures” above are drawn from the original manual, modified as necessitated by legislative action—i.e., termination of funding from the corporate income tax, addition of lottery funding, etc. Other sections are added with this edition of the manual to further illuminate or clarify the procedures.
# Introduction

Origins of the Fund

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PUBLIC SCHOOL BUILDING CAPITAL FUND

Introduction

The North Carolina Constitution provided that the State is responsible for the public schools (Article IX, Section 2(1)) but delegated the financial responsibility for the school buildings and grounds to the County (Article IX, Section 2(2)). The current demarcation of fiscal obligation between the State and the County is noted in NC GS 115C-408(b), which reads as follows:

To insure a quality education for every child in North Carolina, and to assure that the necessary resources are provided, it is the policy of the State of North Carolina to provide from State revenue sources the instructional expenses for current operations of the public school system as defined in the standard course of study.

It is the policy of the State of North Carolina that the facilities requirements for a public education system will be met by county governments.

The Public School Building Capital Fund (PSBCF) is the exception to this model and is currently the only source of recurring state funding for the capital facility needs (buildings and land) of the local boards of education (local education administration, or LEA). Although a state-wide bond issue is sometimes used to fund school construction (i.e., the 1996 Bond), no such vehicle is presently under consideration.

The PSBCF revenue (originally funded from a portion of the Corporate Income Tax) was distributed among the counties in the state according to Average Daily Membership (ADM) and was thus colloquially known as the “ADM Fund.” When the Lottery was formed, the share of that revenue allocated for capital projects was brought under the ‘umbrella’ of the PSBCF for distribution to the LEAs in the State. Technically, both the ‘ADM Fund’ and the Lottery are part of the PSBCF; see “Origins of the Fund,” below, for a more detailed examination of the history of the Fund.
Origins of the Fund

The 1987 Session of the General Assembly passed legislation (House Bills 1155 and 1142) establishing two funds to assist county governments in meeting their public school building capital needs. One was the Critical School Facility Needs Fund administered by the State Board of Education; the other is the Public School Building Capital Fund (which was administered by the Office of State Budget and Management from 1987 through June 30, 2003.) Construction funding under the Critical School Facility Needs Fund has expired. In 2002-03, corporate tax revenue was directed away from the PSBCF due to state budget shortfalls. The General Assembly of North Carolina included in the budget for the 2003-04 fiscal year (HB 397) a provision that transfers the Public School Building Capital Fund from the Office of State Budget and Management to the Department of Public Instruction. From 2009 to date, no corporate tax revenue has been appropriated for the PSBCF; however, money remaining in the “ADM Fund” can still be used, under the original conditions of the legislation.

G.S. 115C-546.2(b). Counties shall use monies previously credited to the Fund by the Secretary of Revenue pursuant to G.S. 115C-546.1(b) for capital outlay projects including the planning, construction, reconstruction, enlargement, improvement, repair, or renovation of public school buildings and for the purchase of land for public school buildings; for equipment to implement a local school technology plan; or for both. Monies used to implement a local school technology plan shall be transferred to the State School Technology Fund and allocated by that Fund to the local school administrative unit for equipment.

As used in this section, "public school buildings" only includes facilities for individual schools that are used for instructional and related purposes and does not include centralized administration, maintenance, or other facilities.

In the event a county finds that it does not need all or part of the funds allocated to it for capital outlay projects including the planning, construction, reconstruction, enlargement, improvement, repair, or renovation of public school buildings, for the purchase of land for public school buildings, or for equipment to implement a local school technology plan, the unneeded funds allocated to that county may be used to retire any indebtedness incurred by the county for public school facilities.

In the event a county finds that its public school building needs and its school technology needs can be met in a more timely fashion through the allocation of financial resources previously allocated for purposes other than school building needs or school technology needs and not restricted for use in meeting public school building needs or school technology needs, the county commissioners may, with the concurrence of the affected local Board of Education, use those financial resources to meet school building
needs and school technology needs and may allocate the funds it receives under this Article for purposes other than school building needs or school technology needs to the extent that financial resources were redirected from such purposes. The concurrence described herein shall be secured in advance of the allocation of the previously unrestricted financial resources and shall be on a form prescribed by the Local Government Commission.

