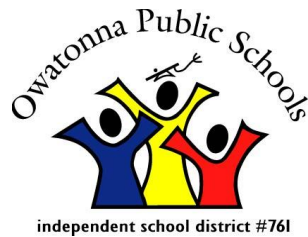


Table of Contents

Letter of Introduction	2
Definitions	3
Finance Terms	4
Chapter One: District Overview	8
• Demographics	
• Enrollment	
Chapter Two: Budget Overview.....	13
Chapter Three: Elementary School Report	24
• McKinley	
• Lincoln	
• Washington	
• Wilson	
Chapter Four: Intermediate School Report	37
• Willow Creek	
• Owatonna Junior High School	
Chapter Five: Secondary School Report	44
• Owatonna Senior High School	
• Owatonna Alternative Learning Center	
Chapter Six: Activities Program Report	53
Chapter Seven: Special Services and Special Education Report	61
Chapter Eight: Food & Nutrition and Community Education Report	69
Chapter Nine: Capital Budget Overview	79
Chapter Ten: Strategic Plan and Student Achievement	82
Chapter Eleven: District Benchmarks	109



Tom Tapper, Ed.D.
Superintendent of Schools

To: Members of the School Board
From: Tom Tapper, Superintendent
Re: Preliminary Budget for the 2011-2012 School Year
Date: June 2011

Contained within this report entitled, "Preliminary Budget for the 2011-12 School Year" is a comprehensive analysis of our budget and related activities of our school District for the past school year. This 'report-out' of our finances and the many activities that have taken place at our various school sites is intended to give you a broad overview of how our limited resources have been utilized this past year, as well as lay the foundation for the development of the budget for the 2011-2012 school year. By law, you are required to pass a preliminary budget prior to July 1 in any given year. As a matter of practice, we subsequently ask you to pass a 'final' budget in the late fall; following the completion of the audit. We ask you to pass a 'revised' budget one final time within the January-February timeframe.

The Preliminary Budget is shown on page 23 of this document. We are asking for your approval of a budget that is not structurally balanced for the coming year. Let me briefly explain. A structurally balanced budget is one in which the on-going expenses are equal to, or less than, the incoming revenue. It would be similar to creating a household budget that is equal to or less than household income. A household that has a savings account, or from time to time receives a 'bonus' check, can incur additional expenses, but should incur only those expenses that don't have on-going 'tails' beyond the one-time revenue increase. This is what we have done in the use of our ARRA funds. Recognizing that they would not be on-going in nature, decisions were made to invest them in research and development: with an end result of program innovation and additional technology.

The budget proposed for the coming year continues to step down our fund balance to a level that is more reasonable (we have targeted a fund balance of about 6% by the FY 15 school year.) However, one time funding (EduJobs), along with portions of the fund balance, are being used to maintain a portion of on-going staffing costs for the coming year. We will need to account for these on-going expenditures and the future loss of the EduJobs revenue in our FY13 budget.

As a final note, I'd like to thank Tom Sager, Sheri Green, Steph Danielson and Nancy McSweeney for all of their efforts in putting this report together and to our entire administrative team, staff and faculty in our District for making our schools operate efficiently while providing educational excellence as shown in the contents of this report.

DEFINITIONS

ABE	Adult Basic Education
ALC	Area Learning Center
ARRA	American Recovery and Reinvestment Act
ASD	Autism Spectrum Disorders
AYP	Adequate Yearly Progress
COMPASS	Continuous Opportunities for Modeling Professionalism and Academic Strategies in Schools
DCD	Developmental Cognitive Disorders
DD	Developmental Delays
EBD	Emotional Behavioral Disorders
ELL	English Language Learner
ESL	English as a Second Language
FRE	Free and Reduced Entitlement
IDEA	Individuals with Disabilities Education Act
LEP	Limited English Proficiency
MAEF	Minnesota Academic Excellence Foundation
MAP	Measures of Academic Progress
MCA	Minnesota Comprehensive Assessment
MDE	Minnesota Department of Education
NCLB	No Child Left Behind
NWEA	Northwest Evaluation Association
OHS	Owatonna High School
OJHS	Owatonna Junior High School
OPS	Owatonna Public Schools
PDSA	Plan, Do, Study, Act
PLC	Professional Learning Communities
PSEO	Post Secondary Enrollment Options
ROSE	Raising Our Success in Education
RTI	Response to Intervention
SIOP	Sheltered Instruction Observation Protocol
SLD	Specific Learning Disability
WCRB	Work Cooperate Respect Belong

FINANCE TERMS

Fund

The Minnesota Department of Education breaks school district financial reporting into several funds. Each fund is a fiscal and accounting entity with a self-balancing set of accounts. Transfers between funds are allowed only as specified by statute. In general, revenues may be transferred from the General Fund to any operating fund only to eliminate a deficit; such a transfer requires board action.

List of ISD 761 Funds:

Operating Funds

General Fund

Accounts for all revenues and expenditure of the district not accounted for elsewhere. Special Services is accounted for separately, but is part of the General Fund.

Food Service Fund

Records the financial activities of the district's food service program.

Community Service Fund

Records the financial activities of Community Service program.

Non-Operating Funds

Building Construction Fund

Records all operations of the district's building construction programs that are funded by the sale of bonds, capital loans, or the Alternative Bonding Program.

Debt Service Fund

Records revenues and expenditures for the district's outstanding bond indebtedness, whether for building construction or operating capital.

Fiduciary Funds

Trust Fund

Records the activities for trust agreements where the board has accepted the responsibility to serve as trustee. ISD 761 uses this fund for the OHS Museum.

Internal Service Fund

Accounts for the financing of goods or services provided by one department to another within the district. ISD 761 has one internal service fund that is currently inactive except for interest earned on the balance. This balance is a carryover of funds remaining from self-insured health plan activities and are being held in the event the district decides to self-insure in the future.

GASB 54

The Government Accounting Standards Board makes periodic changes in how governmental agencies report and handle financial statements. Most recently, GASB 54 was issued in February 2009, and becomes effective for fiscal year ending June 30, 2011. The primary changes involve new fund balance categories and definitions. The intent of this new standard is to enhance the usefulness of fund balance information by making fund balance classifications more clear and consistency applied. In doing such, boards will have a better and more accurate picture of the portion of fund balances that may be available for spending in future years. GASB 54 will not change the total value of the expense and revenues being reported, but rather, change the way they are categorized and defined.

One of the primary changes in the new policy is the use of the term “unassigned,” instead of the current term “unreserved” when referencing fund balances. For example, the FY 10 audited unreserved fund balance was \$6.89 million. The newly defined unrestricted fund balance would be \$6.77 million. The reason for this change in value is due to a new category of “non spendable,” which includes items found in inventory and prepaid expenses. Because these assets were not truly available for expenses directly related to operations, they will now be more accurately placed in a category reflective of this more reserved status. The school board will be asked to review and adopt a new fund balance policy that will take effect in FY 12. This is the model fund balance policy which came from Minnesota School Boards Association.

The new verbiage and terminology will be used in the final FY 12 budget document which will be presented to the school board in the fall of 2011. Other background information about this policy update can be found in the June 27, 2011 school board packet.

PROGRAM

The program dimension of district accounting is used to designate the programmatic areas in which financial activity takes place. The ten categories of the program series are as follows:

1. Administration
This budget category includes all costs associated with District management. It includes all budgets associated with the school board, superintendent, special services and ALC. It also includes costs related to head principals and head secretaries.
2. District Support Services
This budget category includes all costs associated with district support services including district level administrative support, business office support, human resource office support, information technology departments, legal, communications, offset, and elections.
3. Elementary and Secondary Regular Instruction
This budget category includes all costs associated with classroom activities including teachers and teacher aides and instructional supplies. It also includes all costs associated with the extracurricular program.
4. Vocational Education Instruction
Vocational teachers and expenses.
5. Special Education Instruction
This budget category includes all costs associated with the special education programs and services including teachers, and program assistants.
6. Community Education and Services
All expenses related to Community Education
7. Instructional Support Services
This budget category includes curriculum, educational media, staff development, and assistant principals.
8. Pupil Support Services
This budget category includes all costs associated with the provision of special services that enhance student attendance and performance in school. Pupil Support Services includes counseling, health services, social workers, assistant secretaries, and transportation.
9. Sites and Buildings
This budget category includes all costs associated with the maintenance and upkeep of our various buildings and grounds. Personnel, utilities, and supplies are included within these costs.
10. Fiscal and Other Fixed Costs Programs
This budget category includes costs associated with retirement of long-term obligations, severance pay and benefits, technology, property insurance, and special projects involving purchases exceeding \$500.

ENROLLMENT TERMS

Adjusted Marginal Cost Pupil Units (AMCPU)- The current pupil units or sum of 77% of the adjusted pupil units computed using current year data plus 23% of the adjusted pupil units computed using prior year data, whichever is greater.

Average Daily Membership (ADM)- The average membership of students in a school during a reporting period (normally a school year) divided by the number of days that the school is in session during this period.

Weighted Average Daily Membership (WADM)- A varied weighting of pupils by grade. For example, a student in grades 1-3 may be counted as a 1.115 student, grades 4-6 may be counted as a 1.06 student and a student in grades 7-12 may be counted as a 1.30 pupil unit. The state uses these weighted numbers to figure the district's general education aid amount. Also referred to as **Pupil Units**.

OTHER TERMS

Adjusted Net Tax Capacity (ANTC) - The property value used for calculating most school taxes. ANTC is determined by equalizing differences in tax capacities by property type in different counties. This equalization process compares market values to actual sales and is intended to neutralize the effect of differing assessment practices. Also, the ANTC reflects the application of the classification rates to the market value of property.

Equalization - The relationship between local tax payer obligation and state aid to pay for operating levies, bonds, and/or formula allowances. ISD 761 is currently at the 63 percent rate for equalization on our operating referendum.

Equity Revenue - Revenue generated from a state formula intended to reduce the per pupil disparity between the highest and lowest revenue districts on a regional basis.

Indirect Expenditures - Expenditures recorded as district-wide then allocated out to each site based on its Weighted Average Daily Membership (WADM). Examples include expenses associated with the school board, superintendent's office, the business office, information technology, human resources, curriculum, and buildings and grounds

Indirect Revenues - Revenues recorded as district-wide then allocated out to each site based on its Weighted Average Daily Membership (WADM). Examples include interest revenue, miscellaneous revenues, rental fees, and non-specific state aids.

Miscellaneous Revenue - Revenue that does not fit into any other revenue categories. An example would be the money received from the Coca-Cola contract.

Other Expenditures - Expenditures that do not fit into any other program codes. Examples include judgments against the district, dues and memberships, and scholarships.

Purchased Services - Includes expenditures for services rendered by personnel who are not on the payroll of the district and other services the district may purchase. Examples are transportation costs, travel expenses, and legal and auditor fees.

Referendum Market Value (RMV) - Allows for certain types of property that have classification rates below one to have a lower market value than the value assigned by the assessor, and excludes cabins and agricultural land.

CHAPTER ONE - DISTRICT OVERVIEW

The Owatonna School District is one of the five (5) largest businesses in Owatonna. We employ approximately 720 employees and maintain a budget in excess of \$51,000,000. Our student enrollment in our K-12 programs is approximately 4975. This includes students attending our Alternative Learning Center and Actions program. In addition to our K-12 student population, we serve over 15,000 early childhood and adult learners through our community education program.

Our student population is largely comprised of Caucasian (82%), Hispanic (10%), Black (6%), Asian (2%), and American Indian (<1%) students. Approximately 35% of the students who attend our public schools are eligible for our free and reduced lunch program.

The Owatonna Public School children receive their education in one (1) of four (4) elementary schools- Lincoln, McKinley, Washington, Wilson, two (2) intermediate schools- Willow Creek, Owatonna Junior High, or one (1) of two (2) secondary schools- Owatonna Senior High School, and the Alternative Learning Center. Special programs are also offered in Roosevelt Community Center. The District Office is located on the site of the old Jefferson Elementary School Building.

Enrollment Trends

Enrollment across the District has averaged 4935 over the past four years. The table below shows the enrollment by grade over this period of time.

	2/11/2008			2/9/2009			2/16/2010			2/14/2011	
	Average Enrollment	07-08 ADM Final	%	Average Enrollment	08-09 ADM Final	%	Average Enrollment	09-10 ADM Final	%	Average Enrollment	10-11 Estimated ADM Final
Pre-K	68	33.28	0.4894	87	34.69	0.3987	117	48.78	0.4169	169	71.99
HK	15	15.57	1.0380	15	22.26	1.4840	15	17.57	1.1713	15	18.58
K	290	278.40	0.9600	339	315.58	0.9309	349	334.63	0.9588	295	280.45
1	377	374.79	0.9941	314	310.65	0.9893	369	365.83	0.9914	407	403.47
2	376	373.42	0.9931	374	371.85	0.9943	307	307.01	1.0000	348	346.93
3	333	334.28	1.0038	381	376.49	0.9882	361	359.69	0.9964	305	303.60
4	358	356.06	0.9946	336	337.81	1.0054	378	376.96	0.9972	358	357.70
5	327	323.59	0.9896	372	368.87	0.9916	353	347.69	0.9850	378	373.41
6	382	378.83	0.9917	341	340.61	0.9989	359	358.20	0.9978	351	349.91
7	364	352.33	0.9679	382	377.06	0.9871	342	333.92	0.9764	356	348.13
8	377	364.73	0.9675	364	353.63	0.9715	386	378.28	0.9800	337	328.56
9	399	396.49	0.9937	421	416.39	0.9890	405	406.99	1.0049	416	415.13
10	423	420.81	0.9948	404	404.51	1.0013	403	400.10	0.9928	397	395.31
11	397	394.47	0.9936	389	381.07	0.9796	401	391.36	0.9760	391	383.41
12	409	374.86	0.9165	391	379.23	0.9699	383	351.29	0.9172	396	369.42
PreK-12 TOTAL	4895	4771.91	0.9749	4910	4790.70		4928	4778.30		4919	4745.99
ALC	176	195.99	1.1136	126	167.47	1.33	119	151.94	1.28	108	136.06
PreK-12 ALC TOTAL	5071	4967.9	0.9797	5036	4958.17	0.98	5047	4930.24	0.98	5027	4882.06

The estimated ADM Final PreK-12 ALC Total does not include Extended Time (about 75/year).

