



VIRGINIA BOARD OF EDUCATION

AGENDA ITEM

Agenda Item: B

Date: January 27, 2022

Title: Final Review of Financial Report on Literary Fund and Updates to the First Priority Waiting List

Presenter: Mr. Kent C. Dickey, Deputy Superintendent of Budget, Finance, and Operations

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Purpose of Presentation:

Action required by state or federal law or regulation

Executive Summary:

The Literary Fund provides low-interest loans for new school construction and for additions or permanent improvements to existing schools to help provide students with a safe and secure environment in which to learn. In accordance with the provisions of the *Code of Virginia*, [Section 22.1-142](#), the Virginia Board of Education (Board) is responsible for the management of the Literary Fund.

This item aligns with the Board's Comprehensive Plan Priority 1 to provide high-quality, effective learning environments for all students.

Attachment A reflects the financial position of the Literary Fund as of September 30, 2021. The information presented in this statement reflects the commitments against the Literary Fund as of September 30, 2021.

There are no updates requested at this time to the First Priority Waiting List.

Action Requested:

Final review: Action requested at this meeting.

Rationale for Action:

Staff has reviewed the attachment and the attachment reflects the financial activity authorized for the Literary Fund through September 30, 2021.

Previous Review or Action:

No previous review or action.

Background Information and Statutory Authority:

This report reflects the status of the Literary Fund as of September 30, 2021, including the total principal, as well as cash, investments, and all short-/long-term loans.

Timetable for Further Review/Action:

The Department staff will prepare a quarterly financial report on this fund for Board approval. Information will also be presented, as changes occur, regarding those projects on the waiting list.

Impact on Fiscal and Human Resources:

As funds become available in the Literary Fund, recommendations will be made to the Board for funding priority projects and for those projects at the top of the First Priority Waiting List, with the cash balance reduced as loan requests are processed.

Quarterly Statement of the Financial Position of the Literary Fund (as of September 30, 2021)

This document contains footers.

The following table includes the total Principal Balance of the Literary Fund:

<u>Line Reference</u>	<u>PRINCIPAL BALANCE</u>	<u>September 30, 2021</u>	<u>June 30, 2021</u>	<u>Increase/(Decrease)</u>
1.	Cash and investments maintained by State Treasurer	53,960,290	45,234,471	8,725,819
2.	Temporary loans received from local school boards (secured by promissory notes)	-	-	-
3.	Long-term, permanent loans	63,369,160	65,561,886	(2,192,726)
4.	Total Principal of Literary Fund	117,329,450	110,796,357	6,533,093

The following table includes the current commitments against Literary Fund Revenues:

<u>Line Reference</u>	<u>CURRENT COMMITMENTS AGAINST LITERARY FUND REVENUE</u>	<u>September 30, 2021</u>	<u>June 30, 2021</u>	<u>Increase/(Decrease)</u>
5.	Balance due on active projects	-	-	-
6.	Debt service on VPSA educational technology equipment notes ¹	62,090,025	-	62,090,025
7.	Loan encumbrances ²	-	-	-
8.	Interest rate subsidy	-	-	-
9.	Debt service on VPSA school security equipment notes ³	8,781,190	-	8,781,190
10.	Transfer for Teacher Retirement ⁴	83,000,000	-	83,000,000
11.	Required Carry Forward Balance to Support Fiscal Year 2022 Literary Fund Transfer for Teacher Retirement Provided in Chapter 552	-	45,234,471	(45,234,471)
12.	Total Literary Fund Commitments	153,871,215	45,234,471	108,636,744

The following table includes the funds available for current commitments and new loans:

<u>Line Reference</u>	<u>FUNDS AVAILABLE FOR CURRENT COMMITMENTS AND NEW LOANS</u>	<u>September 30, 2021</u>	<u>June 30, 2021</u>	<u>Increase/(Decrease)</u>
13.	Cash and investments maintained by State Treasurer (Line 1)	53,960,290	45,234,471	8,725,819
14.	Less commitments against Literary Fund Revenues (Line 12)	153,871,215	45,234,471	108,636,744
15.	Balance Available to Fund New Projects Currently on Waiting List or (Additional Funds Needed to Meet Commitments)	(99,910,925)	-	(99,910,925)

¹Debt service payments on VPSA Educational Technology Equipment Notes for fiscal year 2022 are paid in October 2021 and April 2022.

²Encumbered loan authority outstanding from the appropriation act.

³Debt service payments on VPSA School Security Equipment Notes for fiscal year 2022 are paid in October 2021 and April 2022.

⁴Chapter 552 budget requires \$83,000,000 to be transferred from the Literary Fund to pay Teacher Retirement in fiscal year 2022; payment made in June 2022.