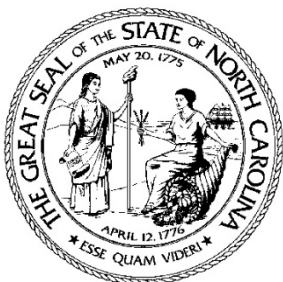


Public Schools of North Carolina

# Operations Manual Lottery Capital Funding

February 2026



Public Schools of North Carolina  
State Board of Education  
Department of Public Instruction

# **OPERATIONS MANUAL for PUBLIC SCHOOL LOTTERY CAPITAL FUNDING**

**Public School Building Capital Fund**

**Needs-Based Public School Capital Fund**

**Public School Building Repair & Renovation Fund**

Office of School Facilities - School Planning Section  
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# INTRODUCTION

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## **Purpose of Manual**

This Manual provides general information about three Lottery Capital Funds: The Public School Building Capital Fund, the Needs-Based Public School Capital Fund, and the Public School Building Repair & Renovation Fund. Included are descriptions of Fund regulations as well as information about Lottery revenue and its distribution, local matching requirements, allowable and nonallowable expenditures, distribution requests, and county disbursing accounts. The primary purpose of this Manual is to assist Counties and Local Education Administrations with their performance of the following tasks:

- Applying for funds for public school capital projects (distribution requests).
- Drawing down allocated funds (expenditure of funds).
- Reporting how allocated funds were used (Final Reports).

## **Composition of Manual**

This Manual is a compilation of three previously published Manuals, one for each of the three Lottery Capital Funds:

- **PROCEDURES MANUAL – PUBLIC SCHOOL BUILDING CAPITAL FUND**
  - Originally Prepared by the Office of State Budget and Management (OSBM)
  - First Published February 1988 for the Public School Building Capital Fund
  - Revised 1997, 1999, 2003, 2014, 2021 by the North Carolina Department of Public Instruction (DPI) as needed to report and illuminate legislated requirements, regulations, and procedures for the Public School Building Capital Fund
- **OPERATIONS MANUAL – NEEDS-BASED PUBLIC SCHOOL CAPITAL FUND**
  - Prepared by the North Carolina Department of Public Instruction
  - First Published March 2021
  - Revised May 2022 to report and illuminate legislated requirements, regulations, and procedures for the Needs-Based Public School Capital Fund
- **OPERATIONS MANUAL – PUBLIC SCHOOL BUILDING REPAIR and RENOVATION FUND**
  - Prepared by the North Carolina Department of Public Instruction
  - Published March 2022

In the production of this combined Manual, DPI has added to and revised some of the information provided in those Manuals to reflect legislation enacted since they were last published.

### **Additional Information**

Questions or requests for additional information about any of the Public School Lottery Capital Funds should be directed to:

Department of Public Instruction  
Office of School Facilities  
School Planning Section  
6319 Mail Service Center  
Raleigh, North Carolina, 27699-6319  
(984) 236-2920.

School Planning Section contact information is provided at the end of **APPENDIX A**.

## BACKGROUND

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### Lottery Capital Funds

**Article IX, Section 2(1)** of the North Carolina State Constitution provides that the State is responsible for public schools. **Article IX, Section 2(2)** delegates the financial responsibility for public school buildings and grounds to the County.

**G.S. 115C-408(b)** 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 instruction 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 State has assisted county governments with meeting their facilities requirements in the past by providing funds for school construction through State-wide bond issues (most recently the 1996 Bond issue), but such funding is not legislated on a regular basis. In 1987, the Public School Building Capital Fund (PSBCF) was established by legislation to provide State funding for the capital facility needs (buildings and land) of the local Boards of Education (i.e., Local Education Administrations). Per **[G.S. 115C-546.1(a)]**, the PSBCF *“...shall be used to assist county governments in meeting their public school building needs”*. It is the intent of this General Statute for the Public School Building Capital Fund to supplement, not supplant, local funding for public school capital projects.

Two additional sources of State funding for public school capital facility needs have been established since the PSBCF was created: the Needs-Based Public School Capital Fund (NBPSCF), created by legislation in 2017, and the Public School Building Repair & Renovation Fund (PSBRRF), created by legislation in 2021.

The source of revenue for each of these Funds is the North Carolina Education Lottery, hence the term “Lottery Capital Funds.” Each Fund is interest-bearing and non-reverting. There are no time limits for allocating Lottery capital funds nor for expending allocated funds at the local level. Administration of each Fund is the responsibility of the School Planning Section of DPI.

Additional background information and details of each Fund are provided in **APPENDIX A**.

## LOTTERY CAPITAL FUNDING TERMINOLOGY

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### Frequently Used Terms

As used in this Manual, the term “LEA” is an acronym for Local Education Administration (or Local Educational Agency). It is synonymous with the terms “School District” and “Local Board of Education.”

Since counties and the LEAs within the counties must work together in dealing with all aspects of Lottery Capital Funding, the terms “County,” “LEA,” and “County/LEA” are often used interchangeably within this Manual.

### Funding Procedures and Terms

The following paragraphs summarize the process of distributing and allocating Lottery revenue while highlighting some of the procedural terms that are used frequently within this Manual.

Annual Budget Bills passed by the NC General Assembly include allocations (sometimes referred to as appropriations or allotments) to be made from the North Carolina Education Lottery (NCEL) to the Public School Building Capital Fund, the Needs-Based Public School Capital Fund, and the Public School Building Repair & Renovation Fund.

Allocated (sometimes referred to as allotted) revenue from the NCEL is distributed to / received by DPI, which in turn distributes the revenue to Counties/LEAs by placing it into Unallocated Balance Accounts that it has established for them. Each LEA has an Unallocated Balance Account for the PSBCF and for the PSBRRF. Only Counties/LEAs that have been awarded a Needs-Based grant have an Unallocated Balance Account for the NBPSCF.

To receive project funding from a Lottery Capital Fund, a representative for the County/LEA (typically a Finance Officer or Facilities Director) must submit a distribution request to the School Planning Section of DPI. When a distribution request is approved, an allocation of funds is made from the applicable Unallocated Balance Account. Allocated funds are transferred from the LEA’s Unallocated Balance Account at DPI to the County’s disbursing account at the North Carolina State Treasurer’s Office. Funds in disbursing accounts can then be drawn down by Counties/LEAs for project expenditures.



## LOTTERY CAPITAL FUNDING ELIGIBILITY

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### **PSBCF and PSBRRF**

All 115 LEAs within the 100 counties of North Carolina receive Lottery revenue through the PSBCF and the PSBRRF, which can be used to fund their eligible capital projects.

Per legislation, Charter Schools are not eligible to receive Lottery revenue through either the PSBCF or the PSBRRF.

### **NBPSCF**

NBPSCF revenue is made available to counties through Needs-Based grants that are awarded annually by DPI. Counties must apply for these grants. A county's eligibility for receiving a Needs-Based grant is determined by the NC Department of Revenue's Assessed Real Estate Value for the county, which is adjusted by a Sales Assessment Ratio. Additional Needs-Based grant eligibility information can be found in the **NEEDS-BASED PUBLIC SCHOOL CAPITAL FUND** section of **APPENDIX A**.

Per legislation, Charter schools are not eligible for Needs-Based grants.

## REVENUE for LOTTERY CAPITAL FUNDS

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### **Revenue Sources - PSBCF: Corporate Taxes (original) and Lottery Revenue (current)**

From the establishment of the PSBCF in 1987 until 2009, a portion of the State's corporate tax revenue was, per original legislation, deposited into what is commonly referred to as the "ADM Fund" of the PSBCF. No corporate tax revenue has been appropriated by the General Assembly for the PSBCF since the end of Fiscal Year (FY) 2008-09. Deposits from corporate tax revenue into the "ADM fund" were officially closed-out by a provision included in the Appropriations Act of 2013 (*SL 2013-360*). Unspent (unallocated) revenue in the "ADM Fund" at the time this provision was enacted was allowed to remain in the Unallocated Balance Accounts of LEAs and serve as a source of funding for school capital projects under conditions specified by original PSBCF legislation. In 2009, the North Carolina Education Lottery became the sole source of allocated revenue for the PSBCF, with monies being deposited only into its newly established "Lottery Fund."

### **Revenue Source – NBPSCF and PSBRRF: Lottery Revenue**

Legislation that created the NBPSCF established the NCEL as its primary source of revenue. As of FY 2024-25, there has only been one FY in which non-Lottery funds were appropriated by the NC General Assembly for the NBPSCF.

Legislation that created the PSBRRF established the NCEL as its sole source of revenue.

### **Additional Revenue Source: Interest Income**

Cash balances, i.e., revenue in the Unallocated Balance Accounts of each Fund, earn monthly interest at the "standard" State interest rate. The interest rate is adjusted on a monthly basis. Monies that have been transferred from Unallocated Balance Accounts into county disbursing accounts also earn monthly interest. As warrants (checks) are written on county disbursing accounts, no further interest is earned by expended funds (only "unspent" funds earn interest).

## **DISTRIBUTION of LOTTERY REVENUE**

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### **General**

Lottery revenue transferred from OSBM to DPI is distributed by DPI to Counties/LEAs four times throughout a fiscal year (FY), roughly coinciding with each FY Quarter. It is usually four to six weeks after the end of a FY Quarter before the final deposits of “quarterly” Lottery revenue are made and DPI is notified as to the total amount of the deposit for each Lottery Capital Fund. DPI uses that information to calculate how the deposited revenue is to be distributed to the Unallocated Balance Accounts of Counties/LEAs. Quarterly revenue distributions to the Unallocated Balance Accounts of Counties/LEAs are typically recorded in the months of November, February, May, and July (July being the first month of the next fiscal year).

### **Distribution of Lottery Revenue to the PSBCF**

#### **Original Legislation**

The gross revenue of the Lottery was originally set up to be distributed as follows:

- At least 50% returned to the public as prizes.
- No more than 15% to be used for expenses and administration.
- At least 35% to be used for educational purposes.

The amount designated for educational purposes was to be allocated as follows:

- 50% for “More at Four” and class size reduction.
- 10% for scholarships.
- 40% for school construction through the PSBCF.

Using this method of allocation, revenue for school construction was calculated as 40% of 35% of gross Lottery revenue, or 14% of gross Lottery revenue.

Lottery funding distributed through the PSBCF was then allocated by the following formula:

- 65% allocated among the 115 LEAs in North Carolina (not just the 100 counties) based on ADM (Average Daily Membership).
- 35% allocated among LEAs whose “tax effort” exceeded the state average, also according to ADM.

## **Current Legislation**

In FY 2010-11, the General Assembly changed the method of distributing Lottery revenue from utilizing the ‘percentage formula’ described above to allocating a specific dollar-amount to be transferred to the PSBCF each year. The amount allocated is subject to change with each legislative session. In recent years the amount allocated has been \$100 million.

### **Distribution of PSBCF Revenue to Counties/LEAs**

Per legislation in effect as of the publication date of this Manual, \$98 million of the allocated \$100 million is distributed to the 115 LEAs based solely on their ADM. \$2 million is reserved for DPI School Operations. “Official” ADM numbers are calculated each fiscal year in accordance with the following policy, which was passed by the State Board of Education in 1996:

*“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.”*

### **Distribution of Lottery Revenue to the NBPSCF**

The total amount of allocations to be made from the Education Lottery Fund to the NBPSCF is set by the General Assembly each fiscal year based upon annual Lottery revenue collections. For FY 2017-18, the initial year of grant funding through the NBPSCF, a total of \$30 million was allocated. For FY 2018-19, that amount was increased to over \$140 million with an infusion of “surplus” revenue from the NCEL. In subsequent fiscal years allocations of Lottery revenue to the NBPSCF have varied from \$75 million to over \$250 million, and there have been infusions of enough “surplus” Lottery revenue in some fiscal years to increase the amount of grant funds available to over \$400 million.

### **Distribution of NBPSCF Revenue to Counties/LEAs**

Because the NBPSCF is a grant-based Fund, its revenue is distributed only to Counties/LEAs that have been awarded a Needs-Based grant. More information about this process is presented in the **NEEDS-BASED PUBLIC SCHOOL CAPITAL FUND** section of **APPENDIX A**.

### **Distribution of Lottery Revenue to the PSBRRF**

The amount of Lottery revenue allocated to the PSBRRF is determined on an annual basis by the

NC General Assembly. \$30 million was allocated for FY 2021-22 and \$50 million has been allocated for subsequent fiscal years. It is anticipated that the PSBRRF will continue to receive similar or greater allocations in the future.

### **Distribution of PSBRRF Revenue to Counties/LEAs**

Lottery revenue allocated to the PSBRRF is distributed equally to all 100 counties. For FY 2021-22, \$300,000 was distributed to each county. \$500,000 has been distributed to each county in subsequent fiscal years. For counties that have multiple LEAs, their share of revenue is distributed to each LEA based upon its ADM.

### **Distribution of Interest Income**

#### **Distribution of Interest Income to the PSBCF and PSBRRF**

Interest earned on PSBCF and PSBRRF unallocated (cash) balances and “unspent” funds in county disbursing accounts is distributed monthly to the Unallocated Balance Accounts of those Funds. There is no interest distributed to county disbursing accounts.

#### **Distribution of Interest Income to the NBPSCF**

Per legislation regarding the NBPSCF in effect as of the publication date of this Manual, interest earned on grant cash balances and unspent grant funds in disbursing accounts is not distributed to grant recipients. Earned NBPSCF interest revenue remains with DPI and is made available as a revenue source for future Needs-Based grants.

## MATCHING REQUIREMENTS

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### **Matching Requirements for the PSBCF – ADM Fund and Lottery Fund**

For the PSBCF, matching requirements apply only to the ADM Fund; there are NO matching requirements for the Lottery Fund.

### **Matching Requirements for the ADM Fund**

- Allocations from the ADM Fund shall be matched on the basis of one dollar of local funds for every three dollars of State funds.
- 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.
- Local funds need not be expended before the State funds are expended.
- The ratios of local/State funds do not need to be maintained with each payment of invoices during the project, but the expenditure ratio of \$1 local (minimum) to \$3 State must be reached by the conclusion of the project.
- No local match is required for projects approved for School Technology.
- Project funding is to be matched on a project-by-project basis. Local overmatching is allowed, but the overmatch on one project cannot be used as the match on another project since local and State expenditures must be on the same project.

### **Matching Fund Guidelines for the ADM Fund**

#### **County Funds**

- The local option sales taxes of 1983, 1986, etc., local bond proceeds, donations, and general county revenues are allowable as matching funds.
- Local expenditures qualify as an allowable match only when expended on the same categories as those allowable for State funds. See **EXPENDITURE GUIDELINES** for additional information.
- Local expenditures are matched on a project-by-project basis. Matching expenditures must be on the same project for which State funds are allocated.
- Local expenditures, including the purchase of land, made between July 1, 1986 and July 1, 1987, for a project not completed prior to July 1, 1987, qualify as an allowable match but only

for an approved project on the same site. Local funds expended prior to July 1, 1987, are not allowable as matching funds.

### Donations/Grants

- To qualify as an allowable match, donations/grants must be of the same types as allowed for State and local expenditures. See **EXPENDITURE GUIDELINES** for additional information.
- Donations, such as land, must have been made on or after July 1, 1986, to qualify as an allowable match, but only on the same site as the approved project. The project cannot have been completed prior to July 1, 1987.
- Donations/grants received prior to July 1, 1986, are not allowed to be used as matching funds.

Funds from the following sources *cannot* be used as a match for ADM Fund allocations:

- The Critical School Facility Needs Fund.
- The Public School Building Bond Act of 1996.
- Allocations from the NC Education Lottery (through Lottery Capital Funds or otherwise).

