

Board of Education Agenda Item

Item: _____ A. _____

Date: _____ March 22, 2006 _____

Topic: Final Review of Financial Report on Literary Fund

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

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Origin:

_____ Topic presented for information only (no board action required)

Board review required by
 State or federal law or regulation
_____ Board of Education regulation
_____ Other: _____

Action requested at this meeting _____ Action requested at future meeting: _____ (date)

Previous Review/Action:

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-/long-term loans in both funds.

Summary of Major Elements

Attachment A reflects the financial position of the Literary Fund as of December 31, 2005. The information presented in this report reflects the commitments against the Literary Fund as of December 31, 2005.

Attachment B reflects the currently active projects as of December 31, 2005.

Attachment C represents the projects that have closed and for which full payment from the Literary Fund has been made since the last Board meeting.

Superintendent's Recommendation:

The Acting Superintendent of Public Instruction recommends approval of the financial report (including all statements) on the status of the Literary Fund as of December 31, 2005.

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 December 2005)

Line Reference	<u>December 31, 2005</u>	<u>November 30, 2005</u>	<u>Increase/(Decrease)</u>	
PRINCIPAL BALANCE				
1.	Cash and investments maintained by State Treasurer	145,255,181.38	132,597,870.38	12,657,311.00
2.	Loans received from local school boards (secured by promissory notes)	11,907,698.00	11,907,698.00	-
3.	Cash and investments in custody of Virginia Public School Authority (VPSA)	-	-	-
4.	Long-term loans in custody of Virginia Public School Authority (VPSA)	<u>350,892,364.00</u>	<u>353,040,406.00</u>	<u>(2,148,042.00)</u>
5.	Total Principal of Literary Fund	508,055,243.38	497,545,974.38	10,509,269.00
CURRENT COMMITMENTS AGAINST LITERARY FUND REVENUE				
6.	Balance due on active projects (Attachment B)	10,028,936.82	10,028,936.82	-
7.	Debt service on VPSA equipment notes ¹	58,617,335.00	58,617,335.00	-
8.	Interest rate subsidy ²	-	-	-
9.	Trigon Reserve	5,657,429.00	5,657,429.00	-
10.	Transfer for Teacher Retirement ³	125,854,700.00	125,854,700.00	-
11.	Other Encumbrances held by Treasurer of Virginia	10,233.54	10,233.54	-
12.	Required Carry Forward	<u>61,183,377.00</u>	<u>61,183,377.00</u>	<u>-</u>
13.	Total of Literary Fund Commitments	261,352,011.36	261,352,011.36	-
FUNDS AVAILABLE FOR CURRENT COMMITMENTS AND NEW LOANS				
14.	Cash and investments maintained by State Treasurer (Line 1)	145,255,181.38		
15.	Less commitments against Literary Fund Revenues (Line 12)	<u>(261,352,011.36)</u>		
16.	Balance Available to Fund New Projects Currently on Waiting List - (Additional Funds Needed to Meet Commitments)	(116,096,829.98)		

NOTES:

¹ Chapter 951 approved May 4, 2005, requires \$62,207,650 to be set aside for debt service on equipment notes. (Payment of \$3,590,315 in October.)

² Chapter 951 approved May 4, 2005, requires \$25,000,000 to be set aside for an interest rate subsidy program. (Subsidy sale complete; actual cost of \$14,889,363.21.)

³ Chapter 951 approved May 4, 2005, requires \$125,854,700 to be transferred from the Literary Fund to pay teacher retirement in fiscal year 2006.

ACTIVE PROJECTS AS OF DECEMBER 31, 2005

Application Number	School Division	School	Release Date	Funds Approved for Release	Actual Funds Disbursed	Balance Due	Percent Drawn
Literary Loans							
10975	Clarke County	Johnson Williams Middle	9/28/2000	\$ 7,500,000	\$ -	\$ 7,500,000	0.00%
11034	Sussex County	Sussex Central High	9/28/2000	7,500,000	7,225,403	274,597	96.34%
11071	Smyth County	Chilhowie Elementary	9/26/2001	2,593,511	2,418,692	174,819	93.26%
11070	Smyth County	Chilhowie Middle/High	9/26/2001	2,238,759	2,146,934	91,825	95.90%
Subsidy							
10999	Franklin City	Franklin High School	1999 Subsidy	263,300	193,131	70,169	73.35%
11062	Chesapeake City	Butts Road Intermediate	2001 Subsidy	85,594	77,881	7,713	90.99%
11102	Washington County	Rhea Valley Elem	2001 Subsidy	168,673	165,235	3,438	97.96%
11111	Patrick County	Woolwine Elementary	2002 Subsidy	50,763	44,263	6,500	87.20%
11105	Russell County	Honaker Elementary	2002 Subsidy	325,917	316,299	9,619	97.05%
11131	Stafford County	Stafford Elementary	2003 Subsidy	659,305	659,178	127	99.98%
11096	Washington County	Abingdon High	2003 Subsidy	34,943	10,234	24,709	29.29%
11098	Washington County	Holston High	2003 Subsidy	20,949	-	20,949	0.00%
11097	Washington County	John S. Battle High	2003 Subsidy	30,210	-	30,210	0.00%
11099	Washington County	Patrick Henry High	2003 Subsidy	30,181	-	30,181	0.00%
11100	Washington County	Valley Institute	2003 Subsidy	5,861	-	5,861	0.00%
11151	Nottoway County	Blackstone Primary	2004 Subsidy	54,632	40,393	14,239	73.94%
11150	Nottoway County	Crewe Primary	2004 Subsidy	191,790	161,572	30,218	84.24%
11181	Grayson County	Grayson Middle	2005 Subsidy	138,831	-	138,831	0.00%
11179	Accomack County	Nandua Middle	2005 Subsidy	793,856	-	793,856	0.00%
11188	Roanoke City	Fallon Park Elementary	2005 Subsidy	113,701	641	113,060	0.56%
11190	Hanover County	Hanover Elementary	2005 Subsidy	152,269	-	152,269	0.00%
11208	Henry County	Mt. Olivet Elementary	2005 Subsidy	535,747	-	535,747	0.00%
				\$ 23,488,792	\$ 13,459,855	\$ 10,028,937	

