




MEMORANDUM

TO: Members of the Board of Education
FROM:  R. Little via W. Kowba ^{lco.}
DATE: January 18, 2012
SUBJECT: **Special Reserve for Capital Outlay Projects (Fund 40) Overview**

The Special Reserve Fund for Capital Outlay Projects (Fund 40) was established by the Board of Education primarily to provide for the accumulation of general fund monies for capital outlay purposes. Revenues come from rentals and leases, proceeds from sale of land and buildings, authorized transfers from other district funds and interest earned in the fund.

There are four (4) **sub funds** within Fund 40:

1. **Balboa Stadium Sub Fund (40001)**

Balboa Stadium is a track and field stadium adjacent to San Diego High School. This sub-fund was established to accumulate rental revenues received for the use of the stadium and to account for expenses such as custodial and maintenance costs of the stadium.

This sub fund is projected to end with a fund balance of \$0.06 Mil on June 30, 2012. Revenues in this sub fund are projected to increase significantly in 2012/13 due to the administration of rental income being transferred centrally to comply with the original intent and plan when the stadium was built. In the past few years, San Diego High School has retained the rental income received from the use of the stadium.

2. **Property Management Sub Fund (40003)**

The Property Management sub fund was established to account for lease and rental income from district owned properties. This sub fund is used to fund expenditures related to preventative maintenance, landscaping services, TRACE facility lease, litigation and settlement costs, the fund's annual audit and document storage. The Deputy Superintendent of Business and staff as well as the Instructional Facilities Planning Department are funded in this sub fund.

Under the American with Disabilities Act (504) the district is required to provide accommodations to its employees and students (other than Special Education students) to ensure accessibility to schools and school properties. This sub-fund also tracks these expenditures. In past years most of these accommodations involved modifications to

buildings, such as ramps and doors. Recently, non-facility related requirements, such as nurses and health technicians, have increased significantly.

In the current year (2011/12) a transfer of \$1.5 Mil from sub-fund 40004 is needed to cover the projected deficit in this sub fund. With this transfer, the projected 40003 balance in June 2012 is \$0.16 Mil. The significant increase in the requirements of the 504 program has contributed to the 2011/12 deficit and will create a structural gap unless changes to the program are made. In 2012/13, budget reductions of approximately \$1.2 Mil are needed to balance the 40003 budget, or funds from another Fund 40 sub fund will again be forced to cover the shortfall.

There are currently 57.25 FTE funded in this sub fund.

3. Facilities Master Plan Sub Fund (40004)

This sub fund is used to account for the proceeds from the sale of district properties. The most recent was the sale of the Copley property for \$31.2 Mil. Historically, the fund was used for the district's match for Deferred Maintenance (approximately \$5.0 Mil annually) and required routine and restricted maintenance. Two years ago, the Board approved the purchase of school buses using this fund. The sub fund has also been used for various capital outlay projects and the Emergency Operations Grant district match.

Proceeds from sales of District properties of \$6.0 Mil (estimated) are projected to be received in 2011/12. \$1.5 Mil will be transferred to Fund 40003, as noted, to cover the deficit and \$4.5 Mil will be transferred to the General Fund Unrestricted to help with the current year deficit. These transfers will exhaust the balance in this fund in 2012/13 if no other property sales occur.

4. Mesa Middle College Construction Sub Fund (40006)

This sub fund was established to account for the exchange of properties with San Diego Community College District and the construction of the Mesa Middle College. The District sold the "Beale/Muir Site" property to San Diego Community College for \$12.7 Mil and a one-acre parcel of land. This fund has been used to pay for the lease of the MET facility, and routine, restricted maintenance. At First Interim, December 2011, the Board approved the transfer of \$1.4 Mil to the General Fund in 2012/13 as one of many budget solutions.

The remaining balance of \$3 Mil in the sub fund is reserved for relocation and construction costs of the MET. However, the FPC team has communicated its need for approximately \$1.5 Mil for costs associated with a new general obligation bond ballot measure in November 2012. Fund 40 is the sole source of revenues available for this

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purpose. By committing funds for that use, we would reduce the remaining balance in the sub fund to approximately \$1.5 Mil.

We have attached four year projections for Fund 40 as a whole and for each sub fund within Fund 40. The projections clearly indicate that future year *reductions or subsidies* are required for sub fund 40003; sub funds 40001 and 40004 are nearly exhausted; and, a small balance remains in 40006 for the Met Project.