### Matching Requirements for the NBPSCF

#### **Original Legislation**

Needs-Based grant funds awarded under **2017-57, Section 5.3.(e)**, as modified by **S.L. 2017-212** and **S.L. 2018-5**, were subject to a matching requirement from the recipient county as follows:

- For a county designated as a Development Tier One Area, a matching requirement of \$1.00 in local funds for every \$3.00 in grant funds (1 to 3 match).
- For a county designated as a Development Tier Two Area, a matching requirement of \$1.00 in local funds for every \$1.00 in grant funds (1 to 1 match).

#### **Current Legislation**

In 2021, NBPSCF matching requirements were modified by **G.S. 115C-546.11.(a)**. Per that General Statute, the local match requirement is calculated as follows:

<u>Adjusted Market Value of Taxable Real Property</u>		<u>Percentage Match</u>
<u>Over</u>	<u>Up to</u>	
\$0	\$2 billion	0%
\$2 billion	\$10 billion	5%
\$10 billion	\$20 billion	15%
\$20 billion	\$30 billion	25%
\$30 billion	\$40 billion	35%

DPI is required to publish the Percentage Match values for counties that may be awarded a Needs-Based grant each year prior to opening the grant application period for that year.

The local percentage match requirement applied to a grant-awarded project is based on the match requirement effective at the time of the grant award. In other words, once established, the matching requirement will not change for a project even if a change in the county's adjusted market value of taxable real property would result in a different calculated percentage match.

***Exception:** If a grant recipient whose original award required a match of 1-to-3 or 1-to-1 per original legislation is subsequently awarded additional funds for their grant but with a required percentage match per current legislation, then the percentage match becomes the required match for their grant if it is more beneficial to them than the 1-to-3 or 1-to-1 match requirement (i.e., requires less matching funds).*

#### **Matching Fund Guidelines for the NBPSCF**

Local matching funds must be derived from county funds, other non-State or non-Federal funds, or a combination of such funds. Because they are State Funds, the PSBCF and PSBRRF cannot be used to provide matching funds for the NBPSCF.

Local matching funds must be expended proportionally to grant fund expenditures as the project for which grant funds were awarded progresses through planning, design and construction.

#### **Matching Requirements for the PSBRRF**

There are NO local matching requirements for allocations from the PSBRRF.



## EXPENDITURE GUIDELINES - PSBCF

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### **General**

Lists and descriptions of allowable and prohibited expenditures presented in the following sub-sections are not all-inclusive. Questions about the eligibility of projects for funding through the PSBCF should be directed to DPI School Planning prior to the submission of a request for such funding.

***G.S. 115C-546.2(b)*** reads as follows (underlined for emphasis): *“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 that 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.”*

## **Public School Buildings**

It is important to note that **G.S. 115C-546.2(b)** limits the types of facilities that are eligible for Lottery funding to those that are used for instructional and related purposes. Specifically mentioned as being ineligible for Lottery funding are centralized administration, maintenance, or other facilities. DPI interprets “other facilities” as including school system office buildings, warehouses, storage facilities, bus maintenance buildings, bus parking lots and fueling depots. This General Statute and DPI’s interpretation of what is/is not considered to be a Public School Building are applicable to all three Lottery Capital Funds.

## **Allowable Types of PSBCF Projects (ADM Fund and Lottery Fund)**

With the exception of School Technology, allocations from both the ADM Fund and the Lottery Fund of the PSBCF can be used for the following types of projects (refer to **Footnotes** for additional information, including projects for which funding is *not* allowed):

- Purchase of Land for Public School Buildings
- Planning/Design Fees <sup>(1)</sup>
- Construction of New Public School Buildings
- Renovations of Existing Public School Buildings
- Enlargement of Public School Buildings <sup>(2)</sup>
- Repair of Existing Public School Building Components and Systems <sup>(3)</sup>
- Equipment Purchases <sup>(4)</sup>
- School Technology [ADM Fund only] <sup>(5)</sup>
- Certain exterior (i.e. site) improvement projects, such as parking lot expansion and repaving; playground, athletic field and tennis court upgrades; lighting for athletic fields; security upgrades; stormwater drainage system repair
- Retirement of Debt [*see also **Retirement of Debt** subsection below*]

### **Footnotes:**

**(1)** It is allowable to use funds allocated from the PSBCF to pay for architectural and engineering design fees for new construction and renovation projects. Other allowable expenses include fees

for investigative services needed for design preparation, such as land surveying, subsurface investigation (soil borings) and wetlands determination, and fees for inspections to determine the presence of and need to remove hazardous materials (asbestos, lead-based paint, etc.) as part of building renovation projects. Funds allocated from the PSBCF can NOT, however, be used to pay for Facility Condition Surveys or Assessments.

**(2)** Enlargement of public school buildings is typically accomplished with the construction of building additions to be used for instructional or related purposes. Mobile and modular classroom units can also be used as additions to public school buildings, but allocations from the PSBCF (ADM Fund & Lottery Fund) can NOT be used for the purchase and/or installation of new or relocated units. This prohibition includes ADM matching funds.

**(3)** Using PSBCF funds to pay for routine building maintenance and repairs that can be performed by adequately trained and equipped school system personnel is discouraged (but not prohibited). Examples of this would include minor roof patching and repair, small-scale replacement of lighting fixtures, floor coverings and ceiling tiles, replacement of single doors and windows, and touch-up painting. Repair projects on a larger scale, such as re-roofing, replacement of doors and windows throughout one or more buildings, interior and/or exterior painting throughout one or more buildings, replacement of lighting fixtures, floor coverings and ceiling tiles on a campus-wide or school system-wide basis, as well as major repair of and upgrades to equipment that is an integral part of a building, are more appropriate for being funded through the PSBCF.

**(4)** Purchase/installation of new equipment that is an integral part of a building, such as HVAC, plumbing, electrical and security equipment, and wiring associated with such equipment, is eligible for funding through the PSBCF. Such equipment would be included in the appropriate category on the distribution request for PSBCF funding (i.e., construction, renovation, or enlargement). Purchase and/or installation of equipment that is moveable or not an integral part of a building, such as telephone sets, student desks and computers, are NOT eligible for PSBCF funding. There are, however, exceptions to this restriction, one of which is the purchase/installation of new moveable equipment that is needed to upfit a newly constructed facility that is being funded by the PSBCF. Another exception is as described in **Footnote (5)**.

**(5)** Computers are eligible for funding through the School Technology Trust Fund if they are included in the school technology plan for the LEA. Similar equipment listed in the local school technology plan is considered by definition to be 'School Technology' and is fundable through available balances in the ADM Fund (no match is required). 'School Technology' is not, however, fundable through Lottery Fund balances.

## Retirement of Debt

As indicated above, **G.S. 115C-546.2(b)** includes the following statement (underlined for emphasis):

*...In the event a county finds that it does not need all or part of the funds allocated to it for 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.*

**G.S. 115C-546.2(d)** includes the following provision (underlined for emphasis):

*(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.*

Per correspondence dated August 31, 2010, from Thomas J. Zeko, Senior Deputy Attorney General, to Steven W. Fowler and William W. Phipps, 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)**.

Both funding sources of the PSBCF, the ADM Fund and the Lottery Fund, may be used for retirement of debt (i.e. Debt Service). It may, however, be problematic for a county to commit Lottery funding for debt service for years into the future because their school facility needs may change over time. The overall intent of the legislation is for counties to spend for public school capital outlay purposes the same amount of money they would otherwise spend without Lottery funding.

If PSBCF funds are used to retire debt, they can only be expended for debt on items that are allowable under the rules for an on-going or new project. PSBCF funding is allowed only during the fiscal year in which debt payment is due.

If funding to retire debt is sought from the ADM Fund, the local match for the State funds must be expended for Debt Service in the same fiscal year as the State funds.

The ADM Fund may be used for debt service for projects completed after July 16, 1987 (**S.L. 1987-622**). The Lottery Fund may be used for debt service incurred on or after January 1, 2003 (**S.L. 2005-276**).

## EXPENDITURE GUIDELINES - NBPSCF

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### General

Lists and descriptions of eligible and prohibited expenditures presented in the following sub-sections are not all-inclusive. Questions about the eligibility of projects for Needs-Based grant funding should be directed to DPI School Planning.

### Eligible Expenditures

Grant funds awarded under ***S.L. 2017-57, Section 5.3.(e)***, as modified by ***S.L. 2017-212*** and ***S.L. 2018-5***, were to be used only for the construction of new public school buildings. The enactment of ***G.S. 115C-546.11.(b)*** allows grant funds to be used not only for construction of new public school buildings but also for additions, repairs, and renovations to existing public school buildings.

The definition of public school buildings is the same for the NBPSCF as it is for the PSBCF, and includes only facilities of individual schools that are used for instructional and related purposes.

DPI interprets the provisions of the referenced statutes as allowing grant funds to be used to pay for many elements associated with the occupation of a new school building, a new addition to an existing building, or a totally renovated existing building. Such elements would include equipment that is an integral part of a building as well as furnishings that are essential for the use of the building by its occupants. Grant funds may also be used to pay for architectural and engineering fees directly associated with the planning and design of the new public school building, addition, renovation and/or repair, as well as fees for land surveys, subsurface investigations, wetlands determination, and similar investigative services required for design preparation (see also **EXPENDITURE GUIDELINES – PSBCF, Footnote (1)**).

### Prohibited Expenditures

Neither grant funds nor the required local matching funds can be used for any of the following expenditures:

- Mobile or modular classroom purchase or installation.
- Real property acquisition (see also ***Exception***).
- Acquisition of Leadership in Energy and Environmental Design (LEED) certification.

***Exception:** A required (i.e., minimum) local match cannot be used for real property acquisition; required matching funds must essentially be treated the same as grant funds with regards to expenditures. If, however, the grant recipient has obligated itself to provide local funds in excess of the required minimum match, then the excess funds may be used for real property acquisition.*

### **Lease Agreements**

Per **G.S. 115C-546.13.(a)**, notwithstanding any provisions of **Article 38B** to the contrary, a county may utilize grant funds for a lease agreement if all the following criteria are met:

- Ownership of the subject property on which the leased school is constructed shall be retained by the county.
- The lease agreement shall include a repairs and maintenance provision that requires the landlord to bear the entire expense of all repairs, maintenance, alterations, or improvement to the basic structure, fixtures, appurtenances, and grounds of the subject property for the term of the lease.
- The lease agreement shall be for a term of at least 15 years and no more than 25 years.
- In lieu of progress payment requirement provided in **G.S. 115C-546.11.(b)**, a county that has entered into a lease agreement shall provide a copy of the lease agreement to the Department of Public Instruction and shall be periodically reimbursed upon submission of documentation satisfactory to the Department that the matching requirement of this section has been met.

Per **115C-546.13.(b)**, the term “lease agreement” includes any ancillary agreements or predevelopment agreements entered into in anticipation of or in accordance with a lease. A lease agreement entered into pursuant to this subsection is subject to the requirements of **Article 8** of **Chapter 159** of the General Statutes. In determining whether the lease agreement is necessary or expedient pursuant to **G.S. 159-151(a)(1)** and **G.S. 159-151(b)(1)**, the Local Government Commission may consider any other relevant construction and financing methods available to the county.

### **Special Expenditure Guideline**

An expenditure guideline unique to the NBPSCF applies to grants that are awarded for projects on multiple campuses within an LEA. Although multiple grant applications are required (one for each campus), a single grant is awarded. As such, if the expenses for one campus project exceed the amount of funds awarded for that project, then funds awarded for another campus project can be used to pay those expenses as long as the total grant award amount is not exceeded.

## EXPENDITURE GUIDELINES – PSBRRF

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### General

Lists and descriptions of allowable and prohibited expenditures presented in the following sub-sections are not all-inclusive. It should be noted that, while many features of the PSBRRF are very similar to those of the PSBCF, the PSBRRF is more narrowly defined with respect to funding eligibility than the PSBCF. Counties/LEAs should take this into consideration when deciding to request Lottery funding through either of these Funds. Questions about the eligibility of projects for funding through the PSBRRF should be directed to DPI School Planning prior to the submission of a request for such funding.

***G.S. 115C-546.16** reads as follows (underlined for emphasis): “Counties shall utilize funds received under this section for enlargement, improvement, expansion, repair or renovation of classroom facilities at public school buildings within local school administrative units located in the county. Funds received under this section shall not be used for the retirement of indebtedness. As used in this section, “public school buildings” has the same meaning as in **G.S. 115C-546.2(b).**”*

### **Classroom Facilities**

With regard to **G.S. 115C-546.16**, DPI interprets the term “classroom facilities” to include not only buildings on a public school campus that contain classrooms, but also buildings that contain a cafeteria, gymnasium, or other such student support or instructional area(s).

Outdoor Learning Spaces are also considered by DPI to fall under the category of “classroom facilities” but with limitations. The term “Outdoor Learning Space” is generally defined as an open area that provides opportunities for exploration, movement, and learning. In order for an Outdoor Learning Space to be considered a classroom facility and eligible for allocations from the PSBRRF, it must be a well-defined area where classroom instruction is provided in an outdoor setting. An example would be an amphitheater or a similar type of lecture space. Not considered to be Outdoor Learning Spaces with regard to funding through the PSBRRF are areas such as those listed as school campus site features in the PSBRRF sub-section **Prohibited Expenditures**.

### **Allowable Types of Projects and Expenditures**

As interpreted by DPI, the following types of public school building projects and expenditures are allowable per the provisions of **G.S. 115C-546.16** (refer to **Footnotes** for additional information):

- Enlargement (expansion) of classroom facilities <sup>(1)</sup>
- Improvements to classroom facilities <sup>(2)</sup>
- Repair of existing building components and systems of classroom facilities <sup>(2)</sup>
- Renovation of existing classroom facilities <sup>(2)</sup>
- Equipment purchases for classroom facilities <sup>(3)</sup>
- Project planning/design fees <sup>(4)</sup>

**Footnotes:**

**(1)** Enlargement (expansion) of classroom facilities is typically accomplished with the construction of building additions, either attached or stand-alone. Such additions must be used for instructional purposes (i.e., classrooms and classroom support areas).

**(2)** Upgrades to classroom facilities that improve their functionality and the quality of the learning environment within are eligible for funding through the PSBRRF. Some examples are new room finishes (painted walls, floor coverings, ceiling tiles), new light fixtures, new doors and windows, and interior renovations such as rearrangement and/or enlargement of rooms. Exterior painting, partial or complete re-roofing of classroom buildings, upgrades to and replacement of HVAC, plumbing, electrical, communications and security system components are also eligible for funding through the PSBRRF.

**(3)** With regards to new equipment, funds from the PSBRRF may be used to purchase items that are to be permanently installed, i.e., equipment that becomes part of the building. Eligible items include, but are not limited to, ceiling and wall-mounted audio/visual equipment, teleconference systems, wall-mounted electronic blackboards, and interactive smartboards.

**(4)** It is allowable to use funds allocated from the PSBRRF to pay for architectural and engineering design service fees for new construction, repair, and renovation projects. Other allowable expenses include fees for investigative services needed for design preparation, such as subsurface investigations for new building construction, and fees for inspections to determine the presence of and the need to remove hazardous materials (asbestos, lead-based paint, etc.) for building renovation projects. Funds from the PSBRRF can NOT, however, be used to pay for Facilities Condition Surveys or Assessments.

**Prohibited Expenditures**

The previously referenced statute specifically prohibits the use of PSBRRF funds for the retirement of indebtedness. DPI interprets this statute and legislation regarding the other



Lottery Capital Funds as prohibiting the use of funds allocated from the PSBRRF for the following additional items:

- Real property acquisition.
- Mobile or modular classroom purchase and/or installation.
- Purchase of computers and other “school technology” equipment that does not meet the parameters described above.
- Classroom furniture (desks, chairs, tables, and other such movable items), and typical school supplies (paper, pencils, pens, markers, pencil sharpeners, etc.).
- Improvements to school campus site features such as roads, parking lots, playgrounds, gardens, tennis courts, athletic fields, athletic field lighting, press box, track, bleachers, grandstands, etc. (see also **Exception**).

