

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 June 30, 2006.

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 cash 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.

BOARD OF EDUCATION
STATEMENT OF THE FINANCIAL POSITION OF THE LITERARY FUND
(as of June 2006)

Line Reference	PRINCIPAL BALANCE	<u>June 30, 2006</u>	<u>May 31, 2006</u>	<u>Increase/(Decrease)</u>
1.	Cash and investments maintained by State Treasurer	119,513,647	191,723,156	(72,209,510)
2.	Loans received from local school boards (secured by promissory notes)	0	0	0
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)	346,801,400	348,889,845	(2,088,445)
5.	Total Principal of Literary Fund	466,315,047	540,613,001	(74,297,955)
CURRENT COMMITMENTS AGAINST LITERARY FUND REVENUE				
6.	Balance due on active projects (Attachment B)	1,648,754	9,482,719	(7,833,964)
7.	Debt service on VPSA equipment notes ¹	0	0	0
8.	Interest rate subsidy ²	0	0	0
9.	Trigon Reserve	5,657,429	5,657,429	0
10.	Transfer for Teacher Retirement ³	0	125,854,700	(125,854,700)
11.	Other Encumbrances held by Treasurer of Virginia	10,234	10,234	0
12.	Required Carry Forward Balance (Updated based on Chapter 2)	78,407,027	61,183,377	17,223,650
13.	Total of Literary Fund Commitments	85,723,444	202,188,458	(116,465,014)
FUNDS AVAILABLE FOR CURRENT COMMITMENTS AND NEW LOANS				
14.	Cash and investments maintained by State Treasurer (Line 1)	119,513,647		
15.	Less commitments against Literary Fund Revenues (Line 13)	<u>(85,723,444)</u>		
16.	Balance Available to Fund New Projects Currently on Waiting List - (Additional Funds Needed to Meet Commitments)	33,790,202		

NOTES:

¹ Chapter 2 approved June 9, 2006, requires \$62,207,650 to be set aside for debt service on equipment notes. (Final payments of \$3,590,315 made in October 2005 and \$58,159,668 in April 2006.)

² Chapter 2 approved June 9, 2006, requires \$25,000,000 to be set aside for an interest rate subsidy program. (Subsidy sale complete; actual cost of \$14,889,363.21.)

³ Chapter 2 approved June 9, 2006, requires \$125,854,700 to be transferred from the Literary Fund to pay teacher retirement in fiscal year 2006. (Payment was made in June 2006)

ACTIVE PROJECTS AS OF JUNE 30, 2006

Application Number	School Division	School	Release Date	Funds Approved for Release	Actual Funds Disbursed	Balance Due	Percent Drawn
Literary Loans							
<i>No Projects</i>							
Subsidy Grants							
10999	Franklin City	Franklin High School	1999 Subsidy	263,300	(193,131)	70,169	73.35%
11062	Chesapeake City	Butts Road Intermediate	2001 Subsidy	85,594	(77,881)	7,713	90.99%
11102	Washington County	Rhea Valley Elem	2001 Subsidy	168,673	(165,235)	3,438	97.96%
11111	Patrick County	Woolwine Elementary	2002 Subsidy	50,763	(44,263)	6,500	87.20%
11131	Stafford County	Stafford Elementary	2003 Subsidy	659,305	(659,178)	127	99.98%
11096	Washington County	Abingdon High	2003 Subsidy	34,943	(10,234)	24,709	29.29%
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%
11179	Accomack County	Nandua Middle	2005 Subsidy	793,856	(329,323)	464,534	41.48%
11188	Roanoke City	Fallon Park Elementary	2005 Subsidy	113,701	(641)	113,060	0.56%
11190	Hanover County	Hanover Elementary	2005 Subsidy	152,269	-	152,269	0.00%
11208	Henry County	Mt. Olivet Elementary	2005 Subsidy	535,747	-	535,747	0.00%
				\$ 3,330,605	\$ (1,681,851)	\$ 1,648,754	

September, 2006

PROJECT REIMBURSEMENTS COMPLETED AS OF JUNE 30, 2006

Application Number	School Division	School	Release Date	Funds Approved for Release	Actual Funds Disbursed	Funds Returned	Balance Due	Percent Drawn
10975	Clarke County	Johnson Williams Middle	9/28/2000	7,500,000	0.00	\$ 7,500,000	\$ -	N/A
11105	Russell County	Honaker Elementary	2002 Subsidy	325,917	(325,917)	\$ -	\$ -	100.00%
				\$ 7,825,917	(325,917)	\$ 7,500,000	\$ -	

September, 2006