Please contact me if you should have any questions.

WK:RL:raj

Enclosure

c: C. Ward

(Board Memo Fund 40-011812)

SAN DIEGO UNIFIED SCHOOL DISTRICT
Multi-Year Projections
Fund 40 Overview
January 9, 2012

Total Fund 40 - Special Reserve Fund for Capital Outlay Projects

Account	2010/11 Actuals	2011/12 Budget	2011/12 Projections	2012/13 Projections	2013/14 Projections
Beginning Balance	<u>\$23,955,350</u>	<u>\$ 5,969,151</u>	<u>\$ 5,491,181</u>	<u>\$ 4,861,878</u>	<u>\$ 2,183,109</u>
Revenues					
Rental Income	6,642,775	6,397,500	6,466,000	6,678,072	6,875,715
Interest	103,760	19,660	23,320	13,959	13,966
Other Local	103,996	50,400	125,000	125,000	125,000
Total Revenues	<u>\$ 6,850,530</u>	<u>\$ 6,467,560</u>	<u>\$ 6,614,320</u>	<u>\$ 6,817,031</u>	<u>\$ 7,014,681</u>
Expenditures					
<i>Certificated Salaries</i>					
Monthly					
Hourly					
<i>Total</i>	-	-	-	-	-
<i>Classified Salaries</i>					
Monthly	1,871,866	2,160,115	2,249,615	2,387,742	2,470,357
Hourly	154,182	-	165,423	175,580	181,655
<i>Total</i>	<u>2,026,049</u>	<u>2,160,115</u>	<u>2,415,038</u>	<u>2,563,321</u>	<u>2,652,012</u>
<i>Employee Benefits</i>					
Health and Welfare	547,916	559,395	651,571	697,181	745,984
Variable	443,917	530,848	537,655	570,667	590,412
<i>Total</i>	<u>991,833</u>	<u>1,090,243</u>	<u>1,189,227</u>	<u>1,267,849</u>	<u>1,336,397</u>
Supplies	25,126	61,500	27,000	27,756	28,589
<i>Services and Other Operating Expenses</i>					
Contracted Services	613,456	1,874,853	1,290,760	1,220,675	1,257,295
Restricted Maintenance (Routine/Majo	10,005,179	7,000,000	3,001,082	3,016,200	3,016,200
<i>Total</i>	<u>10,618,635</u>	<u>8,874,853</u>	<u>4,291,842</u>	<u>4,236,875</u>	<u>4,273,495</u>
Total Expenditures	<u>\$13,661,643</u>	<u>\$12,186,711</u>	<u>\$ 7,923,107</u>	<u>\$ 8,095,801</u>	<u>\$ 8,290,492</u>
Surplus/(Deficit) Spending	<u>\$ (6,811,112)</u>	<u>\$ (5,719,151)</u>	<u>\$ (1,308,787)</u>	<u>\$ (1,278,770)</u>	<u>\$ (1,275,811)</u>
<i>Other Sources and Uses</i>					
Transfer In	-	-	1,504,484	-	-
Transfer Out	(11,653,056)	(250,000)	(6,825,000)	(1,400,000)	-
Proceeds from Sale of Property	-	-	6,000,000	-	-
<i>Total</i>	<u>(11,653,056)</u>	<u>(250,000)</u>	<u>679,484</u>	<u>(1,400,000)</u>	<u>-</u>
Ending Balance	<u>\$ 5,491,181</u>	<u>\$ -</u>	<u>\$ 4,861,878</u>	<u>\$ 2,183,109</u>	<u>\$ 907,297</u>

SAN DIEGO UNIFIED SCHOOL DISTRICT
Multi-Year Projections
Fund 40 By Sub-Fund
January 9, 2012