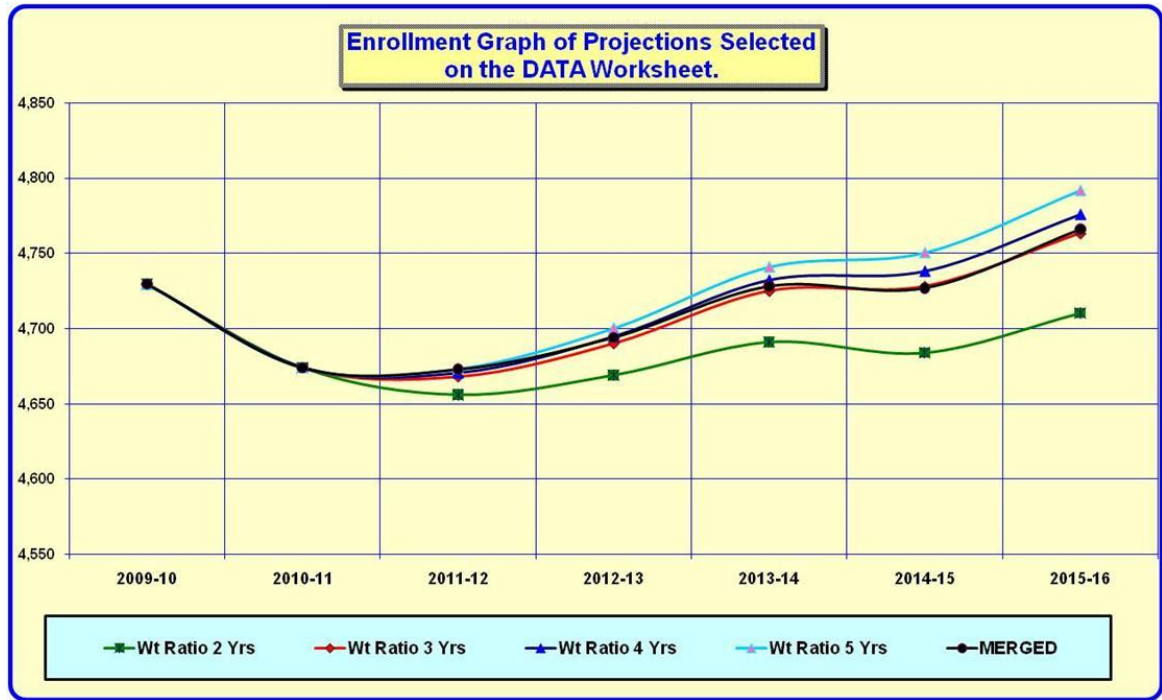
09-10 PreK-12 ALC Budget includes Extended Time.

10-11 PreK-12 Budget	4811
10-11 PreK-12 ALC Budget	4961

For planning purposes, the enrollment projections (shown in the table below) show an overall increase for the coming year. Enrollment trend is a 1.5 percent average increase per year over the next five years.

		Est. 2011-12	Est. 2012-13	Est. 2013-14	Est. 2014-15	Est. 2015-16
Grade	K	365.0	373.0	379.0	350.0	349.4
	1	331.9	405.1	414.0	420.6	388.5
	2	390.9	321.6	392.5	401.1	407.6
	3	341.7	385.0	316.7	386.6	395.1
	4	303.4	341.5	384.8	316.5	386.4
	5	361.6	306.8	345.3	389.1	320
	6	374.3	362.5	307.5	346.1	390
	7	342.4	366.3	354.7	300.9	338.7
	8	345.9	340.3	364.0	352.5	299
	9	368.8	388.3	382.0	408.6	395.7
	10	405.2	360.0	379.0	372.8	398.8
	11	376.6	385.9	342.9	361.0	355.1
	12	360.2	353.8	362.6	322.2	339.2
Total K-12		4667.9	4690.1	4725.0	4728.0	4763.5
Change		-6.0	22.2	34.9	3.0	35.5
ALC		150.0	150.0	150.0	150.0	150
Total K-12		4817.9	4840.1	4875.0	4878.0	4913.5
Pre-K		50.6	51.7	52.5	48.5	48.4
Total PreK-12		4868.5	4891.8	4927.5	4926.5	4961.9

The enrollment graph is a forecasting tool. This graph indicates the different projections available to use for enrollment. These projections are based on our current and past enrollment with different weighted ratios. Our current projection reflects the graph located in the middle of the line graphs (the red line).



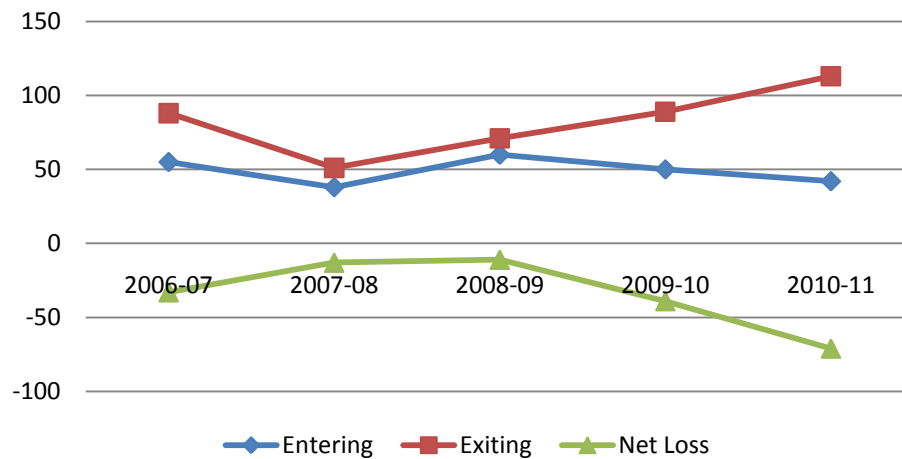
In the fall of 2005, the District School Board examined existing attendance boundaries for its four (4) elementary schools and established class size 'targets' for each grade level. Those targets are shown below. As student enrollment continues to trend upward over the next 5 years, our ability to stay within the established class size targets will become increasingly difficult due to space limitations in each school. The variances shown in the right hand column represent the 2010-11 school enrollments by grade.

School Board Average Class Size Targets (as of February 14, 2011)			
Grade	Total Average Class Size	Actual Average Class Size	Variance
K	19.00	18.88	-0.13
1	20.00	21.83	1.83
2	23.00	22.40	-0.60
3	23.00	24.42	1.42
4	28.00	29.08	1.08
5	28.00	28.31	0.31
6	28.00	29.08	1.08

Our schools are governed by state laws and regulations. One law that impacts our enrollment trends is "Open Enrollment." As shown in the table below, in 2010-11 Owatonna had a net loss of students enrolling under the provisions of this law.

	Attending Owatonna	Attending Other Districts	Net Gain/(Loss)
Albert Lea	3	0	3
Austin	1	0	1
Blooming Prairie	4	7	(3)
Brooklyn Center	0	4	(4)
Faribault	7	6	1
Fergus Falls	0	3	(3)
JWP	0	1	(1)
Kenyon-Wanamingo	2	0	2
Houston	0	9	(9)
Mankato	1	0	1
Medford	6	65	(59)
NRHEG	9	5	4
Rochester	2	1	1
WEM	3	0	3
Triton	2	1	1
Waseca	2	11	(9)
TOTAL	42	113	(71)

Open Enrollment Trends



The table below shows students who chose to open enroll in our District by grade.

Attending Owatonna

	EC	K	Gr 1	Gr 2	Gr 3	Gr 4	Gr 5	Gr 6	Gr 7	Gr 8	Gr 9	Gr 10	Gr 11	Gr 12	Total
Albert Lea		1	1	1											3
Austin											1				1
Bloomington Prairie	1	1	1										1		4
Faribault	1					2	1	2				1			7
Kenyon-Wan.						1				1					2
Mankato														1	1
Medford			2	1	1	1					1				6
NRHEG		2	1		2		1			1	1	1			9
Rochester												1	1		2
Triton					1				1						2
Waseca			1								1				2
WEM			1	1										1	3
TOTAL	2	4	7	3	2	6	1	3	1	2	4	3	2	2	42

From the table below showing students opting out of our District, the largest loss of students is in Kindergarten. Medford has an all-day every-day program.

Attending Other Districts

	EC	K	Gr 1	Gr 2	Gr 3	Gr 4	Gr 5	Gr 6	Gr 7	Gr 8	Gr 9	Gr 10	Gr 11	Gr 12	Total
Bloomington Prairie		1	1			1		1			1		1	1	7
Brooklyn Center												1	1	2	4
Faribault		2		1					1		1			1	6
Fergus Falls								1			1	1			3
Houston				1				2			1	1	3	1	9
JWP		1													1
Medford		23	7	6	6	8	1	1	4	5	2	1	1		65
NRHEG	1	1			1		1							1	5
Rochester												1			1
Triton												1			1
Waseca	1	5		1		1			2					1	11
TOTAL	2	33	8	9	7	10	2	5	7	5	6	6	6	7	113

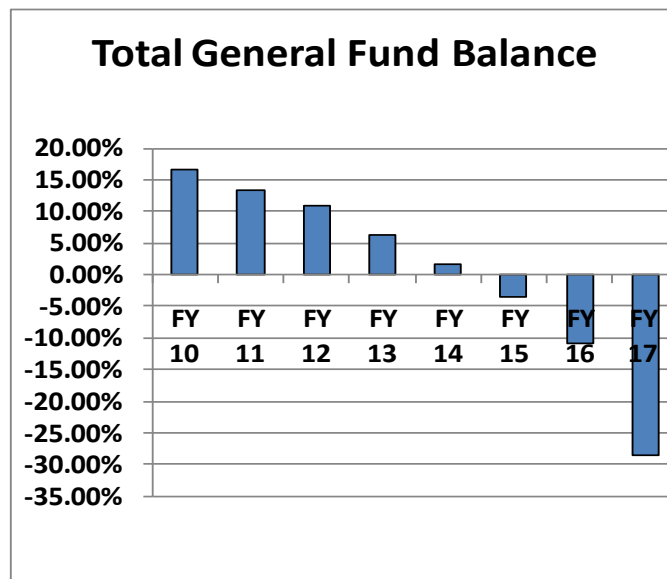
These numbers pose two concerns for our District. The exodus of students to Medford and to Kids Korner for the all-day Kindergarten experience does translate into an annual loss in revenue. For every twelve (12) students lost, we lose approximately \$54,000 in revenue. And while it is difficult to know how many of the students return to our District over time, records indicate that only about 30% return as first grade students (Medford only). Also, the net loss in students from grades 9-12 creates an even greater loss in revenue; estimated to be greater than \$100,000 for this year.

CHAPTER TWO - BUDGET OVERVIEW

The Owatonna School District has a total annual budget of \$54,175,189 for the 2011-12 school year. In FY 11 the district anticipates deficit spending by \$1,299,000. The FY 12 budget is established to further step-down the existing fund balance by \$1,310,458. This will place the district's total general fund balance at 11 percent.

Revenue and Expenditure Long Range Forecast

			Reduce By \$400k	Reduce by \$1.2m	Reduce by \$1.2m	Reduce by \$1.0m		
(in millions)	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Total Revenue	\$46.219	\$46.637	\$45.740	\$44.970	\$45.150	\$45.330	\$45.512	\$41.69
Total Expenditures	\$46.754	\$47.936	\$47.050	\$47.059	\$47.317	\$47.784	\$49.266	\$50.79
Fund Balance Change	-\$0.535	-\$1.299	-\$1.310	-\$2.089	-\$2.168	-\$2.454	-\$3.754	-\$9.10
Fund Balance	\$7.703	\$6.404	\$5.094	\$3.005	\$0.838	-\$1.616	-\$5.370	-\$14.47
Percent	16.48%	13.36%	10.83%	6.39%	1.77%	-3.38%	-10.90%	-28.49%



Overview and assumptions

1. In FY 12, the original projected deficit was \$2.55 million. This would be the amount of reductions the district must prepare for to have a structurally balanced budget. The above deficit of \$1.31 million in FY 12 is a result of the following:
 - a. The use of \$953,000 Ed Jobs counted as additional revenue. The district will not have this in FY 13 and beyond. However, the district will not have approximately \$700,000 in the federal ARRA dollars in FY 12.
 - b. The district will not spend \$230,000 in expense in FY 12. This amount was a budgeted expense in FY 11 as compensatory aid carryover from FY 10, but it will not be a part of the FY 12 expense budget.
 - c. The district will slow expense growth by \$400,000, as listed at the top of the FY 12 column.
2. Zero percent increase in all funding sources.
3. Revenue increases in table reflect a .4 percent/year increase in enrollment, or ~\$115,000/year.
4. Inflation rate of 3.1 percent/year applied to all expenditures, except for employee salaries.
5. A tapered “step down” of the fund balance will result in a 6.39 percent fund balance after FY 13, as shown in the table. The amount of reductions for each year is highlighted at the top of each FY column.
6. The average cost of 1.0 FTE is approximately \$78,000.

The budget includes revenues from six different funds that are required by law to maintain separate accounting systems. Those funds include the General, Food Service, Community Service, Debt Service, Trust, and Internal Service Funds. Detailed information on the General, Food Service, Community Service, and Debt Service Funds are included below. The 2001-11 numbers are based on the revised final budget.

Revenues

The table below describes a breakdown of anticipated revenues by category for the General Fund.

**OWATONNA PUBLIC SCHOOLS, ISD #761
GENERAL FUND REVENUE (Funds 1, 10, and 11)
2011-12 PRELIMINARY BUDGET**

GENERAL FUND REVENUE (Funds 1, 10, and 11)	2010-11 Revised Final Budget	2011-12 Preliminary Budget	Difference
Tax Levy	\$ 7,388,287	\$ 4,996,604	\$ (2,391,683)
Delinquent Taxes	20,000	-	(20,000)
County Apportionment	76,300	85,000	8,700
Miscellaneous County Tax Revenue	17,787	17,000	(787)
Revenue from Other MN ISD's for Special Ed.	65,072	73,000	7,928
Tuition from Patrons	56,660	50,000	(6,660)
Fees from Patrons	139,717	151,274	11,557
Admissions/Student Activity Revenue	151,764	152,225	461
Medical Assistance Reimbursement	425,000	400,000	(25,000)
Interest Earnings	28,603	5,006	(23,597)
Rent	13,130	13,130	-
Gifts and Bequests	109,298	106,100	(3,198)
Miscellaneous Revenue	218,420	213,601	(4,819)
Endowment	142,562	140,307	(2,255)
General Education Aid	30,854,939	32,331,408	1,476,469
Shared Time	62,830	62,871	41
Abatement Aid	3,455	4,725	1,270
Disparity Reduction Aid	9,700	11,814	2,114
Homestead/Ag Market Value Credit	108,000	116,936	8,936
Other State Credits	2,000	-	(2,000)
State Aids and Grants	181,427	182,270	843
Special Education	3,394,702	3,302,890	(91,812)
Miscellaneous Revenue from MDE	18,500	19,000	500
Federal Aids and Grants	2,967,556	3,271,018	303,462
Sale of Equipment	16,600	12,000	(4,600)
Judgments for District	164,787	30,000	(134,787)
TOTAL GENERAL FUND REVENUES	<u>\$46,637,096</u>	<u>\$45,748,179</u>	<u>\$ (888,917)</u>

It should be noted we have projected a decrease in revenue for 2011-12. Most of this decrease is due to the overall shift of the advanced recognition of the tax levy for FY 11 now being placed back into the general education aid for FY 12. Also, while the district will be realizing the use of the one-time federal Ed Jobs revenue in FY 12, the ARRA stimulus dollars that the district has had available for the past two years will no longer be a part of the district revenue. The District did project a 0% increase in the basic formula allowance. General education aid includes basic per pupil allotment along with all other aid categories, such as compensatory, staff development, Limited English Proficiency aid, and operating capital. Interest earnings is decreasing dramatically

because interest rates have not rebounded as anticipated and the District is acknowledging cash may not be as readily available to invest in FY 12.