**Exception:** *An exception to the prohibition of using PSBRRF funds to pay for improvements to campus site features is made for work that is required to repair or replace on-site systems and elements that directly serve school classroom buildings, such as potable water lines, waste water drain lines, well systems and associated piping, and septic systems.*

## DISTRIBUTION REQUESTS

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### Distribution Request Forms

In order to receive an allocation of Lottery revenue from the PSBCF, NBPSCF, or PSBRRF, a County/LEA must submit to DPI a completed “Distribution Request” form that is specific to the Fund from which the allocation is being requested. Distribution Request Forms are available online on the “Capital Funding” page of the School Planning section of the DPI website:

- Capital Funding page:  
<https://www.dpi.nc.gov/districts-schools/district-operations/school-planning/capital-funding>
- Application form for ADM (Corporate Tax) Fund: ADM Fund Distribution Request Form:  
<https://www.dpi.nc.gov/documents/schoolplanning/adm-distribution-request-form/download?attachment>
- Application form for Lottery Fund: PSBCF Distribution Request Form:  
<https://www.dpi.nc.gov/documents/schoolplanning/psbcf-distribution-request-form/download?attachment>
- Application form for NBPSCF: NBPSCF Distribution Request Form:  
<https://www.dpi.nc.gov/documents/schoolplanning/nbpscf-distribution-request-form/download?attachment>
- Application form for PSBRRF: PSBRRF Distribution Request Form:  
<https://www.dpi.nc.gov/documents/schoolplanning/psbrrf-distribution-request-form/download?attachment>

A separate Distribution Request form must be submitted for each project for which funding is being requested. Information to be provided on the form should be submitted in brief, descriptive phrases; complete sentences are not required. The submitted information will be entered by DPI into a database for the purpose of recording the types of projects being funded and the amount of funds being allocated for those projects. Samples of Distribution Request forms are provided in the **LOTTERY CAPITAL FUNDING FORMS** section of **APPENDIX B**.

The Chairpersons of both the County Commissioners and the local Board of Education must sign and date each Distribution Request form. The intent of requiring signatures of the Chairpersons of both groups is to indicate that the two groups are in agreement with regards to the appropriateness of the proposed use of funds. In essence the Chairpersons are:

- Requesting release of a specific amount of money, which may be the same as or less than the total project costs listed elsewhere on the request form.
- Agreeing to submit a Final Report upon completion of the project.

Distribution Request forms submitted to DPI without the signature of both Chairpersons are not processed.

### **Distribution Requests for Debt Payment**

If funds from the PSBCF (Lottery Fund only) are being requested for debt payment, then the Distribution Request form to be used is the same form used for other PSBCF project funding requests. The form is to be completed in the same manner as for a new or on-going project.

- The funding application must be for one specific project for which debt payment is being made.
- Because 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.

The following items are to be attached to a debt payment request form:

- 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.
- A copy of the amortization schedule for the applicable year of the loan or bond issue showing the outstanding debt.
- A statement explaining the original source of funds to repay the debt, such as the 1/2 percent sales tax.

### **Distribution Requests for Needs-Based Grant-Funded Projects**

In order for a NBPSCF distribution request to be processed, a completed and signed Form of Agreement for the grant must already be on file at DPI School Planning. Additional information

about the NBPSCF Form of Agreement is provided in the **PUBLIC SCHOOL LOTTERY CAPITAL FUNDS** section of **APPENDIX A**.

Distribution requests to pay for the ongoing construction of a grant-funded project should be accompanied by documentation to justify the request. Copies of monthly pay applications submitted by the Contractor can serve as the required documentation since they provide information as to how the project is progressing both in terms of actual construction and the funds needed to pay for the construction. In the interest of maintaining good cash flow at the local level, DPI will approve allocation requests for construction costs up to four (4) months “in advance” if the Contractor can provide a projected monthly construction cost schedule.

### **Distribution Requests for Projects That Require Design Review by the State**

Most, but not all, projects for which Lottery Capital funding is proposed must be reviewed at the State level. If an allocation from any of the three Lottery Capital Funds is being requested to pay for construction of a project that requires review, then a copy of the "Certificate of Review" (COR) for that project must be attached to the request form. A COR is issued to a school system by the School Planning Section of DPI to certify that its review of construction documents for the project has been completed.

Fees for planning/design services for such projects can be funded separately in advance of School Planning’s review. Regardless of project scope and cost, however, if an allocation is made for project planning/design services, then an allocation for project construction is typically not made until School Planning has completed a review of project design and issued a COR.

Counties/LEAs are encouraged to coordinate their distribution requests for paying project construction costs with the School Planning design review process. Requests for funding construction that have not been processed due to the lack of an issued COR are voided after 12 months.

Additional information regarding review of construction documents is provided in the **PROJECT PLANNING** and the **DPI PLAN (Design) REVIEW** sections of **APPENDIX A**.

### **Submission of Distribution Request Forms**

Completed and signed Distribution Request forms, plus any applicable attachments, are to be emailed as PDF files to the School Planning Section contact person listed in the **CONTACT INFORMATION** section of **APPENDIX A**. Submission of a duplicate hard copy via mail or other

delivery method is typically not required. It is important for an emailed document to be legible. If it is not, then submission of a hard (paper) copy may be requested. Each County and LEA should keep on file a copy of each Distribution Request form that it has submitted to School Planning.

## PROCESSING DISTRIBUTION REQUESTS

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Distribution requests are processed monthly by the School Planning Section of DPI. Distribution Request forms are accumulated throughout the month and processed together during the last week of the month, typically between the 26<sup>th</sup> and 29<sup>th</sup>. It is, therefore, important that Distribution Request forms be submitted to DPI no later than the 25<sup>th</sup>. For the months of February (shorter number of days), June (last month of fiscal year), and December (last month of calendar year), request forms may need to be submitted a week earlier. Monthly submission dates are typically posted on the “Capital Funding” page of the School Planning section of the DPI website (link provided in the **DISTRIBUTION REQUEST** section above).

If the cash balance in a County/LEA’s applicable Unallocated Balance Account is equal to or greater than the amount of their distribution request, then the full amount of the request, if approved, can be allocated.

If the cash balance in a County/LEA’s applicable Unallocated Balance Account is less than the amount of their distribution request, then only the balance available at the time of the request can be allocated if approved. Additional allocations will then have to be made in subsequent months - as the cash balance allows - until the full amount of the distribution request has been allocated. Requests for funding project construction will be handled in this manner if construction contracts have been signed using the County’s financial backing as authority to sign the contracts.

Funding from the PSBCF and PSBRRF for reimbursement of project expenses for which final payment has already been made to the service provider, vendor, or contractor is not allowable after one year following the final payment. Requests for such funding cannot be processed. An exception to this restriction is made for payments to retire debt, as described in a previous subsection.

When funding for a County/LEA is approved, DPI transfers allocated funds from the applicable Unallocated Balance Account of that County/LEA to their county's disbursing account in the State Treasurer's Office. Those funds are usually posted and available for draw-down by the second or third business day of the upcoming month unless there are non-business days between those activities. For example, if funding is authorized on January 26<sup>th</sup>, funds should be available by February 2<sup>nd</sup> or 3<sup>rd</sup>.

Additional information regarding disbursing accounts is provided in the **COUNTY DISBURSING ACCOUNTS** section.

Funds for School Technology are transferred to the State School Technology Trust Fund and allotted to LEA accounts at PRC 015. The allotment process is the same as for other State funds that are appropriated and allocated to school systems. Funds are requested via Cash App as needed to cover checks. The system then posts the entries to the correct account codes in the North Carolina Financial System (NCFS) related to the revenue sources specific for PRC 015 (in this case School Technology).

Upon approval of a Lottery capital funding request, a Memorandum is sent via email to the finance officers of the county and LEA to alert them of the transfer of funds to the county's disbursing account. County and LEA finance officers are encouraged to contact DPI regarding the status of a funding request if they have not received such a Memorandum by the tenth business day of the month after the request was submitted.

Copies of completed and signed Distribution Request forms are retained and filed by DPI School Planning Section.

## COUNTY DISBURSING ACCOUNTS

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### **General**

The State Treasurer's Office has established a disbursing account for each county to receive Lottery capital funds and is responsible for monitoring disbursing account activity. Each county has only one disbursing account into which allocations from each Lottery Capital Fund are deposited. It is therefore incumbent upon each county finance officer to maintain accurate records as to the source of the funds in the county's account and the projects for which those funds were allocated.

Counties/LEAs are encouraged to coordinate their distribution requests with payment needs/schedules. Ideally, funds deposited into the disbursing account at the beginning of one month will be expended by the end of that month or the next month. There is no advantage to "banking" allocated funds in disbursing accounts to accrue monthly interest. The same amount of interest would be gained if the funds were left in an Unallocated Balance Account.

### **Drawing Down Funds**

The process of drawing down funds that have been transferred to county disbursing accounts is, in general, as follows:

- The State Treasurer's Office is responsible for sending the specifications for warrants (checks) to each county finance officer, who will then order warrants from a printer of the county's choice.
- After funds have been transferred to the disbursing account, the county finance officer will write warrants (checks) against the account to the "ultimate" (or terminal) payee to pay expenses for the capital project. The ultimate payee may be, for example, a service provider, vendor, or a contractor that has completed certain work. A warrant may also be made to the LEA (Board of Education) as reimbursement for a payment the LEA has already made to a service provider, vendor, or contractor.

The county finance officer may not make warrants to pay expenses for any project other than the one funded and must not transfer funds from the disbursing account into any other account. Transfer of funds into another account would deprive the County/LEA of interest that would be earned if those unspent funds remained in the disbursing account.



## EXCESS (UNSPENT) FUNDS

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### **PSBCF and PSBRRF – Unspent Allocations**

DPI considers a capital project that was funded through the PSBCF or PSBRRF to be “complete” upon final payment of all project expenses by the County/LEA. If any funds allocated from the PSBCF or PSBRRF are left unspent upon completion of a capital project, a request must be sent to DPI by the County/LEA to have those funds transferred from disbursing account back to the applicable Unallocated Balance Account (see also **REPORTING**). DPI has a process for creating a ‘negative allocation’ to initiate such a transfer. Excess (unspent) funds are to remain in the county’s disbursing account until being transferred back to an Unallocated Balance Account because warrants on the disbursing account are to be written only to the ultimate (terminal) payee for the applicable capital project. Once transferred back to DPI, unspent funds can be used for future projects. If excess funds have been transferred into a different local account, then additional steps must be taken by DPI and others to complete the funding adjustment process.

### **NBPSCF – Unspent and/or Unallocated Funds**

As with the PSBCF and PSBRRF, DPI considers a capital project that was funded through the NBPSCF to be “complete” upon final payment of all project expenses. Ideally, upon completion of a NBPSCF grant-awarded school building project, final payments will have exhausted all funds awarded and allocated for that project; the total amount of grant funds allocated and spent would equal the amount of the grant award. The County/LEA’s NBPSCF Unallocated Balance would be zero, and there would be no unspent grant funds in the county’s disbursing account.

If, however, all allocated grant funds are not spent, the grant recipient cannot use the unspent grant funds for expenditure on any school building or facility project that was not specifically listed in the signed Form of Agreement for their grant award. Instead, grant funds remaining in the County’s disbursing account must be reverted by DPI to the LEA’s NBPSCF Unallocated Balance Account in the same manner as described for the PSBCF and PSBRRF.

Grant funds that remain in a County/LEA’s NBPSCF Unallocated Balance Account after project completion, including any unspent grant funds that have been reverted by DPI to that account from the county’s disbursing account, are processed in a manner that adjusts the amount of the County/LEA’s grant award to equal the amount of grant funds expended. Doing so “zeroes out” the County/LEA’s NBPSCF Unallocated Balance Account. The left-over funds revert to the Needs-Based Grant program fund and can be used as a source of revenue for future grants.

## SALES TAX RECOUPMENT

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### General

Expenses associated with capital outlay projects typically include sales tax. For capital outlay projects that are funded through the PSBCF, NBPSCF, or PSBRRF, the decision whether or not to recoup the percentage of allocated Lottery funds used to pay sales tax is a local one. Options include the following:

- No recoupment of sales tax.
- Recoup sales tax and keep it locally.
- Recoup sales tax and return it to the State.

### PSBCF and PSBRRF – Sales Tax Recoupment

The process for returning sales tax to the State is similar to the process described for unspent Lottery funds (see **EXCESS (UNSPENT) FUNDS**), but one additional step is required: the recouped funds must first be deposited back into the county's disbursing account. To do this, the county must write a check for the amount of recouped sales tax, made payable to the applicable Lottery Capital Fund, and send it to the attention of the DPI School Planning contact person listed in the **CONTACT INFORMATION** section of **Appendix A**. The check will be forwarded from DPI to the State Treasurer's Office with a letter of explanation. Once the funds have been deposited into the county's disbursing account, they can be reverted to the applicable Unallocated Balance Account at DPI.

### NBPSCF – Sales Tax Recoupment

As of the publication date of this Manual there are no legislated provisions that specifically address the recoupment of allocated Needs-Based grant funds that are used to pay sales tax. DPI has, therefore, developed the following provisions:

- If sales tax is recouped, then those funds should be used toward payment of expenses of the capital project for which the Needs-Based grant was awarded if total project cost exceeds the amount of the grant award.

- Example:
 

▪ Total Grant Funds Awarded:	\$62,000,000
▪ Total Project Cost:	\$63,000,000
▪ Sales Tax Recouped:	\$1,240,000
▪ Recouped Sales Tax Funds to be Used for Project:	\$1,000,000
▪ Balance:	\$240,000 (may be kept locally)
  
- If sales tax is recouped and the total project cost is less than the amount of the grant award, then the recouped funds may be kept locally. As indicated above (**NBPSCF – Unspent or Unallocated Funds**), if the total project cost is less than the amount of the grant award, then the excess grant funds must be returned to the State (but not the recouped sales tax).

- Example:
 

▪ Total Grant Funds Awarded:	\$62,000,000
▪ Total Project Cost:	\$61,500,000
▪ Amount to be Returned to DPI:	\$500,000
▪ Sales Tax Recouped:	\$1,240,000
▪ Balance:	\$1,240,000 (may be kept locally)

If it is decided locally to not keep recouped Needs-Based grant funds used to pay sales tax, then the process of returning those funds to the State is as described above (**PSBCF and PSBRRF – Sales Tax Recoupment**).

## REPORTING

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### **Required County/LEA Reports**

#### **PSBCF and PSBRRF - Final Report**

A Final Report is due within 60 days of completion of any project for which funds from the PSBCF and PSBRRF have been allocated. As indicated above, a project is considered to be “complete” once final payment is made to the ultimate payee. Depending upon the arrangement made between County and LEA, the ultimate payee may be the LEA, with payments serving as reimbursement for project expenditures made by the LEA. Under this arrangement, the project would be considered “complete” upon final payment to the LEA by the County.

Final Report forms for the PSBCF and PSBRRF are available online on the “Capital Funding” page of the School Planning section of the DPI website:

- Final Report form for PSBCF: PSBCF Final Report Form  
<https://www.dpi.nc.gov/documents/schoolplanning/psbcf-final-report-form/download?attachment>
- Final Report form for PSBRRF: PSBRRF Final Report Form  
<https://www.dpi.nc.gov/documents/schoolplanning/psbrrf-final-report-form/download?attachment>

The Final Report form for PSBCF accommodates reporting for both ADM Fund (upper section of form) and Lottery Fund (lower section of form).