Sub-Fund 40001 - Balboa Stadium

Account	2010/11 Actuals	2011/12 Budget	2011/12 Projections	2012/13 Projections	2013/14 Projections
Beginning Balance	\$ 7,008	\$ 8,639	\$ 15,033	\$ 61,629	\$ 106,152
Revenues					
Rental Income	9,249	1,500	70,000	90,000	90,000
Interest	51	60	120	450	450
Total Revenues	\$ 9,300	\$ 1,560	\$ 70,120	\$ 90,450	\$ 90,450
Expenditures					
<i>Certificated Salaries</i>					
Monthly					
Hourly					
<i>Total</i>	-	-	-	-	-
<i>Classified Salaries</i>					
Monthly					
Hourly	1,155		25,096	26,637	27,559
<i>Total</i>	1,155	-	25,096	26,637	27,559
<i>Employee Benefits</i>					
Health and Welfare					
Variable	120		2,911	3,090	3,197
<i>Total</i>	120	-	2,911	3,090	3,197
Supplies					
<i>Services and Other Operating Expenses</i>					
Contracted Services					
Restricted Maintenance (Routine/Major)				16,200	16,200
<i>Total</i>	-	-	-	16,200	16,200
Total Expenditures	\$ 1,275	\$ -	\$ 28,007	\$ 45,927	\$ 46,956
Surplus/(Deficit) Spending	\$ 8,025	\$ 1,560	\$ 42,113	\$ 44,523	\$ 43,494
<i>Other Sources and Uses</i>					
Transfer In			4,484		
Transfer Out					
<i>Total</i>	-	-	4,484	-	-
Ending Balance	\$ 15,033	\$ 10,199	\$ 61,629	\$ 106,152	\$ 149,646

SAN DIEGO UNIFIED SCHOOL DISTRICT
Multi-Year Projections
Fund 40 By Sub-Fund
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Sub-Fund 40003 - Property Management Fund

Account	2010/11 Actuals	2011/12 Budget	2011/12 Projections	2012/13 Projections	2013/14 Projections
Beginning Balance	\$ 420,620	\$ 722,691	\$ 753,994	\$ 164,228	\$(1,162,574)
Revenues					
Rental Income	6,633,526	6,396,000	6,396,000	6,588,072	6,785,715
Interest	13,227	6,000	6,000	10,000	10,000
Other Local	103,996	50,400	125,000	125,000	125,000
Total Revenues	\$ 6,750,748	\$ 6,452,400	\$ 6,527,000	\$ 6,723,072	\$ 6,920,715
Expenditures					
<i>Certificated Salaries</i>					
Monthly					
Hourly					
<i>Total</i>	-	-	-	-	-
<i>Classified Salaries</i>					
Monthly	1,871,866	2,160,115	2,249,615	2,387,742	2,470,357
Hourly	153,027		140,326	148,942	154,096
<i>Total</i>	<u>2,024,893</u>	<u>2,160,115</u>	<u>2,389,941</u>	<u>2,536,684</u>	<u>2,624,453</u>
<i>Employee Benefits</i>					
Health and Welfare	547,916	559,395	651,571	697,181	745,984
Variable	443,797	530,848	534,744	567,577	587,216
<i>Total</i>	<u>991,713</u>	<u>1,090,243</u>	<u>1,186,316</u>	<u>1,264,759</u>	<u>1,333,200</u>
Supplies	12,201	61,500	27,000	27,756	28,589
<i>Services and Other Operating Expenses</i>					
Contracted Services	579,334	1,771,520	1,187,427	1,220,675	1,257,295
Restricted Maintenance (Routine/Majo	2,656,177	3,000,000	3,001,082	3,000,000	3,000,000
<i>Total</i>	<u>3,235,510</u>	<u>4,771,520</u>	<u>4,188,509</u>	<u>4,220,675</u>	<u>4,257,295</u>
Total Expenditures	\$ 6,264,318	\$ 8,083,378	\$ 7,791,766	\$ 8,049,873	\$ 8,243,537
Surplus/(Deficit) Spending	\$ 486,430	\$ (1,630,978)	\$ (1,264,766)	\$ (1,326,801)	\$(1,322,822)
<i>Other Sources and Uses</i>					
Transfer In			1,500,000		
Transfer Out	(153,056)	(250,000)	(825,000)	-	-
<i>Total</i>	<u>(153,056)</u>	<u>(250,000)</u>	<u>675,000</u>	<u>-</u>	<u>-</u>
Ending Balance	\$ 753,994	\$ (1,158,287)	\$ 164,228	\$ (1,162,574)	\$(2,485,395)

SAN DIEGO UNIFIED SCHOOL DISTRICT
Multi-Year Projections
Fund 40 By Sub-Fund
January 9, 2012

Sub-Fund 40004 - Facilities Master Plan (Copley)