Our Food Service Fund is shown in the following table. The largest portion of the fund is derived from the sale of meal tickets to students. Another portion comes to us through special assistance. This line item includes government subsidies, which is the largest portion of the revenue. **As part of the budget, the District is proposing an increase in all meal prices by .05 cents for 2011-12.** The primary reason for the drop in revenue is an anticipated reduction in the ala carte sales. This has been a trend during FY 11, and the district anticipates this to continue.

FOOD SERVICE FUND REVENUE (Fund 2)	2010-11 Revised Final Budget	2011-12 Preliminary Budget	Difference
Interest Earnings	\$ 888	\$ 155	\$ (733)
State Aids and Grants	155,239	143,340	(11,899)
School Lunch Program	86,745	85,386	(1,359)
Special Assistance	618,417	647,860	29,443
Commodity Rebates	25,000	5,000	(20,000)
Special Milk Program	6,287	5,623	(664)
School Breakfast Program	219,549	238,226	18,677
Summer School	36,600	15,000	(21,600)
	1,409,884	1,343,188	(66,696)
Sales to Adults	31,201	31,189	(12)
Special Function Food Sales	3,000	4,500	1,500
TOTAL FOOD SERVICE FUND REVENUES	\$ 2,592,810	\$ 2,519,467	\$ (73,343)

While it is legally possible to transfer general education funds into the Food Service Fund as a means of balancing the fund, it is not legal to transfer any fund balance from the Food Service Fund into the General Fund.

For our Community Education programs, the table below shows the categories we receive funding.

COMMUNITY SERVICE FUND REVENUE (Fund 4)	2010-11 Revised Final Budget	2011-12 Preliminary Budget	Difference
Tax Levy	\$ 284,847	\$ 286,231	\$ 1,384
Tuition from Patrons	202,500	232,500	30,000
Fees from Patrons	372,700	360,000	(12,700)
Interest Earnings	1,835	321	(1,514)
Rent	2,000	-	(2,000)
Gifts and Bequests	250	19,090	18,840
Miscellaneous Revenue	5,050	6,700	1,650
Disparity Reduction Aid	2,000	2,000	-
Homestead/Ag Market Value Credit	22,000	22,000	-
State Aids and Grants	775,466	750,538	(24,928)
Non-Public Aid	64,429	64,429	-
Federal Aids and Grants	27,160	24,557	(2,603)
Permanent Fund Transfer	28,000	45,968	17,968
TOTAL COMMUNITY SERVICE FUND REVENUES	\$ 1,788,237	\$ 1,814,334	\$ 26,097

Projected revenues for the coming year are anticipated to increase slightly for the Community Education programs. The increase comes in the areas of fees from patrons off setting a decrease in state aids and grants. The other increase in gifts is a result of local grant dollars. The decrease in state aids and grants is due to ABE funding. The District is a member of a consortium with Albert Lea and Austin for ABE, where we are the fiscal host. Therefore, any decrease or increase in funding to any of these districts affects our revenues and expenditures for Adult Basic Education.

Below are the revenue sources for the Debt Service Fund.

DEBT SERVICE FUND REVENUE (Fund 7)	2010-11 Revised Final Budget	2011-12 Preliminary Budget	Difference
Tax Levy	\$ 2,371,046	\$ 2,359,952	\$ (11,094)
Delinquent Taxes	15,000	15,000	-
Miscellaneous County Tax Revenue	5,800	5,800	-
Interest Earnings	7,589	1,328	(6,261)
Disparity Reduction Aid	21,700	19,374	(2,326)
Homestead/Ag Market Value Credit	241,000	191,765	(49,235)
Other Property Tax Credit	3,400	3,400	-
TOTAL DEBT SERVICE FUND REVENUES	\$ 2,665,535	\$ 2,596,619	\$ (68,916)

Debt service revenue can only be used for costs associated with the payout of bonds sold for the construction and/or repair of district facilities. Most of the revenue is the direct result of a voter approved bond levy. Currently, we are paying down on two separate bond issues. The decrease is due to the final payoff occurring in February 2011 on the 2004 General Obligation Refunding Bonds. If no other bonds are approved in the future, another debt obligation will end in February 2013 and the final payment of the existing bonds would be in 2017.

Total revenue for the operating funds is shown in the table below. The decrease of approximately \$936,000 represents an overall decrease of approximately 1.8% from FY 11.

<u>Fund Name</u>	<u>2010-11 Revised Final Budget</u>	<u>2011-12 Preliminary Budget</u>	<u>Difference</u>
<u>Total Operating Funds Revenue:</u>			
General Fund (Funds 1, 10, and 11)	\$46,636,986	\$45,748,179	\$ (888,807)
Food Service Fund (Fund 2)	2,592,810	2,519,467	(73,343)
Community Service Fund (Fund 4)	1,788,237	1,814,334	26,097
Total Operating Funds Revenue	<u>\$51,018,033</u>	<u>\$50,081,980</u>	<u>\$ (936,053)</u>

When debt service revenue is added to the operating funds, total revenue is shown in the table below.

<u>Fund Name</u>	<u>2010-11 Revised Final Budget</u>	<u>2011-12 Preliminary Budget</u>	<u>Difference</u>
<u>Total Non-Operating Funds Revenue:</u>			
Debt Service Fund (Fund 7)	\$ 2,665,535	\$ 2,596,619	\$ (68,916)
Building Construction Fund (Fund 6)	\$ 1,811,562	-	(1,811,562)
Total Non-Operating Funds Revenue	<u>\$ 4,477,097</u>	<u>\$ 2,596,619</u>	<u>\$ (1,880,478)</u>
TOTAL REVENUE	<u>\$55,495,130</u>	<u>\$52,678,599</u>	<u>\$ (2,816,531)</u>

Expenditures

All instructional programs and service expenditures are paid from the General Fund. Category allocations are shown in the table on the next page. The category of "Administrative and District Support Services" includes areas such as the board of education, superintendent's office, business office, human resources, and information technology services. The category of "Instructional" includes all costs associated with regular, vocational, and special education instruction. The category of "Instructional and Pupil Support" includes costs associated with assisting instructional staff and services provided to students that are not considered instructional. Examples of instructional and pupil support services include social workers, counselors, and transportation. The category of "Operations, Maintenance, and Fixed" includes costs associated with the maintenance and operations of our buildings and property insurance.

GENERAL FUND EXPENDITURES	2010-11 Revised Final Budget	2011-12 Preliminary Budget	Difference
(Funds 1, 10, and 11)			
<u>Administrative and District Support Services</u>			
Salaries	\$ 2,115,717	\$ 2,151,061	\$ 35,344
Benefits	747,258	746,647	(611)
Purchased Services	549,042	414,776	(134,266)
Supplies and Materials	147,086	120,300	(26,786)
Capital Expenditures	509,618	524,907	15,289
Other Expenditures	(34,530)	(32,121)	2,409
	<hr/>	<hr/>	<hr/>
Total Administrative and District Support Services	\$ 4,034,191	\$ 3,925,570	\$(108,621)
<u>Instructional</u>			
			\$
Salaries	\$21,551,417	\$21,137,659	(413,758)
Benefits	7,414,163	7,398,085	(16,078)
Purchased Services	1,744,290	1,582,549	(161,741)
Supplies and Materials	1,502,664	1,149,419	(353,245)
Capital Expenditures	387,788	864,795	477,007
Other Expenditures	78,845	76,983	(1,862)
	<hr/>	<hr/>	<hr/>
Total Instructional	\$32,679,167	\$32,209,490	\$(469,677)
<u>Instructional and Pupil Support</u>			
			\$
Salaries	\$ 2,454,092	\$ 2,176,767	(277,325)
Benefits	833,167	804,518	(28,649)
Purchased Services	2,627,596	2,713,666	86,070
Supplies and Materials	333,155	272,019	(61,136)
Capital Expenditures	34,186	22,680	(11,506)
Other Expenditures	13,255	71,417	58,162
	<hr/>	<hr/>	<hr/>
Total Instructional and Pupil Support	\$ 6,295,451	\$ 6,061,067	\$(234,384)
<u>Operations, Maintenance, and Fixed</u>			
			\$
Salaries	\$ 1,394,102	\$ 1,301,093	(93,009)
Benefits	659,389	669,618	10,229
Purchased Services	1,838,546	1,932,142	93,596
Supplies and Materials	709,150	597,079	(112,071)
Capital Expenditures	260,500	297,353	36,853
Other Expenditures	65,196	65,225	29
	<hr/>	<hr/>	<hr/>
Total Operations, Maintenance, and Fixed	\$ 4,926,883	\$ 4,862,510	\$(64,373)

Overall, the district is planning to decrease its general fund expenditures in FY 12 as a result of several factors. First, in FY 11, the district budgeted roughly \$230,000 in expense related to compensatory ed carryover. Second, this past spring, the district did identify several areas to trim expenses of roughly \$400,000. Thirdly, the district will no longer have access to the federal ARRA revenue dollars from FY 10 and FY 11, and has subsequently aligned the expense budget to reflect this drop in resources. The decrease in administration for FY 12 is largely due to expense items from FY 11 related to legal counsel and architectural fees associated with the Department of Justice inquiries and the facility referendum initiative. Instructional expense also decreased due to the reduction of roughly 5.5 FTE's to reflect a change in student enrollment relative to staffing levels in FY 10 and FY 11 and actual student enrollment during those same years. Instructional and pupil support expense also decreased due in large part of the organizational restructuring which will become effective during FY 12.

The table below shows the proposed expenditure allocations in the Food Service Fund.

FOOD SERVICE FUND EXPENDITURES (Fund 2)	2010-11 Revised Final Budget	2011-12 Preliminary Budget	Difference
Salaries	\$ 843,538	\$ 844,548	\$ 1,010
Benefits	314,105	320,235	6,130
Purchased Services	75,501	91,734	16,233
Supplies and Materials	1,346,432	1,306,107	(40,325)
Capital Expenditures	52,407	42,407	(10,000)
Other Expenditures	476	556	80
TOTAL FOOD SERVICE EXPENDITURES	\$ 2,632,459	\$ 2,605,587	\$ (26,872)

The increase in salaries and benefits is due to changes in the employee's contracts and employees taking benefits. Purchased services are increasing due to additional repairs and maintenance costs. Supplies and materials are decreasing due to aligning FY 12 budget to actual expense in food prices and offering breakfast offerings during FY 11. The decrease in capital expenditures is due to purchasing less equipment in FY 12 as compared to FY 11.

The table below shows the changes in expenditures of the Community Service Fund.

COMMUNITY SERVICE FUND EXPENDITURES (Fund 4)	2010-11 Revised Final Budget	2011-12 Preliminary Budget	Difference
Salaries	\$ 813,730	\$ 731,000	\$ (82,730)
Benefits	261,238	235,349	(25,889)
Purchased Services	703,477	750,807	47,330
Supplies and Materials	66,987	88,177	21,190
Capital Expenditures	8,179	6,179	(2,000)
Other Expenditures	1,925	2,100	175
TOTAL COMMUNITY SERVICE EXPENDITURES	\$ 1,855,536	\$ 1,813,612	\$ (41,924)

The decrease in community service expenditures is due mostly to changing positions and funding streams, and aligning the expense budget to reflect the tentative unpredictable nature of state funding. Some of the programming days have been adjusted based on the academic calendar. Community Education is adjusted from year to year based on the revenue received and the fund balances per program. Most programs are proposing deficit-based budgets for FY 12 to maintain programming and ensure fund balances meet statutory caps.

The Debt Service Fund, as shown below, is calculated based upon the outstanding principal and interest payments due during the year. The large decrease is due to the 2004 General Obligation Refunding Bonds being paid off in February 2011. The District only has two bonds remaining to be paid. Bond principal and bond interest will fluctuate from year to year because as bond principal increases this translates to a decrease in bond interest due.

DEBT SERVICE FUND EXPENDITURES (Fund 7)	2010-11 Revised Final Budget	2011-12 Preliminary Budget	Difference
Bond Principal	\$ 2,265,000	\$ 2,225,000	\$ (40,000)
Bond Interest	529,921	462,353	(67,568)
Other Debt Service Expenditures	3,094	10,000	6,906
TOTAL DEBT SERVICE EXPENDITURES	\$ 2,798,015	\$ 2,697,353	\$ (100,662)

Total expenditures for all operating funds are shown in the table below. The decrease of \$945,851 represents an overall decrease of approximately 1.8% from FY 11.

Fund Name	2010-11 Revised Final Budget	2011-12 Preliminary Budget	Difference
<u>Total Operating Funds Expenditures:</u>			
General Fund (Funds 1, 10, and 11)	\$47,935,692	\$47,058,637	\$ (877,055)
Food Service Fund (Fund 2)	2,632,459	2,605,587	(26,872)
Community Service Fund (Fund 4)	1,855,536	1,813,612	(41,924)
Total Operating Funds Expenditures	\$52,423,687	\$51,477,836	\$ (945,851)

When debt service expenditures are added to the operating funds, total expenditures are as shown in the table below.

Fund Name	2010-11 Revised Final Budget	2011-12 Preliminary Budget	Difference
<u>Total Non-Operating Funds Expenditures:</u>			
Debt Service Fund (Fund 7)	\$ 2,798,015	\$ 2,697,353	\$ (100,662)
Building Construction Fund (Fund 6)	1,811,562	-	(1,811,562)
Total Non-Operating Funds Expenditures	\$ 4,609,577	\$ 2,697,353	\$ (1,912,224)
TOTAL EXPENDITURES	\$57,033,264	\$54,175,189	\$ (2,858,075)

The budget proposed for Board passage for 2011-2012 is shown in the summary on **page 23**. Total operating revenue for FY 12 is projected to be \$50,081,980. Total operating expenditures for FY 12 is projected to be \$51,477,836. The net difference is an operating deficit of **\$1,395,856** for FY 12.

However, when considering only the General Fund (the largest fund and the fund from which our instructional programs and services are derived), the total revenue is projected to be \$45,748,179 and total expenditures are projected to be \$47,058,637. The net difference is a deficit

of **\$1,310,458** for FY 12. This represents about a 2.8% difference between revenues and expenditures. It is also important to note that a significant portion of the deficit spend down comes within the district's reserved accounts, as shown on page 23. This strategy of "stepping down" the fund balances in the reserved areas is intentional, and something the district's auditors have advised for several years.

The chart below shows the difference between revenues and expenditures for the operating funds, which includes the general fund, food service fund, and community service fund.

<u>Category</u>	<u>2010-11 Revised Final Budget</u>	<u>2011-12 Preliminary Budget</u>	<u>Difference</u>
<u>Includes General Fund, Food Service Fund, and Community Service Fund:</u>			
Total Operating Revenues	\$51,018,033	\$50,081,980	\$ (936,053)
Total Operating Expenditures	52,423,687	51,477,836	(945,851)
Total Revenues less Expenditures	<u>\$ (1,405,654)</u>	<u>\$ (1,395,856)</u>	<u>\$ 9,798</u>

The chart below shows the difference between revenues and expenditures for the general fund only.