The Appropriations Act of 2013 (SL 2013-360) included a provision which closed-out deposits from corporate income tax revenue into the PSBCF. Currently, all revenue for the PSBCF comes from the Education Lottery. In August 2005, the General Assembly was considering House Bill 1023 of the 2005 Regular Session (the “Lottery Bill”). While the bill was in Senate Committee, the Governor ratified the 2005 Appropriations Act (SB 622; 2005 N.C. Sess. Laws 276). Section 31.1(t) of that Act provided that, if the Lottery Bill were enacted, the bill would be amended so that 40% of the net revenue of the Lottery is distributed to the Public School Building Capital Fund in accordance with G.S. 115C-546.2. When the Lottery Bill was passed and ratified on August 31, 2005, N.C. Gen. Stat. 115C-546.2(d) became law...including the following:

(4) A county may use monies in this Fund to pay for school construction projects in local school administrative units and to retire indebtedness incurred for school construction projects.

There is nothing in the General Statutes to indicate that the General Assembly intended to permit counties to use lottery money appropriated to the PSBCF to retire indebtedness without making the “no need” finding required in G.S. 115C-546.2(b) [correspondence dated August 31, 2010 from Thomas J. Ziko, Senior Deputy Attorney General, to Steven W. Fowler and William W. Phipps]. It is therefore problematic for a county to commit lottery funding for debt service for years into the future. Also, funding from the PSBCF is intended to supplement, not supplant, local funding for capital facilities. (See G.S. 18C-172(c) for Purposes of the Lottery Oversight Committee.)
Procedures

I. Purpose of Fund

G.S. 115C-546.1(a) “...The Fund shall be used to assist county governments in meeting their public school building capital needs.”

II. Source of Monies

A. Corporate Income Tax Revenue: No longer a source of funding

B. Lottery

1. Distribution per Original Legislation

   a. The gross revenue of the Lottery was to be distributed as follows:
      At least 50% returned to the public as prizes
      No more than 15% for expenses and administration
      At least 35% for educational purposes

   b. The amount designated for educational purposes was to be allocated as
      50% for “More at Four” and class size reduction
      10% for scholarships
      40% for school construction through the PSBCF
      School Construction, therefore, was to receive 40% of 35% of gross lottery revenue, or 14% of gross revenue.

   c. Lottery funding distributed through the PSBCF was then allocated by a formula: 65% allocated among the 115 LEAs (not the 100 counties) based on ADM; 35% allocated among those LEAs whose “tax effort” exceeded the state average, again according to ADM.

2. Distribution per Current Legislation

   Rather than utilize the ‘percentage formula’ discussed above, current legislation provides for the allocation of a specific dollar-amount of lottery revenue for transfer to the PSBCF each fiscal year. Currently, that amount is $100 million. It is subject to change with each legislative session.
C. Interest Income

Cash (unallocated) balances in the Public School Building Capital Fund and monies transferred from the Fund into county disbursing accounts earn interest at the “standard” state rate.

III. Fund Allocations

A. Revenue

The State Board of Education in 1996 passed the following policy for certification of ADM numbers:

“The basis for the distribution of the School Capital Outlay Fund will be the higher of prior year best one out of the first two months average daily membership or projected best one out of the first two months of average daily membership.”

This “official” ADM is used to allocate revenue among the several LEAs, and is recalculated each year. Lottery revenue is distributed quarterly. However, it is usually 1 to 1½ months after the end of the quarter before the amount of the distribution is known to DPI and the allocation among the LEAs is calculated. Therefore, first quarter revenue (July-August-September) is normally available in mid-November, and so forth.

B. Interest Income

Interest earned on the unallocated balance of each LEA’s funds in the PSBCF account and the balance in the county’s disbursing account shall be allocated to the LEAs based on individual LEA cash balances, and added to the balance in each county's PSBCF unallocated balance account. As warrants are written on the county disbursing account, no further interest is earned.

C. Account Statements

A cumulative statement showing revenue deposits and interest earnings is published monthly on the website of the School Planning Section of NCDPI. Individual reports are no longer sent to each county manager or superintendent.
Circulation of copies for county and school staff is the responsibility of each county manager and superintendent (or the respective finance officer).

D. Withdrawals from County PSBCF Accounts

The Department of Public Instruction transfers funds from a LEA’s PSBCF account to the county's disbursing account in the State Treasurer's Office at the end of the month in which a capital building project is approved by the Department of Public Instruction. Funds for school technology are transferred to the State School Technology Trust Fund and allotted to the local school administrative unit by the Department of Public Instruction during the next scheduled allocation.