A copy of the original Distribution Request form used to request funding may be used as the Final Report for PSBCF or PSBRRF, in which case the document should be clearly marked “Final.” A letter or memo sent via email to DPI from the LEA or from the county is also acceptable. The letter or memo must state the amount of State money allocated, the amount spent, and the difference between those amounts, if any.

If the county has an unexpended balance in its disbursing account for a specific project and submits a Final Report form showing a positive difference between funds allocated and funds spent for that project, then DPI will consider the submission to be a request to redeposit the unspent funds into the County/LEA’s Unallocated Balance Account. If a Final Report is not

submitted, then a written request, either letter or memo, must be submitted via email to close out the project funding and have the unspent funds redeposited. The process for redepositing funds into Unallocated Balance Account is as described above (**EXCESS (UNSPENT) FUNDS**).

The County and the LEA bear joint responsibility for submitting a Final Report. DPI does not designate which entity is responsible for preparing and submitting the Final Report. It does, however, suggest that the two boards reach an understanding as to the assumption of that responsibility. Following are some examples of how responsibility can be assigned:

- Final Reports are the responsibility of the County; or
- Final Reports are the responsibility of the LEA (school board); or
- Final Reports for debt service are the responsibility of the County and Final Reports for all other projects are the responsibility of the LEA (school board); or
- Responsibility for Final Reports is determined on a case-by-case basis, or by some other method.

Lacking an understanding to the contrary, audit exceptions may be recorded for both the county and the LEA if DPI does not receive a Final Report for a completed project within a reasonable amount of time.

Sample copies of the Final Report forms are provided in **APPENDIX B**.

### **NBPSCF - Annual and Final Reports**

Per **G.S. 115C-546.14.(a)**, on or before April 1 of each year after receiving a grant award, the recipient must submit to DPI an “Annual Report” for the preceding year that describes the progress of the project for which their grant was awarded. Additionally, the grant recipient must submit a “Final Report” to DPI within three months of the completion of the project. A project is considered by DPI to be “complete” upon final payment of all project expenses using the grant funds allocated to the County’s disbursing account.

Annual and Final Report forms for the NBPSCF are available online on the “Capital Funding” page of the School Planning section of the DPI website:

- Annual Report form for NBPSCF: [NBPSCF Annual Report Form](https://www.dpi.nc.gov/documents/schoolplanning/nbpscf-annual-report-form/download?attachment)  
<https://www.dpi.nc.gov/documents/schoolplanning/nbpscf-annual-report-form/download?attachment>

- Final Report form for NBPSCF: [NBPSCF Final Report Form](https://www.dpi.nc.gov/documents/schoolplanning/nbpscf-final-report-form/download?attachment)  
<https://www.dpi.nc.gov/documents/schoolplanning/nbpscf-final-report-form/download?attachment>

The County and the LEA bear joint responsibility for submitting the Annual and Final Reports. Signatures of the chairpersons of both the Board of County Commissioners and the local Board of Education are required on each report. As such, the two Boards should work together to prepare the reports.

Sample copies of the Annual Report and Final Report forms are provided in **APPENDIX B**.

## **DPI Reports**

### **Lottery Capital Fund Reports**

Reports that show revenue distributions to Unallocated Balance Accounts, interest earnings, and project allocations (fund disbursements) are posted monthly on the “Capital Funding” page of the School Planning section of the DPI website. An annual report for Lottery Capital Funding activity is also posted there. Additional website information is provided in the **SCHOOL PLANNING WEBSITE INFORMATION** section of **APPENDIX A**.

DPI does not issue individual account reports to County managers, school superintendents or others. Circulation of account report copies to county and school system staff is the responsibility of County and LEA finance officers.

### **Project Status Reports**

The status of projects for which allocations have been made from the three Lottery Capital Funds is provided by DPI for each LEA by Monthly Projects Reports. In those reports, a “Y” in the right-hand column (under “Rpt. Rcvd.”) indicates project completion and receipt of a Final Report by DPI; “N” indicates otherwise. Monthly Projects Reports are posted on the “Capital Funding” page of the School Planning section of the DPI website.

### **NBPSCF Reports**

*Per G.S. 115C-546.14.(b)*, on or before May 1 of each year DPI is required to submit a report to the chairs of the Senate Appropriations Committee on Education/Higher Education, the House

Appropriations Committee on Education, and the Fiscal Research Division. The report is to include no less than the following information for the applicable fiscal year:

- Number and description of projects awarded.
- Total cost of each project and amount supported by the NBPSCF.
- Projections for local school administrative unit capital needs for the next 30 years based upon present conditions and estimated demographic changes.
- Any legislative recommendations for improving the Needs-Based Public School Capital Fund program.

### **County Reconciliation with State Treasurer's Report**

The State Treasurer's Office publishes on its website statements for each county that show disbursing account activity such as deposits, cleared warrants and balances. The NC Administrative Code (**20 NCAC 1C.0402**) requires all agencies for which a disbursing account has been established to reconcile their disbursing account activity with statements published by the State Treasurer's Office on a monthly basis. The county finance officer is responsible for performing this reconciliation by completing the electronic Statement Verification process on the Core Banking System (CB\$) website. Additional information regarding this process is provided in the **REPORTS TO THE STATE TREASURER** section of **APPENDIX A**.

## **END OF OPERATIONS MANUAL**

## **APPENDIX A**



## PUBLIC SCHOOL BUILDING CAPITAL FUND

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### General

The 1987 Session of the North Carolina General Assembly passed legislation (**House Bills 1155 and 1142**) that established two Funds to assist county governments in meeting their public school building capital needs. One was the Critical School Facility Needs Fund, which was administered by the State Board of Education. Revenue for school building capital needs is no longer provided by this Fund. The other Fund established in 1987, the Public School Building Capital Fund, was originally administered by the Office of State Budget and Management and funded from a portion of corporate tax revenue. This revenue was distributed among the counties according to the Average Daily Membership (ADM) of the schools within the counties, and thus the PSBCF became colloquially known as the “ADM Fund.”

Since 1987, funding through the PSBCF has been subject to a number of changes. State budget shortfalls in FY 2002-03 resulted in corporate tax revenue being directed away from the PSBCF, which prompted lawmakers to begin looking at other sources of revenue for funding public school building capital projects. A provision included by the General Assembly in the budget for FY 2003-04 (**HB 397**) transferred administration of the PSBCF from the Office of State Budget and Management to the Department of Public Instruction. In August 2005, as the General Assembly was considering **House Bill 1023** of the 2005 Regular Session (the “Lottery Bill”), the Governor ratified the 2005 Appropriations Act (**SB 622; 2005 N.C. Sess. Law 276**). Section 31.1(t) of that Act provided that, if the Lottery Bill was enacted, the bill would be amended so that 40% of the net revenue of the Lottery would be distributed to the Public School Building Capital Fund in accordance with **G.S. 115C-546.2**. The Lottery Bill was passed and ratified on August 31, 2005, the North Carolina Education Lottery was inaugurated, and the PSBCF was expanded to include two Funds, the original corporate tax fund (i.e. the “ADM Fund”) and what is commonly referred to as the “Lottery Fund.”

Following is an overview and comparison of the basic characteristics of the ADM Fund and the Lottery Fund:

**PUBLIC SCHOOL BUILDING CAPITAL FUND**  
**Comparison: ADM (Corporate Tax) Fund vs. Lottery Fund**

**DISTRIBUTION OF REVENUE INTO THE PSBCF**

**ADM (Corporate Tax) Fund**

Deposits of new revenue have been terminated

**Lottery Fund**

Four (4) distributions annually - typically in November, February, May & July

**DISTRIBUTION OF REVENUE TO COUNTIES/LEAs**

**ADM (Corporate Tax) Fund**

Based on ADM of County

**Lottery Fund**

Based on ADM of each LEA

**ALLOWABLE EXPENDITURES**

**ADM (Corporate Tax) Fund**

School construction\* or technology;  
Debt Service for projects completed after July 1, 1987, only if the "county does not need all or part of the funds...for public school capital outlay projects"

**Lottery Fund**

School construction\* (not for technology);  
Debt Service for school construction projects completed on or after January 1, 2003; after a finding of "no capital need;" the intent is for each county to continue to spend for public school capital outlay purposes the same amount of money it would otherwise spend if it did not receive Lottery monies

**REQUIRED LOCAL MATCHING**

**ADM (Corporate Tax) Fund**

\$1 Local per \$3 State for construction\*; except no match is required for School Technology

**Lottery Fund**

No local matching required

**DISTRIBUTION REQUEST REQUIREMENTS**

**ADM (Corporate Tax) Fund**

Specific ADM Fund Distribution Request Form with signatures of Chairs of Board of Education County Commissioners

**Lottery Fund**

Specific Lottery Fund Distribution Request Form with signatures of Chairs of Board of Education and County Commissioners

**AVAILABILITY OF FUNDS**

**ADM (Corporate Tax) Fund and Lottery Fund**

In general, distribution requests submitted to DPI by the 25<sup>th</sup> of the month (deadline dates are posted monthly on the School Planning web page) will be processed and funds will be available in county disbursing accounts within the first few business days of the upcoming month.

\* The term "construction" includes new buildings, building additions, repairs, renovations and infrastructure to serve educational facilities.

## NEEDS-BASED PUBLIC SCHOOL CAPITAL FUND

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### Background

The PSBCF was the only recurring State funding for the facility needs of the public education system of North Carolina from its inception until 2017. During this period of time the process of distributing PSBCF Lottery revenue to LEAs per ADM typically provided over 50 percent of the annually allocated revenue to less than 15 percent of LEAs. In 2017, realizing the need to make more Lottery revenue available to the LEAs that were receiving a low percentage of that revenue, the General Assembly stated its intent to increase the amount of Lottery revenue dedicated to assist local governments in meeting critical school capital needs to forty percent (40%) of net Lottery revenue collected by no later than FY 2028-29. Through ***S.L. 2017-57, Section 5.3(d)***, the General Assembly established the Needs-Based Public School Capital Fund to provide grant-based funding to eligible counties.

Original legislation regarding the NBPSCF was subsequently modified by ***S.L. 2017-212, Section 1.1*** and ***S.L. 2018-5, Section 5***. Further refinements of and revisions to the NBPSCF were made by the 2021, 2022 and 2023 Sessions of the General Assembly by amending ***Chapter 115C*** of the NC General Statutes. Within that legislation, a number of the provisions contained in the original Session Laws were modified and various Sections of those Session Laws were repealed. As a result, maximum grant award amounts were increased (see **Maximum Award Amounts**), and a greater number of counties became eligible for Needs-Based grants (see **Needs-Based Grant Eligibility**).

The State Treasurer is the custodian of the NBPSCF and is charged with investing its assets in accordance with provisions of ***G.S. 147-69.2*** and ***G.S. 147-69.3***. It is the responsibility of DPI to award grants from the NBPSCF based upon an established set of priorities that are listed in the **Prioritization of Grant Applications** subsection that follows.

### Needs-Based Grant Eligibility

From FY 2017-18 through FY 2020-21, Needs-Based grants were, in accordance with legislation in effect at the time, only awarded to counties designated as Development Tier One or Tier Two Areas. Grants were not awarded to any county that had received an aggregate amount exceeding Eight Million Seven Hundred Fifty Thousand Dollars (\$8,750,000) in Lottery funds from the Public School Building Capital Fund from FY 2012-13 to FY 2016-17, inclusive. The 2021 session of the General Assembly modified eligibility requirements in the 2021-2023 State Budget, ***S.L. 2021-***

**180.** In that piece of legislation, Chapter 115C of the General Statutes was amended with the addition of a new Article, **“Article 38B – Needs-Based Public School Capital Fund.”** **G.S. 115C-546.11.(a)** of that Article states, *“An eligible county is a county with an adjusted market value of taxable real property of less than forty billion dollars (\$40,000,000,000). The adjusted market value of taxable property in a county is equal to the county’s assessed taxable real property value, using the latest available data published by the Department of Revenue, divided by the county’s sales assessment ratio determined under G.S. 105-289(h).”*

If an eligible county has multiple school systems (LEAs), typically distinguished as being “City” or “County” systems, then each LEA is eligible to apply for a Needs-Based grant.

Earliest legislation regarding the NBPSCF, **S.L. 2017-57, Section 5.3(e)**, as modified by **S.L. 2017-212** and **S.L. 2018-5**, established that counties were eligible to receive grant funds no more than once every five (5) years. Per **S.L. 2017-57, Section 5.3.(f)**, a County/LEA that received a grant fund award from the NBPSCF was ineligible to receive distributions from the PSBCF (i.e., regular Lottery revenue) for a period of five (5) years. **Section 4.4.(d)** of **S.L. 2021-180** repealed those provisions. As a result, there is no required waiting period for a County/LEA to apply for a new Needs-Based grant after previously receiving a grant. Priority given to subsequent grant applications by the County/LEA within a certain period of time may, however, be affected (see **Prioritization of Grant Applications**). A County/LEA does not forfeit its Lottery revenue from the PSBCF if awarded a Needs-Based grant.

### **Needs-Based Grant Application Process**

Applications for grants through the NBPSCF are processed by DPI once each fiscal year, following state budget appropriations to the program. Grant applications must be signed by the Chairs of the local Board of Education (LEA) and the County Commissioners (County). In each new fiscal year, the application period typically opens in late Summer, with grant awards normally announced in early Fall. Timing of legislative action regarding the State budget, and/or changes to the NBPSCF governing statutes, may delay the annual application and award schedule.

An application for a Needs-Based grant that does not receive funding does not remain active for consideration in future grant cycles unless legislated otherwise for a specific grant cycle. Such legislation has only occurred once since the inception of the NBPSCF, and that legislation is no longer in force. A new application must be submitted in each NBPSCF grant cycle in order to be considered for funding in that cycle.

Only one application is to be submitted for a school campus, even if the project for which Needs-Based grant funds are being sought involves construction of or work at more than one building on that campus. If grant funds are being sought by an LEA for projects on more than one school campus within its District, then a separate application is to be submitted for each campus. A single grant may be awarded to the LEA, the amount of which may equal the sum of the amounts requested by each application. Any such award would not exceed the maximum grant award amount established for elementary, middle, or high school projects (see **Maximum Award Amounts**).

If multiple LEAs within a county have projects for which grant funds are being sought, then each LEA must submit its own application (jointly with the county). Applications for grants for each LEA can be, but do not necessarily have to be, submitted in the same fiscal year. Per **G.S. 115C-546.11.(d)**, *“A county may not apply for projects that exceed an aggregate amount greater than the maximum grant award amount listed in subsection (c) of this section in any single year.”* In other words, if multiple LEAs within a county apply for a Needs-Based grant in the same year, then the sum of the grant award amounts applied for by those LEAs cannot exceed the established maximum grant award amounts (see **Maximum Award Amounts**).

A copy of the “active” NBPSCF Grant Application form for the current fiscal year is available on the “Capital Funding” page of the School Planning section of the DPI website for the duration of the annual grant application period. Outside of that time period an “inactive” sample copy of the form may be posted for reference and planning purposes.

### **Project Scope**

Per **G.S. 115C-546.11.(d)**, *“The Department of Public Instruction shall review projected school enrollment to evaluate the reasonableness of a project’s scope and size.”*

### **Prioritization of Grant Applications**

Prior to FY 2021-22, Needs-Based grants were awarded to county applicants in accordance with priorities established by **S.L. 2017-57, Section 5.3.(d)**, as modified by **S.L. 2018-5**. Priorities were subsequently modified by **S.L. 2021-180, Article 38B, G.S. 115C-546-10**. That General Statute established that *“The Department of Public Instruction shall award grants from the Fund...in accordance with the following priorities:*

- (1) Counties designated as development tier one areas.*
- (2) Counties with greater need and less ability to generate sales tax and property tax*

revenue.