<u>Category</u>	<u>2010-11 Revised Final Budget</u>	<u>2011-12 Preliminary Budget</u>	<u>Difference</u>
<u>Includes General Fund Only:</u>			
Total Revenues	\$46,636,986	\$45,748,179	\$ (888,807)
Total Expenditures	47,935,692	47,058,637	(877,055)
Total Revenues less Expenditures	<u>\$ (1,298,706)</u>	<u>\$ (1,310,458)</u>	<u>\$ (11,752)</u>

Below is the table that contains the proposed budget for the 2011-12 school year. This is the budget the Board is being asked to approve for fiscal year 2012. Included in this proposal is a .05 cent increase to all meal prices in the Food Service budget for the 2011-12 school year. Approval of this budget approves the food service price increase.

2011-12 PROPOSED PRELIMINARY BUDGET

JUNE 30, 2011 PROJECTED ENDING FUND BALANCES

Fund	6/30/2010 Balance	2010-11 Revenues	2010-11 Expenditures	6/30/2011 Balance
General - Unreserved	6,893,359	40,303,697	41,047,253	6,149,803
General - Designated	-	-	-	-
General - Reserved	810,949	6,333,289	6,888,439	255,799
Food Service	369,490	2,592,810	2,632,459	329,841
Community Service	201,378	1,788,237	1,855,536	134,079
Building Construction	-	1,811,562	1,811,562	-
Debt Service	813,147	2,665,535	2,798,015	680,667
Trust	2,637	1,013	1,013	2,637
Internal Service	251,540	1,072	-	252,612
Total	9,342,500	55,497,215	57,034,277	7,805,438

JUNE 30, 2012 PROJECTED ENDING FUND BALANCES

Fund	6/30/2011 Balance	2011-12 Revenues	2011-12 Expenditures	6/30/2012 Balance
General - Unreserved	6,149,803	39,393,920	39,892,558	5,651,165
General - Designated	-	-	-	-
General - Reserved	255,799	6,354,259	7,166,079	(556,021)
Food Service	329,841	2,519,467	2,605,587	243,721
Community Service	134,079	1,814,334	1,813,612	134,801
Debt Service	680,667	2,596,619	2,697,353	579,933
Trust	2,637	1,013	1,013	2,637
Internal Service	252,612	188	-	252,800
Total	7,805,438	52,679,800	54,176,202	6,309,036

JUNE 30, 2012 FUND BALANCE COMPARISON PROJECTION

Fund	6/30/2011 Balance	6/30/2012 Balance	Difference
General - Unreserved	6,149,803	5,651,165	(498,638)
General - Designated	-	-	-
General - Reserved	255,799	(556,021)	(811,820)
Food Service	329,841	243,721	(86,120)
Community Service	134,079	134,801	722
Debt Service	680,667	579,933	(100,734)
Trust	2,637	2,637	-
Internal Service	252,612	252,800	188
Total	7,805,438	6,309,036	(1,496,402)

The FY'11 auditing process will validate the actual financial performance of the District and those results could change the listed ending fund balances for FY'11. As always, any such adjustments will be used in the FY'12 final budget, which the board typically approves in December

CHAPTER THREE - ELEMENTARY SCHOOL REPORT

The Owatonna School District operates four elementary education schools. Student enrollment is determined by specific boundaries that have been created to provide for 'neighborhood' school programs. Programs and services are coordinated to ensure every student within the District receives comparable learning opportunities.

McKinley Elementary School serves approximately 480 students, K-5, in the northeast sector of Owatonna. The make-up of the students is approximately: 10% Hispanic; 18% Black not Hispanic; 1% Asian / Pacific Islander and 72% Caucasian. 52% of our students receive free or reduced lunch, 13% of McKinley's students receive Special Education services and approximately 24% receive ELL services. In addition to basic academic instruction in Reading, Math, Science, and Social Studies, McKinley has special programs to meet the needs of its special education students and English Language Learners (ELL). Students also receive instruction in Phy Ed (1/2 hr. every day), Music (1/2 hr. 3 days / wk) and Art (1 hr. / wk). McKinley 4th and 5th graders have the opportunity to participate in band, orchestra and choir. We also have a very active Student Council and Safety Patrol.

This past year, McKinley continued to run an Extended Day Kindergarten Program in space rented from The Church of God across the street from November through May. Fifteen (15) identified morning and fifteen (15) afternoon Kindergartners attend an extra 90 minutes of school four (4) days per week. We also had an Extended Day Targeted Services Program for students in Grades 1-5. A new part of the Extended Day Program was 2 sections of ELL. Our students really showed some good growth in all of these areas. Students worked from 2:30 to 4:00 on Tuesdays and Thursdays from November through April.

We are in our 3rd year of our RTI reading program. We were able to hire 2 teachers to help students that were below grade level in reading. Our teachers have been meeting with identified students daily and they have been showing tremendous growth. Many of our students have been able to move out of the RTI program and back into the regular reading class. The RTI program has been a great addition to our school and the entire district.

In addition to the RTI program, in 2009-10 McKinley added a literacy coach to the staff. This position has been a driving force of change in the way we teach reading to our students. This person has worked with our teachers on teaching reading strategies. She has increased our guided reading library and guided our building's PLC's throughout the year. This position will continue into next year. We are anticipating good growth in reading, but are realistic that it will take more than one year to get over the hump. We are confident in our plan and feel we are on the right track to success for all students.

McKinley's Economic Outlook

School district funding comes from a variety of sources. The primary source is general education aid revenue derived from the State's basic funding formula. The District has assumed a 0% increase in this formula. The general education basic aid for 2011-12 is calculated at a rate of \$5,124 per pupil unit in the elementary school. As a District, for students who are in kindergarten, we receive .612 of the base amount, for students in grades one through three we receive 1.115 of the base amount, and for students in grades four through six we receive 1.06 of the base amount.

In the following table, the amount of state aid that we anticipate to receive for 2011-12 based upon our student enrollment at McKinley is \$2,524,423. Other additional revenue is also listed. The next largest revenue amount that we anticipate to be received is \$341,173. This amount has been generated as a result of our successful excess levy referendum passed in 2002.

McKinley Revenues

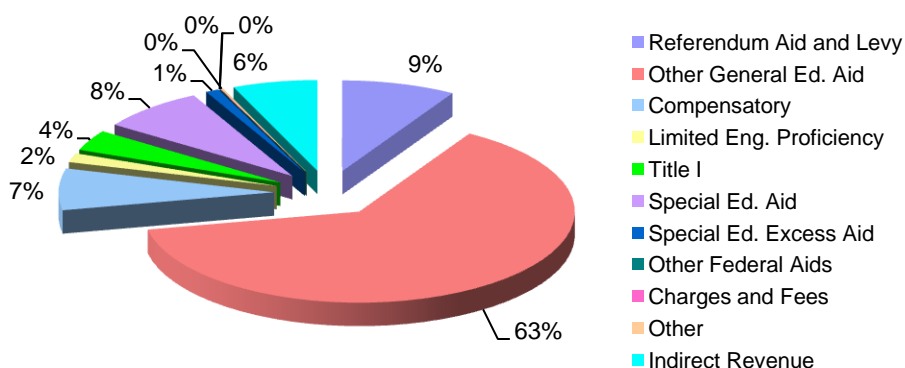
Description	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget	Change Percent	Change Amount
Referendum Aid and Levy	\$ 357,537	\$ 350,580	\$ 357,399	\$ 341,173	-4.5%	\$ (16,226)
Other General Ed. Aid	2,812,009	2,265,524	2,525,934	2,524,423	-0.1%	(1,511)
Compensatory	288,520	285,365	402,149	295,348	-26.6%	(106,801)
Limited Eng. Proficiency	66,429	65,059	64,904	64,819	-0.1%	(85)
Title I	100,380	108,753	119,038	147,438	23.9%	28,400
Special Ed. Aid	212,230	253,218	247,909	313,937	26.6%	66,028
Special Ed. Excess Aid	23,961	30,842	31,236	39,556	26.6%	8,320
Other Federal Aids	-	428,944	-	-	0.0%	-
Charges and Fees	1,200	1,110	1,142	1,356	18.7%	214
Other	19,008	9,629	9,063	7,793	-14.0%	(1,270)
Indirect Revenue	271,334	302,395	479,076	253,415	-47.1%	(225,661)
Total	\$ 4,152,608	\$ 4,101,419	\$ 4,237,850	\$ 3,989,258	-5.9%	\$ (248,592)

The table above identifies projected changes in our overall revenue picture for McKinley in the 2011-12 school year. Revenue will decrease by about 6%. One part of this decrease for McKinley is in compensatory revenue. McKinley will receive \$295,348 in compensatory revenue, which is a decrease of \$106,801. Compensatory revenue is a categorical aid that is intended to provide additional funding for students eligible for the free and reduced lunch program. These funds are under the direct administration of each building site. State law allows the site leadership teams to decide how these funds are expended. Since they are a rather unstable source of revenue, the most frequent use of this funding is for positions that do not have continuing contract provisions.

Most sites will see large fluctuations in the other general education aid, other federal aids, and indirect revenue categories. This is due to the ARRA funding, Ed Jobs, and the tax shifts of FY 11. The tax shift will affect other general education aid and indirect revenue. Indirect revenue is revenue that is not directly allocated to the sites, like non-specific levy items, state aids, interest, and other miscellaneous revenue.

The following chart is a graphic representation of the revenues that are received by the District and allocated to McKinley. McKinley receives about 63% of its revenue from the general education aid formula. Indirect revenue is 6% and this decreased from last year due to the tax shift. Of equal interest is the 7% allocation received as a result of compensatory.

2011-12 McKinley Revenue Budget



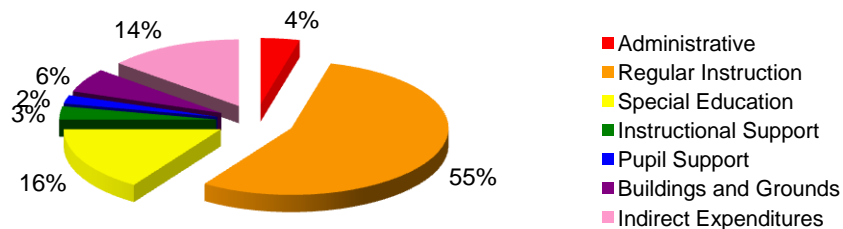
McKinley's proposed expenditure budget for the coming year is below the allocated revenue amount. McKinley's expenditure budget is to decrease by 8.9%. The largest increase will be in regular instruction, where the district is anticipating the upgrading of some classroom space. Anticipated special education needs will also increase at McKinley.

McKinley Expenditures

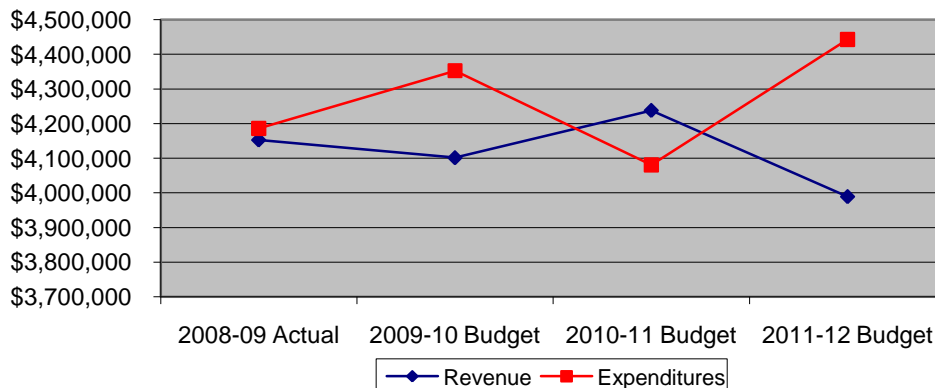
Description	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget	Change Percent	Change Amount
Administrative	\$ 186,659	\$ 177,230	\$ 178,047	\$ 179,202	0.6%	\$ 1,155
Regular Instruction	2,425,951	2,554,873	2,300,319	2,455,957	6.6%	155,638
Special Education	459,171	559,178	550,354	696,644	26.6%	146,290
Instructional Support	136,832	150,225	141,931	143,252	0.9%	1,321
Pupil Support	45,197	81,171	90,814	91,647	0.9%	833
Buildings and Grounds	399,296	221,589	234,413	258,595	10.3%	24,182
Indirect Expenditures	532,599	608,305	584,769	617,753	5.6%	32,984
Total	\$ 4,185,705	\$ 4,352,571	\$ 4,080,647	\$ 4,443,050	8.9%	\$ 362,403

Graphically, the allocation of resources at McKinley can be shown below. The largest portion of expenditures is in the area of regular instruction, which includes classroom teachers. The next largest portion of the budget allocation is in the area of special education. Most sites spend about 10% to 14% on special education.

2011-12 McKinley Expenditure Budget



The average revenue per student allocated to McKinley is \$8,141. The expenditure per student at McKinley is \$9,067. The relationship between revenues and expenditures over the last three years can be shown in the table below.



Lincoln Elementary School proudly serves as a learning community for Kindergarten through Fifth Grade students and is located in the southeast sector of Owatonna on a beautiful site of forty (40) acres with hundreds of bur oak trees. Enrollment for the 2010-2011 school year has held steady throughout the year with a student enrollment of 543 at the start of the year and 541 at the end of April. Enrollment at the conclusion of the 2009-2010 school year was 546.

Lincoln's licensed staff of thirty-six (36) includes classroom teachers, art, music, physical education, media, special education, English as a second language, extended day kindergarten, school psychologist, social worker, response to intervention, and gifted/talented teachers. Our classified staff of twenty - two (22) includes educational assistants, media assistant, secretaries, school nurse, paraprofessionals, noon supervisors, custodians, and food service.

Demographic data shows that Lincoln's percentage of students qualifying for free/reduced lunch has increased by close to three percent (2.88%) to almost thirty percent (28.94%), which is the third year in a row an increase has occurred. The percentage of students receiving English Language Learner services has remained the same at two percent (2%). The percentage of students qualifying for Special Education services this school year increased by one percent (1%) to eleven percent (11%), which is still a lower percentage than we experienced before implementing the Response to Intervention process.

Lincoln Elementary School's mission, "Within a collaborative family environment, Lincoln Elementary School builds the foundation that inspires each child's learning journey" is the focus for all that we do. Our school district's creation and implementation of the Strategic Roadmap served as the guide for setting our goals, initiatives and actions.

Reading has continued to be the core area for our standard work improvements with the implementation of the Treasures reading resource. Aligning this resource with current Minnesota standards and the reading framework structure has been necessary within our school and across our district. Mid-year NWEA results in reading showed 60% of students in grades 2 – 5 scored in the 50thile or higher. After analyzing last year's NWEA and MCA results, it appeared that students who scored in the 46 – 48thile on the spring NWEA typically met or exceeded the MCA reading proficiency.

Our strategic roadmap implementation work for Lincoln Elementary has been in the areas of technology and diversity. With this being the first full year of all classrooms having an interactive white board, teachers focused on infusing this technology as a tool to enhance reading and math instruction. All classroom and learning center special education teachers received level 1 training with the smartboard technology and sixty-five percent (65%) received level 2 training. Those who received the second level of training have provided an informal train the trainer model through study group PLCs.

Lincoln Elementary developed learning opportunities with students to increase awareness and understanding of cultural diversity. Examples of activities throughout our school have included integration of cultural diversity focus within literature, conducting a Black History fair, a study of immigrants and creation of culture baskets representing students' heritage, and a fourth grade Kindness Retreat.

