
Jordan School District EXECUTIVE SUMMARY OF THE 2009-10 BUDGET

DISTRICT DIVISION

On November 6, 2007, the voters residing in the cities of Alta, Cottonwood Heights, Draper, Midvale, and Sandy voted to create a new district and separate themselves from the Jordan School District. Effective July 1, 2009, Jordan School District will become two school districts. The separated cities have formed the new Canyons School District. Jordan School District will continue to serve the cities of Bluffdale, Copperton, Herriman, Riverton, South Jordan, and West Jordan. This budget represents the first budget for the remaining Jordan School District. The 2008-09 fiscal year was a transitional year as the new Canyons School District began assembling its administration and departmental teams while Jordan School District continued its regular operations serving 81,017 students. Canyons School District costs for 2008-09 are included with Jordan School District 2008-09 costs. The 2009-10 budget for Jordan School District shows significant decreases in enrollment, assessed valuation, revenues, expenditures, and fund balances due to this division. Past activity for Jordan School District was retained for comparison and historical purposes. Given the significant changes in operations for 2008-09 and 2009-10 fiscal years, users and readers of these budgets should use caution when doing trend analysis.

BUDGET OVERVIEW

The proposed Jordan School District 2009-10 budget beginning July 1, 2009, includes actual audited figures for 2005-06, 2006-07, 2007-08, the final amended budget for 2008-09, and the proposed budget for 2009-10.

The budget is organized by fund as follows:

Governmental Fund Types

- General Fund (Fund 10, a major fund)
- Student Activities (Fund 21)
- Non-K through 12 (Fund 23)
- Nutrition Services (Fund 51)
- Jordan Education Foundation (Fund 75)
- Debt Service (Fund 31, a major fund)
- Capital Projects (Fund 32, a major fund)

Proprietary Fund Types

- Internal Service Fund – Health, Life, and Long-term Disability Insurance (Fund 60)

Annual budgets are established for all funds as required by Utah law. Budgets are presented on the modified accrual basis of accounting for governmental fund types and on the accrual basis for proprietary fund types. The budgets are consistent with generally accepted accounting principles. Once adopted, the budget can be amended as necessary by the Board of Education. Reductions in appropriations may be approved by the Board upon recommendation of the superintendent. Any increase in appropriations requires a public hearing.

This budget is designed to help assure fiscal efficiency, integrity, and to provide accountability for public funds. Jordan School District administrators are responsible to oversee the various areas of the budget and to assure that expenditures do not exceed appropriations. In compliance with Utah law and in keeping with the Board of Education's commitment to citizen involvement in the school system, all areas of the budget are open for public inspection.

From January to April 2009, budget revisions to the 2008-09 budget were collected, calculated, and summarized. In March 2009, the District administration was informed of funding levels agreed to by the State Legislature for the following fiscal year. From March to April 2009, the 2009-10 funding was communicated and discussed. Budgets were then calculated and summarized. In May 2009, the budget book for the year ending June 30, 2010, was written and sent for printing. The 2009-10 budget is prepared in accordance with the mission statement, six vision statements, and twelve belief statements that were approved by the Board of Education. The Board's mission statement, six vision statements, and twelve belief statements represent the District's goals and are as follows:

Mission

Provide excellent educational opportunities for all students and ensure quality teachers, administrators and support staff.

Vision

- Continually improve student instruction and learning while maintaining accountability for results.
- Provide safe and appropriate schools.
- Reduce class size.
- Proactively address issues related to changes in student enrollment.
- Build trust, respect, and confidence through effective communication.
- Value and appreciate employees.

Beliefs

- Increasing student scholarship and achievement is an attainable goal of the Board of Education.
- The Board is accountable to its constituents for the expenditure of public funds in a prudent and responsible manner.
- The Board is receptive to creative and progressive thinking that leads to improved student achievement, strengthened character, and acceptance of civic responsibility.
- Every child can learn.
- Appropriate student behavior is essential to a positive school culture and reflects respect for self and others.
- Parental support is a critical force for student achievement.
- The views, opinions and participation of our communities are valued and encouraged.
- Quality teaching promotes quality student learning.
- The principal is the school's leader and assumes responsibility for its success.
- District Office personnel provide leadership and services that support schools in accomplishing their goals.
- The education provided must be relevant and responsive to the ever-changing world.
- Technology is an essential tool for learning in the 21st Century.

