

# Board of Education Agenda Item

Item: \_\_\_\_\_ A. \_\_\_\_\_

Date: \_\_\_\_\_ January 12, 2005 \_\_\_\_\_

**Topic:** Final Review of Financial Report on Literary Fund

**Presenter:** Mr. Daniel S. Timberlake, Assistant Superintendent for Finance

**Telephone Number:** (804) 225-2025 E-Mail Address: Daniel.Timberlake@doe.virginia.gov

**Origin:**

\_\_\_\_\_ Topic presented for information only (no board action required)

X Board review required by

X State or federal law or regulation

\_\_\_\_\_ Board of Education regulation

\_\_\_\_\_ Other: \_\_\_\_\_

X Action requested at this meeting \_\_\_\_\_ Action requested at future meeting: \_\_\_\_\_ (date)

**Previous Review/Action:**

X No previous board review/action

\_\_\_\_\_ Previous review/action

date \_\_\_\_\_

action \_\_\_\_\_

**Background Information:**

In accordance with the provisions of the Code of Virginia, Chapter 10, Section 22.1-142, the Board of Education is responsible for the management of the Literary Fund. This report reflects the status of the Literary Fund and the status of the Reserve Fund, which is in the custody of the Virginia Public School Authority (VPSA). The report also reflects the total principal of the fund, as well as cash, investments, and all short and long term loans in both funds.

**Summary of Major Elements**

Attachment A reflects the financial position of the Literary Fund as of September 30, 2004. The information presented in this report reflects the commitments against the Literary Fund as of September 30, 2004.

Attachment B reflects the currently active projects as of September 30, 2004.

Attachment C represents a three-year income analysis of the Literary Fund.

**Superintendent's Recommendation:**

The Superintendent of Public Instruction recommends approval of the financial report (including all statements) on the status of the Literary Fund as of September 30, 2004.

**Impact on Resources:**

As funds become available in the Literary Fund, recommendations will be made to the Board for funding priority projects and those projects at the top of the First Priority Waiting List, with cash reduced as loan requests are processed.

**Timetable for Further Review/Action:**

The Department staff will prepare a quarterly financial report on this fund for Board approval. Information also will be presented each quarter, as part of another agenda item, regarding those projects on the two waiting lists.

BOARD OF EDUCATION  
STATEMENT OF THE FINANCIAL POSITION OF THE LITERARY FUND  
(as of September 2004)

Line		September 30, 2004	August 31, 2004	Increase/ (Decrease)
<u>Reference</u>	<b>PRINCIPAL BALANCE</b>			
1.	Cash and investments maintained by State Treasurer	113,173,485.00	104,266,978.00	8,906,507.00
2.	Loans received from local school boards (secured by promissory notes)	14,313,954.00	14,257,309.00	56,645.00
3.	Cash and investments in custody of Virginia Public School Authority (VPSA)	-	-	-
4.	Long-term loans in custody of Virginia Public School Authority (VPSA)	390,724,957.00	392,691,155.00	(1,966,198.00)
5.	Total Principal of Literary Fund	<b>518,212,396.00</b>	<b>511,215,442.00</b>	6,996,954.00
	<b>CURRENT COMMITMENTS AGAINST LITERARY FUND REVENUE</b>			
6.	Balance due on active projects (Attachment B)	8,869,057.46	8,974,138.39	(105,080.93)
7.	Debt service on VPSA equipment notes <sup>1</sup>	64,511,600.00	64,511,600.00	-
8.	Interest rate subsidy <sup>2</sup>	5,000,000.00	5,000,000.00	-
9.	Trigon Reserve	5,657,429.00	5,657,429.00	-
10.	Transfer for Teacher Retirement <sup>3</sup>	131,854,700.00	131,854,700.00	-
11.	Other Encumbrances held by Treasurer of Virginia	10,233.54	10,233.61	(0.07)
12.	Total of Literary Fund Commitments	<b>215,903,020.00</b>	<b>216,008,101.00</b>	<b>(105,081.00)</b>
	<b>FUNDS AVAILABLE FOR CURRENT COMMITMENTS AND NEW LOANS</b>			
13.	Cash and investments maintained by State Treasurer (Line 1)	113,173,485.00		
14.	Less commitments against Literary Fund Revenues (Line 12)	(215,903,020.00)		
15.	<b>Balance Available to Fund New Projects Currently on Waiting List - (Additional Funds Needed to Meet Commitments)</b>	(102,729,535.00)		