- (3) *Counties with a high debt-to-tax revenue ratio.*
- (4) *The extent to which a project will address critical deficiencies in adequately serving the current and future student population.*
- (5) *Projects with new construction or complete renovation of existing facilities.*
- (6) *Projects that will consolidate two or more schools into one new facility.*
- (7) *Counties that have not received a grant under this Article in the previous three years.”*

Each grant application receives a ranking score for each priority as enumerated in general statute. These seven individual ranking scores are totaled, producing an overall ranking score.

### **Maximum Award Amounts**

Original grant award limits were established by ***S.L. 2017-57, Section 5.3(e)***, as modified by ***S.L. 2017-212*** and ***S.L. 2018-5***. The maximum award for a county designated as a Development Tier One Area was Fifteen Million Dollars (\$15,000,000) and the maximum award for a county designated as a Development Tier Two Area was Ten Million Dollars (\$10,000,000). Maximum award amounts were changed by ***G.S. 115C-546.11.(c)***. Maximum award amounts per this General Statute were subsequently revised ***by S.L. 2023-134 (House Bill 259)***, establishing them as follows (as of the date of this publication):

- Up to Forty-two Million Dollars (\$42,000,000) for an elementary school.
- Up to Fifty-two Million Dollars (\$52,000,000) for a middle school or a combination of an elementary school and middle school.
- Up to Sixty-two Million Dollars (\$62,000,000) for a high school, a combined middle and high school, or a combined elementary through high school.

If multiple applications for grant awards are submitted by an LEA, as is required if funds are being sought for projects on multiple campuses, then the maximum amount that may be awarded to the applicant is limited in accordance with maximum award amounts established by ***G.S. 115C-546.11.(c)***. In other words, one maximum limit per LEA. Likewise, as noted above (**Needs-Based Grant Application Process**), there is one maximum limit for counties that submit grant applications for more than one LEA.

## **Grant Agreement**

Per **G.S. 115C-546.12.(a)**, each county that is awarded a Needs-Based grant must enter into an agreement with DPI detailing the use of grant funds. The agreement must include all of the following provisions:

- A requirement that the grantee seek planning assistance and plan review from the School Planning Section of the Department of Public Instruction.
- A progress payment provision governing disbursements to the county for the duration of the school construction project based upon the construction progress and documentation satisfactory to the Department that the matching requirement in **G.S. 115C-546.11** has been met.
- A provision requiring periodic reports to the Department of Public Instruction on the use of disbursed grant funds and the progress of the school construction project.
- A requirement that matching funds paid by the county pursuant to **G.S. 115C-546.11** must be derived from non-State and non-Federal funds.
- A provision requiring repayment in full of awarded grant funds in the event the grant recipient declines the grant award, or the grant is forfeited.

The following additional Grant Agreement provisions have been established by legislation and DPI:

- Grant recipient certifies that the project site for which grant funds were awarded is owned in fee simple by the local Board of Education in accordance with **G.S. 115C-521**.
- Grant recipient understands that construction of the project for which the grant was awarded must be initiated within 24 months of the award in accordance with **G.S. 115C-546.12.(b)**.

With regard to the provision for initiating project construction, the Superintendent of Public Instruction has the authority to grant a 12-month extension to the 24-month time limit if needed due to extraordinary circumstances.

## **Grant Forfeiture**

Per **G.S. 115C-546.12.(c)**, an awarded grant may be forfeited if any of the following occur:

- Project construction is not initiated within 24 months of the award.
- Project scope changes significantly from what was outlined in the grant agreement.

- Any statement or information provided in the grant application is later determined to be materially false.
- Local funding is subsequently decreased from the amount listed in the grant application.

If a grant recipient declines or forfeits its grant, then the grant recipient must repay any grant funds already disbursed to it. Per ***G.S. 115C-546.12.(d)***, when calculating the repayment required for a forfeited or declined grant, DPI may reduce the amount of the required repayment by deducting reasonable administrative costs incurred by the grant recipient in connection with the project. The grant recipient must provide to DPI documentation that satisfactorily supports any administrative costs to be deducted.

Per ***G.S. 115C-546.11.(d)***, if a county declines or otherwise forfeits an awarded grant, then DPI cannot award additional grants to that county for a period of 24 months. That time period starts on the date the grant award was declined or forfeited.

DPI has developed and published guidelines for the NBPSCF that specify the following:

- The extraordinary circumstances justifying an extension for the initiation of project construction.
- The criteria to determine if the project scope has changed significantly.
- The criteria to determine material falsehood in an application.
- The time line for repayment of forfeited grant awards.
- The extraordinary circumstances justifying a deduction of reasonable expenses incurred by a grant recipient from disbursed funds repayment due to forfeiture or declining a grant award.

The publication can be accessed by using the following link:

<https://www.dpi.nc.gov/documents/schoolplanning/nbpscf-grant-forfeiture-guidelines/download?attachment>



## PUBLIC SCHOOL BUILDING REPAIR & RENOVATION FUND

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### General

In order to further assist county governments in meeting their public school building capital needs, the North Carolina General Assembly passed legislation in 2021, as part of **S.L. 2021-180**, that established a new source of revenue to be used specifically for repair and renovation projects. Per **SECTION 4.4.(a1)** of that legislation, *“Chapter 115C of the General Statutes is amended by adding a new Article: Article 38 C. Public School Building Repair and Renovation Fund.”* **“G.S. 115C-546.15. Fund created; administration.** *There is created the Public School Building Repair and Renovation Fund. The fund shall be administered by the Department of Public Instruction and shall be used to provide funds to counties for repair and renovation projects for local school administrative units within a county.”*

## PROJECT PLANNING

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A primary planning and design tool used by School Planning is the publication entitled *Public Schools of North Carolina - Facilities Guidelines*, a copy of which is posted in the School Planning section of the DPI website. It can be accessed by using the following link:

<https://www.dpi.nc.gov/documents/schoolplanning/facility-design-guidelines/download>

This publication provides recommendations for school building elements and spaces. Other planning/design tools used by School Planning include computer programs that calculate needed spaces within school facilities and the sizes of those spaces (based upon anticipated capacity), and accumulated construction cost data. The manner in which additional planning/design resources can be accessed is described in the **SCHOOL PLANNING WEBSITE INFORMATION** section of **APPENDIX A**.

## DPI PLAN (Design) REVIEW

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### **Purpose**

Plan (design) review by DPI School Planning helps to ensure that proposed school facilities properly accommodate and facilitate educational programs. Comments made as part of a School Planning review will typically address Code compliance, safety, longevity, durability, flexibility, economy, and efficiency of building construction systems. Design review and comments will take into consideration local program flexibility while providing accountability with respect to the *North Carolina Public Schools - Facilities Guidelines*.

### **Projects That Require Design Review**

In general, projects that require the use of professional design services (architectural and/or engineering) per **NC G.S. 133-1.1** must have construction documents (Plans) submitted to and reviewed by DPI School Planning Section. Projects that involve new building construction, building additions, major renovations, or significant repairs typically fall into this category. School Planning has additional requirements regarding the need for professional design services, especially for projects that affect life safety. The manner in which a public school project is being funded, whether it be by local revenue, debt service, Lottery Capital Fund, donation (e.g. the Boosters Club), or other sources, is not a factor used to determine if project construction documents must be submitted for review.

A table is posted in the School Planning section of the DPI website to help designers and LEAs determine whether their project must be reviewed. It lists the types of projects that do and do not require review by School Planning, all of which are subject to the requirements of **G.S. 133-1.1**. The table can be accessed by using the following link:

<https://www.dpi.nc.gov/documents/schoolplanning/projects-reviewed-school-planning/download>

The table is not designed to be all-inclusive. If there is any question about whether a specific project must be reviewed, then a request for clarification should be submitted to School Planning.

## **Project Submittal**

When submitting project documents for review, designers should use the transmittal forms provided by DPI School Planning Section, which are available online by using the following link:

<https://www.dpi.nc.gov/documents/schoolplanning/project-submittal-form/download>

For large construction projects, submittals at phase milestones are recommended: end of Schematic Design Phase; end of Design Development Phase; 95% to 100% completion of the Construction Documents. Doing so will allow time for School Planning review comments to be evaluated and incorporated into the bid documents as needed. Document submittal is usually the responsibility of the project Architect and/or Engineer, but the LEA should always check with School Planning to ensure that it has received document submittals.

Smaller projects are often managed by local maintenance personnel without involving a professional designer. Small-scale roof repair and partial roof covering replacement projects are common examples. For roofing projects such as these, the LEA should submit the Roof Replacement Submittal Form provided by School Planning. If additional information and/or drawings are required for a roofing project, School Planning will notify the LEA. The Roof Replacement Submittal Form is available online by using the following link:

<https://www.dpi.nc.gov/documents/schoolplanning/roof-submittal-form/download>

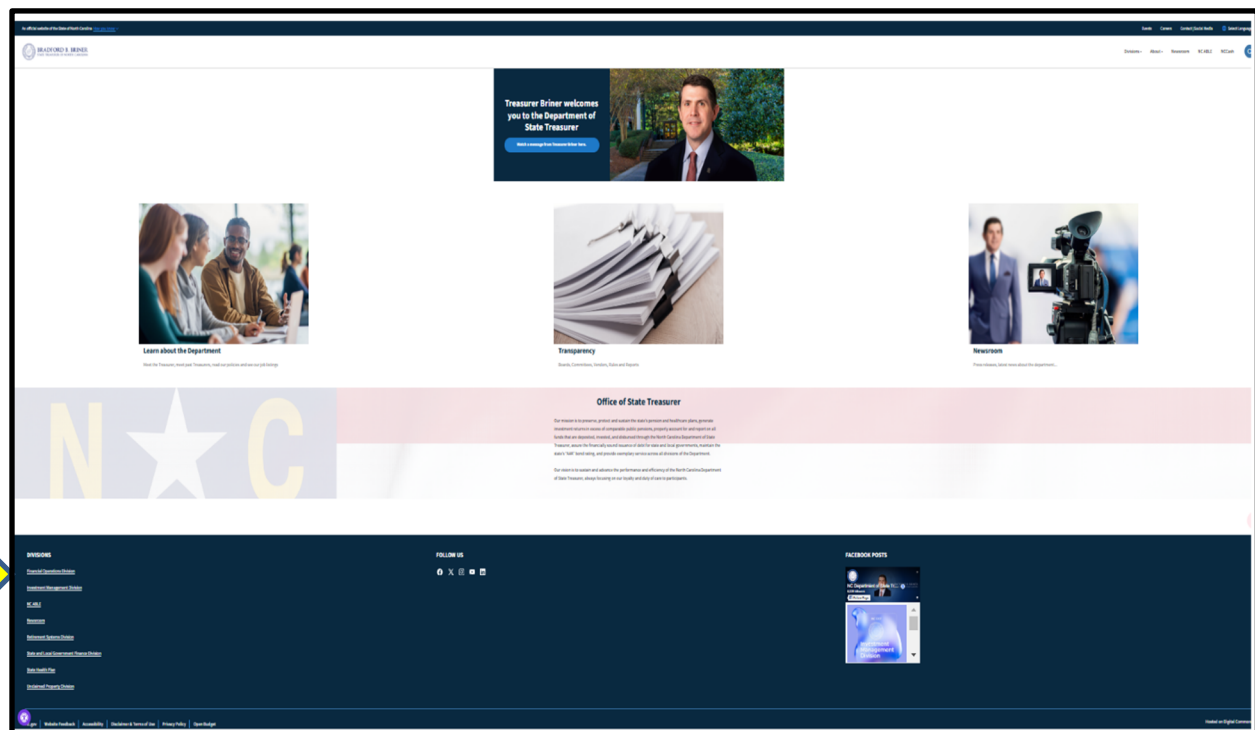
The Roof Replacement Submittal Form will be sufficient documentation for approval of PSBCF or PSBRRF allocations for small-scale roof repair and partial roof covering replacement projects that do not require design review by School Planning.

Whether a project is large or small, submittal of “Final” construction documents for first-time review shortly before project bid date or when construction is already underway is strongly discouraged; doing so will not result in an expedited review. Untimely submittal of review documents for projects for which construction will be funded through the PSBCF, PSBRRF, or NBPSCF could delay approval of funding allocation requests. The same is true for delayed responses by designers to School Planning review comments that are presented in Plan Review letters. Requests for funding for project construction through any of the Lottery Capital Funds cannot be approved until the School Planning design review process has been completed and a Certificate of Review has been issued for the project. It is therefore important for the LEA to check with the design team periodically to ensure that the design review process is progressing without undue delay.

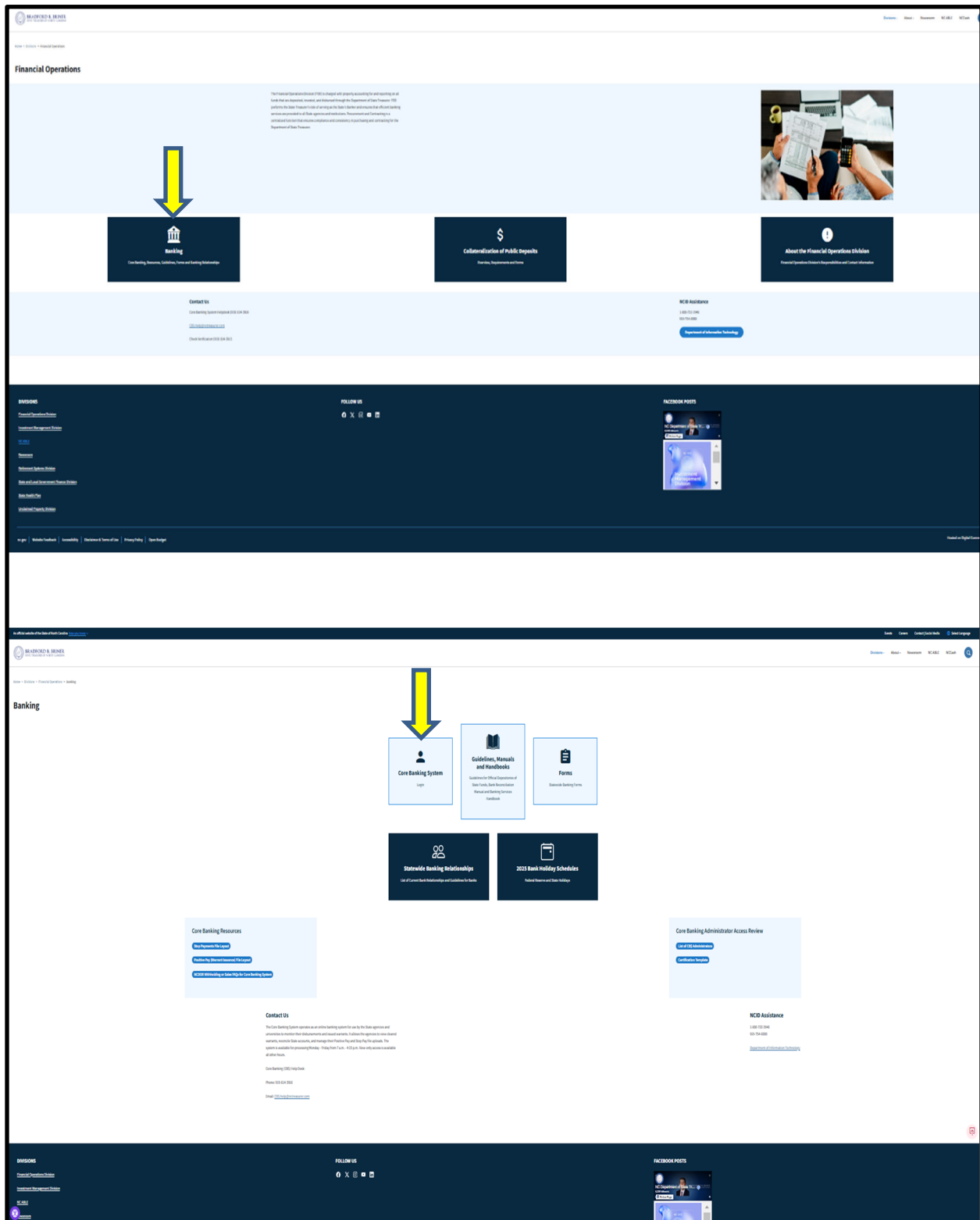
## REPORTS TO THE STATE TREASURER

The office of the State Treasurer requires the county finance officers to reconcile their disbursing account activity each month and to report agreement via a 'check box' on the Core Banking System (CB\$) website. The State Treasurer does not issue printed statements to the counties; reconciliation and review are accomplished by this electronic process instead.