EXAMPLES OF EFFORTS MADE TOWARD THESE GOALS

Every expenditure outlined in the 2009-10 budget furthers the achievement of the mission, vision, and belief statements. For instance, to fulfill the goals outlined in the vision statements, the budget includes the following:

1. Improvement of Instruction

- Increase or maintain third grade reading achievement test scores.
 - Knowing that reading is the most fundamental skill, in 2004-05 the District implemented the K-3 Reading Achievement Program with a 0.000121 tax increase. With this money, a literacy specialist was placed in each elementary school. The third grade reading test score in 2008-09 averaged 58 (50 is the national average). (See page 133 for more information.)
 - For the 2009-10 year, the District allocated \$2.7 million for this program.
- Increase or maintain the District's better than national and state average test scores.
 - The District continues to score at or above national and state averages. (See page 130-134 for more information.)
- Increase or maintain senior graduation rates.
 - In April 2006, the Manhattan Institute released their study "Leaving Boys Behind: Public High School Graduation Rates" as published by Civic Report No. 48. In the study, Jordan School District was ranked fifth (of the nations 100 largest school districts) in graduation rates.
- Decrease or maintain dropout rates.
 - The District's dropout rate was 2.7%. (Refer to page 135 for more information.)
- Increase or maintain the number of schools meeting "Adequate Yearly Progress" (AYP) under No Child Left Behind.
 - The percentage of schools meeting AYP was 59% in 2008.

2. Provide Safe and Appropriate Schools and Proactively Address Issues Related to Changes in Student Enrollment

- Increase the number of schools in high-growth areas.
 - In 2008-09, the District opened three elementary schools, Eastlake, Falcon Ridge, and Heartland (rebuild), and one alternative high school, Valley High (rebuild). The total construction cost for these schools was \$65.6 million.
 - In 2009-10, the District will open one new elementary school, Silver Crest, and one new special education school, Kaurie Sue Hamilton. Total construction costs for these schools will be about \$42.7 million.
 - In 2009-10, the District is continuing construction on one traditional high school. Total construction cost for this school is estimated to be about \$79.8 million.

3. Class Size Reduction

- Decrease or maintain class size.
 - For the 2008-09 school year, the class size for third grade was reduced by 1.0 student, seventh grade by 0.8 student, and eighth grade by 0.8 student, at an annual cost of \$1.0 million.
 - For the District to reduce class size in every grade by one student, it would cost the District \$4.6 million annually.

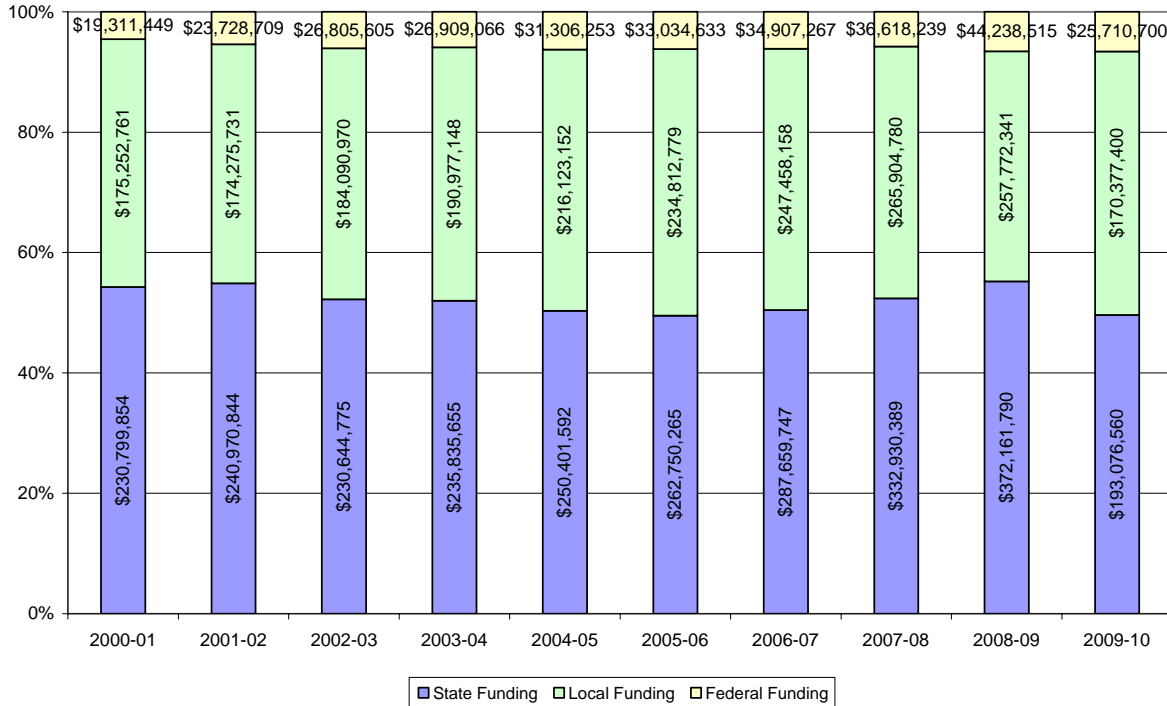
- In 2009-10, the District anticipates no change in class size. (Please refer to pages 120-123 for more information.)

