

# Board of Education Agenda Item

Item: F.

Date: April 30, 2009

**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 December 31, 2008. The information presented in this report reflects the commitments against the Literary Fund as of December 31, 2008.

Attachment B reflects the currently active projects funded through the Literary Fund as of December 31, 2008.

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 December 31, 2008.

**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 the cash balance 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.

**STATEMENT OF THE FINANCIAL POSITION OF THE LITERARY FUND**  
(as of December 31, 2008)

Line Reference	<b>PRINCIPAL BALANCE</b>	<u>December 31, 2008</u>	<u>September 30, 2008</u>	<u>Increase/(Decrease)</u>
1.	Cash and investments maintained by State Treasurer	182,923,905	162,381,902	20,542,003
2.	Temporary loans received from local school boards (secured by promissory notes)	0	20,000,000	(20,000,000)
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)	309,143,318	295,861,366	13,281,952
5.	Total Principal of Literary Fund	<b>492,067,223</b>	<b>478,243,268</b>	13,823,955
<b>CURRENT COMMITMENTS AGAINST LITERARY FUND REVENUE</b>				
6.	Balance due on active projects (Attachment B)	41,610,498	39,820,034	1,790,464
7.	Debt service on VPSA equipment notes <sup>1</sup>	60,536,725	64,582,338	(4,045,613)
8.	Interest rate subsidy <sup>2</sup>	0	30,000,000	(30,000,000)
9.	Trigon Reserve	5,657,429	5,657,429	0
10.	Transfer for Teacher Retirement <sup>3</sup>	228,691,828	186,128,935	42,562,893
11.	Other Encumbrances held by Treasurer of Virginia	10,234	10,234	0
12.	Required Carry Forward Balance	64,469,470	64,469,470	0
13.	Total of Literary Fund Commitments	<b>400,976,184</b>	<b>390,668,440</b>	10,307,744
<b>FUNDS AVAILABLE FOR CURRENT COMMITMENTS AND NEW LOANS</b>				
14.	Cash and investments maintained by State Treasurer (Line 1)	182,923,905		
15.	Less commitments against Literary Fund Revenues (Line 13)	(400,976,184)		
16.	<b>Balance Available to Fund New Projects Currently on Waiting List - (Additional Funds Needed to Meet Commitments)</b>	<b>(218,052,279)</b>		

**NOTES:**

<sup>1</sup>Final 2009 Budget, adopted by General Assembly on February 28, 2009, requires \$64,469,470 to be set aside for debt service on VPSA equipment notes. (Fiscal year-to-date payment of \$3,932,745 in October reflected in line 7.)

<sup>2</sup>Final 2009 Budget, adopted by General Assembly on February 28, 2009, requires \$8,631,107 to be set aside for an interest rate subsidy program. (Fall Subsidy Sale completed for \$8,631,106.33 and is reflected in line 6.)

<sup>3</sup>Final 2009 Budget, adopted by General Assembly on February 28, 2009, requires \$228,691,828 to be transferred from the Literary Fund to pay teacher retirement in fiscal year 2009.

## ACTIVE LITERARY FUND PROJECTS (as of December 31, 2008)

Application Number	School Division	School	Release Date	Funds Approved for Release	Actual Funds Disbursed	Balance Due	Percent Drawn
<b>Literary Loans</b>							
11221	Culpeper County	Culpeper County High	January, 2008	7,500,000	-	7,500,000	0.00%
11254	Southampton County	Riverdale Elementary	January, 2008	7,500,000	-	7,500,000	0.00%
11259	Greensville County	E. W. Wyatt Middle	January, 2008	7,500,000	-	7,500,000	0.00%
11261	Culpeper County	New Elementary	January, 2008	7,500,000	-	7,500,000	0.00%
				<b>\$ 30,000,000</b>	<b>\$ -</b>	<b>\$ 30,000,000</b>	
<b>Subsidy Grants</b>							
11062	Chesapeake City	Butts Road Intermediate	2001 Subsidy	85,594	(77,881)	7,713	90.99%
11096	Washington County	Abingdon High	2003 Subsidy	34,943	-	34,943	0.00%
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%
11143	Franklin County	Windy Gap Elementary	2006 Subsidy	745,557	(600,911)	144,646	80.60%
11201	Portsmouth City	Park View Elementary	2006 Subsidy	1,331,227	(6,500)	1,324,727	0.49%
11210	Halifax County	Halifax Middle	2006 Subsidy	1,331,227	(1,097,125)	234,102	82.41%
11121	Henry County	G. W. Carver Elementary	2006 Subsidy	624,720	(617,153)	7,567	98.79%
11220	Halifax County	South Boston Elementary	2006 Subsidy	641,739	(227,676)	414,063	35.48%
11222	Henry County	Campbell Court Elementary	2006 Subsidy	706,533	(679,795)	26,738	96.22%
11212	Washington County	Abingdon Elementary	2007 Subsidy	201,358	(6,500)	194,858	3.23%
11213	Washington County	High Point Elementary	2007 Subsidy	154,739	-	154,739	0.00%
11214	Washington County	Valley Institute Elementary	2007 Subsidy	123,197	-	123,197	0.00%
11215	Washington County	E. B. Stanley Middle	2007 Subsidy	149,896	-	149,896	0.00%
11256	Henry County	Drewry Mason Elementary	2007 Subsidy	648,523	(231,843)	416,680	35.75%
11209	New Kent County	New Kent High School	2007 Subsidy	214,640	(6,500)	208,140	3.03%
11228	Roanoke County	Northside High School	2007 Subsidy	798,438	-	798,438	0.00%
11258	Gloucester County	Abingdon Elementary School	2007 Subsidy	798,438	-	798,438	0.00%
11262	Wise County	Coeburn Middle School	2008 Subsidy	631,973	-	631,973	0.00%
11263	Wise County	Powell Valley Primary School	2008 Subsidy	726,322	-	726,322	0.00%
11260	Powhatan County	New Elementary School	2008 Subsidy	1,006,140	(999,640)	6,500	99.35%
11255	Roanoke City	William Fleming High School	2008 Subsidy	1,006,140	-	1,006,140	0.00%
11272	Town of West Point	West Point High School	2008 Subsidy	64,219	(6,500)	57,719	10.12%
11273	Town of West Point	West Point Middle School	2008 Subsidy	41,984	-	41,984	0.00%