IV. Expenditure Guidelines

A. Allowable Types of Capital Outlay Projects of Public School Buildings

1. Purchase of Land for Public School Buildings
2. Planning/Design Fees
3. Construction
4. Renovation
5. Enlargement or Addition
6. ‘Significant’ Repair (not normally associated with general maintenance)
7. School Technology (ADM Fund only)

B. Definition of Public School Building

1. The definition of public school buildings in G. S. 115C-546.2(b) "...only includes facilities for individual schools that are used for instructional and related purposes and does not include centralized administration, maintenance, or other facilities."

2. Mobile or modular classrooms are also not an allowable category for use of state or matching funds.

C. Planning/Design Fees

Architectural and engineering design fees for construction and renovation are allowable. Land surveys, soil boring, wetlands determination, and similar
investigative services in preparation of design are allowable. Fees such as inspection fees for determining if asbestos removal is required in building renovation are allowable.

D. Equipment Purchases

1. Equipment which is an integral part of the building such as HVAC, plumbing, wiring, and electrical equipment is an allowable expense. Equipment in this case would be included in the appropriate funding category on the application, i.e., construction, renovation, or enlargement.

2. Moveable equipment or equipment which is not an integral part of the building, such as telephone systems, student desks, and computers, is not allowable. However, computers are allowable for funding through the School Technology Trust Fund if the items are included in the local school technology plan for the local school administrative unit. Similar equipment listed in the local school technology plan is considered by definition to be ‘technology’ and is not fundable from Lottery balances, although any available balances in the ADM Fund may be used (and no match is required).

E. Timing of Allowable Expenditures

Funding from the PSBCF may be used to pay contractors’ invoices for an approved project, or to reimburse the LEA if the LEA has already made such payment. However, funding from the PSBCF is not allowable after one year following the final payment to the contractor or vendor.

V. Matching Requirements (Applies only to ADM Fund; no match required for Lottery funds)

A. Amount of Required Match

1. Local/State Ratio

   a. Allocations from the ADM Fund shall be matched on the basis of one dollar of local funds for every three dollars of state funds, except for school technology projects.
b. Local match must be identified and designated for the requested project prior to submission of the application for state funds. The amount so designated shall be shown on the funding application.

c. Local funds need not be expended before the state funds.

d. The ratios of state/local funds do not need to be maintained with each payment of invoices during the project, but the ratio of at least one dollar local expenditure for every three dollars of state expenditure must be reached by the conclusion of the project.

e. No local match is required for projects approved for school technology with the monies being transferred to the School Technology Trust Fund.

2. Overmatch

Projects are matched on a project-by-project basis. Overmatch on one project cannot be used as match on another project since local and state expenditures must be on the same project.

B. Allowable Match

1. County Funds

   a. The local option sales taxes of 1983, 1986, etc., local bond proceeds, donations, and general county revenues are allowable as match.

   b. Local expenditures qualify as allowable match only when expended on the same categories as those allowable for state funds (i.e., local expenditures for “furniture” do not count as matching funds).

   c. Expenditures are matched on a project-by-project basis. Matching expenditures must be on the same project as the state funds.

   d. Expenditures, including the purchase of land, between July 1, 1986 and July 1, 1987, for a project not completed prior to July 1, 1987, qualify as allowable match and can be used as match only for an approved project on the same site.
2. Donations/Grants

a. Donations, such as land, must be on or after July 1, 1986, to qualify as allowable and can be used as match only on the same site as the approved project. The project cannot have been completed prior to July 1, 1987.

b. To qualify as allowable match, donations must be of the same types as are allowed for state and local expenditures.

C. Non-Allowable Match

1. Source of Funds

Funds from the Critical School Facility Needs Fund and the Public School Building Bond Act of 1996 and allocations from the Education Lottery are not allowable match for monies from the ADM Fund.

2. Timing of Expenditures

Funds expended or donations received prior to July 1, 1986, are not allowable match.

3. Types of Expenditures

Matching local expenditures and/or donations cannot be used for moveable equipment, such as student desks, furniture or window treatment, or computers, nor on centralized administration, maintenance, or other facilities.

VI. Application Process

A. Completion of the Application Form (see Appendix 3)

1. One Project per Application

Each project must be submitted on a separate application form.