4. Value and Appreciate Employees

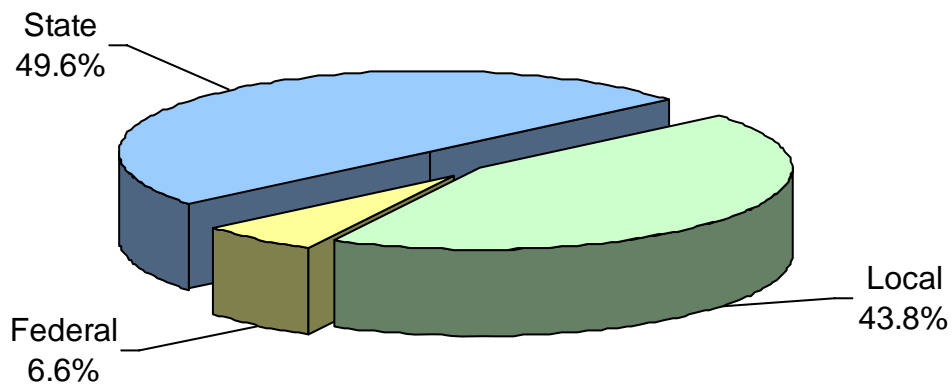
- Increase or maintain compensation for employees.
 - For the 2009-10 school year, the District has budgeted:
 - No employee increase in health and accident premiums, with no significant change in benefits.
 - \$11 million for previously provided District retirement policies (these benefits were capped effective July 1, 2006, but are paid out to eligible employees upon retirement from the District). The capping of District-provided retirement benefits has no effect on State-provided retirement benefits. Capping the District-provided retirement benefits has allowed better than average cost of living adjustments.
 - No salary reductions.

2009-10 REVENUE

10-Year History of Revenue Source Percentages (Excludes Internal Service Fund)



The above chart demonstrates the decrease in State funding and increase in local funding for the 2009-10 fiscal year.



Jordan District receives 49.6% of its revenue from state sources, 43.8% from local sources, and 6.6% from federal sources. The District anticipates a decrease of \$305.7 million in overall revenue and other financing sources for 2009-10. This decrease is largely due to the District division (see page 1), reductions in State financing, and the assumption of all deferred revenue being spent in 2008-09 (see note on page 7).

State income taxes are the primary source of state funding for public schools. The state legislature made no change to the Weighted Pupil Unit (WPU) value of \$2,577. (The WPU is the primary unit of measurement used to allocate basic school program funds.) A three-year comparison of revenue is summarized below:

