

**AMENDED RESOLUTION FOR ANNUAL FUNDING FORMULA FOR SANDHILLS COMMUNITY COLLEGE  
EFFECTIVE July 1, 2016**

WHEREAS, the County and Sandhills Community College (SCC) have a mutual agreement on an annual funding formula; and,

WHEREAS, It is the County's desire to consolidate all prior resolutions into one resolution for clarification, the following Parts 1-3 of the Funding Formula are described in detail; and,

**Part 1 of Funding Formula, Current Expense:**

To calculate the annual current expense allocation for SCC take the annually budgeted property and sales tax (Article 39, 40, 42 and Old Article 44 that is now Medicaid Hold Harmless) amounts and calculate 6%. Any budgeted revenue generated from Article 46 sales tax will not be included in the annual calculation.

Example: Budgeted property tax for FY 2016/2017 is \$54,850,789 and budgeted sales tax for FY 2016/2017 is \$16,473,000 = \$71,323,789. Six percent (6%) of this amount is \$4,279,427. This amount shall become the budgeted amount of current expense SCC receives in FY 2016/2017.

The benchmark year will be FY 2014/2015 where SCC's current expense was \$4,265,064 effective July 1, 2014 and moving forward; thereafter, if the 6% calculation of budgeted sales and property taxes is less than the benchmark year, SCC will be funded at the benchmark level of \$4,265,064. However, if the 6% of budgeted sales and property tax increases to an amount above the benchmark level, SCC will receive the total amount calculated (see attached Exhibit B).

Any proceeds from the implementation of Article 46 sales tax will be used solely to pay for the Moore County Public School System's major capital building projects.

**Part 2 of Funding Formula, Debt Service and Debt Service Reduction:**

- a) The County has historically paid the debt service for SCC, and for FY 2013/2014 the amount paid in debt service alone was \$1,781,368. For FY 2016/2017 it is projected that the County will pay SCC's debt service in the amount of \$1,691,838 which is a reduction in debt service of \$89,530 from FY 2013/2014. The debt service amount of \$1,781,368 from FY2013/2014 will be the benchmark to determine the reduction or increase in debt service. The decline in debt service each year from the benchmark amount will be allocated based upon the annual debt service due through FY29 (see attached Exhibit A) as calculated prior to the 2016 Bond Refunding Project.

In FY2014/2015 the County budgeted \$47,964 in debt reduction, FY 2015/2016 the County budgeted \$92,254 in debt reduction and for FY 2016/2017 there is budgeted a decline in debt service of \$89,530. This amount of debt reduction will be allocated into the newly established County capital reserve fund for SCC for debt service. It may be applied to future capital needs, future debt service expenses for capital projects, or for loan repayment to the County for SCC.

In years where there is an increase in debt service from the benchmark number of \$1,781,368, \$0.00 money will be applied to the new capital reserve fund for SCC.

- b) Effective July 1, 2014, the County and SCC had determined the amount of County funds needed for the expansion project is \$1,800,000, and the County desired to provide this amount in the form of a one-time loan to SCC from the County's General Fund; and

The repayment of the \$1,800,000 loan, plus interest in an amount equal to 25 basis points above the highest interest rate set by the North Carolina Cash Management Trust Fund within a 12 month period on a calendar year basis beginning with calendar year 2014, to the County's General Fund Balance will originate from the projected savings from the yearly reduction in debt service for SCC. Pursuant to the spreadsheet attached hereto as Exhibit A and herein incorporated by reference as if fully set forth, the County is estimated to have received repayment plus interest, calculated annually on the outstanding balance, in an amount that is in excess of the borrowed amount of \$1,800,000, plus interest as stated above, by June 30, 2020. (Please also see Exhibit A.)

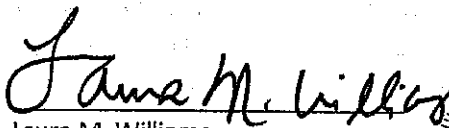
**Part 3 of the Funding Formula, Unassigned Fund Balance Transfer:**

This funding will be determined after each fiscal year end closing wherein SCC will receive an amount that equates to 6% above the 15% unassigned General Fund Balance that the Board of Commissioners allocates to the County's capital reserve fund for governmental projects after the prior fiscal year audit is completed. The 6% above the 15% unassigned General Fund Balance will be placed in the County's established Fund for SCC and can be applied to current or future capital needs, future debt service expenses for capital needs, or for loan repayment to the County for SCC.