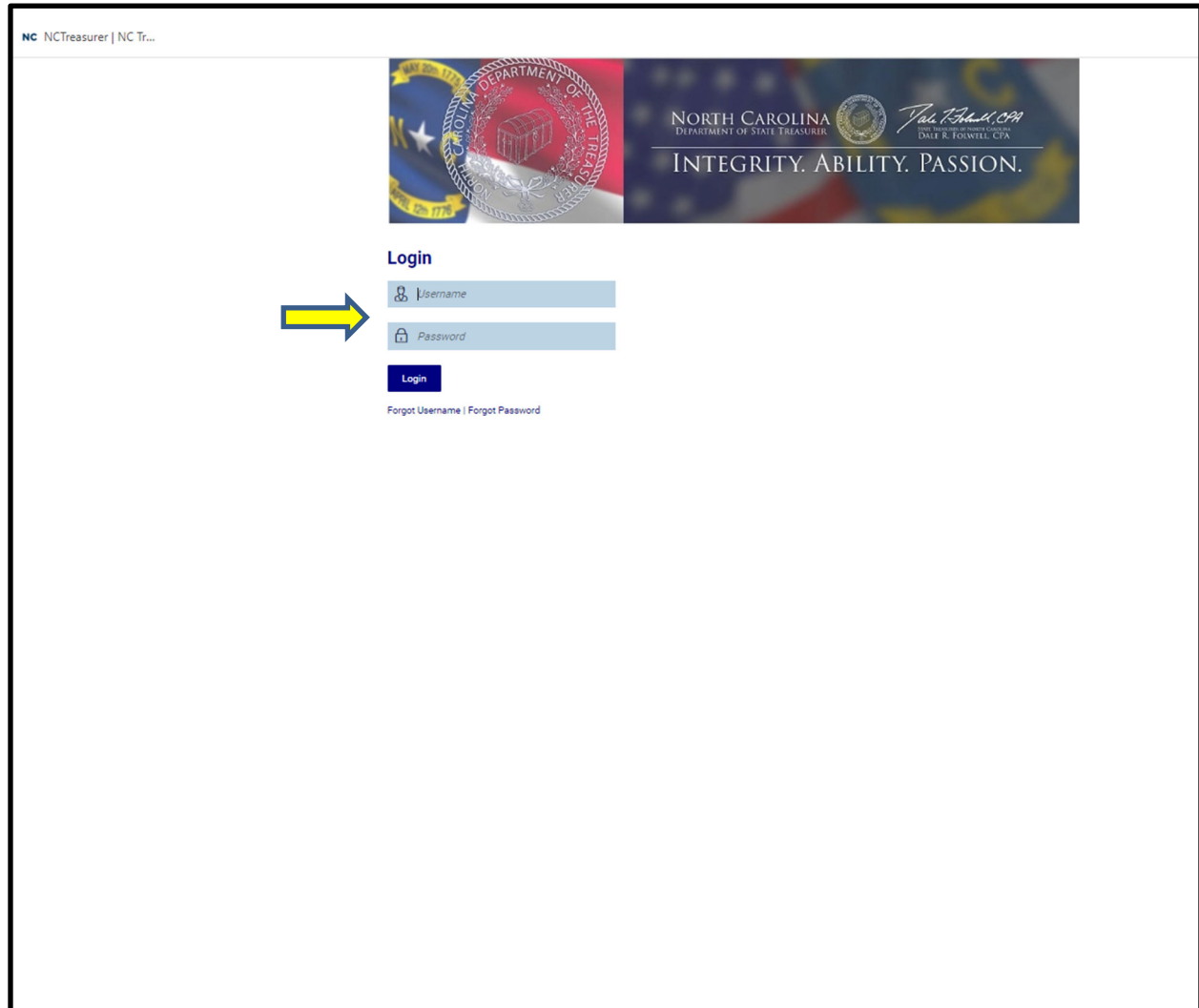
To access the State Treasurer website, open an internet browser and go to <https://www.nctreasurer.com>. Select Financial Operations Division from among the **DIVISIONS** titles at the lower left corner of the window that opens.



To access the CB\$ log-in page, click on the “Core Banking System” icons on the “Financial Operations Division” page and the “Banking” page.



Log-in to the Core Banking System using the individual ID and password provided by the Office of Agency Financial Services of DPI or by the State Treasurer’s Office.



NC NTreasurer | NC Tr...

**Login**

**Login**

[Forgot Username](#) | [Forgot Password](#)

Upon log-in the tab that opens should be the “Notifications” tab (pictured below). The screen may contain important information such as interest rates, holidays, or site maintenance.

Next, access the CB\$ Dashboard by clicking on the “Core Banking System” logo at the top left corner of the screen.

click here when on "Notifications" tab

Notifications

Notifications (2) Alerts

Subject - Details Received

QUARTERLY INV REP LINK

Please see the following link for the latest Quarterly Investment Report published by the NC Dept of State Treasurer:  
<https://www.nctreasurer.com/divisions/investment-management/reports/quarterly-investment-reports>

06 Jan 2025 12:00:00 AM

2024-2025 STIF INTEREST

2024-2025 STIF INTEREST RATES: JUL = 4.62474%; AUG = 4.62858%; SEPT = 4.69579%; OCT = 4.72151%; NOV = 4.57068%; DEC = 4.64876%; JAN = 4.55898%

06 Jan 2025 12:00:00 AM

Page 1 of 1 (1-2 of 2 items)

To get to the Functions Menu, click on the three bars at the top left corner of the Dashboard screen, just to the left of the "Core Banking System" logo.

click here when on "Dashboard" tab

Dashboard

NCOST Transactions

Unmatched OT/CMCS View Image Retrieval

Current & Savings  
 101 Total Accounts  
 \$1,824,077,101.52  
 USD (101 Accounts)

Balance Summary

Account #	Account Description	Account Status	Current Balance
9002995	DSB WAKNE CO PSBCF	ACTIVE	\$0.00
9002981	DSB SAMPSON CO PSBCF	ACTIVE	\$206,008.22
9002976	DSB RICHMOND CO PSBCF	ACTIVE	\$347,838.55
9002962	DSB MOORE CO PSBCF	ACTIVE	\$20,023.29
9002957	DSB MARTIN CO PSBCF	ACTIVE	\$0.00
9002943	DSB HAYWOOD CO PSBCF	ACTIVE	\$3,713,105.91
9002938	DSB GRANVILLE CO PSBCF	ACTIVE	\$0.00
9002924	DSB CRAVEN CO PSBCF	ACTIVE	\$248,430.00
9002919	DSB CHEROKEE CO PSBCF	ACTIVE	\$221,049.06
9002900	DSB ALAMANCE CO PSBCF	ACTIVE	\$453,119.61
8002991	DSB WAKE CO PSBCF	ACTIVE	\$0.00
8002986	DSB SWAIN CO PSBCF	ACTIVE	\$0.00
8002972	DSB PERSON CO PSBCF	ACTIVE	\$304,480.95
8002967	DSB ORANGE CO PSBCF	ACTIVE	\$0.93
8002953	DSB LENOIR CO PSBCF	ACTIVE	\$1,447,437.06
8002948	DSB PIRELL CO PSBCF	ACTIVE	\$0.00
8002934	DSB FRANKLIN CO PSBCF	ACTIVE	\$0.00
8002929	DSB DAVID CO PSBCF	ACTIVE	\$762,179.62
8002910	DSB BLUNDSOME CO PSBCF	ACTIVE	\$2,707,121.87
8002905	DSB AVERY CO PSBCF	ACTIVE	\$0.03
7002996	DSB WILKES CO PSBCF	ACTIVE	\$0.00
7002982	DSB SCOTLAND CO PSBCF	ACTIVE	\$135,484.83
7002977	DSB ROBESON CO PSBCF	ACTIVE	\$17,182,882.99
7002963	DSB WASH CO PSBCF	ACTIVE	\$0.00
7002958	DSB MCCOY CO PSBCF	ACTIVE	\$0.00
7002944	DSB HENDERSON CO PSBCF	ACTIVE	\$0.00

Page 1 of 4 (1-30 of 101 items)



[illegible]

**Account Activity**

Statement Verification

### Dashboard

NCDIST Transactions

- Unmatched DTL/CML View
- Image Retrieval

Edward R. Bostrom 101 Total Accounts			
			\$1,854,977,161.62 USD (All Accounts)
<b>Balance Summary</b>			
Account #	Account Description	Account Status	Current Balance
90022845	DIB-WAYNE CO PSBCF	ACTIVE	\$0.00
90022861	DIB-SAMPSON CO PSBCF	ACTIVE	\$204,006.22
90022876	DIB-RICHMOND CO PSBCF	ACTIVE	\$247,939.55
90022862	DIB-MOORE CO PSBCF	ACTIVE	\$20,023.29
90022877	DIB-MARTIN CO PSBCF	ACTIVE	\$0.00
90022863	DIB-HAYWOOD CO PSBCF	ACTIVE	\$3,713,169.91
90022898	DIB-BRAVILLLE CO PSBCF	ACTIVE	\$0.00
90022824	DIB-DRAVEN CO PSBCF	ACTIVE	\$248,430.00
90022819	DIB-CHEROKEE CO PSBCF	ACTIVE	\$221,040.06
90022880	DIB-LANCASTER CO PSBCF	ACTIVE	\$485,116.81
90022871	DIB-JAMES CO PSBCF	ACTIVE	\$0.00
90022868	DIB-BURLIN CO PSBCF	ACTIVE	\$0.00
90022872	DIB-PERSON CO PSBCF	ACTIVE	\$304,480.95
90022867	DIB-ORANGE CO PSBCF	ACTIVE	\$0.93
90022828	DIB-LENORA CO PSBCF	ACTIVE	\$1,447,427.06
90022848	DIB-MIDELL CO PSBCF	ACTIVE	\$0.00
90022834	DIB-FRANKLIN CO PSBCF	ACTIVE	\$0.00
90022826	DIB-GAIVE CO PSBCF	ACTIVE	\$732,179.62
90022810	DIB-BUNCOMBE CO PSBCF	ACTIVE	\$2,767,121.87
90022849	DIB-JACKSON CO PSBCF	ACTIVE	\$0.00
79022866	DIB-WILKES CO PSBCF	ACTIVE	\$0.00
79022862	DIB-SOUTHLAND CO PSBCF	ACTIVE	\$155,064.83
79022877	DIB-ROBERTSON CO PSBCF	ACTIVE	\$17,192,862.99

The screenshot displays the 'Statement Verification' interface of a 'Core Banking System'. The page has a dark blue header with the system name. The main content area is white and contains a form titled 'Statement Verification'. The form includes a 'Select Account' dropdown menu showing '0002909 - DSB:BRUNSWICK CO P...' with a balance of '\$800,000.00'. Below this is a 'Financial Year' dropdown menu with the text 'Select Financial Year'. At the bottom of the form is a blue 'Submit' button. Three yellow arrows are overlaid on the left side of the form, pointing to the 'Select Account', 'Financial Year', and 'Submit' elements respectively.

Click on the box under the heading “Reconciled” that corresponds with the applicable Month for which account reconciliation is being performed.

Statement Verification

Select Account: 0029110 - DPH-Public School Build...  
Balance : \$372,656,832.25  
Financial Year: Current Year -2020-2021

Month	Reconciled
July	<input type="checkbox"/>
August	<input type="checkbox"/>
September	<input type="checkbox"/>
October	<input type="checkbox"/>
November	<input type="checkbox"/>
December	<input type="checkbox"/>
January	<input type="checkbox"/>
February	<input type="checkbox"/>
March	<input type="checkbox"/>
April	<input type="checkbox"/>
May	<input type="checkbox"/>
June	<input type="checkbox"/>

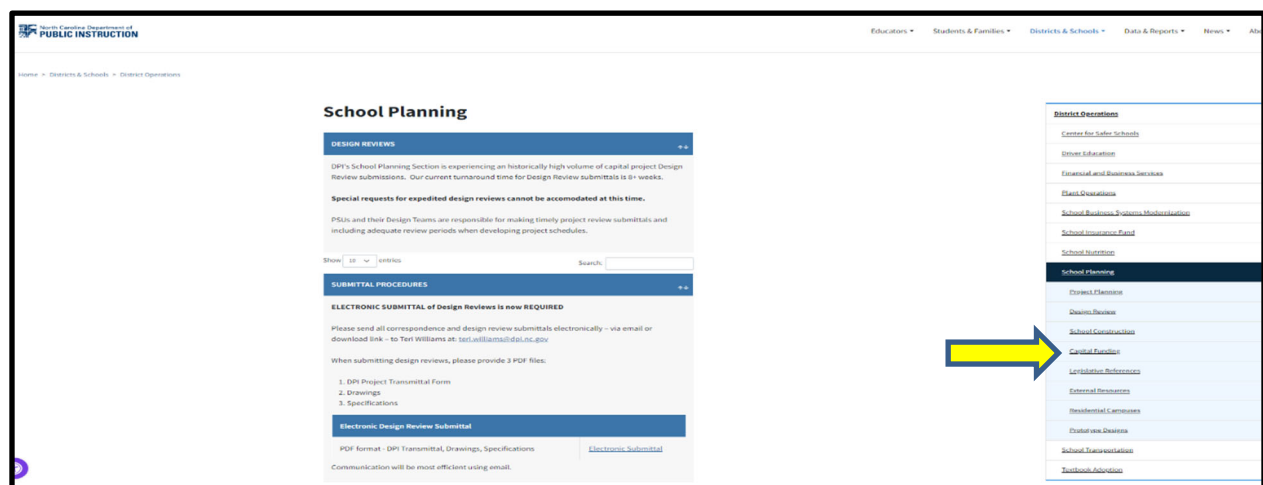
There will typically be no formal notification made to county finance officers by the State Treasurer’s Office regarding disbursing account reconciliation. As administrator of the Lottery Capital Funds, School Planning will check the CB\$ website periodically to determine if the finance officers of counties to which funding has been allocated have complied with the provisions of **20 NCAC 1C.0402**. Reminders about performing disbursing account reconciliation may be issued by School Planning as needed.

# SCHOOL PLANNING WEBSITE INFORMATION

## School Planning - Capital Funding

To access the School Planning section of the DPI website, open an internet browser and go to <https://www.dpi.nc.gov/districts-schools/district-operations/school-planning>.

In the District Operations menu, which is located in the right-hand margin of the School Planning home page, select the link for Capital Funding:



Messages regarding current capital funding opportunities are posted on the main Capital Funding page where indicated in the image above. Posted monthly is the due date for submitting capital Lottery requests to School Planning. Posted annually is information regarding applications for Needs-Based grants. Posted periodically are messages regarding special grant funds or disaster recovery funds when such funding is available.

## **Capital Funding Reports**

To access posted Capital Funding Reports, open the pull-down menu as indicated in the image above. The pull-down Menu will display lists of the various Lottery Capital Funding Reports.