March, 2006

PROJECT REIMBURSEMENTS COMPLETED AS OF DECEMBER 31, 2005

Application Number	School Division	School	Release Date	Funds Approved for Release	Actual Funds Disbursed	Funds Returned	Balance Due	Percent Drawn
11058	Halifax County	Sydnor Jennings Elementary	6/20/2001	\$ 3,500,000	\$ 3,400,075	\$ 99,925	\$ -	100.00%
11083	Washington County	Glade Spring Middle	9/26/2001	139,220	129,816	9,404	-	100.00%
11078	Washington County	Wallace Middle	9/26/2001	439,704	439,616	88	-	100.00%
10963	Augusta County	Churchville Elementary	1999 Subsidy	1,439,546	1,439,546	-	-	100.00%
11118	Orange County	Locust Grove Middle	2005 Subsidy	152,269	152,269	-	-	100.00%
11153	Hopewell City	Carter G. Woodson Middle	2005 Subsidy	200,573	200,573	-	-	100.00%
11141	Buckingham County	Buckingham Middle	2005 Subsidy	1,329,578	1,329,578	-	-	100.00%
11137	Fluvanna County	Fluvanna High	2005 Subsidy	740,923	740,923	-	-	100.00%
11119	Orange County	Orange County High	2005 Subsidy	145,769	145,769	-	-	100.00%
11140	Amelia County	Amelia High	2005 Subsidy	251,325	251,325	-	-	100.00%
11139	Amelia County	Amelia Middle	2005 Subsidy	381,912	381,912	-	-	100.00%
11159	Prince George County	South Elementary	2005 Subsidy	806,491	806,491	-	-	100.00%
11160	Prince George County	Harrison Elementary	2005 Subsidy	953,224	953,224	-	-	100.00%
11164	Lynchburg City	E. C. Glass High	2005 Subsidy	740,923	740,923	-	-	100.00%
11167	Lunenburg County	Lunenburg Middle	2005 Subsidy	1,329,578	1,329,578	-	-	100.00%
11168	King George County	King George Elementary	2005 Subsidy	740,923	740,923	-	-	100.00%
11169	Floyd County	Check Elementary	2005 Subsidy	218,110	218,110	-	-	100.00%
11170	Floyd County	Floyd Elementary	2005 Subsidy	110,061	110,061	-	-	100.00%
11171	Floyd County	Indian Valley Elementary	2005 Subsidy	198,894	198,894	-	-	100.00%
11172	Floyd County	Willis Elementary	2005 Subsidy	178,292	178,292	-	-	100.00%
11173	Floyd County	Floyd High	2005 Subsidy	476,307	476,307	-	-	100.00%
11178	Accomack County	Arcadia Middle	2005 Subsidy	1,329,578	1,329,578	-	-	100.00%
11166	Manassas Park City	Manassas Park High	2005 Subsidy	691,964	691,964	-	-	100.00%
11183	Rockingham County	Montevideo Middle	2005 Subsidy	496,124	496,124	-	-	100.00%
11182	Rockingham County	Elkton Middle	2005 Subsidy	587,544	587,544	-	-	100.00%
11193	Patrick County	Woolwine Elementary	2005 Subsidy	107,959	107,959	-	-	100.00%
11194	Patrick County	Patrick County High	2005 Subsidy	302,387	302,387	-	-	100.00%
11184	New Kent County	New Kent Primary	2005 Subsidy	56,982	56,982	-	-	100.00%
11189	Roanoke City	Westside Elementary	2005 Subsidy	383,516	383,516	-	-	100.00%
				\$ 18,429,676	\$ 18,320,258	\$ 109,417	\$ -	