2. Brief, Descriptive Phrases
Submit the requested information in brief, descriptive phrases. Complete sentences are not required. The application information will be entered into a computer for the purpose of responding to questions of the "What type of projects have received how much money" nature.

3. Information to Complete the Application

**Contact Person:** County official dealing with the DPI.
**Title:** Of the county contact person.
**Address:** Of the county contact person.
**Phone:** Of the county contact person.

**Project Title:** Short descriptive title, i.e., “Construction of 7-classroom addition to South Elementary School.”

**Location:** Town, rural address, etc.

**Type of Facility:** High school, middle/junior school, elementary, K-12, gymnasium, etc.

**Short Description of Construction Project:**
- Land purchase - Give the location, size, etc.
- Construction - Brief description of building including the number of students to be served, whether it replaces an existing building(s), is the result of consolidation of schools, etc. Include integral equipment as part of the construction and do not itemize as a separate item.
- Renovation/Enlargement/Repair - Brief description of building and work to be done, such as the number of classrooms added, replacing HVAC, windows, doors, re-roof (on re-roofing jobs, indicate whether it is a flat or peaked roof), age of building, etc. Again include integral equipment as part of the line item and do not itemize as a separate item.

**Estimated Costs:**
- Purchase of Land - Include donated land being used as match.
- Planning - Also includes design fees. See IV / C, page 6.
- Construction, Renovation, Enlargement, Repair - Include the cost of the integral equipment necessary for the project. Do not itemize.
- State Funds Column - Dollars in the state column cannot exceed 75% of the total cost of the project (applies to ADM funding).
- Each item does not have to be split as to state/local expenditures. The entire match may be in one item, or all the state expenditures may be in one item, but the total of the state column cannot exceed 75% of the total project cost.
• Local Funds Column - Dollars in the local column may exceed 25% of the total cost of the project. Projects may be overmatched if desired.

**Bid Dates/Vendor:** Date bids were received/Name of general contractor.

**Contracts Signed/Dates:** Planning/design contracts with date; general contractor with date.

• If the application is requesting authorization for more funds than are available in the county's ADM account, the contract with the general contractor must have been signed prior to submission of the application, using the county's financial backing as authority to sign the contract.

**Match (source):** 1/2 percent sales tax (1983 and/or 1986), local bond proceeds, general revenues, donations (applies to ADM Fund, not Lottery).

$_________: Amount of match expended to date.

**Expended for:** Give date and short description.

**Reporting Requirements:** Note that a final report is required.

**Amount Requested:** The amount of state funds requested, which is the same amount as the total of the State Column in the Estimated Costs section.

**Signatures:** The Chairs of both the county commissioners and the board of education must sign the application.

4. Attachment to the Application

• A copy of the completed "State Board's Certification" which certifies that the final plans have been reviewed for the particular project must be attached to the application. This completed form is provided to school systems by the School Planning Section of the NC Department of Public Instruction.

• For funding for Debt Service, attach a copy of the documents listed in section IX/B/2, page 15.

B. Submission of Completed Application

Submit the original application to:

NC Department of Public Instruction
School Planning
6319 Mail Service Center
Raleigh, NC 27699-6319
If using a service other than the US mail, the delivery address is:

NC Department of Public Instruction  
School Planning  
301 N. Wilmington Street  
Raleigh, NC 27601-2825

Submission of duplicate copies is not required. Each school system and county should keep a file copy at the time of submission. A memorandum of approval will be sent (generally via fax) to the LEA and to the county when funding is authorized.

VII. Disbursing Accounts

A. Establishing County Disbursing Accounts

The State Treasurer’s Office has established a disbursing account for each county.

B. Transfer of Funds into County Disbursing Accounts

1. Funds will be transferred from the PSBCF account in the Department of Public Instruction to the county disbursing account in the State Treasurer’s Office at the end of the month in which the Department of Public Instruction approves the project for funding.

2. If the county’s PSBCF account has a balance equal to or greater than the capital project request, the full amount will be transferred at one time.

3. If the county’s PSBCF account has a balance of less than the amount of the project, but the construction contracts have been signed using the county’s financial backing as authority to sign the contracts, the balance in the county PSBCF account will be transferred to the county disbursing account in subsequent months/quarters until reaching the amount of the project.

C. Interest Earned on County Disbursing Accounts

Funds transferred to the county disbursing account earn interest at the same rate as earned in the county PSBCF account. Interest earned on disbursing account balances is deposited into the appropriate county’s PSBCF account monthly.
D. Drawdown of Funds

1. The State Treasurer’s Office will send the specifications for warrants (checks) to each county finance officer, who will then order warrants from a printer of the county’s choice.