### **Current Monthly Reports FY YYYY-YY**

*(These Lottery Capital Funding Reports are posted on the web page on a monthly basis.)*

Current Fiscal Year Report

Fiscal Year Totals Report

Monthly Projects Report

Monthly Needs-Based Projects Report

Monthly Repair & Renovation Projects Report

ADM Special Summary Report

PSBCF Special Summary Report

NBPSCF Special Summary Report

PSBRRF Special Summary Report

### **Lottery Capital Funding – Annual Reports**

*(This Lottery Capital Funding Report is posted on the web page on an annual basis.)*

Lottery Capital Funding Annual Report YYYY-YY

### **PSBCF Lottery Fund Distribution Reports**

*(These Lottery Capital Funding Reports are posted on the web page on an annual basis.)*

Estimated Lottery Fund Distribution YYYY-YY

Lottery Fund Distribution YYYY-YY

### **Lottery Capital Funding – Fiscal Year Reports**

*(This Lottery Capital Funding Report is posted on the web page on an annual basis.)*

Fiscal Year Report YYYY-YY

Select the desired report from the appropriate list.

## **Additional Information**

Included in the menu for District Operations on the School Planning home page are links for Project Planning, Design Review and School Construction, as well as links for various references and resources. Selecting the link for Project Planning will open a page that has Headings such as “Facility Programming,” “Site Design” and “Building Design.” Clicking on “Building Design” will open a list of links to building design publications, one of which is the NC Public School Facilities Guidelines that is referenced as *Public Schools of North Carolina - Facilities Guidelines* in the **PROJECT PLANNING** section of **APPENDIX A**.

Guidelines for the planning and design of public school facilities, as well as requirements and provisions associated with the three Lottery Capital Funds, are subject to periodic updates, revisions, and legislative changes. Counties, LEAs, and Designers should always check with the School Planning Section of DPI for current editions of all publications and any special information that may be posted on the School Planning home page.

## CONTACT INFORMATION

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### Department of Public Instruction – Office of School Facilities

*For information regarding PSBCF, PSBRRF and NBPSCF distribution requests, criteria for approval, available funds, disbursements, etc., please contact:*

Dennis R. Hilton, PE  
Structural Engineer / School Planning Consultant  
School Planning Section  
Phone: (984) 236-2922  
[dennis.hilton@dpi.nc.gov](mailto:dennis.hilton@dpi.nc.gov)

*For information regarding Needs-Based Public School Capital Fund grant eligibility and applications, please contact:*

Nathan Maune, AIA  
Director – Office of School Facilities  
Phone: (984) 236-2919  
[nathan.maune@dpi.nc.gov](mailto:nathan.maune@dpi.nc.gov)

### Department of Public Instruction – Office of Agency Financial Services

*For information regarding access to Core Banking, please contact:*

Sue Kearney  
Agency Controller  
Division of Financial and Business Services  
Phone: (984) 236-2352  
[sue.kearney@dpi.nc.gov](mailto:sue.kearney@dpi.nc.gov)

**North Carolina Department of State Treasurer**

*For information regarding county disbursing accounts, signature cards, account balances, etc., please contact:*

Core Banking System Helpdesk

Phone: (919) 814-3916

[CBS.help@nctreasurer.com](mailto:CBS.help@nctreasurer.com)

[www.nctreasurer.com](http://www.nctreasurer.com)

**END OF APPENDIX A**

## **APPENDIX B**



## LOTTERY CAPITAL FUNDING FORMS

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### General

Following this section of **APPENDIX B** are *sample copies* of the forms associated with the three Lottery Capital Funds that are referenced in the main body of the **Operations Manual**.

Each form is updated periodically and posted to the Capital Funding page of the School Planning section of the DPI website as a fillable PDF form. **Please use only the current website forms for all Lottery Capital funding requests and reporting.**

### **Distribution Request Forms**

Distribution Request Forms for the PSBCF (ADM Fund and Lottery Fund), PSBRRF, and NBPSCF are similar in regard to the types of information they require. Following are general descriptions of the information that is required to complete these forms. Information that is specific to only one type of form is noted. Information that is specific to the NBPSCF Distribution Request Form is described separately. Questions regarding how to complete a Distribution Request form may be directed to DPI School Planning contacts.

**County:** Name of County requesting funding.

**Address:** Primary business address of the County.

**LEA:** Name of LEA requesting funding.

**Address:** Primary business address of the LEA.

**Contact Person:** County or LEA official communicating with DPI (typically a Finance Officer or Facility Manager).

**Title:** Business title of the Contact Person.

**Address:** Business address of the Contact Person.

**Phone:** Telephone number of the Contact Person.

**Project Title:** Short descriptive project title. Example: "Construction of 7-classroom addition to South Elementary School."

### **Location or**

**Project Address:** Physical address of project site.

**Type of Facility:** High school, middle or junior high school, elementary or primary school, K-12, etc. | classroom building, gymnasium, cafeteria, etc.

**Short (Brief) Description of Construction Project:**

- Land purchase - Location, size (acreage), proposed use, etc.
- New 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. Integral equipment is considered as being part of construction and does not need to be itemized as a separate item.
- Additions/Renovation/Enlargement/Repair - Brief description of building and work to be done, such as the number of classrooms to be added, replacing HVAC, windows, doors, re-roof (on re-roofing jobs, indicate whether it is a flat or sloped roof), age of building, etc. Integral equipment is considered as being part of construction and does not need to be itemized as a separate item.
- Debt Service - Provide the Fiscal Year of the debt payment request and what the payment is for (Ex. General Obligation Bonds / LOBS / QSCB / QZAB / School Construction).

**Estimated Project Beginning and Completion Dates:**

- Provide estimated dates for when project construction is to begin and be completed. For Debt Service, the applicable Month/Year dates are July (beginning) and June (end) of the current fiscal year (Ex: 07/23 – 06/24).

**Estimated Costs:**

- Purchase of Land - Include donated land being used as match.
- Planning and Design Services - Include design fees.
- New Construction, Renovation, Enlargement, Repair - The cost of integral equipment necessary for the project should be included but not itemized.
- State Funds Column **[ADM Fund only]** - Dollars in the State column cannot exceed 75% of the total cost of the project.
- For multiple Estimated Cost items (**[ADM Fund only]**), each item does not have to be split as to State/Local expenditures. All the match (Local) expenditures 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 **[ADM Fund only]** - Dollars in the Local column may exceed 25% of the total cost of the project. In other words, projects may be overmatched if desired. Overmatching funds for one project may not, however, be used as a match for a different project.

**Bid Dates/Vendors [ADM Fund only]:** If project has been bid, provide date bids were received / name of general contractor.

**Contracts Signed/Dates [ADM Fund only]:** Contract for planning/design and date; contract with general contractor and date (ADM Fund only).

- 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) [ADM Fund only]:** Examples: 1/2 percent sales tax (1983 and/or 1986), local bond proceeds, general revenues, donations.

**\$\_\_\_\_\_ [ADM Fund only]:** Amount of matching funds expended to date.

**Expended for [ADM Fund only]:** Give date and short description of matching fund expenditures.

**Reporting Requirements:** Submission of a Final Report is required for each funded project. This is applicable to projects funded by any Lottery Capital Fund.

**Amount Requested:** Provide the amount of State funds requested. For ADM Fund requests, the amount should be the same amount as the total of the State column in the **Estimated Costs** section.

**Signatures:** The Chairpersons of both the County Commissioners and the Board of Education must sign and date the application.

Information required that is specific to the Distribution Request form for the NBPSCF is as follows:

**Total Project Costs (*per signed agreement*):**

- There are three project cost categories, Planning / Design, Construction, and Other.
- The values that are to be listed under the headings "State Grant" and "Local Match" are to be the same values listed in the signed Needs-Based Grant Agreement that is on file at DPI School Planning. Each NBPSCF Distribution Request form submitted for the project should have the same information on this section of the form.

**Design Firm:** Provide the name of the lead Design Firm for the project.

**Date of Design Contract:** Provide the date that the contract with the Design Firm was awarded/signed.

**Bid Date:** Provide a bid date and check whether the date is actual or estimated.

**General Contractor:** Provide the name of the General Contractor or Construction Manager at Risk (CMR) selected for project construction.

**Date of Construction Contract:** Provide the date that the contract with the General Contractor or CMR was signed.

**Construction Start Date:** Provide a construction start date and check whether the date is actual or estimated.

**Completion Date:** Provide a construction completion date and check whether the date is actual or estimated.

**Local Matching Fund Requirement:** Matching fund requirements for Needs-Based grants awarded before 2021, and not amended later, were 1:3 (Local:State) for Tier 1 counties and 1:1 for Tier 2 counties. Check the applicable ratio. Otherwise, matching requirement is one of the

percentages listed. Check the applicable percentage, which is determined as described in the **MATCHING REQUIREMENTS** section of the Operations Manual.

**Source(s) of Matching Funds:** See examples of ADM Fund matching funds.

**Project Costs (as of date):** Provide the date for which project costs are being reported and list the project costs that are to be funded by the Needs-Based grant as of that date under the “State Grant” heading. Local matching funds are to be expended simultaneously with State Grant funds and are to be listed accordingly under the “Local Match” heading.

- Planning / Design costs are typically fees for professional design services (architectural, engineering, surveying) that are provided before, during and after construction, and can include fees for subsurface (geotechnical) and hazardous materials investigations.
- Construction costs are those costs associated with actual project construction and are typically submitted by the Contractor or CMR with monthly Pay Applications.
- Other costs are typically costs associated with specialty services rendered for the project as well as special inspections and materials testing conducted during construction.

**Grant Funds Requested:** List the values of Grant Funds previously requested for Planning / Design, Construction, and Other under the “All Prior Requests” heading. The listed values should match the sum of “This Request” values of all previously submitted Distribution Request forms. Values of \$0.00 should be listed for a first-time funding request. List the Grant Funds being requested under the “This Request” heading. If all information is listed properly, then the sum of values for each cost category under “All Prior Requests” and “This Request” should equal the values listed for the corresponding cost categories under the “State Grant” heading of **Project Costs (as of date)**.

- Planning / Design costs can be funded as a single, lump sum per the contract with the Design Firm, or on a periodic basis as invoiced by the Design Firm.
- Construction costs are to be funded as construction progresses and Pay Applications are submitted by the Contractor or CMR. In order to help the County/LEA avoid potential cash flow challenges, it is acceptable to request funding for construction a month or two in advance in accordance with projected monthly construction costs provided by the Contractor or CMR.
- Other costs can be funded as those costs are incurred.

**Supporting Documentation:** DPI retains the right to request documentation of incurred Planning / Design, Construction and Other costs to justify funding requests. Such documentation should be submitted with Distribution Request forms.

## **Sample PSBCF Forms**

**DISTRIBUTION REQUEST  
PUBLIC SCHOOL BUILDING CAPITAL FUND  
ADM (Corporate Tax) Fund**

**DPI Use Only**

Approved: \_\_\_\_\_

Date: \_\_\_\_\_

**Date of Request:** \_\_\_\_\_

County: \_\_\_\_\_

Address: \_\_\_\_\_

School Admin. Unit: \_\_\_\_\_

Project Title: \_\_\_\_\_

Location: \_\_\_\_\_

Type of Facility: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Title: \_\_\_\_\_

Phone: (    ) \_\_\_\_\_

G.S. 115C-546.2(b) "Counties shall use monies in the Fund 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 that is approved pursuant to G.S. 115C-102.6C; 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." ***Distribution requests must be submitted no later than one year after the final payment to the Contractor or Vendor.***

Short Description of Construction Project: \_\_\_\_\_

Estimated Costs:	State	Local	Total
Purchase of Land	\$ _____	\$ _____	\$ _____
Planning	\$ _____	\$ _____	\$ _____
Construction	\$ _____	\$ _____	\$ _____
Renovation	\$ _____	\$ _____	\$ _____
Enlargement	\$ _____	\$ _____	\$ _____
Repair	\$ _____	\$ _____	\$ _____
School Technology	\$ _____	\$ N/A	\$ _____
Debt Service/Bond Payment	\$ _____	\$ _____	\$ _____
Total	\$ _____	\$ _____	\$ _____

Bid Dates/Vendors: \_\_\_\_\_

Contracts signed/Dates: \_\_\_\_\_

Estimated date of beginning of construction: \_\_\_\_\_

Estimated date of completion: \_\_\_\_\_

Match: The matching funds of one dollar of local funds for every three dollars of state funds are from (source): \_\_\_\_\_  
\$ \_\_\_\_\_ of the matching funds have been expended for/date/description: \_\_\_\_\_

Reporting requirements: We, the undersigned, agree to submit a report of state/local amounts expended for this project within 60 days after completion of the project, or 60 days after receiving state funding, whichever is later.

The County Commissioners and the Board of Education do hereby jointly request approval of the above project and request release of \$ \_\_\_\_\_ from the Public School Building Capital Fund. We certify that the project herein described is within the parameters of 115C-546.2(b) and that all of the required local funding is available and designated as match for this project.

\_\_\_\_\_  
(Signature - Chair, County Commissioners)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Signature - Chair, Board of Education)

\_\_\_\_\_  
(Date)

**DISTRIBUTION REQUEST  
PUBLIC SCHOOL BUILDING CAPITAL FUND  
NORTH CAROLINA EDUCATION LOTTERY**

**DPI Use Only**

Approved By: \_\_\_\_\_

Date: \_\_\_\_\_

**Date of Request:** \_\_\_\_\_

County: \_\_\_\_\_

Contact Person: \_\_\_\_\_

LEA: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Project Title: \_\_\_\_\_

Location: \_\_\_\_\_

Type of Facility: \_\_\_\_\_

North Carolina General Statutes, Chapter 18C, provides that a portion of the proceeds of the North Carolina State Lottery Fund be transferred to the Public School Building Capital Fund in accordance with G.S. 115C-546.2. Further, G.S. 115C-546.2 (d) has been amended to include the following:

(3) No county shall have to provide matching funds...

(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.

(5) A county may not use monies in this Fund to pay for school technology needs.

As used in this section, "Public School Buildings" shall include only facilities for individual schools that are used for instructional and related purposes, and does not include central administration, maintenance, or other facilities. ***Distribution requests must be submitted within one year following the date of final payment to the Contractor or Vendor.***

Short description of Construction Project: \_\_\_\_\_

**Estimated Costs:**

Purchase of Land \_\_\_\_\_ \$ \_\_\_\_\_

Planning and Design Services \_\_\_\_\_

New Construction \_\_\_\_\_

Additions / Renovations \_\_\_\_\_

Repair \_\_\_\_\_

Debt Payment / Bond Payment \_\_\_\_\_

**TOTAL** \_\_\_\_\_ \$ \_\_\_\_\_

Estimated Project Beginning Date: \_\_\_\_\_ Est. Project Completion Date: \_\_\_\_\_

We, the undersigned, agree to submit a statement of state monies expended for this project within 60 days following completion of the project.

The County Commissioners and the Board of Education do hereby jointly request approval of the above project, and request release of \$ \_\_\_\_\_ from the Public School Building Capital Fund (Lottery Distribution). We certify that the project herein described is within the parameters of G.S. 115C-546.

\_\_\_\_\_  
(Signature — Chair, County Commissioners)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Signature — Chair, Board of Education)

\_\_\_\_\_  
(Date)

# FINAL REPORT

## PUBLIC SCHOOL BUILDING CAPITAL FUND

County

Date

LEA

Name / Title of Person Authorizing Report

The following projects, funded from the Public School Building Capital Fund from Corporate Income Tax Revenue (the ADM Fund), have been completed and all necessary payments have been expended:

<u>Name / Location of Project</u>	<u>PSBCF Allocated</u>	<u>PSBCF Spent</u>	<u>Difference</u>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

I further certify that at least one dollar of local funding was spent for every three dollars of funds spent from the PSBCF. (Not applicable for Technology projects.)