**NOTES:**

<sup>1</sup> Chapter 4 approved June 25, 2004, requires \$64,511,600 to be set aside for debt service on equipment notes.

<sup>2</sup> Chapter 4 approved June 25, 2004, requires \$5,000,000 to be set aside for an interest rate subsidy program.

<sup>3</sup> Chapter 4 approved June 25, 2004, requires \$131,854,700 to be transferred from the Literary Fund to pay teacher retirement in fiscal year 2005.

## ACTIVE PROJECTS AS OF SEPTEMBER 30, 2004

Application Number	County, City or Town	School	Date of Release by Bd. of Educ.	Funds Released	Funds Disbursed	Balance Due
10963	Augusta County	1999 Subsidy (Churchville Elem)	11/18/1999	1,439,546.00	1,415,188.31	24,357.69
10975	Clarke County	Johnson Williams Middle	9/28/2000	7,500,000.00	-	7,500,000.00
11058	Halifax County	Sydnor Jennings Elementary	6/20/2001	3,500,000.00	3,400,074.56	99,925.44
11111	Patrick County	Woolwine Elementary (2002 Subsidy)	11/7/2002	50,763.00	44,263.00	6,500.00
11105	Russell County	Honaker Elementary (2002 Subsidy)	11/7/2002	325,917.27	310,930.59	14,986.68
11071	Smyth County	Chilhowie Elementary	9/26/2001	2,593,511.00	2,228,829.00	364,682.00
11070	Smyth County	Chilhowie Middle/High	9/26/2001	2,238,759.00	2,146,934.00	91,825.00
11131	Stafford County	Stafford Elementary (2003 Subsidy)	11/30/2003	659,305.31	654,746.41	4,558.90
11034	Sussex County	Sussex Central High	9/28/2000	7,500,000.00	7,118,661.00	381,339.00
11102	Washington County	Rhea Valley Elem (2001 Subsidy)	11/26/2001	168,673.00	72,177.31	96,495.69
11096	Washington County	Abingdon High (2003 Subsidy)	11/30/2003	34,942.97	10,234.00	24,708.97
11097	Washington County	John S. Battle High (2003 Subsidy)	11/30/2003	30,209.93	-	30,209.93
11098	Washington County	Holston High (2003 Subsidy)	11/30/2003	20,948.94	-	20,948.94
11099	Washington County	Patrick Henry High (2003 Subsidy)	11/30/2003	30,181.33	-	30,181.33
11100	Washington County	Valley Institute (2003 Subsidy)	11/30/2003	5,861.31	-	5,861.31
11078	Washington County	Wallace Middle	9/26/2001	439,704.00	439,616.00	88.00
11083	Washington County	Glade Spring Middle	9/26/2001	139,220.00	119,585.00	19,635.00
11063	Chesapeake City	Great Bridge Intermediate (2001 Subsidy)	9/26/2001	66,655.00	62,359.58	4,295.42
11062	Chesapeake City	Butts Road Intermediate (2001 Subsidy)	9/26/2001	85,594.00	47,074.71	38,519.29
11064	Chesapeake City	Greenbrier Intermediate (2001 Subsidy)	9/26/2001	85,594.00	45,824.17	39,769.83
10999	Franklin City	Franklin High School (1999 Subsidy)	11/18/1999	263,300.00	193,130.96	70,169.04
January, 2005				27,178,686.06	18,309,628.60	8,869,057.46

LITERARY FUND OF VIRGINIA  
INCOME ANALYSIS (2002-03 THRU 2004-05)