2. After funds have been transferred to the disbursing account, the county finance officer will write warrants (checks) against the account to a terminal payee to pay expenses for the capital project.

3. The county will add the warrant and its details on Positive Pay through the Core Banking (CB$) website at www.ncdstbanking.com/cbs/. Additional information may be found in the State Treasurer’s Banking Handbook at https://www.nctreasurer.com/fod/Resources/BankingHandbook.pdf.

E. Unexpended Balance in County Disbursing Accounts

Upon completion of a capital project, if any state funds are left unspent, a request must be sent to the Department of Public Instruction for the release of these funds and a request to transfer the funds back to the PSBCF (see Final Report, below). Such excess funds should have remained in the county disbursing account, since warrants are not to be written on that account except to the ultimate (final) payee. It is therefore a simple process for DPI to create a ‘negative allocation’ to transfer funds from the county disbursing account back to the LEA’s unallocated balance account, so that the funds may be used on a future project.

VIII. Reporting Requirements

A. State Treasurer Report (see Appendix 4)

1. The State Treasurer’s Office publishes on its website monthly statements for each county, showing disbursing account activity plus the month’s cleared warrants.

2. The county finance officer will reconcile the monthly statement and return the reconciliation page to the State Treasurer’s Office within 15 calendar days of receipt of the statement if adjustments are needed.
B. Final Project Report (see Appendix 5)

1. No specific format is required, but a form for this purpose is available on the School Planning Website. A copy of the original application for funding may be used as the final report, in which case the document should be clearly marked "Final." A letter or memorandum from the LEA or from the county is also acceptable.

2. If the county has an unexpended balance in the project disbursing account, a request should be included to close out the account and the balance redeposited into the county PSBCF account for reallocation to other projects.

3. Final reports are due within 60 days of completion of the project.

4. NOTE: The County and the LEA bear joint responsibility for submitting a final report, as evidenced by the signatures of both chairpersons on the application. It is suggested that the two boards reach an agreement regarding the entity to be tasked with preparation of the report.

IX. Retirement of Debt

A. Legislation

G.S. 115C-546.2(b) ...If a county ..."does not need all or part of the funds allocated to it" for public school capital outlay projects, "the unneeded funds allocated to that county may be used to retire any indebtedness incurred by the county for public school facilities."

B. Application to use Public School Building Capital Fund to Retire Debt

1. Complete the application the same as for a new or on-going project.

   a. The application must be for one specific project.

   b. The funds can be used only to retire debt expended on items which are allowable under the rules for an on-going or new project - see Section IV, page 6
c. If finding is sought from the ADM Fund, the 1:3 match for the funds must also be expended for debt service in the same fiscal year.

d. PSBCF funding is allowed only during the fiscal year in which debt payment is due; a new application for funding is required in each subsequent fiscal year in which a finding of “no capital need” is made.

e. The ADM Fund may be used for debt service for projects completed after July 16, 1987 (S.L. 1987-622). Lottery funding may be used for debt service incurred for school construction (S.L. 2011-391).

2. Attachments to the Application

   a. Attach a statement attesting that the county does not need all (or part) of the Public School Building Capital Funds for public school capital outlay projects, with an explanation of how these capital needs have been met.

   b. The current year of the amortization schedule for the bond issue must be attached to show the outstanding debt.

   c. A statement must be attached explaining the original source of funds to be used to repay the debt, such as the 1/2 percent sales tax.
Characteristics of the Lottery Fund and the ‘ADM’ Fund

In many ways, the requirements of the Lottery Fund and of the ‘ADM’ Fund are very similar, but there are a few fundamental differences. An informative overview can be seen at http://www.schoolclearinghouse.org/otherinf/ADMFund/ComparisonLotteryADM.pdf. Specific differences are as follows:

1. The ‘ADM’ Fund requires a match of $1 local money for each $3 of state funds; the Lottery does not require a match.
2. The ‘ADM’ Fund may be used to purchase technology (and no match is required) but the Lottery fund cannot be used for this purpose.
3. The ‘ADM’ Fund is allocated among the 100 counties; the Lottery fund is allocated among the 115 LEAs.
4. After a finding of “no need” for capital projects, either source may be used to retire indebtedness; however, the allowed date of incurring the debt differs.