**REVENUE AND OTHER FINANCING SOURCES AND USES
THREE-YEAR COMPARISON***

	Actual 2007-08	Final Amended 2008-09	Proposed 2009-10	Percentage Change Increase/ (Decrease)
General	\$ 462,983,199	\$ 507,504,192	\$ 283,535,296	-44.13%
Student Activities	9,892,379	12,000,000	8,500,000	-29.17%
Non-K through 12 Programs	10,816,895	13,641,043	6,326,107	-53.62%
Nutrition Services	26,403,742	27,093,284	17,126,060	-36.79%
Jordan Education Foundation	609,984	839,872	538,221	-35.92%
Debt Service	44,644,977	39,749,000	20,764,000	-47.76%
Capital Projects	279,644,117	73,545,255	52,474,976	-28.65%
Self-Insurance	56,652,000	56,349,546	35,735,341	-36.58%
Total	<u>\$ 891,647,293</u>	<u>\$ 730,722,192</u>	<u>\$ 425,000,001</u>	-41.84%

* See note on page 7.

2009-10 EXPENDITURES

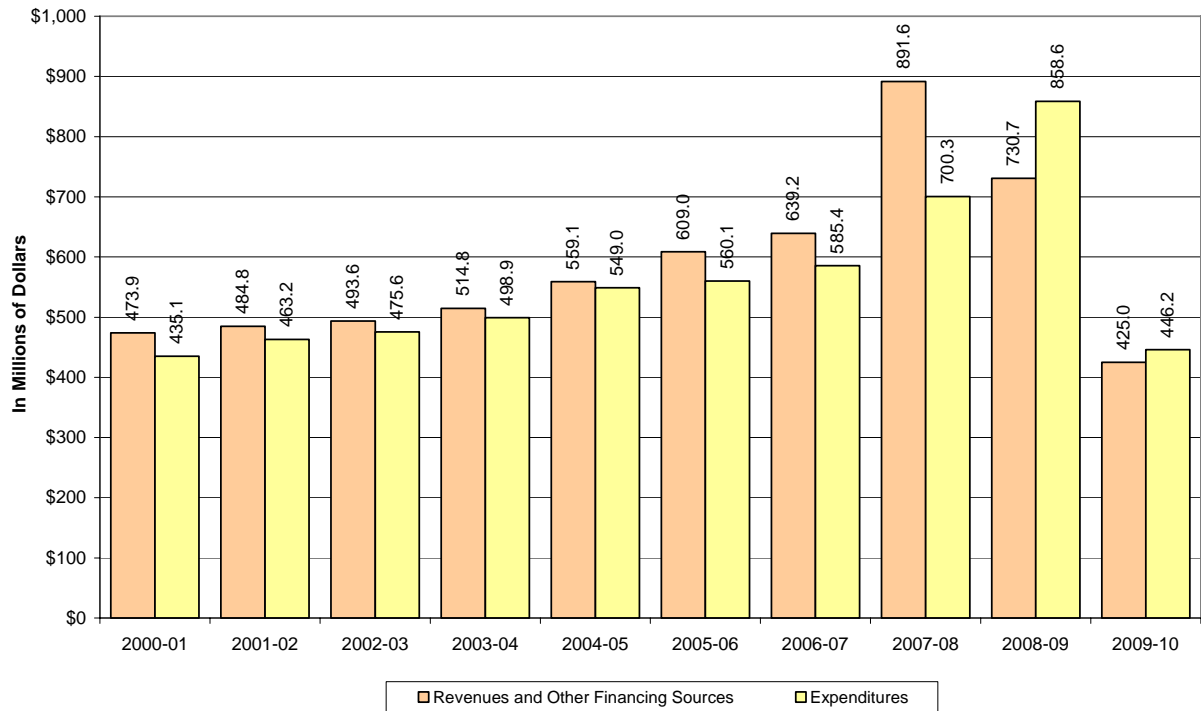
Expenditures are expected to decrease by \$412.4 million in 2009-10. This decrease is due to the District division (see page 1), decreased capital spending, and the assumption of all deferred revenue being spent in 2009-10 (see note on page 7).

