

Virginia Board of Education Agenda Item



Agenda Item: A

Date: January 12, 2012

Title	Final Review of Financial Report on Literary Fund		
Presenter	Mr. Kent C. Dickey, Deputy Superintendent for Finance and Operations		
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Purpose of Presentation:

Action required by state or federal law or regulation.

Previous Review or Action:

No previous review or action.

Action Requested:

Final review: Action requested at this meeting.

Alignment with Board of Education Goals: Please indicate (X) all that apply:

	Goal 1: Expanded Opportunities to Learn
	Goal 2: Accountability of Student Learning
	Goal 3: Nurturing Young Learners
	Goal 4: Strong Literacy and Mathematics Skills
	Goal 5: Highly Qualified and Effective Teachers and Administrators
	Goal 6: Sound Policies for Student Success
X	Goal 7: Safe and Secure Schools
	Other Priority or Initiative. Specify:

Background Information and Statutory Authority:

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, including the total principal, as well as cash, investments, and all short-/long-term loans.

§ 22.1-142. How Fund constituted; management.

The Literary Fund shall be invested and managed by the Board of Education as prescribed by § 22.1-145.

Summary of Important Issues:

Attachment A reflects the financial position of the Literary Fund as of September 30, 2011. The information presented in this report reflects the commitments against the Literary Fund as of September 30, 2011.

Attachment B reflects the currently active projects funded through the Literary Fund as of September 30, 2011.

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.

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 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.

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 September 30, 2011.

STATEMENT OF THE FINANCIAL POSITION OF THE LITERARY FUND
(as of September 30, 2011)

Line Reference	PRINCIPAL BALANCE	<u>September 30, 2011</u>	<u>June 30, 2011</u>	<u>Increase/(Decrease)</u>
1.	Cash and investments maintained by State Treasurer	41,086,711	15,659,644	25,427,067
2.	Temporary loans received from local school boards (secured by promissory notes)	-	-	-
3.	Long-term loans in custody of Virginia Public School Authority (VPSA)	251,610,214	262,348,010	(10,737,796)
4.	Total Principal of Literary Fund	292,696,925	278,007,654	14,689,271
CURRENT COMMITMENTS AGAINST LITERARY FUND REVENUE				
5.	Balance due on active projects (Attachment B)	2,922,869	4,257,297	(1,334,428)
6.	Debt service on VPSA equipment notes ¹	62,807,678	-	62,807,678
7.	Interest rate subsidy ²	-	-	-
8.	Transfer for Teacher Retirement ³	130,086,428	-	130,086,428
9.	Required Carry Forward Balance	60,816,650	62,807,678	(1,991,028)
10.	Total of Literary Fund Commitments	256,633,625	67,064,975	189,568,650
FUNDS AVAILABLE FOR CURRENT COMMITMENTS AND NEW LOANS				
11.	Cash and investments maintained by State Treasurer (Line 1)	41,086,711	15,659,644	
12.	Less commitments against Literary Fund Revenues (Line 10)	(256,633,625)	(67,064,975)	
13.	Balance Available to Fund New Projects Currently on Waiting List or (Additional Funds Needed to Meet Commitments)	(215,546,914)	(51,405,330)	

¹Chapter 890 requires \$62,807,678 to be set aside for debt service on VPSA equipment notes in fiscal year 2012.

²Chapter 890 authorizes no funds set aside for an interest rate subsidy program in fiscal year 2012.

³Chapter 890 requires \$130,086,428 to be transferred from the Literary Fund to pay teacher retirement in fiscal year 2012.

ACTIVE LITERARY FUND PROJECTS (as of September 30, 2011)

Application Number	School Division	School	Release Date	Funds Approved for Release	Actual Funds Disbursed	Balance Due	Percent Drawn
Literary Loans							
	No Projects						
Subsidy Grants							
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	(27,692)	978,447	2.75%
11296	Tazewell County	North Tazewell Elementary	2008 Subsidy	324,368	(161,814)	162,555	49.89%
11297	Tazewell County	Cedar Bluff Elementary	2008 Subsidy	327,724	-	327,724	0.00%
				\$	4,645,641	\$ (1,722,772)	\$ 2,922,869

LITERARY FUND PROJECT REIMBURSEMENTS COMPLETED (as of September 30, 2011)

Application Number	School Division	School	Release Date	Funds Approved for Release	Actual Funds Disbursed	Funds Returned	Balance Due	Percent Drawn
11293	Tazewell County	Richlands Elementary	2008 Subsidy	446,045	(446,045)	-	-	100.00%
11294	Tazewell County	Tazewell Elementary	2008 Subsidy	483,392	(483,392)	-	-	100.00%
11295	Tazewell County	Springville Elementary	2008 Subsidy	243,178	(243,178)	-	-	100.00%