As we look to future standard of work improvements, we will continue to implement strategies to increase students' reading comprehension, utilize the district developed reading curriculum map and resource guides, and focus reading instruction with the most updated language arts standards created by the Minnesota Department of Education. Lincoln, along with all schools, will also need to prepare for the format of the new online math MCA III assessments. Very clear implementation work will be focused on leadership and inquiry as the foundation for all students in Kindergarten through Eighth Grade, not only as a part of the K – 8 Explorations initiative, but more importantly as a means for success for all students.

Lincoln's Economic Outlook

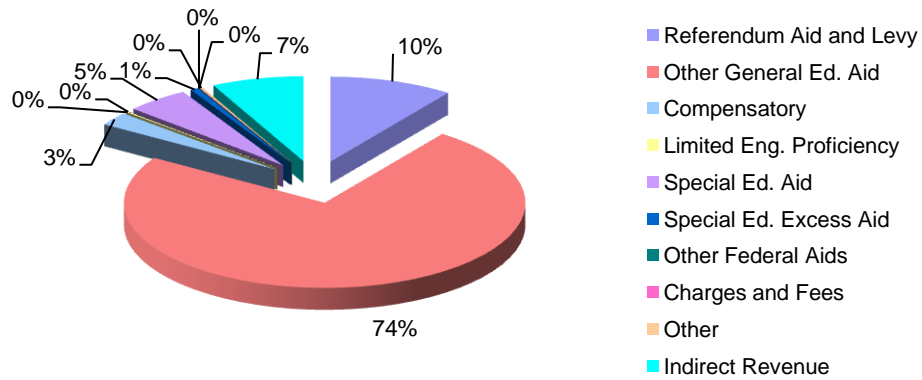
The table below identifies projected changes in our overall revenue picture for Lincoln in the 2011-12 school year. Revenue will decrease by about 7.4%. Lincoln will have about 30 fewer students in 2011-12. This creates the decrease in total revenue. The drop in the indirect revenue area is due to a shifting back to the historical manner in which the state required districts to report anticipated revenue.

Lincoln Revenues

Description	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget	Change Percent	Change Amount
Referendum Aid and Levy	\$ 386,481	\$ 385,083	\$ 374,747	\$ 355,476	-5.1%	\$ (19,271)
Other General Ed. Aid	3,039,651	2,446,664	2,648,546	2,630,256	-0.7%	(18,290)
Compensatory	54,577	62,488	95,828	91,072	-5.0%	(4,756)
Limited Eng. Proficiency	6,056	5,693	5,679	5,672	-0.1%	(7)
Title I	-	-	-	-	0.0%	-
Special Ed. Aid	219,121	206,105	186,408	181,757	-2.5%	(4,651)
Special Ed. Excess Aid	24,739	25,104	23,487	22,901	-2.5%	(586)
Other Federal Aids	-	512,991	-	-	0.0%	-
Charges and Fees	1,297	1,219	1,197	1,413	18.0%	216
Other	26,532	12,799	9,413	8,426	-10.5%	(987)
Indirect Revenue	293,299	332,157	502,331	264,038	-47.4%	(238,293)
Total	\$ 4,051,753	\$ 3,990,303	\$ 3,847,636	\$ 3,561,011	-7.4%	\$ (286,625)

Graphically, Lincoln’s revenue allocation is shown in the chart below. Since Lincoln receives fewer funds in special categorical aids, a larger share of its revenue is derived from the general education formula. Lincoln receives the smallest allocation in the area of compensatory aid in comparison to our other elementary schools.

2011-12 Lincoln Revenue Budget



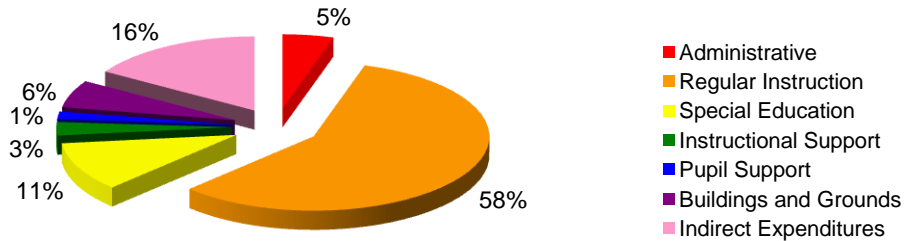
A table of Lincoln’s expenditures follows. Lincoln will also see a slight decrease in expenditures. Most of it is in indirect expenditures which relate to the number of students at your site.

Lincoln Expenditures

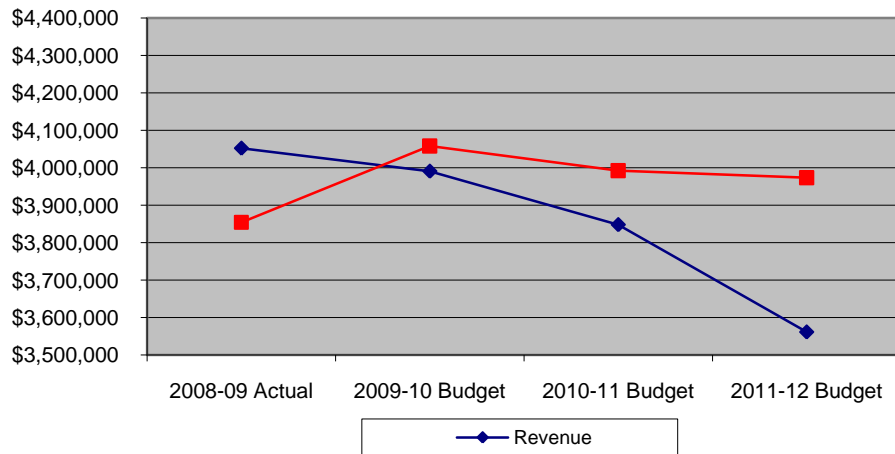
Description	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget	Change Percent	Change Amount
Administrative	\$ 203,372	\$ 187,984	\$ 188,530	\$ 186,883	-0.9%	\$ (1,647)
Regular Instruction	2,157,825	2,231,394	2,260,001	2,295,964	1.6%	35,963
Special Education	451,290	471,371	446,810	425,198	-4.8%	(21,612)
Instructional Support	150,166	161,223	151,933	116,840	-23.1%	(35,093)
Pupil Support	62,635	68,518	74,792	66,716	-10.8%	(8,076)
Buildings and Grounds	252,941	268,930	256,877	238,071	-7.3%	(18,806)
Indirect Expenditures	575,714	668,174	613,154	643,650	5.0%	30,496
Total	\$ 3,853,943	\$ 4,057,594	\$ 3,992,097	\$ 3,973,322	-0.5%	\$ (18,775)

Graphically, the expenditure budget for Lincoln is illustrated below. Administrative costs for Lincoln, as well as our other sites remain relatively constant at 5% or less. These costs include costs associated with the operation of the principal's office. Indirect expenditures make up the second largest portion of the budget. Included in the indirect expenditures category is the school's share, based on pupil units, of expenditures for the school board, superintendent, and district support staff including directors, staff development, and indirect building and grounds costs.

2011-12 Lincoln Expenditure Budget



The average revenue per student allocated to Lincoln is \$7,051. The expenditure per student at Lincoln is \$7,868. The relationship between revenues and expenditures over the last three years are shown in the table below.



Washington Elementary School is proud to serve as a learning community for Kindergarten through Sixth Grade students. It is located in the central sector of Owatonna near the downtown business community. Total enrollment for the 2010-11 school year was approximately 565 students with 513 kindergarten through five students and two sections of Montessori at 52 students. Washington's licensed staff of forty-five (45) teachers includes classroom teachers in the areas of art, music, physical education, media, special education, English as a Second Language, reading support, school psychologist, social worker, reading support, and gifted/talented. Our classified staff of twenty (20) includes educational assistants, paraprofessionals, media assistant, secretaries, school nurse, noon supervisors, custodians and food service. Demographic information data shows Washington's percentage of students qualifying for free and reduced lunch is approximately 38 % for this school year which is a 3.52 increase from last year and an increase of 9.92 from 2006-07. Washington will qualify as a Title I school for 2011-12. The percentage of students identified as English Language Learners are approximately 5%. Percentages of students qualifying for special education services this school year are approximately 11%.

The main themes at Washington School this past year included, 1) analyzing Hispanic Math, FRE and Special Education reading subgroups to determine differentiated needs in these areas 2) continuing and expanding technology with the purpose of using technology as an instructional tool to further student engagement 3) continuing the implementation of Response to Intervention across our K-5 classrooms in reading 4) continuing professional learning communities started in 2003-04 school year which includes common planning time for grade levels and beginning PLC's meeting outside of the school day to focus on common learning initiatives, 5) creating the climate at Washington Elementary for Peer Coaching to enhance professional development and students achievement 6) implementing the new language arts resource, Treasures 7) learning about the new Science Standards 8) learning about best practice in vocabulary development and differentiation of instruction or all students.

In reviewing the work accomplished during the 2010-11 school year it is apparent Washington School is deeply committed to providing all students the tools to be successful learners. A number of staff development opportunities have been provided during the school year and align with our site's action plan and score card. These opportunities included staff development for implementing the new reading resource, Words Their Way and best practice in vocabulary instruction. The Peer Coaching professional learning community continues to be a collaborative effort between the University of Minnesota, Mankato and Washington Elementary. Nine teachers participated in the on-site peer coaching PLC. This peer coaching initiative is setting the foundational climate for peers coaching peers through reflective practice and supporting one another's professional growth. When teachers are given the time and support to reflect on their instruction with a trusted peer, the result is improved professional practice. Improved professional practice, it is believed, results in improved student achievement. In addition to this PLC, grade levels participated in PLCs focusing on differentiation of instruction for students.

The use of our technology during the 2011-12 school year has continued to be developed with SMART Board lessons in reading instruction developed at many grade levels and shared with colleagues across the district. The use of response clickers to allow students to participate in lessons has spread across grade levels. The use of the FLIP cameras to develop student work has been seen as a benefit to the engagement of learners. The innovation and use of the new technology continues to expand as teachers and students develop new uses to support and enhance instruction.

As the School Board is well aware, a continuing need at our school is space for additional students and updates on both the internal capacity of the building as well as the green space surrounding the school. The green space available at our school quickly turns to dirt or mud because of the amount of student wear and tear on the limited grass. While grass was planted last summer, it did not perform as was expected and we began the school year with a dirt surface in many spots. We will continue to be above capacity and have limited space for any added classrooms to our building. We are now the largest elementary building in the District. With the lack of space comes the challenge of finding ways to create small group learning spaces for twenty-first century learning. Most small group learning has to be accomplished in our hallways. Additional

concerns relate to the safety of students and staff due to the lack of visibility of key entry points for visitors.

Washington's Economic Outlook

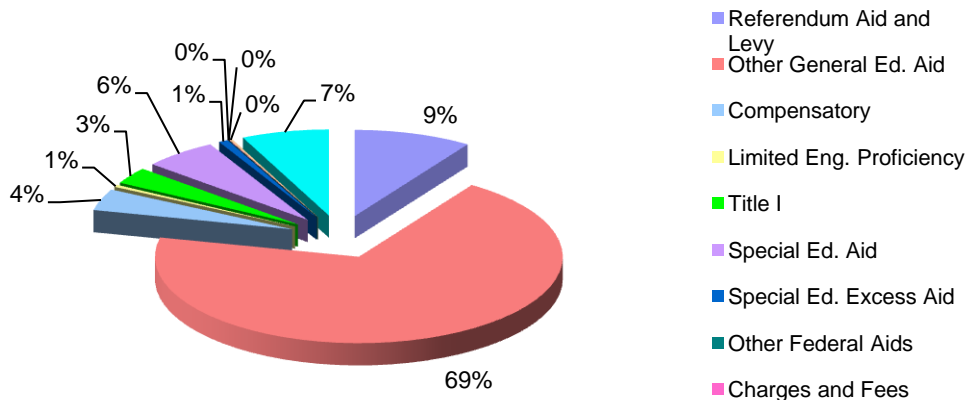
Washington's revenue for the coming year will be decreasing. This is a result of decreased enrollment by about 15 students and the recording of indirect revenue. In addition, Washington will see an increase in compensatory aid.

Washington Revenues

Description	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget	Change Percent	Change Amount
Referendum Aid and Levy	\$ 381,267	\$ 391,051	\$ 403,901	\$ 394,900	-2.2%	\$ (9,001)
Other General Ed. Aid	2,998,645	2,456,236	2,854,590	2,921,968	2.4%	67,378
Compensatory	88,152	124,318	158,317	170,513	7.7%	12,196
Limited Eng. Proficiency	18,448	17,891	17,849	17,825	-0.1%	(24)
Title I	65,394	101,916	97,468	132,502	35.9%	35,034
Special Ed. Aid	199,154	244,031	234,750	247,390	5.4%	12,640
Special Ed. Excess Aid	22,485	29,723	29,579	31,171	5.4%	1,592
Other Federal Aids	-	549,280	-	-	0.0%	-
Charges and Fees	1,280	1,238	1,290	1,570	21.7%	280
Other	24,674	10,615	10,468	9,705	-7.3%	(763)
Indirect Revenue	289,342	337,304	541,410	293,322	-45.8%	(248,088)
Total	\$ 4,088,841	\$ 4,263,603	\$ 4,349,622	\$ 4,220,866	-3.0%	\$ (128,756)

Graphically, the revenues received by Washington Elementary are shown in the chart below. Washington's 4% allocation for compensatory aid is only slightly better than Lincoln. Wilson's and McKinley's total percent allocation is the greatest amount received of any school in the District. It is this differential in funding from site to site that provides autonomy and a level of 'uniqueness' in program design and delivery among our schools. Just like Lincoln, the vast majority of Washington's revenue comes from other general education aid.

2011-12 Washington Revenue Budget

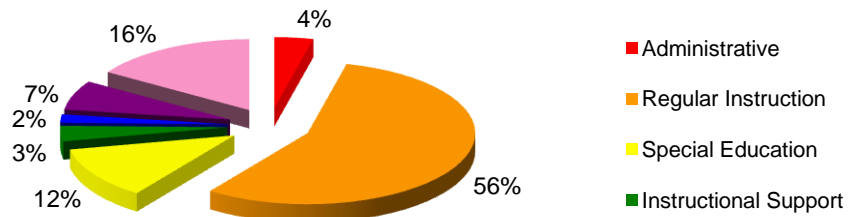


Washington's expenditures are listed in the following table. Washington's overall expenditure budget increased. As the other elementary schools, the increase in instructional costs is related to anticipated improvements to classroom space.