WHEREAS, the resolution supersedes all other resolutions for the Annual Funding Formula adopted on June 17, 2014 and any other subsequent provisions up and to this date.

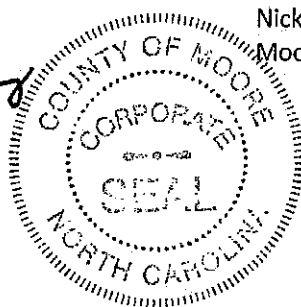
NOW THEREFORE BE IT RESOLVED, effective July 1, 2016 that the Moore County Board of Commissioners approves these annual funding formulas above and authorizes its Chairman to execute this resolution.

Adopted this 4th day of October, 2016.

  
Laura M. Williams  
Clerk to the Board



Nick J. Picerno, Chairman  
Moore County Board of Commissioners



Debt Service Amounts by Fiscal Year (P&I)

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
College Annual Debt Service	\$1,781,368	\$1,733,403	\$1,689,114	\$1,691,836	\$1,182,462	\$1,177,203	\$1,144,586	\$1,209,483	\$1,462,923	\$1,417,131	\$1,370,636	\$1,323,708	\$1,276,636	\$1,230,204	\$1,183,088	\$652,786
College Base Year (FY14) Debt Service	\$1,781,368	\$1,781,368	\$1,781,368	\$1,781,368	\$1,781,368	\$1,781,368	\$1,781,368	\$1,781,368	\$1,781,368	\$1,781,368	\$1,781,368	\$1,781,368	\$1,781,368	\$1,781,368	\$1,781,368	\$1,781,368
College Annual Debt Service Reduction		\$47,965	\$92,254	\$89,532	\$598,906	\$604,165	\$636,782	\$571,885	\$318,445	\$364,237	\$410,732	\$457,660	\$504,732	\$551,164	\$598,280	\$1,128,582
College Cumulative Debt Reduction		\$47,965	\$140,219	\$229,751	\$828,657	\$1,432,822	\$2,069,604	\$2,641,489	\$2,959,934	\$3,324,171	\$3,734,903	\$4,192,563	\$4,697,295	\$5,248,459	\$5,846,739	\$6,975,321
C.A.F.R Allocation Estimate		\$233,015	\$233,015	\$233,015	\$233,015	\$233,015	\$233,015	\$233,015	\$233,015	\$233,015	\$233,015	\$233,015	\$233,015	\$233,015	\$233,015	\$233,015
TOTAL Estimated For GF Repayment		\$280,980	\$606,249	\$928,786	\$1,760,717	\$2,597,897	\$3,467,694	\$4,272,594	\$4,824,054	\$5,421,306	\$6,065,053	\$6,755,728	\$7,493,475	\$8,277,654	\$9,108,949	\$10,470,546

D8 Bond, Matures FY2028	
Schools	80%
College	20%
2009A Bond, Matures FY2029	
Schools	74.5763%
College	25.4237%
2009B Bond, Matures FY2018	
Schools	76%
College	24%
2012 Bond, Matures FY2017	
Schools	52.1739%
College	47.8261%

Exhibit A

Exhibit B

# Fiscal Year 2017 Budget

## KEY POINTS REGARDING EACH FUND

### Fund 100: General Fund

Total Sandhills Community College Funding					
FY	Current-Expense	Debt Service	Cap Res/Debt	CR/SCC Projects	Total Funding
FY09/10	\$4,135,541	\$1,999,964	\$0		\$6,135,505
FY10/11	\$4,011,475	\$1,778,376	\$0		\$5,789,851
FY11/12	\$4,011,475	\$1,994,274	\$0		\$6,005,749
FY12/13	\$4,121,819	\$1,950,925	\$0		\$9,069,003
FY13/14	\$4,121,819	\$1,781,368	\$0		\$5,903,187
FY14/15	\$4,265,064	\$1,733,404	\$47,964	\$454,079	\$6,500,511
FY15/16	\$4,265,064	\$1,689,115	\$92,254	\$208,048	\$6,254,481
FY16/17	\$4,279,427	\$1,691,838	\$89,530		\$6,060,795
	6% of Property/Sales Tax	TOTAL	\$229,748	\$662,127	

\* FY 2013 original allocation was \$6,072,744, series 2003 bond refunding impact \$2,996,259, Total Funding amount of \$9,069,003.

- FY 15 Original allocation \$5,998,468, subsequent transfers increase total to \$6,500,511
- FY 16 Original allocation \$6,046,433, subsequent transfers increase total to \$6,254,481
- Current Expense Increase for FY 2017, \$14,363