## ACTIVE LITERARY FUND PROJECTS (as of December 31, 2008)

<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>Balance Due</b>	<b>Percent Drawn</b>
11270	Rockingham County	New Elementary School in Elkton	2008 Subsidy	1,006,140	-	1,006,140	0.00%
11271	Rockingham County	New High School in Elkton	2008 Subsidy	999,640	-	999,640	0.00%
11293	Tazewell County	Richlands Elementary School	2008 Subsidy	446,045	-	446,045	0.00%
11294	Tazewell County	Tazewell Elementary School	2008 Subsidy	483,392	-	483,392	0.00%
11295	Tazewell County	Springville Elementary School	2008 Subsidy	243,178	-	243,178	0.00%
11296	Tazewell County	North Tazewell Elementary School	2008 Subsidy	324,368	-	324,368	0.00%
11297	Tazewell County	Cedar Bluff Elementary School	2008 Subsidy	327,724	-	327,724	0.00%
				<b>\$ 46,370,486</b>	<b>\$ (4,759,988)</b>	<b>\$ 41,610,498</b>	

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## LITERARY FUND PROJECT REIMBURSEMENTS COMPLETED AS OF December 31, 2008

Application Number	School Division	School	Release Date	Funds Approved for Release	Actual Funds Disbursed	Funds Returned	Balance Due	Percent Drawn
11203	Staunton City	A. R. Ware Elementary	July, 2007	7,500,000	(7,500,000)	0.00	0.00	100.00%
11202	Staunton City	T. C. McSwain Elementary	January, 2008	7,500,000	(7,500,000)	0.00	0.00	100.00%
11231	Patrick County	Blue Ridge Elementary	January, 2008	151,618	(151,618)	0.00	0.00	100.00%
11232	Patrick County	Hardin Reynolds Memorial School	January, 2008	105,406	(105,406)	0.00	0.00	100.00%
11233	Patrick County	Meadows of Dan Elementary	January, 2008	105,217	(105,217)	0.00	0.00	100.00%
11234	Patrick County	Patrick County High	January, 2008	275,324	(275,324)	0.00	0.00	100.00%
11235	Patrick County	Patrick Springs Primary	January, 2008	195,976	(195,976)	0.00	0.00	100.00%
11236	Patrick County	Stuart Elementary	January, 2008	304,878	(304,878)	0.00	0.00	100.00%
11237	Patrick County	Woolwine Elementary	January, 2008	361,581	(361,581)	0.00	0.00	100.00%
11244	Galax City	Galax High School	January, 2008	5,000,000	(5,000,000)	0.00	0.00	100.00%
				\$ 21,500,000	\$ (21,500,000)	\$ -	\$ -	
11225	Hanover County	Hanover Elementary	2007 Subsidy	214,640	(214,640)	0.00	0.00	100.00%
11223	Essex County	Essex Intermediate School	2007 Subsidy	214,640	(214,640)	0.00	0.00	100.00%
11226	Hanover County	Trades Based Center	2007 Subsidy	208,140	(208,140)	0.00	0.00	100.00%
11230	Augusta County	Wilson Memorial High School	2007 Subsidy	791,938	(791,938)	0.00	0.00	100.00%
11257	Rockingham County	Montevideo Elementary School	2007 Subsidy	798,438	(798,438)	0.00	0.00	100.00%
11269	Radford City	Belle Heth Elementary School	2008 Subsidy	1,579,985	(1,579,985)	0.00	0.00	100.00%
11277	Virginia Beach City	Virginia Beach Middle School	2008 Subsidy	1,006,140	(1,006,140)	0.00	0.00	100.00%
				\$ 26,313,921	\$ (26,313,921)	\$ -	\$ -	

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