2002-03	Interest	Fines & Forfeitures	Unclaimed Property	Lottery Transfer	VPSA Transfer	Total
July	\$335,562	\$0	\$0	\$0	\$0	\$335,562
August	\$393,014	\$4,206,398	0	\$1,020,393	0	5,619,805
September	\$604,196	\$4,021,573	0	\$578,775	0	5,204,544
October	\$1,510,810	\$4,425,113	0	\$1,044,794	0	6,980,717
November	\$377,820	\$4,515,153	0	\$664,449	0	5,557,422
December	\$273,541	\$3,299,144	0	\$436,899	0	4,009,584
January	\$2,157,923	\$3,387,862	0	\$647,278	48,455,163	54,648,226
February	\$354,322	\$4,703,278	30,000,000	\$635,618	0	35,693,218
March	\$375,106	\$4,038,001	0	\$659,630	0	5,072,737
April	\$2,308,339	\$4,263,825	0	\$703,270	0	7,275,434
May	\$533,012	\$4,278,760	0	\$0	0	4,811,772
June	\$2,919,696	\$8,429,766	14,000,000	\$5,913,477	0	31,262,939
	\$12,143,341	\$49,568,873	\$44,000,000	\$12,304,583	\$48,455,163	\$166,471,960

2003-04	Interest	Fines & Forfeitures	Unclaimed Property	Lottery Transfer	VPSA Transfer	Total
July	\$7,560	\$0	\$0	\$0	\$0	\$7,560
August	\$401,611	\$4,218,866	0	\$0	0	4,620,477
September	\$388,489	\$4,193,908	0	\$708,102	0	5,290,499
October	\$953,432	\$4,193,773	0	\$1,464,273	0	6,611,478
November	\$430,922	\$7,370,275	0	\$614,751	0	8,415,948
December	\$331,088	\$7,925,364	0	\$979,623	0	9,236,075
January	\$1,091,268	\$5,970,204	0	\$588,093	50,494,673	58,144,238
February	\$409,446	\$5,021,910	0	\$0	0	5,431,356
March	\$502,894	\$4,577,460	30,000,000	\$1,635,305	0	36,715,659
April	\$1,660,228	\$5,482,738	0	\$739,989	0	7,882,955
May	\$2,181,071	\$4,840,637	0	\$3,280,587	16,803,247	27,105,542
June	\$5,501,604	\$10,044,075	20,000,000	\$3,024,259	1,056,509	39,626,447
	\$13,859,613	\$63,839,210	\$50,000,000	\$13,034,982	\$68,354,429	\$209,088,234

2004-05	Interest	Fines & Forfeitures	Unclaimed Property	Lottery Transfer	VPSA Transfer	Total
July	\$5,866,000	\$0	\$0	\$0	\$0	\$5,866,000
August	\$6,459,099	\$5,012,841	0	\$0	0	11,471,940
September	\$3,059,842	\$4,747,251	0	\$1,204,496	0	9,011,589
October	\$3,672,000	\$4,783,000	0	\$1,000,000	0	9,455,000 *
November	\$2,924,000	\$4,783,000	0	\$1,000,000	0	8,707,000 *
December	\$6,340,000	\$4,783,000	0	\$1,000,000	0	12,123,000 *
January	\$5,140,000	\$4,783,000	0	\$1,000,000	59,232,000	70,155,000 *
February	\$3,681,000	\$4,783,000	0	\$1,000,000	0	9,464,000 *
March	\$5,062,000	\$4,783,000	40,000,000	\$1,000,000	0	50,845,000 *
April	\$6,089,000	\$4,783,000	0	\$1,000,000	0	11,872,000 *
May	\$2,539,000	\$4,783,000	0	\$1,000,000	0	8,322,000 *
June	\$4,157,000	\$9,567,000	20,000,000	\$1,000,000	0	34,724,000 *
	\$54,988,941	\$57,591,092	\$60,000,000	\$10,204,496	\$59,232,000	\$242,016,529

\* Estimated Amounts