Account	2010/11 Actuals	2011/12 Budget	2011/12 Projections	2012/13 Projections	2013/14 Projections
Beginning Balance	<u>\$11,089,916</u>	<u>\$ 1,137,916</u>	<u>\$ 381,915</u>	<u>\$ 281,782</u>	<u>\$ 283,191</u>
Revenues					
Rental Income					
Interest	49,830	1,600	3,200	1,409	1,416
Total Revenues	<u>\$ 49,830</u>	<u>\$ 1,600</u>	<u>\$ 3,200</u>	<u>\$ 1,409</u>	<u>\$ 1,416</u>
Expenditures					
<i>Certificated Salaries</i>					
Monthly					
Hourly					
<i>Total</i>	-	-	-	-	-
<i>Classified Salaries</i>					
Monthly					
Hourly					
<i>Total</i>	-	-	-	-	-
<i>Employee Benefits</i>					
Health and Welfare					
Variable					
<i>Total</i>	-	-	-	-	-
Supplies					
<i>Services and Other Operating Expenses</i>					
Contracted Services	34,122	103,333	103,333		
Restricted Maintenance (Routine/Majo	5,723,709				
<i>Total</i>	<u>5,757,831</u>	<u>103,333</u>	<u>103,333</u>	-	-
Total Expenditures	<u>\$ 5,757,831</u>	<u>\$ 103,333</u>	<u>\$ 103,333</u>	<u>\$ -</u>	<u>\$ -</u>
Surplus/(Deficit) Spending	<u>\$ (5,708,001)</u>	<u>\$ (101,733)</u>	<u>\$ (100,133)</u>	<u>\$ 1,409</u>	<u>\$ 1,416</u>
<i>Other Sources and Uses</i>					
Transfer In					
Transfer Out	(5,000,000)		(1,500,000)		
Transfer Out			(4,500,000)		
Proceeds from Sale of Property			6,000,000		
<i>Total</i>	<u>(5,000,000)</u>	-	<u>-</u>	-	-
Ending Balance	<u>\$ 381,915</u>	<u>\$ 1,036,183</u>	<u>\$ 281,782</u>	<u>\$ 283,191</u>	<u>\$ 284,607</u>

SAN DIEGO UNIFIED SCHOOL DISTRICT
Multi-Year Projections
Fund 40 By Sub-Fund
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Sub-Fund 40006 - MET Construction Fund

Account	2010/11 Actuals	2011/12 Budget	2011/12 Projections	2012/13 Projections	2013/14 Projections
Beginning Balance	<u>\$12,437,805</u>	<u>\$ 4,099,905</u>	<u>\$ 4,340,240</u>	<u>\$ 4,354,240</u>	<u>\$ 2,956,340</u>
Revenues					
Rental Income					
Interest	40,653	12,000	14,000	2,100	2,100
Total Revenues	<u>\$ 40,653</u>	<u>\$ 12,000</u>	<u>\$ 14,000</u>	<u>\$ 2,100</u>	<u>\$ 2,100</u>
Expenditures					
<i>Certificated Salaries</i>					
Monthly					
Hourly					
<i>Total</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Classified Salaries</i>					
Monthly					
Hourly					
<i>Total</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Employee Benefits</i>					
Health and Welfare					
Variable					
<i>Total</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Supplies	12,925				
<i>Services and Other Operating Expenses</i>					
Routine/Major Maint./MET Const.	1,625,294	4,000,000	-	-	
Indirect					
<i>Total</i>	<u>1,625,294</u>	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 1,638,218</u>	<u>\$ 4,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Surplus/(Deficit) Spending	<u>\$ (1,597,565)</u>	<u>\$ (3,988,000)</u>	<u>\$ 14,000</u>	<u>\$ 2,100</u>	<u>\$ 2,100</u>
<i>Other Sources and Uses</i>					
Transfer In					
Transfer Out (To GFU)	(6,500,000)			(1,400,000)	
<i>Total</i>	<u>(6,500,000)</u>	<u>-</u>	<u>-</u>	<u>(1,400,000)</u>	<u>-</u>
Ending Balance	<u>\$ 4,340,240</u>	<u>\$ 111,905</u>	<u>\$ 4,354,240</u>	<u>\$ 2,956,340</u>	<u>\$ 2,958,440</u>