**EXPENDITURES
THREE-YEAR COMPARISON***

	Actual 2007-08	Final Amended 2008-09	Proposed 2009-10	Percentage Change Increase/ (Decrease)
General	\$ 434,585,407	\$ 524,544,515	\$ 300,651,289	-42.68%
Student Activities	11,075,984	12,000,000	8,500,000	-29.17%
Non-K through 12 Programs	12,225,375	14,092,495	6,047,541	-57.09%
Nutrition Services	25,802,419	30,758,835	16,684,300	-45.76%
Jordan Education Foundation	645,749	839,872	538,221	-35.92%
Debt Service	44,230,200	43,116,505	21,569,756	-49.97%
Capital Projects	125,727,909	179,558,413	56,869,650	-68.33%
Self-Insurance	46,006,894	53,682,965	35,303,429	-34.24%
Total	<u>\$ 700,299,937</u>	<u>\$ 858,593,600</u>	<u>\$ 446,164,186</u>	-48.04%

* **NOTE:** At the end of fiscal year 2007-08, the District reported \$37.0 million in deferred revenues. For budget purposes, it is assumed that all deferred revenue is spent in the final amended budget; however, a similar amount of deferred revenue will likely be reported at the end of 2008-09. Therefore, revenues and expenditures for the final amended budget will always be overstated by the amount of deferred revenue.

**10-Year History of Revenue and Other Financing Sources, and Expenditures
(Includes all Funds)**



2009-10 FUND BALANCE

The District projects a combined fund balance decrease of \$121 million in 2009-10, primarily resulting from the District division (see page 1). State law does not allow the District to budget for an undesignated fund balance in the General fund. However, it is likely that an undesignated fund balance will occur in 2009-10 due to conservative budgeting and changes in fund balance designations.

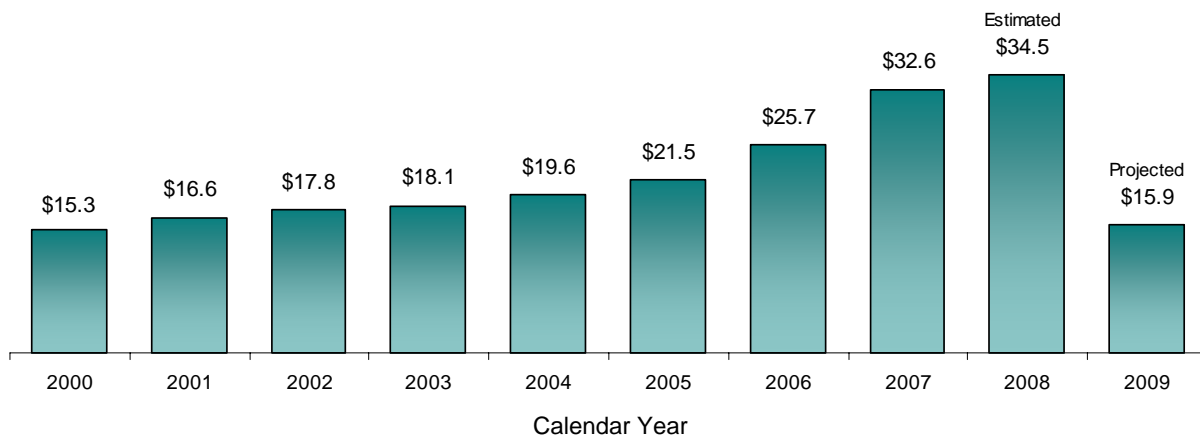
FUND BALANCES THREE YEAR COMPARISON

	Actual 2007-08	Final Amended 2008-09	Proposed 2009-10	Percentage Change Increase/ (Decrease)
General	\$ 158,002,619	\$ 140,962,296	\$ 94,751,762	-32.78%
Student Activities	7,077,650	7,077,650	4,175,813	-41.00%
Non-K through 12 Programs	561,300	109,848	355,658	223.77%
Nutrition Services	8,075,355	4,409,804	3,043,544	-30.98%
Jordan Education Foundation	1,036,274	1,036,274	400,000	-61.40%
Debt Service	6,084,863	2,717,358	552,923	-79.65%
Capital Projects	248,175,596	142,162,438	82,735,095	-41.80%
Self-Insurance	19,899,399	22,565,980	13,745,840	-39.09%
Total	\$ 448,913,056	\$ 321,041,648	\$ 199,760,635	-37.78%

ASSESSED VALUATION

Jordan School District's assessed valuation is steadily increasing as a result of residential and business development and property revaluation. The reason for the large drop for 2009, as shown in the following graph, is due to the District division (see page 1).

