

On September 18th and 24th, the Grand County School Board learned that instead of a \$748,000 fund balance last June, we had, in reality, a shocking million dollar deficit in our operating fund that had never shown up on the independent audits we pay for yearly, or on our financial reports. Though the District is solvent, given Capital Outlay funds, this operating deficit must be paid back over the next four years @\$250,000 per year. To make matters worse, we planned our 2009–2010 budget based on the audit/financial reports' inaccurate, positive-balance figures, which, if we fail to act, will create an additional \$1.2 million deficit by next June. We must now cut \$1.2 million from the current school year's budget, plus pay back our first \$250,000 installment for last year's deficit, for a total of \$1.45 million dollars of cuts this year. Needless to say, we're reeling.

On September 28th, a team from the Utah State Office of Education came to Moab to investigate. With their endorsement, Superintendent Margaret Hopkin, financial consultant Richard Clark, and I appeared before the State Board of Education and its Finance Committee last Friday, October 2nd, to petition for Financially Distressed School District status per Utah Code R277-420. There were six rigorous criteria our District had to meet, including showing enough local effort to reduce the deficit (see below). After lengthy meetings, Finance Committee Chairman Greg Haws made a motion that the State Board of Education grant us Financially Distressed School District status, which passed unanimously. The only discussion was whether there had been embezzlement or theft, which our experts have found no evidence of to date.

Financially Distressed School District status allows us to move money from Capitol Outlay (not bond money, which is a separate fund) and other designated funds into our current operating fund, which will reduce our \$1.45 million deficit by approximately half. The rest will be reduced by local efforts: two more instructional day furloughs (5 total); employees shouldering 25% of their spousal/family insurance premium costs; cuts to student activities (which, to be determined), and a 4% salary cut for all employees if we can find no other way to make up that portion of budget cuts by November 1.

We are deeply sad and regretful that our staff has to suffer *any* cuts due to these deficits. Financially Distressed School District status helps, by lowering salary cuts to 4% versus the 12-15% we were originally estimating. Our School Board decided against instituting massive, immediate layoffs, shutting down a school, or consolidating classrooms, which would have interrupted the continuity of education.

Ironically, our School Board voted on September 16th—two days before the financial axe fell—to put a Voted Leeway on November's ballot that would *not* raise taxes, but would let us move money from designated funds into an unrestricted "Voted Leeway" fund to address our students' greatest needs, starting with the 2010-2011 school year. Upon learning of the deficit, we amended November's Leeway ballot to include up to a .001391 tax increase. Early next week, Superintendent Hopkin will mail a detailed description of the increase we are requesting (and its impacts) to all Grand County households. We'll also schedule community meetings to discuss the proposed Leeway. Without the Leeway, we'll likely have to cut 20–25 teacher/staff positions before next

fall. With it, there will still be layoffs, but many fewer.

Right now our School Board, financial consultant Richard Clark, interim Business Administrator Robert Farnsworth, Administrators, and Superintendent Margaret Hopkin are working hard to fix the financial problems last year's and this year's deficits have created. We will also analyze District operations, including programs and possible future cuts, and reorganize financial records/budgets, including revenues and expenditures in each of our many funds. This does not mean that we are neglecting what caused these deficits. The Utah State Office of Education is sending their auditor down for a closer examination of our financial records, and a new audit company is finishing the 2008–2009 school year audit. Likely there will be other audits investigating previous years, to determine the magnitude of the inaccuracies, how they happened, and how far back they go. The School Board will make a full report to the public when we have all the information.

I urge you to attend school board meetings, 5:30 p.m. October 21, 6 p.m. November 18 and December 16 (264 S. 400 E.), as well as the Open Community Forum at 6 p.m. on October 20th at the Middle School library. Feel free to contact any of us at any time. Written briefings on our financial situation are available at the Grand County Library, the District Office, schools, and soon, in your mailboxes.

This surprise launched itself upon us suddenly, but all of us in the District are rallying to meet the challenge head on.

Kaaron Jorgen, School Board president