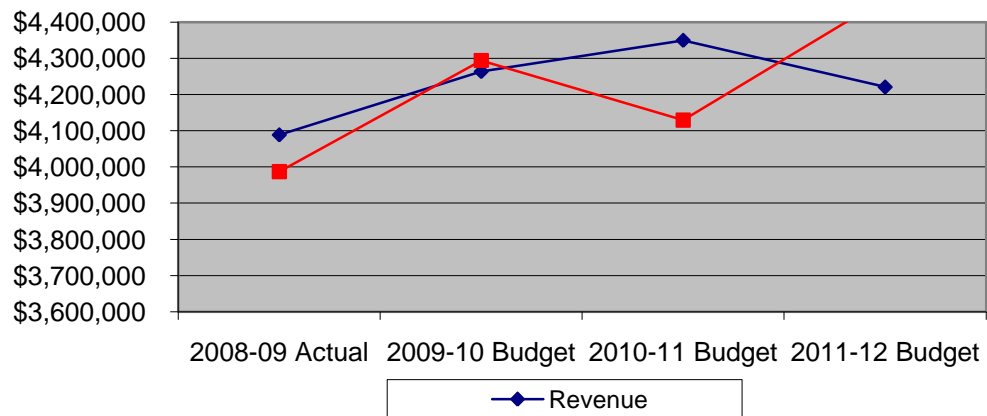
Washington Expenditures						
Description	2008-09 Actual \$	2009-10 Budget \$	2010-11 Budget \$	2011-12 Budget \$	Change Percent	Change Amount \$
Administrative	190,279	177,974	174,112	166,991	-4.1%	(7,121)
Regular Instruction	2,181,670	2,416,520	2,298,529	2,506,443	9.0%	207,914
Special Education	450,038	550,607	521,037	533,521	2.4%	12,484
Instructional Support	151,475	165,744	161,105	157,478	-2.3%	(3,627)
Pupil Support	77,229	75,705	86,506	84,952	-1.8%	(1,554)
Buildings and Grounds	368,254	228,784	227,116	300,934	32.5%	73,818
Indirect Expenditures	567,948	678,528	660,855	715,036	8.2%	54,181
Total	\$ 3,986,893	\$ 4,293,862	\$ 4,129,260	\$ 4,465,355	8.1%	\$ 336,095

Graphically, Washington's expenditure budget is shown below. Overall, the allocation per category is consistent with each of our other elementary school programs.

2011-12 Washington Expenditure Budget



The average revenue per student allocated to Washington is \$7,688. The expenditure per student at Washington is \$8,134. The relationship between revenues and expenditures over the last three years can be shown in the table below.



Wilson Elementary services students in grades kindergarten through fifth grade who live on the west side of Owatonna. This year, we have 524 students, one of the higher student populations in recent years; added to this is over 75 staff members. We are currently the only school in the district that offers all-day, every day kindergarten, a program that has found much success and is very popular with families. Our student demographics include 71% white, 20% Hispanic, and 8% black. Approximately 19% of our students participate in the English Language Learners program with 13+% of students serviced in our special education program. In addition, 55% of our students are eligible for free and reduced lunch.

Wilson continues a number of the initiatives that were put in place over the course of the last five years. Our focus continues to be on the Everyday Math program as well as a strong, balanced literacy program. The Reading First grant Wilson received continues to provide the framework for our daily 120-minute reading block. This year saw the implementation of the new district-wide reading series *Treasures*. This new resource allows, for the first time in years, consistent fluency probes across the district. This data will become a key part of our last monthly sub-out of the school year where we put together the final pieces of student data. Wilson continues its strong commitment to using student data to guide instruction. This is evident daily in reading groups and in a new program implemented this year in our 4/5 wings. Each day, 19 adults converge on that area for an intense 30 minute reading intervention. The focus areas and students change as data changes, but some of the groups include RTI, gifted/talented, test prep skills, etc. The monthly data meetings provide an incredible amount of information to help guide not just this year's instruction but to also help next year's teacher have a solid understanding of the students in their classes. We continue our PLC meetings with video shares and a focus on higher level thinking. In the spring, Lori Bird from MSU began working with the PLC's on peer/cognitive coaching. We are excited about this initiative that will continue into the 2011-2012 school year.

As we prepare for the 2010-2011 school year, we will continue the focus on data study, balanced literacy, and math instruction. The possibilities to enhance small group instruction are also dependent on the RTI grant for which we are awaiting approval. We have moved forward with some technology purchases through federally-funded ARRA dollars. Our kindergarten teachers are finally on the same level with our other teachers with the installation of SmartBoards into all four classrooms. Other one-time funds are being used to purchase an iPad for each classroom, including our special education classrooms. To help support this technology and the ever-changing world of technology opportunities, we have implemented a technology support group that meets after school to learn from each other.

Wilson's Economic Outlook

A large portion of Wilson's students are eligible for special funding such as Compensatory, Title I, and Limited English Proficiency. Therefore, total revenue per student is larger at this site than any of our other elementary school sites, excluding Willow Creek.

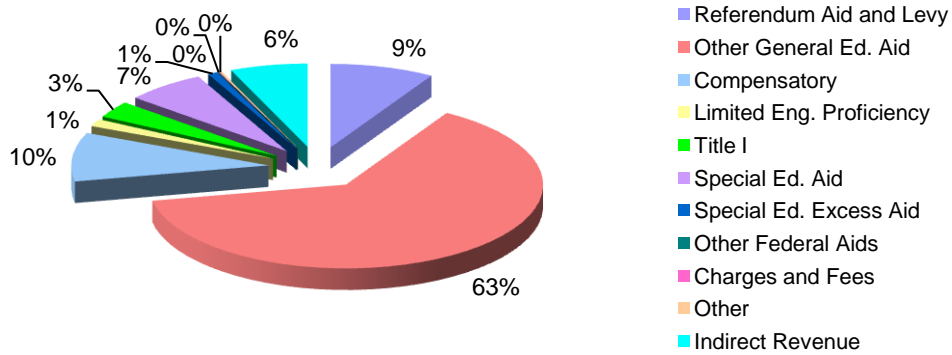
Wilson Revenues

Description	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget	Change %	Change Amount
Referendum Aid and Levy	\$ 356,478	\$ 356,469	\$ 373,485	\$ 376,568	0.8%	\$ 3,083
Other General Ed. Aid	2,803,679	2,336,664	2,639,623	2,786,325	5.6%	146,702
Compensatory	404,786	379,451	429,225	415,240	-3.3%	(13,985)
Limited Eng. Proficiency	65,279	63,432	63,281	63,198	-0.1%	(83)
Title I	139,415	138,945	135,951	142,682	5.0%	6,731
Special Ed. Aid	261,792	283,314	287,508	288,059	0.2%	551
Special Ed. Excess Aid	29,556	34,508	36,226	36,295	0.2%	69
Other Federal Aids	152,692	477,918	-	-	0.0%	-
Charges and Fees	1,197	1,128	1,193	1,497	25.5%	304
Other	17,856	9,343	9,141	8,742	-4.4%	(399)
Indirect Revenue	270,530	307,475	500,638	279,708	-44.1%	(220,930)
Total	\$ 4,503,260	\$ 4,388,647	\$ 4,476,271	\$ 4,398,314	-1.7%	\$ (77,957)

Wilson will see an decrease in total revenue due to, again, how districts are now reporting the indirect revenue related to last year's tax shift.

The graph below shows the overall proportion of revenue received by category at Wilson. When compared to our other elementary school sites, Wilson benefits financially from a larger proportion of compensatory aid and Title I revenue.

2011-12 Wilson Revenue Budget



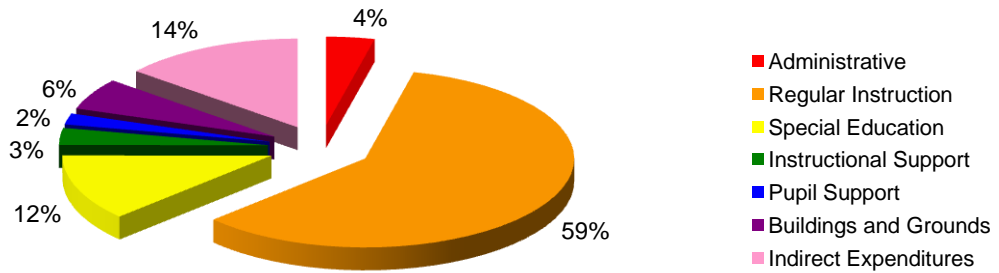
Wilson's expenditures are listed in the following table. Wilson's expenditures will increase by 4.7% for the coming year.

Wilson Expenditures

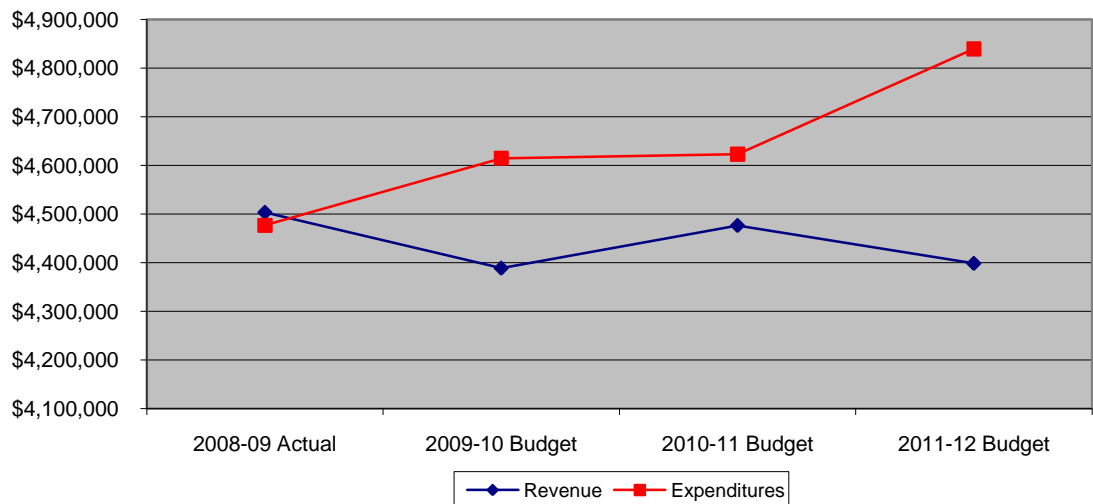
Description	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget	Change %	Change Amount
Administrative	\$ 200,302	\$ 189,653	\$ 185,222	\$ 181,006	-2.3%	\$ (4,216)
Regular Instruction	2,689,420	2,691,716	2,693,040	2,865,129	6.4%	172,089
Special Education	513,352	566,954	581,711	584,112	0.4%	2,401
Instructional Support	140,676	149,692	151,684	150,374	-0.9%	(1,310)
Pupil Support	91,124	97,980	108,295	97,799	-9.7%	(10,496)
Buildings and Grounds	310,637	300,065	291,952	279,030	-4.4%	(12,922)
Indirect Expenditures	531,021	618,524	611,088	681,843	11.6%	70,755
Total	\$ 4,476,532	\$ 4,614,584	\$ 4,622,992	\$ 4,839,293	4.7%	\$ 216,301

Graphically, Wilson's expenditures are shown in the chart below. Wilson's allocations of expenditures are consistent with the other elementary buildings.

2011-12 Wilson Expenditure Budget



The average revenue per student allocated to Wilson is \$8,145. The expenditure per student at Wilson is \$8,962. The relationship between revenues and expenditures over the last three years can be shown in the table below.



CHAPTER FOUR - INTERMEDIATE SCHOOL REPORT

The Owatonna School District has two intermediate level schools. Willow Creek brings all sixth grade students from across the District into a single site to begin the process of assimilation into our secondary schools. The Junior High school serves students in grades seven and eight. Our intermediate level approach to instruction is 'team' based; ensuring that students have individual and guided student interaction and social development.

Willow Creek Intermediate School is a one-year school that serves all sixth grade students in Owatonna, with enrollment of approximately 350 students and nearly 50 staff members. Our student population is 80% white, 11% Hispanic, 6% black and 2% Asian. Currently, 37% of our students are eligible for free or reduced lunch, 13% special education and 10% English language learners (ELL).

Staff collaborate to set building goals annually focused on student growth and success both academically and socially. Key initiatives during the 2010-11 school year focused on developing systematic approaches that align the work within the building as well as focus on aligning programming from elementary to junior high through this one-year transition. Building goals included the implementation of a ninety-minute reading block utilizing a balanced literacy approach and new core reading resource, *Treasures*. This has included a focus on differentiating instruction to meet individual student needs. Math work included increased instructional time through a school-wide math tutorial model as well as alignment of instruction through math pacing guides and common vocabulary instruction. In addition, reading and math interventions were implemented systematically and with equity across the building. Student learning drove school-wide scheduling and curriculum was aligned across student groups to ensure grade level instruction standards based instruction. House teams held bi-quarterly data meetings to monitor student progress and growth and adjust instruction to ensure student learning. In order to support students in their learning, a homework help program was provided daily both before and after school. Our character education program, IMAGINE continued to be implemented with a monthly emphasis on key traits and the addition of a school-wide matrix of behavior expectations.

Professional learning focused on implementing scientifically based reading instruction to support student learning. All staff participated in bi-monthly professional learning communities (PLCs) that studied research based reading instruction, weaving learning back into practice, and emphasizing implementation of small group instruction. Staff was also provided foundational training in balanced literacy and Words Their Way. Additionally, all staff received training in the use of SMART Boards focusing on the integration of technology to improve student learning and engagement.

As we prepare for the 2011-2012 school year we will continue to build our capacity to personalize learning in order to meet the needs of each individual student. Our literacy initiative will be advanced through the development of new curriculum maps and alignment of the new MN State Standards in K-6 grade. An instructional matrix will be created for each tier of instruction, including the core and intervention levels, that identifies resources and instructional approaches for each key of the five key areas of reading in order to further ensure a systematic and comprehensive approach to instruction. Staff will continue to meet in bi-weekly study groups (PLCs) focused on research based instructional approaches that emphasize personalization of instruction and student engagement. Intervention structures will be further refined to ensure all students receive additional support in meeting essential learning goals. The math department will work with elementary and junior high staff to create a clear continuum for instruction. Additionally, teachers will update common assessments that will be used to inform instruction and monitor student learning. In addition, a foundation of leadership will be implemented building-wide. All instructional staff will be trained in Covey's *The Leader In Me*, which will support a transition from a school-wide character program to a new operating system that focuses in teaching students the 7 Habits of highly effective people. This will support students in the transition to sixth grade while creating student self-awareness and ownership in their learning.

Willow Creek's Economic Outlook

Even though Willow Creek is considered to be a part of our 'Intermediate' level program, we continue to receive a base amount of general education revenue calculated at \$5,124 per pupil. Willow Creek will experience overall a slight decrease in revenue. All classroom teachers at Willow Creek were paid with the Stabilization ARRA funds in 2009-10. That is why Willow Creek shows a large amount in Other Federal Aids for 2009-10 and nothing in 2010-11.