An annual report of the activity of the Public School Building Fund is published on the website of the School Planning Section. For FY 2012-13, the report can be found at http://www.schoolclearinghouse.org/otherinf/ADMFund/FiscalYearReport2012-13.pdf. Other reports are also published at this webpage, including several reports which are updated monthly. When on the website at http://www.schoolclearinghouse.org, in the left column, select “Public School Building Capital Fund.” A new page with a listing of the reports will be visible for selection.

Currently, no new revenue is deposited into the ‘ADM’ Fund, although monies still in the fund continue to earn interest, which is credited monthly. Revenue is deposited into the Lottery Fund quarterly, and interest is deposited monthly. See ‘Applications for Funding,’ below, for discussion of the application forms and procedures. Due to recent legislation, lottery funds are allocated among the 115 LEAs according to ADM, as was the original ‘ADM Fund.’
Certain types of projects must be submitted to the School Planning Section of the Department of Public Instruction for review and comment, regardless of estimated cost [NC GS 115C-521(c)]. Also, whether the project is financed by local revenues or by debt or by the PSBCF or by donation (i.e., the Boosters Club), the project documents must be submitted.

Some types of projects obviously should be reviewed by School Planning (e.g., new construction, major additions or renovations). It is sometimes difficult to determine if a particular type of project will require review; see the table of illustrative examples on page 70 at http://www.schoolclearinghouse.org/pubs/FacilityGuidelines%20(September%202013).pdf [The table is not designed to be all‐inclusive; if there is any question about the requirement to review a project, please contact School Planning and ask.]

Note: if the project is of a type requiring review by School Planning, no construction funding from the PSBCF will be approved until the review process is completed.

In submitting project documents for review, designers are encouraged to use the transmittal form provided by School Planning and available on the website at http://www.schoolclearinghouse.org/pubs/DPIProjectTransmittalSheet.pdf. For major construction projects, submittals at phase milestones are recommended—for example, at Schematics, at Design Development, and at (approx.) 90% Construction Documents. This will allow time for comments to be evaluated and incorporated into the bid documents as appropriate. Document submittal is usually prepared by the Architect / Engineer, but the LEA should ‘follow-up’ to ensure this is done. Submittal of “Final” documents for the first time just before bidding or when construction is underway is strongly discouraged, and will not result in expedited review. (See the italicized paragraph above.) Projects which have not been submitted for review are not eligible for funding from the PSBCF, unless exempted.

Smaller projects are often managed by local maintenance personnel without involving a professional designer. A small roof repair or replacement project is a common example. In this instance, the LEA should submit the form provided for this purpose on the website at http://www.schoolclearinghouse.org/pubs/ReRoofForm.pdf. If additional data or drawings are required, the LEA will be notified. Otherwise, this form will be sufficient for approval of PSBCF allocations.
Applications for funding

Applications for funding must be prepared and submitted on the form provided. See http://www.schoolclearinghouse.org/otherinf/ADMFund/ApplicationADM.pdf for the ‘ADM’ form (the original PSBCF application); the Lottery application form may be found at http://www.schoolclearinghouse.org/otherinf/ADMFund/ApplicationLottery.pdf. The application forms are self-explanatory, but if additional clarification is needed, please inquire at School Planning as indicated. The “Contact Person” (upper-right corner of the form) should be someone (LEA or county) knowledgeable about the project, or someone who can direct questions to the appropriate person.

The applications must be signed by the Chairpersons of both the Board of Education and of the County Commission, indicating a ‘meeting of the minds’ regarding the appropriateness of this proposed use of funds. It should be noted that the chairpersons are

1. Requesting release of a specific amount of money (in the blank, three lines above their signature), which may be the same or less than the total project costs listed in the middle of the form, and

2. Agreeing to submit a final report upon completion of the project.

Applications without both signatures will not be considered.