The following projects, funded from the North Carolina Educational Lottery through the Public School Building Capital Fund, have been completed and all necessary payments have been expended:

<u>Name / Location of Project</u>	<u>Lottery Allocated</u>	<u>Lottery Spent</u>	<u>Difference</u>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Signature \_\_\_\_\_

(digital signature - or - print and sign)

Please return the completed form to: [dennis.hilton@dpi.nc.gov](mailto:dennis.hilton@dpi.nc.gov)

- or- Dennis Hilton  
School Planning Section  
NC Department of Public Instruction  
6319 Mail Service Center  
Raleigh, NC 27699-6319

For questions please call 984-236-2922, or email: [dennis.hilton@dpi.nc.gov](mailto:dennis.hilton@dpi.nc.gov)



## **Sample PSBRRF Forms**

**DISTRIBUTION REQUEST  
PUBLIC SCHOOL BUILDING  
REPAIR & RENOVATION FUND  
NORTH CAROLINA EDUCATION LOTTERY**

**DPI USE ONLY**

Approved By: \_\_\_\_\_

Date: \_\_\_\_\_

**Date of Request:** \_\_\_\_\_

County: \_\_\_\_\_ Contact Person: \_\_\_\_\_

Address: \_\_\_\_\_ Title: \_\_\_\_\_

LEA: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Email: \_\_\_\_\_

Project Title: \_\_\_\_\_

Project Address: \_\_\_\_\_

Type of Facility: \_\_\_\_\_

**The Public School Building Repair & Renovation Fund was established by S.L. 2021-180, Section 4.4.(a1). The purpose of the Fund is to provide revenue to counties for repair and renovation projects. Per G.S. 115C-546.16, counties are to utilize funds for enlargement, improvement, expansion, repair, or renovation of classroom facilities at public school buildings within local school administrative units (LEAs) located in the county. As used in this context, "Public School Buildings" shall include only facilities for individual schools that are used for instructional and related purposes, and does not include administration, maintenance, or other facilities.**

Brief Project Description (include est. start/end dates): \_\_\_\_\_

Estimated Start Date: \_\_\_\_\_ Estimated Completion Date: \_\_\_\_\_

Estimated Costs:

Planning and Design Services ..... \$ \_\_\_\_\_

New Construction – Facility Enlargement ..... \$ \_\_\_\_\_

New Construction – Addition(s) ..... \$ \_\_\_\_\_

Existing Construction – Facility Improvements ..... \$ \_\_\_\_\_

Existing Construction – Facility Repairs ..... \$ \_\_\_\_\_

Existing Construction – Facility Renovations ..... \$ \_\_\_\_\_

**TOTAL** ..... \$ \_\_\_\_\_

We, the undersigned, agree to submit a statement of state monies expended for this project within 60 days following completion of the project.

The County Commissioners and the Board of Education do hereby jointly request approval of the above project, and request the release of \$ \_\_\_\_\_ from the Public School Building Repair & Renovation Fund. We certify that the project herein described is within the parameters of G.S. 115C-546.

\_\_\_\_\_  
(Signature – Chair, County Commissioners)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Signature – Chair, Board of Education)

\_\_\_\_\_  
(Date)

# FINAL REPORT

## PUBLIC SCHOOL BUILDING REPAIR & RENOVATION FUND

County

Date

LEA

Name / Title of Person Authorizing Report

The following projects, funded from the Public School Building Repair & Renovation Fund, have been completed and all necessary payments have been expended:

<u>Name / Location of Project</u>	<u>PSBRRF Allocated</u>	<u>PSBRRF Spent</u>	<u>Difference</u>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

SAMPLE

Signature

Digital Signature may be used, or the document may be printed and a manual signature added.

Please email the completed form to Dennis Hilton at [dennis.hilton@dpi.nc.gov](mailto:dennis.hilton@dpi.nc.gov) ... or mail to / Dennis Hilton / School Planning Section / NC Department of Public Instruction / 6319 Mail Service Center / Raleigh, NC 27699-6319. For questions or comments, please call 984-236-2922.

## **Sample NBPSCF Forms**

# FORM OF AGREEMENT – FY 2023-24

## NEEDS-BASED PUBLIC SCHOOL CAPITAL FUND

### NORTH CAROLINA EDUCATION LOTTERY

Per North Carolina **GS 115C-546.12**, a county receiving grant funds through the Needs-Based Public School Capital Fund (NBPSCF) must enter into an Agreement with the Department of Public Instruction detailing the use of the grant funds.

County: _____	LEA: _____
Address: _____	Address: _____
_____	_____
Contact Person: _____	Contact Person: _____
Title: _____	Title: _____
Phone: _____	Phone: _____
Email: _____	Email: _____

Construction Project Title: \_\_\_\_\_  
Project Location: \_\_\_\_\_  
Short Description of Construction Project: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Planned Start Date of Construction: \_\_\_\_\_ Planned Completion Date: \_\_\_\_\_  
Amount of Grant Funds Awarded: \_\_\_\_\_ Amount of Local Matching Funds: \_\_\_\_\_  
Source of Local Matching Funds: \_\_\_\_\_

We, the undersigned, agree to abide by the following provisions in order to receive periodic disbursement of grant funds for the referenced construction project in accordance with **G.S. 115C-546.12**:

- 1) We will seek planning assistance and pre-review from the School Planning Section of the Department of Public Instruction (DPI) for the project in accordance with **G.S. 115C-521**.
- 2) For each requested grant fund distribution, we will submit a **Distribution Request Form** plus supplementary documentation to describe, at a minimum, the progress of construction, the amount of grant funds expended, and the amount of local matching funds expended. We understand that local matching funds must be expended proportionally along with grant funds as the project progresses.
- 3) Annually, on or before April 1 of each year during the course of the project, we will submit an **Annual Report** detailing the progress of construction, the amount of grant funds expended, and the amount of local matching funds expended. Further, we will submit a **Final Report** within 90 days following completion of the project construction (i.e., after final completion and final payments) to provide a summary of design, construction, and payment activities.
- 4) We certify that the local matching funds are derived from non-State and non-Federal funds.
- 5) We understand that full repayment of grant funds will be required if a grant award is declined or forfeited, in accordance with **G.S. 115C-546.12(c)**.
- 6) We certify that the project site is owned in fee simple by the Board in accordance with **G.S. 115C-521**.
- 7) We understand that project construction must begin within 24 months of the award of grant funds.

\_\_\_\_\_  
(Signature – Chair, County Commissioners)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Signature – Chair, Local Board of Education)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Signature – State Superintendent of Public Instruction)

\_\_\_\_\_  
(Date)

**DISTRIBUTION REQUEST  
NEEDS-BASED PUBLIC SCHOOL CAPITAL FUND  
NORTH CAROLINA EDUCATION LOTTERY**  
Date of Request: \_\_\_\_\_

DPI USE ONLY
Approved:
Date:

County: \_\_\_\_\_  
Address: \_\_\_\_\_  
LEA: \_\_\_\_\_  
Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_  
Title: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

Project Title: \_\_\_\_\_  
Project Address: \_\_\_\_\_

The Needs-Based Public School Capital Fund is governed by Article 38B of GS 115C-546. The purpose of the NBPSCF is to assist counties with their critical public school building capital needs. Grant funds may be used for construction of new public school buildings, as well as additions, repairs, and renovations to existing public school buildings. Grant funds cannot be used for real property acquisition, or for capital improvements to administrative buildings. Grant funds may be utilized for a lease agreement per GS 115C-546.13. **Do Not use this Distribution Request Form for lease payments.**

Total Project Costs (per signed agreement)	State Grant		Local Match		Total
Planning / Design	\$ _____	+	\$ _____	=	\$ _____
Construction	\$ _____	+	\$ _____	=	\$ _____
Other	\$ _____	+	\$ _____	=	\$ _____
Total	\$ _____	+	\$ _____	=	\$ _____

Design Firm: \_\_\_\_\_  
Date of Design Contract: \_\_\_\_\_ Bid Date ( \_\_ actual \_\_ estimated): \_\_\_\_\_  
General Contractor: \_\_\_\_\_ Date of Construction Contract: \_\_\_\_\_  
Construction Start Date ( \_\_ actual \_\_ estimated): \_\_\_\_\_ Completion Date ( \_\_ actual \_\_ estimated): \_\_\_\_\_

Local Matching Fund Requirement: \_\_ 1:1 | \_\_ 1:2 | \_\_ 1:3 | \_\_ 1:4 | \_\_ 1:5 | \_\_ 1:6 | \_\_ 1:7 | \_\_ 1:8 | \_\_ 1:9 | \_\_ 1:10 | \_\_ 0% | \_\_ 5% | \_\_ 15% | \_\_ 25% | \_\_ 35%

Source(s) of matching funds: \_\_\_\_\_

Project Costs (as of date): _____	State Grant		Local Match		Total
Planning / Design	\$ _____	+	\$ _____	=	\$ _____
Construction	\$ _____	+	\$ _____	=	\$ _____
Other	\$ _____	+	\$ _____	=	\$ _____
Total	\$ _____	+	\$ _____	=	\$ _____

Grant Funds Requested	All Prior Requests		This Request		Total
Planning / Design	\$ _____	+	\$ _____	=	\$ _____
Construction	\$ _____	+	\$ _____	=	\$ _____
Other	\$ _____	+	\$ _____	=	\$ _____
Total	\$ _____	+	\$ _____	=	\$ _____

**Supporting Documentation:** At DPI's request, submit documentation to DPI substantiating project expenditures identified here.

**Reporting Requirements**

We, the undersigned, agree to submit a report describing the progress of this project, including State and Local amounts expended, as follows: 1) with each distribution request; 2) annually on or before April 1 of each year; and 3) within 90 days following completion of the project (final payment). We certify that the project herein described is within the parameters set forth in Article 38B of GS 115C-546, and that all the required local funding is available and designated as a Local Match for this project. We certify that Local Matching Funds are derived from non-State and non-Federal funds and will be expended along with Needs-Based Grant funds as the project progresses.

(Signature - Chair, County Commissioners) \_\_\_\_\_ (Date) \_\_\_\_\_

(Signature - Chair, Board of Education) \_\_\_\_\_ (Date) \_\_\_\_\_

# ANNUAL REPORT

## NEEDS-BASED PUBLIC SCHOOL CAPITAL FUND NORTH CAROLINA EDUCATION LOTTERY

Report Date: \_\_\_\_\_

Per North Carolina **GS 115C-546.14**, on or before April 1 of each year, a Needs-Based Public School Capital Fund (NBPSCF) grant recipient shall submit to the State Superintendent of Public Instruction an annual report for the preceding year that describes progress of the project for which the grant was received.

County: \_\_\_\_\_ LEA: \_\_\_\_\_  
Address: \_\_\_\_\_ Address: \_\_\_\_\_  
\_\_\_\_\_

Construction Project Title: \_\_\_\_\_  
Project Location: \_\_\_\_\_  
Short Description of Construction Project: \_\_\_\_\_

Project Delivery Method (check one): ☐ Design / Bid / Build ☐ Design / Build ☐ Design / CM at Risk

### **Design Contract**

Design Firm: \_\_\_\_\_  
Date of Design Contract: \_\_\_\_\_  
Contract Amount: \_\_\_\_\_

### **Construction Contract**

General Contractor / CM@R: \_\_\_\_\_  
Date of Construction Contract: \_\_\_\_\_  
Contract Amount: \_\_\_\_\_

### **Project Schedule**

Bid Date (check one: ☐ actual ☐ estimated): \_\_\_\_\_  
Construction Start Date (check one: ☐ actual ☐ estimated): \_\_\_\_\_  
Estimated Construction Completion Date: \_\_\_\_\_

### **Project Expenditures**

Total Grant Amount: \$ \_\_\_\_\_  
Amount of Grant Funds Allocated to Disbursing Account to Date: \$ \_\_\_\_\_  
Date/Amount of First Grant Allocation (Disbursement): \_\_\_\_\_ / \$ \_\_\_\_\_  
Date/Amount of Most Recent Grant Allocation (Disbursement): \_\_\_\_\_ / \$ \_\_\_\_\_  
Amount of Grant Funds Expended to Date: \$ \_\_\_\_\_ Percent of Total Award: \_\_\_\_\_ %

Total Local Funding: \$ \_\_\_\_\_ Required Local Match (if any): \$ \_\_\_\_\_  
Amount of Local Funding Exp. to Date: \$ \_\_\_\_\_ Percent of Total Match Exp. To Date: \_\_\_\_\_ %

### **Project Status** (check one item in the applicable project phase that best describes the current project status):

Design Phase: ☐ Schematic Design (SD) ☐ Design Development (DD) ☐ Construction Document (CD)

Bid Phase: ☐ Bidding ☐ Construction Contract Negotiations

Construction Phase: ☐ up to 25% complete ☐ over 25% to 50% complete ☐ over 50% to 75% complete  
☐ over 75% to 95% complete ☐ Final Punch List ☐ Substantial Completion

Additional Remarks : \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Signature – Chair, County Commissioners)  
Date: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

\_\_\_\_\_  
(Signature – Chair, Local Board of Education)  
Date: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

# FINAL REPORT

Report Date: \_\_\_\_\_

## NEEDS-BASED PUBLIC SCHOOL CAPITAL FUND NORTH CAROLINA EDUCATION LOTTERY

Per North Carolina **GS 115C-546.14**, a Needs-Based Public School Capital Fund (NBPSCF) grant recipient shall submit to the State Superintendent of Public Instruction a final report within 90 days of the completion of the project for which the grant was received. The report is to provide a summary of construction and payment activities for the project.

County: \_\_\_\_\_ LEA: \_\_\_\_\_  
Address: \_\_\_\_\_ Address: \_\_\_\_\_  
\_\_\_\_\_

Construction Project Title: \_\_\_\_\_  
Project Location: \_\_\_\_\_  
Short Description of Construction Project: \_\_\_\_\_

Project Delivery Method (check one): ☐ Design-Bid-Build ☐ Design-Build ☐ CM at Risk

**If Project Delivery Method was Design-Bid-Build, then complete the following:**

Name of Design Firm: \_\_\_\_\_  
Date of Design Contract: \_\_\_\_\_  
General Contractor: \_\_\_\_\_  
Date of Construction Contract: \_\_\_\_\_

**If Project Delivery Method was Design-Build or Construction-Manager-at-Risk, then complete the following:**

Construction Co. or CM Co.: \_\_\_\_\_  
Date of Contract: \_\_\_\_\_

### Construction Schedule

Construction Start Date: \_\_\_\_\_  
Date of Substantial Completion: \_\_\_\_\_  
Date of Final Payment: \_\_\_\_\_

### Project Expenditures

Total Grant Amount: \_\_\_\_\_  
Amount of Grant Funds Allocated to Disbursing Account (A): \_\_\_\_\_  
Date/Amount of First Grant Allocation (Disbursement): \_\_\_\_\_ / \_\_\_\_\_  
Date/Amount of Final Grant Allocation (Disbursement): \_\_\_\_\_ / \_\_\_\_\_  
Amount of Grant Funds Expended (B): \_\_\_\_\_ Difference (A minus B): \_\_\_\_\_  
Total Local Match (if any): \_\_\_\_\_ Required Local Match (if any): \_\_\_\_\_  
Amount of Local Match Funds Expended: \_\_\_\_\_

**NOTE: If the amount of Grant Funds Expended is less than the amount of Grant Funds Allocated to the Disbursing Account, then the difference will be transferred back into the LEA's NBPSCF Account (Unallocated Balance) by DPI, and then transferred (returned) to the NBPSCF program balance for future grant awards.**

We, the undersigned, do hereby certify that the project named above, funded from the Needs-Based Public School Capital Fund (NBPSCF), has been completed, that all necessary payments have been made, and that the local matching fund expenditure requirement has been met.

\_\_\_\_\_  
(Signature – Chair, Local Board of Education)

Date: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_