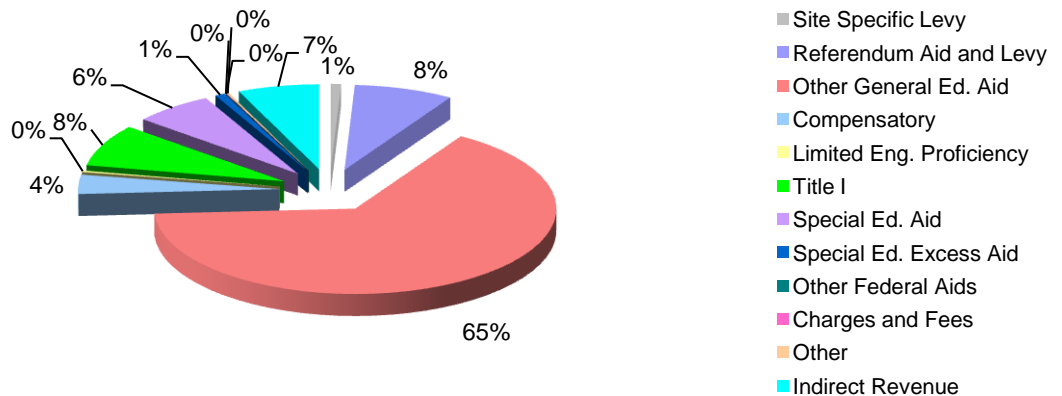
Willow Creek Revenues

Description	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget	Change %	Change Amount
Site Specific Levy	\$ 25,416	\$ 25,416	\$ 25,416	\$ 25,416	0.0%	\$ -
Referendum Aid and Levy	246,780	260,624	258,866	248,027	-4.2%	(10,839)
Other General Ed. Aid	1,940,911	988,767	1,829,551	2,023,275	10.6%	193,724
Compensatory	105,953	118,196	140,517	113,157	-19.5%	(27,360)
Limited Eng. Proficiency	8,744	8,946	8,924	8,913	-0.1%	(11)
Title I	82,718	232,441	237,636	247,885	4.3%	10,249
Special Ed. Aid	206,330	211,924	200,788	198,663	-1.1%	(2,125)
Special Ed. Excess Aid	23,295	25,812	25,299	25,032	-1.1%	(267)
Other Federal Aids	-	1,014,326	-	-	0.0%	-
Charges and Fees	828	825	827	1,087	31.4%	260
Other	31,738	11,981	6,456	6,104	-5.5%	(352)
Indirect Revenue	187,280	224,804	346,998	203,106	-41.5%	(143,892)
Total	\$ 2,859,993	\$ 3,124,062	\$ 3,081,278	\$ 3,100,665	0.6%	\$ 19,387

Willow Creek receives a larger amount in Title I than any other site. This is because Willow Creek must receive additional revenue that other sites don't for School Choice and Supplemental Education because of their AYP status.

The following graph illustrates the proportionate value of the revenue received on behalf of this site. State aid continues to account for the majority of the funding we receive to support our instructional program. Simply stated, our State provides the majority of revenue for our educational costs. This level of support rose significantly as a result of the decision by the legislature in 2002 to provide property tax relief by shifting approximately \$450 per pupil of local referendum levy into the state general education formula. The net result was a 'zero' increase in school aids, but a reduction in local property taxes related to school funding. This reduction is now being eroded as districts are continuing to propose excess levy referendums via local elections and the State is shifting the cost back to the property tax owners.

2011-12 Willow Creek Revenue Budget



Overall, expenditures are projected to increase by 2.2%. The largest decrease will be in the area of buildings and grounds. Willow Creek had some deferred maintenance projects to be completed in FY 11, where there are no projects planned for FY 12.

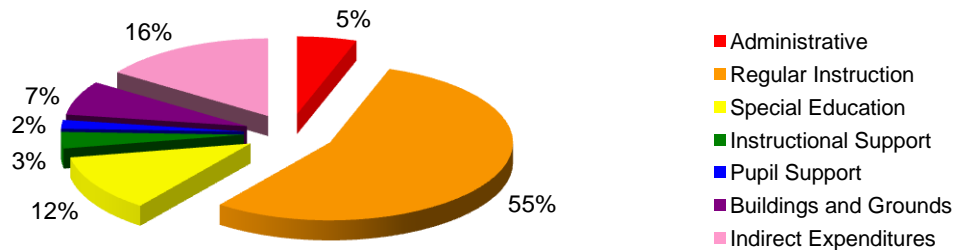
Then, instructional support has a decrease due to a Willow Creek spending their prior year staff development carryover funds.

Graphically, Willow Creek's expenditure budget is depicted in the chart below. Regular instruction, special education, instructional support, and pupil support comprise approximately 72% of the total budget. This is consistent with the budget allocations of our other elementary schools.

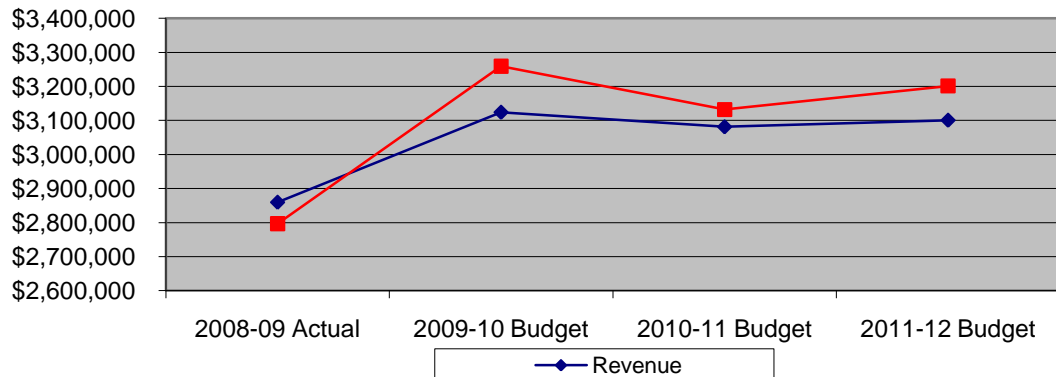
Willow Creek Expenditures

Description	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget	Change %	Change Amount
Administrative	\$ 192,684	\$ 153,114	\$ 163,916	\$ 168,894	3.0%	\$ 4,978
Regular Instruction	1,393,770	1,672,945	1,666,286	1,760,489	5.7%	94,203
Special Education	401,928	435,866	414,964	380,278	-8.4%	(34,686)
Instructional Support	113,765	151,697	123,746	109,608	-11.4%	(14,138)
Pupil Support	40,542	69,274	63,663	58,232	-8.5%	(5,431)
Buildings and Grounds	286,846	324,229	275,878	228,806	-17.1%	(47,072)
Indirect Expenditures	367,611	452,220	423,552	495,117	16.9%	71,565
Total	\$ 2,797,146	\$ 3,259,345	\$ 3,132,005	\$ 3,201,424	2.2%	\$ 69,419

2011-12 Willow Creek Expenditure Budget



The total amount of revenue allocated per pupil at Willow Creek totals \$8,291. The total expenditures per pupil are \$8,560. This relationship over the past three years is shown in the following graph.



Owatonna Junior High School will be home to approximately 700 7th and 8th grade students and over eighty-five (85) staff for the 11-12 school year. The building demographics reflect a free and reduced population of approximately 33%, an LEP population of approximately 8%, and a special education population of 11%. All OJHS students are placed on interdisciplinary teams consisting of four core academic content areas. The teaming concept is the foundation of school life for OJHS learners. It is hoped that each student will make a personal connection with at least one adult in the building who will know them well. A variety of support services are in place to assist at-risk learners.

The 2010-2011 school year marked the second year of implementation for two curriculum initiatives designed to provide additional targeted support for OJHS students. Voyager Math served approximately 12 percent of OJHS students in the math intervention program. In addition, the Read 180 Reading Intervention Program was implemented with approximately 13 percent of OJHS students receiving targeted service. The program worked with special education, ELL and also regular education students. Both programs are helping students to see strong academic gains, and are slated to be continued for the 2011-12 school year.

OJHS completed its second year of implementing a trimester course schedule within the exploratory course offerings. These changes resulted in OJHS staff being creative and flexible in program delivery and learner support. All courses previously implemented on a semester long basis were revised to an alternating A/B six week learning block rotation for the entire school year. With K-5 buildings and Willow Creek moving to the trimester schedule for 11-12, K-8 will effectively align its record keeping format.

Over 85 percent of OJHS teaching staff participated in at least one of 12 professional learning community opportunities as a part of staff development initiatives for the 2011-12 school year. Two of the PLC's focused directly on increasing opportunities for student engagement, relating to the Interactive Whiteboard installation at OJHS occurring in 2011-12.

2011-2012 will be an exciting time at OJHS where all staff will receive specialized training in both the Leadership and Inquiry Foundations of the upcoming K-8 Explorations Implementation. In addition, staff will be developing the Seminar/Workshop slated for grades 7-8 set for implementation in 2012-13.

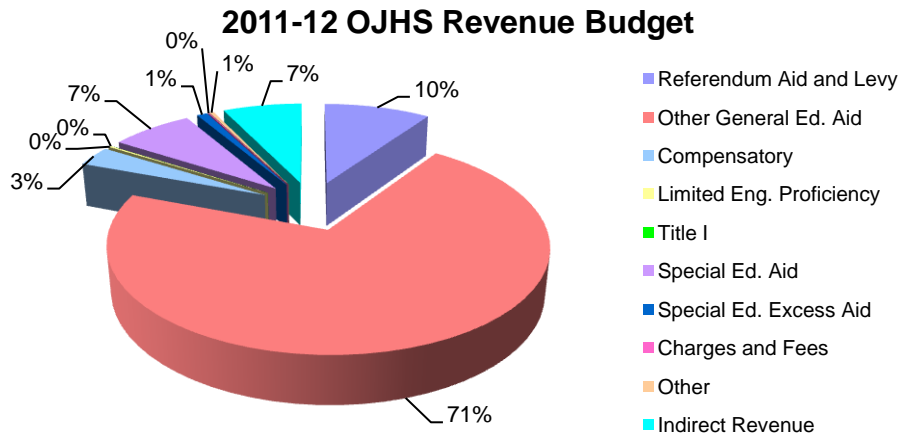
Owatonna Junior High's Economic Outlook

The general education aid per pupil remained at \$5,124 since FY 08. The District has projected a 0% increase in this amount for 2011-12. The District receives a 'weighted' value for each student. Grades 7-12 are weighted at 1.30. This increase in the weighted value is intended to represent additional costs needed to instruct our older students in subject areas such as industrial technology, science, and family consumer science. For FY 12, there is a 1.4% reduction being projected in the overall revenue. The Junior High will see a decrease in the referendum and general education aid. This is due to the change in the number of students attending the Junior High. OJHS will see a slight decrease in compensatory revenue.

OJHS Revenues

Description	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget	Change %	Change Amount
Referendum Aid and Levy	\$ 653,309	\$ 638,369	\$ 616,269	\$ 618,336	0.3%	\$ 2,067
Other General Ed. Aid	5,138,234	4,906,343	4,355,516	4,575,222	5.0%	219,706
Compensatory	144,331	195,847	215,719	207,667	-3.7%	(8,052)
Limited Eng. Proficiency	14,303	13,825	13,792	13,774	-0.1%	(18)
Title I	4,614	-	-	-	0.0%	-
Special Ed. Aid	437,279	446,329	418,234	474,878	13.5%	56,644
Special Ed. Excess Aid	49,369	54,363	52,697	59,835	13.5%	7,138
Charges and Fees	4,015	4,536	6,000	5,500	-8.3%	(500)
Other	65,302	21,147	25,496	24,201	-5.1%	(1,295)
Indirect Revenue	495,793	550,630	826,079	459,285	-44.4%	(366,794)
Total	\$ 7,006,549	\$ 6,831,389	\$ 6,529,802	\$ 6,438,698	-1.4%	\$ (91,104)

Graphically, the proportion of revenue coming to the Junior High next year is shown in the following graph. Due to the relatively small amount of special funding available for its programs, general education aid represents the largest portion of revenue. Also, as in the case of all other buildings, our local excess levy referendum generates approximately 10% of the revenue used to support our junior high programs. While the current operating referendum will be in place through FY 16, if it were not in place, we would face a 10% reduction in programs and services.

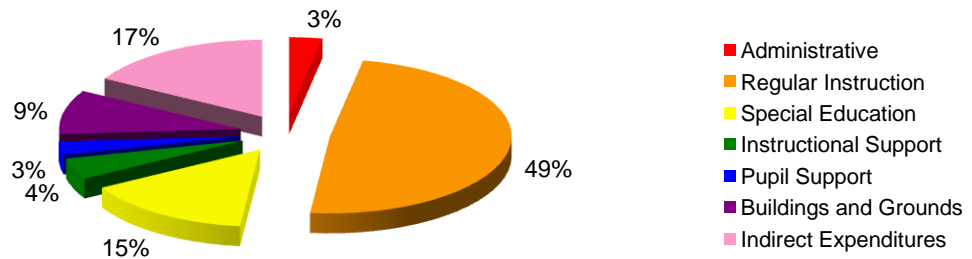


The table below shows how resources are allocated across the various expenditure categories. There is an anticipated increase of 4.4%. Special Education expenditures are the largest increase which relates to the increase in students and services at the site.

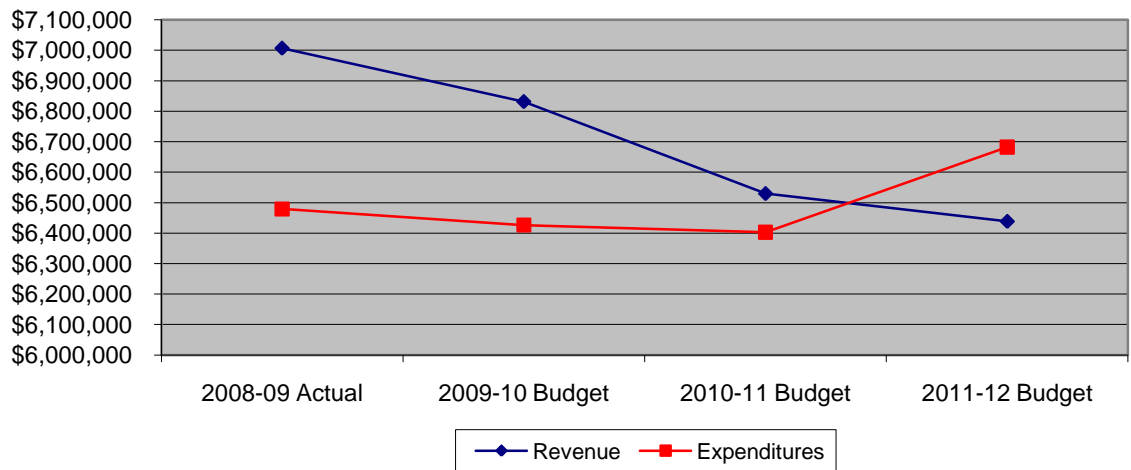
OJHS Expenditures

Description	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget	Change %	Change Amount
Administrative	\$ 211,236	\$ 196,945	\$ 196,736	\$ 195,889	-0.4%	\$ (847)
Regular Instruction	3,302,075	3,042,058	3,064,470	3,262,665	6.5%	198,195
Special Education	869,202	932,891	901,779	1,003,726	11.3%	101,947
Instructional Support	408,910	381,107	367,735	296,713	-19.3%	(71,022)
Pupil Support	155,436	172,669	187,710	180,606	-3.8%	(7,104)
Buildings and Grounds	559,095	593,037	675,936	623,184	-7.8%	(52,752)
Indirect Expenditures	973,189	1,107,660	1,008,328	1,119,605	11.0%	111,277
Total	\$ 6,479,143	\$ 6,426,367	\$ 6,402,694	\$ 6,682,388	4.4%	\$ 279,694

2011-12 OJHS Expenditure Budget



The total amount of revenue allocated per pupil at Owatonna Junior High School totals \$9,359. The total expenditures per pupil are \$9,713. This relationship over the past three years is shown in the following graph.



