

# Board of Education Agenda Item

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

Date: July 25, 2007

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

**Presenter:** Mr. Kent C. Dickey, 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 March 31, 2007. The information presented in this report reflects the commitments against the Literary Fund as of March 31, 2007.

Attachment B reflects the currently active projects funded through the Literary Fund as of March 31, 2007.

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 Superintendent of Public Instruction recommends approval of the financial report (including all statements) on the status of the Literary Fund as of March 31, 2007.

**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 March 31, 2007)

Line Reference		<u>March 31, 2007</u>	<u>February 28, 2007</u>	<u>Increase/(Decrease)</u>
<b>PRINCIPAL BALANCE</b>				
1.	Cash and investments maintained by State Treasurer	253,516,117	242,125,913	11,390,204
2.	Loans received from local school boards (secured by promissory notes)	0	0	0
3.	Cash and investments in custody of Virginia Public School Authority (VPSA)	0	0	0
4.	Long-term loans in custody of Virginia Public School Authority (VPSA)	319,251,105	323,106,569	<b>(3,855,464)</b>
5.	Total Principal of Literary Fund	<b>572,767,223</b>	<b>565,232,482</b>	<b>7,534,740</b>
<b>CURRENT COMMITMENTS AGAINST LITERARY FUND REVENUE</b>				
6.	Balance due on active projects (Attachment B)	33,913,300	33,913,300	0
7.	Debt service on VPSA equipment notes <sup>1</sup>	58,845,825	62,614,094	<b>(3,768,269)</b>
8.	Interest rate subsidy <sup>2</sup>	0	0	0
9.	Trigon Reserve	5,657,429	5,657,429	0
10.	Transfer for Teacher Retirement <sup>3</sup>	116,003,959	115,854,700	149,259
11.	Other Encumbrances held by Treasurer of Virginia	10,234	10,234	0
12.	Required Carry Forward Balance	83,073,136	83,073,136	0
13.	Total of Literary Fund Commitments	<b>297,503,884</b>	<b>301,122,894</b>	<b>(3,619,010)</b>
<b>FUNDS AVAILABLE FOR CURRENT COMMITMENTS AND NEW LOANS</b>				
14.	Cash and investments maintained by State Treasurer (Line 1)	253,516,117	242,125,913	11,390,204
15.	Less commitments against Literary Fund Revenues (Line 13)	<b>(297,503,884)</b>	<b>(301,122,894)</b>	3,619,010
16.	<b>Balance Available to Fund New Projects Currently on Waiting List - (Additional Funds Needed to Meet Commitments)</b>	<b>(43,987,766)</b>	<b>(58,996,980)</b>	<b>15,009,214</b>

**NOTES:**

<sup>1</sup> Chapter 847 requires \$62,614,094.44 to be set aside for debt service on VPSA equipment notes.

<sup>2</sup> Chapter 847 requires \$15,000,000 to be set aside for an interest rate subsidy program. (Subsidy sale completed for \$14,524,145.15 and is reflected in line 6)

<sup>3</sup> Chapter 847 requires \$116,003,959 to be transferred from the Literary Fund to pay teacher retirement in fiscal year 2007.

## ACTIVE LITERARY FUND PROJECTS AS OF MARCH 31, 2007

Application Number	School Division	School	Release Date	Funds Approved for Release	Actual Funds Disbursed	Balance Due	Percent Drawn
<b>Literary Loans</b>							
11155	Newport News City	General Stanford Elementary	January, 2007	7,500,000	0	7,500,000	0.00%
11152	Sussex County	Sussex Central Middle	January, 2007	7,500,000	0	7,500,000	0.00%
11192	Greene County	William Monroe High	January, 2007	4,000,000	0	4,000,000	0.00%
11191	Greene County	William Monroe Middle	January, 2007	5,000,000	0	5,000,000	0.00%
				<b>\$ 24,000,000</b>	<b>0</b>	<b>24,000,000</b>	
<b>Subsidy Grants</b>							
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%
11131	Stafford County	Stafford Elementary	2003 Subsidy	659,305	(659,178)	127	99.98%
11096	Washington County	Abingdon High	2003 Subsidy	34,943	0	34,943	0.00%
11098	Washington County	Holston High	2003 Subsidy	20,949	0	20,949	0.00%
11097	Washington County	John S. Battle High	2003 Subsidy	30,210	0	30,210	0.00%
11099	Washington County	Patrick Henry High	2003 Subsidy	30,181	0	30,181	0.00%
11100	Washington County	Valley Institute	2003 Subsidy	5,861	0	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	0	138,831	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	0	152,269	0.00%
11208	Henry County	Mt. Olivet Elementary	2005 Subsidy	535,747	0	535,747	0.00%
11143	Franklin County	Windy Gap Elementary	2006 Subsidy	745,557	0	745,557	0.00%
11195	Page County	Page County High	2006 Subsidy	1,331,227	0	1,331,227	0.00%
11196	Page County	Luray High	2006 Subsidy	1,324,727	0	1,324,727	0.00%
11187	Roanoke City	Patrick Henry High	2006 Subsidy	745,557	0	745,557	0.00%
11201	Portsmouth City	Park View Elementary	2006 Subsidy	1,331,227	0	1,331,227	0.00%
11186	Brunswick County	Brunswick High	2006 Subsidy	1,331,227	(1,324,727)	6,500	99.51%
11205	Wythe County	Max Meadows Elem	2006 Subsidy	410,529	(404,029)	6,500	98.42%
11210	Halifax County	Halifax Middle	2006 Subsidy	1,331,227	(6,500)	1,324,727	0.49%
11121	Henry County	G. W. Carver Elementary	2006 Subsidy	624,720	0	624,720	0.00%
11220	Halifax County	South Boston Elementary	2006 Subsidy	641,739	0	641,739	0.00%
11222	Henry County	Campbell Court Elementary	2006 Subsidy	706,533	0	706,533	0.00%
				<b>\$ 12,797,719</b>	<b>(2,884,419)</b>	<b>9,913,300</b>	

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## LITERARY FUND PROJECT REIMBURSEMENTS COMPLETED AS OF MARCH 31, 2007

<b>Application Number</b>	<b>School Division</b>	<b>School</b>	<b>Release Date</b>	<b>Funds Approved for Release</b>	<b>Actual Funds Disbursed</b>	<b>Funds Returned</b>	<b>Balance Due</b>	<b>Percent Drawn</b>
11144	Mecklenburg County	South Hill Elementary	2006 Subsidy	745,557	(745,557)	-	-	100.00%
11197	Campbell County <sup>1</sup>	Yellowbranch Elementary	April, 2007	7,500,000	-	7,500,000	-	N/A
				<b>\$ 8,245,557</b>	<b>(745,557)</b>	<b>\$ 7,500,000</b>	<b>\$ -</b>	

<sup>1</sup> Campbell County declined the Literary Fund loan approved in April, 2007.

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