**Jordan School District's Assessed Valuation
(In Billions)**



PROPERTY TAXES

It is proposed that a tax rate increase of 0.002044 (33.24%) be implemented in 2009-10. This tax increase is due to the District division. As a result of the District division, the remaining Jordan School District retains 60% of the student enrollment but only 47% of the taxable assessed valuation. The change in tax rates by fund is: General 0.000529; Capital Projects 0.001397; Non K-12 0.000030; and Debt Service 0.000088. In the State of Utah, when property value is reassessed, the tax rates are lowered to keep the revenues neutral. In fiscal year 2009-10, final tax rates will not be known until after the Utah State Tax Commission certifies proposed property tax values and rates.

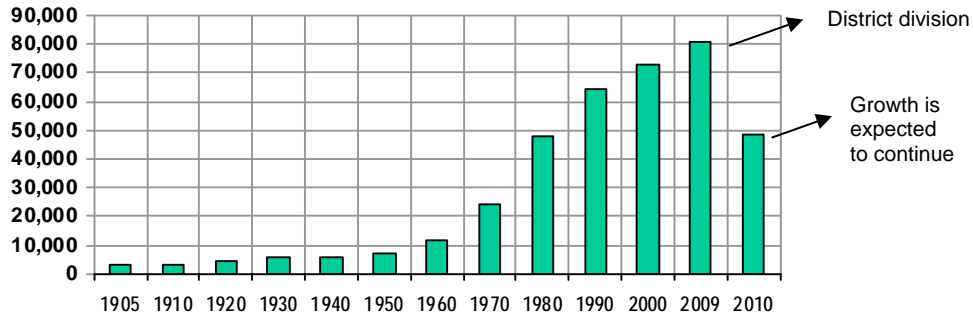
JORDAN SCHOOL DISTRICT TAX RATES

	<u>Actual 2007-08</u>	<u>Actual 2008-09</u>	<u>Proposed 2009-10</u>	<u>Change from Prior Year</u>
General Fund				
Basic Program	0.001311	0.001250	0.001303	0.000053
Voted Leeway	0.001200	0.001200	0.001600	0.000400
Board Leeway	0.000487	0.000521	0.000521	0.000000
Special Transportation	0.000001	0.000001	0.000050	0.000049
Tort Liability	0.000004	0.000001	0.000028	0.000027
Non K-12				
Recreation	0.000020	0.000051	0.000081	0.000030
Capital Projects				
Capital Outlay	0.002070	0.001978	0.002400	0.000422
10% of the Basic Program	0.000151	0.000006	0.000981	0.000975
Debt Service				
General Obligation Debt	<u>0.001373</u>	<u>0.001142</u>	<u>0.001230</u>	<u>0.000088</u>
TOTAL	<u><u>0.006617</u></u>	<u><u>0.006150</u></u>	<u><u>0.008194</u></u>	<u><u>0.002044</u></u>

GENERAL – FUND 10

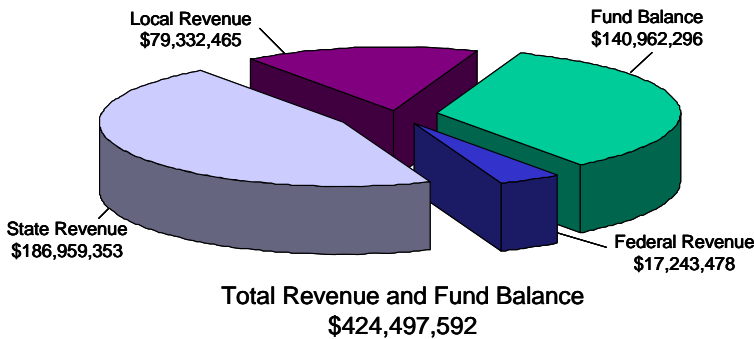
During the past several decades the District experienced large enrollment growth. On July 1, 2009, the District was divided (see page 1) causing a large enrollment decrease for 2009-10, as illustrated in the graph below. The high growth areas of the old Jordan School District are still in the remaining Jordan School District; whereas the declining enrollment areas of the old Jordan School District are now part of the new Canyons School District. Therefore, it is expected that high enrollment growth will continue well into the future.