Applications may be submitted by mail, by fax, or by email. If transmittal by electronic methods results in a less-than-legible product, an original (paper) application will be required. Applications are accumulated throughout the month and are processed all together on the 25th of each month, although in some months (e.g., June and December) the deadline may be earlier, and will be announced annually. Capital projects funding will be transferred into the county disbursing account by the first or second working day of the following month; technology funding is transferred into the LEA account at PRC 015 on the next scheduled allotment date. Upon approval of the funding, a memorandum showing the project title and allocation amount will be faxed to the finance officers of the county and of the LEA. The signed application forms are retained by School Planning. The county and the LEA should retain copies for their files.
Transfer of funds and reports to the State Treasurer

Funds transferred into the county disbursing account are available for immediate disbursement in payment of obligations of the designated project. The appropriate county officer writes warrants (checks) to the ‘ultimate payee’ only. The ultimate payee may be, for example, a contractor who has completed certain work. A warrant may also be made to the board of education in reimbursement of a payment the board has already made to a contractor. The county officer should not transfer funds into another account in anticipation of invoices to be presented in the future. Funds remaining in the county disbursing account continue to earn interest payable to the board of education, at the same rate as funds not yet allocated. Premature transfer of money into another county account would deprive the board of education of that interest. In the event that all of the approved funding is not required for the project, it is a simple manner to electronically transfer the excess funding from the county disbursing account back to the LEA unallocated account; if funding has been transferred into a different account, the adjustment process is more cumbersome.

The office of the State Treasurer requires the county finance officer to reconcile their disbursing account activity each month and to report agreement via a ‘check box’ on the Core Banking (CB$) system website, shown below:

On the state treasurer website at https://www.nctreasurer.com, select the tab “Divisions.” Under “Financial Operations,” select “Core Banking System.” Log-in using the individual ID and
password. In the left column, under “Account Data,” select “Statement Verification,” which appears as follows:

Select ‘your’ account (i.e., DSB: XXXX CO PSBCF #######) and the fiscal year, and proceed as indicated. The state treasurer no longer mails a printed statement to the counties; the review process is accomplished electronically, instead.

The Disbursing Account Services Supervisor of the State Treasurer will generate a report quarterly, showing the accounts which have been reconciled and those which have not; this report is sent to the counties’ auditors. The NC Administrative Code (20 NCAC 1C.0402) requires each agency to reconcile its bank statement on CB$ within 15 days of the statement being generated. Adjustments submitted after six months could result in monetary loss to the district.
A final report is required within 60 days of the completion of any project for which Lottery or ‘ADM’ Fund money has been allocated. No specific format is required, but the report must include the amount of state money allocated, the amount spent, and the difference, if any. Excess funding is to be returned to the district Unallocated Account, for use on a future project. This may be presented in a letter or electronic memo, or the form at http://www.schoolclearinghouse.org/otherinf/ADMFund/PSBCFFinalReportForm.pdf may be used.

The responsibility for the submission of this report is held jointly by the board of education and the county commission, as evidenced by the signatures of both chairpersons on the application for funding. DPI does not designate which entity is responsible for preparing and submitting the information. However, we suggest that there be an understanding between the two boards as to the assumption of that responsibility. For example, the demarcation might be...

- Final reports are the responsibility of the county, or
- Final reports are the responsibility of the school board, or
- Final reports for debt service are the responsibility of the county; all other projects are the responsibility of the school board, or
- Responsibility will be determined on a case-by-case basis

...or some other method, agreeable among the parties. Lacking an understanding to the contrary, audit exceptions may be recorded for both the county and the LEA if the final report is not received. Project status may be reviewed for each LEA via the report at http://www.schoolclearinghouse.org/otherinf/ADMFund/Monthly_Projects_Report.pdf; a “y” in the right-hand column indicates that the final report has been received.
Data available on the School Planning website

Open an internet browser and go to http://www.schoolclearinghouse.org/. In the left margin, select the link for “Public School Building Capital Fund.

In the new window that opens, a list of the reports and other documents will be found:
School Planning Section, NC DPI
   Regarding Applications for Funding, Criteria for Approval, Available Funds, etc.

Dennis Hilton, P.E.
Structural Engineer
School Planning Section
Phone: (919) 807-3563
Fax: (919) 807-3558
ken.phelps@dpi.nc.gov
http://www.schoolclearinghouse.org/

North Carolina Treasury
   Regarding County Disbursing Account, Signature Cards, Account Balances, etc.

Mark Carlson
Disbursing Account Services Supervisor
Financial Operations Division
Phone: (919) 814-3904
mark.carlson@nctreasurer.com
www.nctreasurer.com

Department of Public Instruction
   Regarding access to Core Banking

Denise Jackson
Systems Accountant
Financial Services Division
Phone: (919) 807-3614
Fax: (919) 807-3704
denise.jackson@dpi.nc.gov