

# Board of Education Agenda Item

Item: F.

Date: April 28, 2011

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

**Presenter:** Mr. Kent C. Dickey, Deputy Superintendent for Finance and Operations

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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, 2010. The information presented in this report reflects the commitments against the Literary Fund as of December 31, 2010.

Attachment B reflects the currently active projects funded through the Literary Fund as of December 31, 2010.

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, 2010.

**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, 2010)

Line Reference		<u>December 31, 2010</u>	<u>September 30, 2010</u>	<u>Increase/(Decrease)</u>
	<b>PRINCIPAL BALANCE</b>			
1.	Cash and investments maintained by State Treasurer	73,291,722	46,385,553	26,906,169
2.	Temporary loans received from local school boards (secured by promissory notes)	-	-	-
3.	Long-term loans in custody of Virginia Public School Authority (VPSA)	277,676,806	285,370,086	(7,693,280)
4.	Total Principal of Literary Fund	<b>350,968,528</b>	<b>331,755,639</b>	19,212,889
	<b>CURRENT COMMITMENTS AGAINST LITERARY FUND REVENUE</b>			
5.	Balance due on active projects (Attachment B)	4,334,686	4,334,686	-
6.	Debt service on VPSA equipment notes <sup>1</sup>	59,803,400	63,510,236	(3,706,836)
7.	Interest rate subsidy <sup>2</sup>	-	-	-
8.	Transfer for Teacher Retirement <sup>3</sup>	139,575,000	141,575,000	(2,000,000)
9.	Required Carry Forward Balance	62,807,678	62,807,678	-
10.	Total of Literary Fund Commitments	<b>266,520,764</b>	<b>272,227,600</b>	(5,706,836)
	<b>FUNDS AVAILABLE FOR CURRENT COMMITMENTS AND NEW LOANS</b>			
11.	Cash and investments maintained by State Treasurer (Line 1)	73,291,722	46,385,553	
12.	Less commitments against Literary Fund Revenues (Line 10)	(266,520,764)	(272,227,600)	
13.	<b>Balance Available to Fund New Projects Currently on Waiting List or (Additional Funds Needed to Meet Commitments)</b>	<b>(193,229,042)</b>	<b>(225,842,047)</b>	

**NOTES:**

<sup>1</sup>Final fiscal year 2011 budget, adopted by the General Assembly on February 27, 2011, and pending signature of Governor, requires \$63,510,236 to be set aside for debt service on VPSA equipment notes in fiscal year 2011.

<sup>2</sup>Final fiscal year 2011 budget, adopted by the General Assembly on February 27, 2011, and pending signature of Governor, requires there be no funds set aside for an interest rate subsidy program in fiscal year 2011.

<sup>3</sup>Final fiscal year 2011 budget, adopted by the General Assembly on February 27, 2011, and pending signature of Governor, requires \$139,575,000 to be transferred from the Literary Fund in fiscal year 2011.

## ACTIVE LITERARY FUND PROJECTS (as of December 31, 2010)

Application Number	School Division	School	Release Date	Funds Approved for Release	Actual Funds Disbursed	Balance Due	Percent Drawn
<b>Literary Loans</b>							
No Projects							
<b>Subsidy Grants</b>							
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	2008 Subsidy	1,006,140	-	1,006,140	0.00%
11273	Town of West Point	West Point Middle	2008 Subsidy	41,984	-	41,984	0.00%
11293	Tazewell County	Richlands Elementary	2008 Subsidy	446,045	-	446,045	0.00%
11294	Tazewell County	Tazewell Elementary	2008 Subsidy	483,392	-	483,392	0.00%
11295	Tazewell County	Springville Elementary	2008 Subsidy	243,178	-	243,178	0.00%
11296	Tazewell County	North Tazewell Elementary	2008 Subsidy	324,368	-	324,368	0.00%
11297	Tazewell County	Cedar Bluff Elementary	2008 Subsidy	327,724	-	327,724	0.00%
				<b>\$ 5,945,833</b>	<b>\$ (1,611,147)</b>	<b>\$ 4,334,686</b>	

**LITERARY FUND PROJECT REIMBURSEMENTS COMPLETED (as of December 31, 2010)**

<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>
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**NO PROJECT REIMBURSEMENTS**