Jordan School District Enrollment History

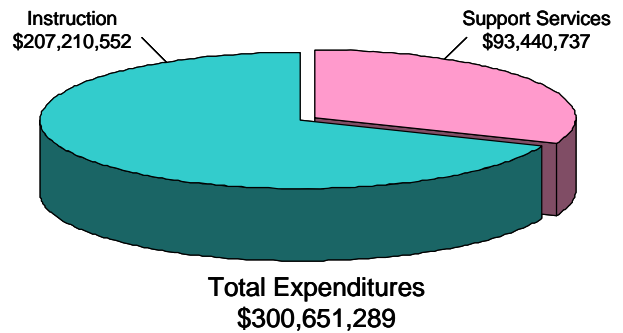


The proposed General Fund revenue and expenditures are presented below:

Proposed Revenue 2009-10

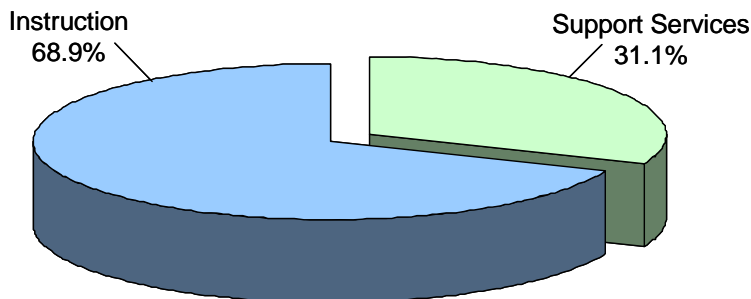


Proposed Expenditures 2009-10



Expenditures per pupil are presented below:

Expenditures—\$6,184 Per Pupil



DEBT SERVICE – FUND 31

In February 2003, voters approved the District issuing \$281 million of bonds. The District issued the final \$196 million of these bonds in 2007-08. The money received from the sale of the bonds is being used to build and equip several new schools, renovate existing schools, and purchase additional school sites. In 2008-09, the District decreased the Debt Service tax rate by 0.000231, even with the issuance of this new debt. The tax rate decrease was made possible by using an accumulated fund balance, new growth in assessed valuations, and the repayment of outstanding debt. In 2009-10, the District will need to increase the Debt Service tax rate by 0.000088 to make its debt payments.

Jordan School District's current debt is rated "Aaa" by Moody's and "AAA" by Fitch, based upon the Utah State Guaranty Act. In September 2003, Fitch Ratings upgraded the District's underlying rating from "AA+" to "AAA." The District is one of a very few select school districts in the nation to receive this rating by Fitch. The District's underlying rating by Moody's is "Aa1." The District division may cause these ratings to change.

CAPITAL PROJECTS – FUND 32

With the voters authorizing the bond initiative and the Voted Leeway tax rate, the District will be able to construct and operate several new schools. The construction of these schools and the renovation of others has begun and will continue into the future.

A significant need exists to maintain District buildings. Currently, Jordan School District has more than 50 schools and facilities with an average age of over 16 years per building. The replacement value for these facilities is about \$1.3 billion. In the 2009-10 Capital Projects budget, the District budgeted about \$15 million to maintain these facilities.

OTHER BUDGET FUNDS

Nutrition Services (Fund 51)

Jordan School District continues to provide a quality lunch and breakfast program. The District has not increased lunch prices since 2005-06. For 2009-10, it is proposed that lunch and breakfast prices increase due to inflation.

SCHOOL LUNCH/BREAKFAST PRICES

	<u>2008-09</u>	<u>Proposed 2009-10</u>	<u>Change From Prior Year</u>
Lunch			
Elementary	\$1.50	\$1.75	\$.25
Secondary	1.75	2.00	.25
Reduced Price	.40	.40	-
Adult	2.50	3.00	.50
Breakfast			
Elementary	.70	.80	.10
Secondary	.90	1.00	.10
Reduced Price	.30	.30	-
Adult	1.60	2.00	.40

Health and Accident Self-Insurance (Fund 60)

Jordan School District is self-insured for employee health and accident coverage. Through a negotiated agreement with the Jordan Education Association and the Jordan Classified Professional Association, the employees paid 5% of the premium costs in 2000-01 and agreed to pay 50% of any increased costs thereafter. While we anticipate health care expenses to increase for 2009-10, employees will not see their portion of the premium increase. Instead, the District will use fund reserves to offset health care expenses. In future years, employees will again share any cost increase with the District. The following chart shows a history of health care expenses:

