

Board of Education Agenda Item

Item: J.

Date: April 22, 2010

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, 2009. The information presented in this report reflects the commitments against the Literary Fund as of December 31, 2009.

Attachment B reflects the currently active projects funded through the Literary Fund as of December 31, 2009.

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.

There are no further agenda items related to the Literary Fund. Agenda A is the only item where changes occurred for this period.

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, 2009.

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, 2009)

| Line Reference | PRINCIPAL BALANCE | <u>December 31, 2009</u> | <u>September 30, 2009</u> | <u>Increase/(Decrease)</u> |
|--|--|--------------------------|---------------------------|----------------------------|
| 1. | Cash and investments maintained by State Treasurer | 97,272,321 | 80,954,346 | 16,317,975 |
| 2. | Temporary loans received from local school boards (secured by promissory notes) | 7,500,000 | 7,500,000 | 0 |
| 3. | Long-term loans in custody of Virginia Public School Authority (VPSA) | 300,876,814 | 299,922,055 | 954,759 |
| 4. | Total Principal of Literary Fund | 405,649,135 | 388,376,401 | 17,272,734 |
| CURRENT COMMITMENTS AGAINST LITERARY FUND REVENUE | | | | |
| 5. | Balance due on active projects (Attachment B) | 4,607,621 | 14,790,643 | (10,183,022) |
| 6. | Debt service on VPSA equipment notes ¹ | 64,488,034 | 65,404,119 | (916,085) |
| 7. | Interest rate subsidy ² | 0 | 0 | 0 |
| 8. | Trigon Reserve | 5,657,429 | 5,657,429 | 0 |
| 9. | Transfer for Teacher Retirement ³ | 195,000,000 | 122,979,935 | 72,020,065 |
| 10. | Required Carry Forward Balance | 63,624,638 | 63,624,638 | 0 |
| 11. | Total of Literary Fund Commitments | 333,377,721 | 272,456,763 | 60,920,958 |
| FUNDS AVAILABLE FOR CURRENT COMMITMENTS AND NEW LOANS | | | | |
| 12. | Cash and investments maintained by State Treasurer (Line 1) | 97,272,321 | 80,954,346 | |
| 13. | Less commitments against Literary Fund Revenues (Line 11) | (333,377,721) | (272,456,763) | |
| 14. | Balance Available to Fund New Projects Currently on Waiting List or (Additional Funds Needed to Meet Commitments) | (236,105,401) | (191,502,418) | |

NOTES:

¹Chapter 781 requires \$65,404,119 to be set aside for debt service on VPSA equipment notes in fiscal year 2010. [Fiscal year-to-date payments of \$916,085 reflected in line 6.]

²Chapter 781 does not authorize an interest rate subsidy program in fiscal year 2010.

³Final fiscal year 2010 budget, adopted by the General Assembly on March 14, 2010, and pending signature of Governor, requires \$195,000,000 to be transferred from the Literary Fund to pay teacher retirement in fiscal year 2010.

ACTIVE LITERARY FUND PROJECTS (as of December 31, 2009)

| Application Number | School Division | School | Release Date | Funds Approved for Release | Actual Funds Disbursed | Balance Due | Percent Drawn |
|-----------------------|--------------------|----------------------------------|--------------|----------------------------|------------------------|---------------------|---------------|
| Literary Loans | | | | | | | |
| No Projects | | | | | | | |
| Subsidy Grants | | | | | | | |
| 11062 | Chesapeake City | Butts Road Intermediate | 2001 Subsidy | 85,594 | (77,881) | 7,713 | 90.99% |
| 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% |
| 11210 | Halifax County | Halifax Middle | 2006 Subsidy | 1,331,227 | (1,097,125) | 234,102 | 82.41% |
| 11220 | Halifax County | South Boston Elementary | 2006 Subsidy | 641,739 | (227,676) | 414,063 | 35.48% |
| 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% |
| 11255 | Roanoke City | William Fleming High School | 2008 Subsidy | 1,006,140 | - | 1,006,140 | 0.00% |
| 11273 | Town of West Point | West Point Middle School | 2008 Subsidy | 41,984 | - | 41,984 | 0.00% |
| 11270 | Rockingham County | New Elementary School in Elkton | 2008 Subsidy | 999,640 | (726,705) | 272,935 | 72.70% |
| 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% |
| | | | | \$ 6,945,473 | \$ (2,337,852) | \$ 4,607,621 | |

LITERARY FUND PROJECT REIMBURSEMENTS COMPLETED (as of December 31, 2009)

| Application Number | School Division | School | Release Date | Funds Approved for Release | Actual Funds Disbursed | Funds Returned | Balance Due | Percent Drawn |
|-----------------------|--------------------|------------------------------|---------------|----------------------------|------------------------|----------------|-------------|---------------|
| Literary Loans | | | | | | | | |
| 11254 | Southampton County | Riverdale Elementary | January, 2008 | 7,500,000 | (7,500,000) | - | - | 100.00% |
| | | | | \$ 7,500,000 | \$ (7,500,000) | \$ - | - | |
| Subsidy Grants | | | | | | | | |
| 11201 | Portsmouth City | Park View Elementary | 2006 Subsidy | 1,331,227 | (1,331,227) | - | - | 100.00% |
| 11262 | Wise County | Coeburn Middle School | 2008 Subsidy | 631,973 | (631,973) | - | - | 100.00% |
| 11263 | Wise County | Powell Valley Primary School | 2008 Subsidy | 726,322 | (726,322) | - | - | 100.00% |
| | | | | \$ 10,189,522 | \$ (10,189,522) | \$ - | - | |