<u>Fiscal Year</u>	<u>Total Expenses</u>	<u>Percent Growth</u>	<u>Employees' Share of Premium</u>
2001-02	\$34,373,317	11.11%	6.33%
2002-03	34,919,243	1.59%	8.34%
2003-04	39,358,079	12.71%	9.51%
2004-05	46,272,605	17.57%	11.64%
2005-06	48,909,841	5.70%	14.18%
2006-07	45,302,563	(7.38%)	24.85%
2007-08	46,006,894	1.55%	26.40%
2008-09 (Final Amended)	53,682,965	16.68%	26.29%
2009-10 (Proposed)	35,303,429	(34.24%)	24.39%

Other Miscellaneous Funds (Funds 21, 23, 75)

Student Activities – Fund 21

Effective with the 2007-08 fiscal year, the State of Utah requires a budget and more detail on revenue sources and types of expenditures.

Non-K through 12 – Fund 23

No significant changes.

Jordan Education Foundation – Fund 75

No significant changes.

CONCLUSION

The 2009-10 budget is based on the Board of Education's mission, vision, and belief statements. This direction from the Board of Education assures that the District will continue to:

1. Provide quality educational programs and instructional materials within the limits of the funding available.
2. Provide a long-term source of funding to finance the opening and operation of new schools.
3. Provide additional school sites.
4. Protect the investment in existing buildings through an ongoing renovation program.
5. Continue efforts to assure that funding is in keeping with actual costs.
6. Establish fiscally responsible tax rates and allocations.

**JORDAN SCHOOL DISTRICT BOARD OF EDUCATION
AND ADMINISTRATIVE PERSONNEL**

Board President	Peggy Jo Kennett
Board Vice President.....	Carmen R. Freeman
Board Member	Rick Bojak
Board Member	Randy S. Brinkerhoff
Board Member	J. Dale Christensen, Ed.D.
Board Member	Richard S. Osborn
Board Member	Leah Voorhies, Ph.D.
Superintendent.....	Barry L. Newbold, Ed.D.
Deputy Superintendent–Business Services	D. Burke Jolley
Deputy Superintendent–Instructional Services	Sherry J. Wasden
Executive Director–Auxiliary Services.....	John M. Taylor
Executive Director–Compliance and Special Programs.....	J. Calvin Evans
Executive Director–Curriculum and Staff Development	Kerrie Naylor, Ph.D.
Executive Director–Human Resources	June M. LeMaster, Ph.D.
Executive Director–Bingham K-12 Feeder System.....	Anthony A. Godfrey, Ed.D.
Executive Director–Copper Hills K-12 Feeder Systems.....	Frank W. Shaw, J.D., Ph.D.
Executive Director–Riverton K-12 Feeder System.....	David G. Stoddard
Executive Director–West Jordan K-12 Feeder Systems	Bevan J. Wasden

SIGNIFICANT PERSONNEL CHANGES

On June 30, 2009, the existing Jordan School District Board of Education will be dissolved. The Boards of Education for the remaining Jordan School District and the new Canyons District were sworn into office on July 15, 2008. Board members Peggy Jo Kennett, Randy S. Brinkerhoff, and J. Dale Christensen and have been serving concurrent terms of office for the remaining Jordan School District Board of Education during this transition year.

Administrative personnel changes included the retirement of Dana L. Bickmore, executive director for Curriculum and Staff Development. She was replaced by Kerrie Naylor who had been serving as the executive director for the Bingham K-12 Feeder System. Thomas R. Hicks (formerly executive director for the Brighton and Hillcrest K-12 Feeder Systems), was appointed to serve as a high school principal.

Due to the District division effective July 1, 2009, the District's personnel counts will significantly decrease (see page 1).

The reader should also refer to pages 124 and 125 where changes in staffing levels are summarized by District function over five years. The changes in staffing levels districtwide are mostly due to the District division. Total full-time equivalents for 2009-10 is projected to be 4,026.56, down from 6,847.02 the previous year.