CHAPTER FIVE - SECONDARY SCHOOL REPORT

The Owatonna School District has one high school serving students in grades nine through twelve. In order to more effectively meet the needs of a diverse student population, the high school is supported by the Alternative Learning Center and the ACTIONS program. Each of these school programs operate learning centers designed to meet the different learning styles of students who are considered to be 'at-risk' of successfully completing high school.

Owatonna Senior High School offers a comprehensive and rigorous program within the core areas of mathematics, science, English/language arts and social studies. In addition, the school provides a wide-range of elective offerings within the disciplines of agriculture, family and consumer science, business, foreign languages, technical arts, the visual arts, music, health, physical education as well as opportunities to connect these fields with various careers through our career development classes and our “Top Team” program. Furthermore, OHS provides opportunities for those students who choose to accelerate their education by providing 19 different Advanced Placement courses and fourteen college-level courses via cooperative agreements with the University of Minnesota, Minnesota State University at Mankato, Southwest State University, and Riverland Technical College. Other programs exist as well for students with special needs (special education and ESL – English as a Second Language) and other classes involving online learning.

At present, OHS’s almost 1600 students represent a wide variety of ethnicities: 86% Caucasian, 7% Hispanic, 6% African-American and 1% Asian descent. Approximately 11% of our students receive special education services and 26% receive assistance through our free and reduced lunch program. Five percent of our students are learning English as their second language. Our average daily attendance rate is just over 96% and almost 97% of our students leave with a high school diploma.

Our high school consists of 139 staff members, 80 of whom are classroom teachers, four guidance counselors, one social worker, one Dean of Students and two principals, along with several other professional support staff. Seventy-Three percent of our professional staff hold a Masters degree, one percent hold a doctorate and over 84 percent of our teachers have ten or more years of experience within education. Most importantly, 100 percent of our teachers are “highly qualified” according to the federal guidelines of No Child Left Behind.

Led by our site team, Owatonna High School’s students and staff are committed to improving the quality of our school by using continuous improvement practices. We have an extremely active student council in addition to a committee of department chairmen and women who, in concert with our site team, seek to place our school on the cutting edge of educational progress resulting in ever increasing student achievement. Our progress is measured by our student successes: Over the past six years we have had five National Merit Finalists, six semi-finalists and several more “commended” students. Annually, we send our graduates to the three major national service academies – the Naval Academy at Annapolis, the Military Academy at West Point the Air Force Academy at Colorado Springs. In addition, over the past ten years we have had the top National Honor Society student in the State of Minnesota, four times. In recent years, our student council president was also the President of the State Association of Student Councils and two years ago, our president was the Vice-President of that same association. Furthermore, our students regularly provide leadership in state and national student organizations such as the Distributive Education Clubs of America (DECA), FFA (Future Farmers of America) and BPA (Business Professionals of America). Our Concert Band two years ago was recognized as one of the best within the state by being invited to be one of the performing groups at the Minnesota Music Educators Convention. This past fall, the same invitation was given to our Ninth Grade Concert Band. Our Concert Choir was the featured choir at the Dorian Music Festival at Luther College two years ago and at the winter music festival at Concordia College, Moorhead this past winter. At the recent Section One Solo and Ensemble contest, our students took 10 of 17 “Best in Site” awards amongst the schools of our size within this part of the State.

We are proud of the success of our, “Ninth Grade Academy”, a “school within a school” for approximately one-third of our entering ninth grade students. Working with these ninth graders are two teacher teams consisting each of a social studies, English, science and special education teacher, who together as a team seek to provide both academic and study skills to our potentially “at-risk” students. The efforts of these teachers has resulted in the failure rate of our 9th grade being cut in half – significantly less than the national and state average. Some of these same teachers are also involved in “looping”, another strategic effort whereby these same students will have the same teacher for both 9th and 10th grade English and social studies in an effort to provide some much needed follow through and “connections” as they continue beyond the ninth grade. Another strategy that was implemented two years ago involved our English as a Second Language

(ESL) teachers. They have been working alongside some of our science, English and social studies teachers in a “teaming” role, all in an effort to raise the achievement of our English language learners, several of whom are relatively recent arrivals to our country. Also recently, one of our science teachers was named Minnesota Science Teacher of the Year. And the previous year, a similar honor was bestowed on one of our math instructors. This past year, another of our math teachers was named a “finalist” as the State Teacher of the Year.

Owatonna Options is a newly created program this past fall, geared to the ever-increasing needs of our students. The program offers our students the opportunity to create their own in-depth research projects which meet various state and national academic learning standards. These students, guided by both teachers and mentors from the local business and industry, are able to follow their own avenues of interest, providing opportunities for increased opportunities for engaged learning.

Progress has been and will continue to be made in other areas within our school this coming year. Our school is in its fourth year of implementing Professional Learning Communities, involving over 80 teachers, studying a variety of topics including: Best practices in math, science, English, special education, programming for English language learners, and more! This coming year, many of these PLCs will be spending even more time examining additional best practices in teaching within their particular areas of expertise. Through the use of these PLCs and the addition of the Ninth Grade Academy, Owatonna High School has made “annual yearly progress” as part of No Child Left Behind legislation, two years in a row!

Through the use of the four-period day, our students have advanced opportunities in the areas of mathematics, foreign language and music. The continuing increase in number of students taking courses in mathematics these past years has resulted in our need to hire additional mathematics instructors. We will also be entering year five in our effort to provide pre-engineering courses for interested students as part of the Project: Lead the Way program, part of our Technical Education Department. Overall, our high school faculty represent some of the best teachers from around our state!

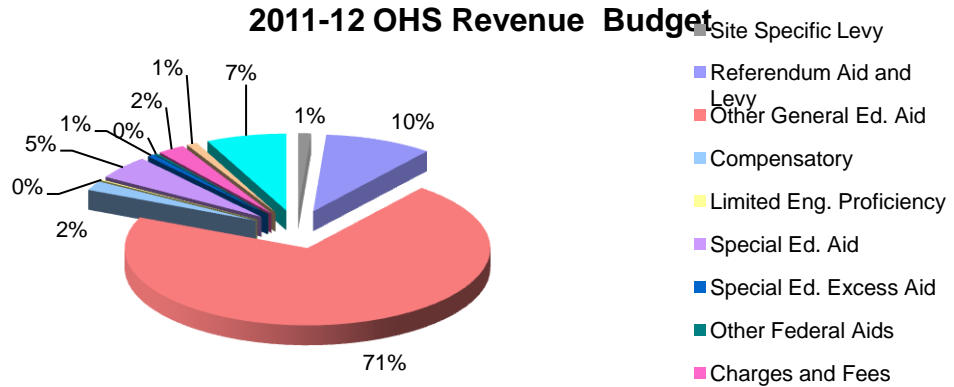
Owatonna High School’s Economic Outlook

Revenue from the state’s general education aid formula is calculated at a rate of 1.30 of the basic student count times \$5,124. The revenue for the High School will be decreased by approximately 6.4%. OHS will experience a decrease of approximately 38 students, which also has a negative impact on revenue growth. The anticipated 9th grade class of 2015 is relatively small compared to recent years.

OHS Revenues

Description	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget	Change %	Change Amount
Site Specific Levy	\$ 147,395	\$ 154,849	\$ 155,349	\$ 161,766	4.1%	6,417
Referendum Aid and Levy	1,401,905	1,399,093	1,414,455	1,348,247	-4.7%	(66,208)
Other General Ed. Aid	11,025,904	10,753,081	9,996,734	9,976,019	-0.2%	(20,715)
Compensatory	189,019	191,750	279,244	278,914	-0.1%	(330)
Limited Eng. Proficiency	28,665	27,650	27,584	27,548	-0.1%	(36)
Special Ed. Aid	625,190	690,898	690,714	698,073	1.1%	7,359
Special Ed. Excess Aid	70,584	84,151	87,030	87,957	1.1%	927
Other Federal Aids	20,779	37,721	37,721	33,950	-10.0%	(3,771)
Charges and Fees	355,118	351,467	335,107	341,075	1.8%	5,968
Other	229,374	119,599	138,052	133,450	-3.3%	(4,602)
Indirect Revenue	1,063,901	1,206,799	1,896,008	1,001,445	-47.2%	(894,563)
Total	\$ 15,157,834	\$ 15,017,058	\$ 15,057,998	\$14,088,444	-6.4%	\$(969,554)

A graphic illustration of the projected revenues in the High School is shown in the following chart. Approximately 71% of the total revenue of the High School is derived from the general education aid formula. This percent is higher when compared to some of our other school sites. This is due to the 'weighting' factor of 1.30 given to secondary students. It should also be noted that 1% of the revenue is attributed to a 'site specific levy.' This levy covers the costs associated with the District's utilization of community assets, such as the Four Seasons and Gymnastics center.

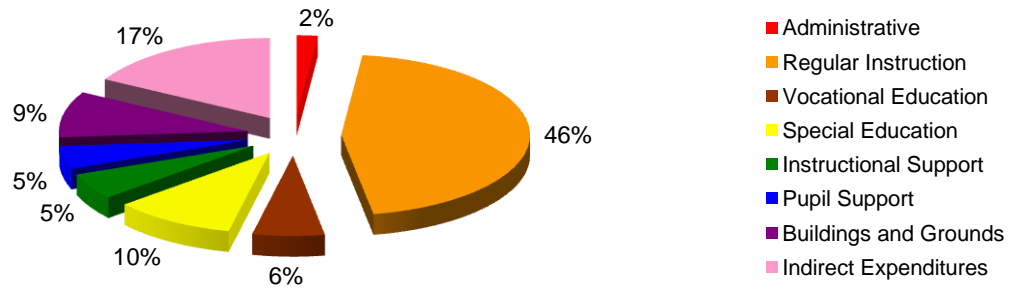


The OHS expenditure budget represents the largest site budget in the District. For the 2011-12 school year, the projected decrease in expenditures will be 6.3%. The buildings and grounds budget decreased due to several maintenance projects being completed in FY 11 which included a new boiler and new tennis courts. Reduction of roughly 2 FTE coupled with the retirement of some experienced staff attributed to the decrease in the instructional area. Other one-time capital investments related to instruction in the Options area and media center will no longer be a part of the on-going expense budget. Every area, except administration and indirect expenditures, is showing an increase.

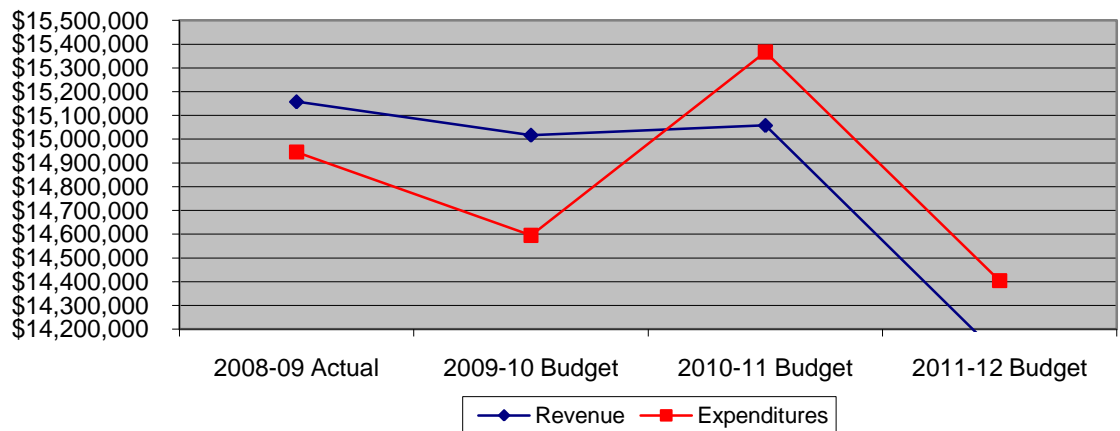
OHS Expenditures						
Description	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget	Change %	Change Amount
Administrative	\$ 329,646	\$ 254,195	\$ 253,107	\$ 258,508	2.1%	\$ 5,401
Regular Instruction	7,010,486	6,770,782	7,210,681	6,552,070	-9.1%	(658,611)
Vocational Education	1,068,017	971,070	1,043,635	889,253	-14.8%	(154,382)
Special Education	1,302,094	1,425,129	1,431,988	1,502,475	4.9%	70,487
Instructional Support	924,237	767,287	789,606	759,373	-3.8%	(30,233)
Pupil Support	696,520	639,284	674,609	664,061	-1.6%	(10,548)
Buildings and Grounds	1,526,740	1,339,693	1,649,128	1,337,385	-18.9%	(311,743)
Indirect Expenditures	2,088,322	2,427,625	2,314,304	2,441,238	5.5%	126,934
Total	\$ 14,946,062	\$ 14,595,065	\$ 15,367,058	\$ 14,404,363	-6.3%	\$ (962,695)

Shown graphically, a relatively large portion of the overall expenditure budget has been dedicated to indirect services (17%). These services include the school's share, based on pupil units, of expenditures for the school board, superintendent, district support staff including directors, staff development expenditures, and indirect buildings and grounds costs. The total percent of the budget dedicated to various instructional programs (regular, vocational, special education, instructional support, and pupil support) approaches 72%.

2011-12 OHS Expenditure Budget



The total revenue per pupil allocated to the senior high school is \$9,324 while the total expenditure is \$9,533. This total comparison is shown in the graph below for the past three years.



The **Owatonna Alternative School's** programs serve at-risk students in our District who meet the graduation incentives criteria set up by the state of Minnesota. The programs sponsored by the ALC provide a range of educational opportunities including math and social skill instruction for students in grades 7-8, a complete selection of courses needed for graduation for students in grades 9-12, credit recovery for students in grades 9-12, summer school classes for in grades K-12, and district access to Extended Day Services.

During the 2010-2011 school year we provided educational services to 218 ALC students at Vine Street, 482 students during K-12 summer school, and 522 students during extended day K-8. The percentage of ALC students served at Vine Street who were eligible to participate in free and reduced lunch was 62%. About 32% of our students are Hispanic and 7% Black, and 59% Caucasian. During the 2010-2011 school year we plan to graduate 20 at risk students, who would not have graduated without our services. Attendance and chemical health issues continue to interfere with our student's school success. To meet the needs of our at-risk population our day program includes work experience and job skills, bully prevention, parenting classes, service learning, and access to a social worker and chemical health coordinator.

The Owatonna ALC continues to receive support from the Owatonna Foundation to support its MAAP Stars program. This is a student leadership organization for students in secondary alternative programs and it stands for Success, Teamwork, Achievement, and Recognition. Because of this grant our program was able to encourage student's participation in state wide activities including competing in the Spring Events Conference. Students competed in events ranging from public speaking to job interviews and team decision making. We also had funds to

support our students in Homecoming, Snow Week, Yearbook, Spring Olympics, and a variety of student led activities.

We have continued building Electrathon cars and now have 2 operational cars. This project has encouraged our students to use problem solving skills, science and technical expertise to develop and improve the battery efficiency of an electric car. This is a very innovative project that brings the classroom into the real world.

Our program has participates in many service learning projects and has received recognition in the community for our efforts. Some of these projects include Lighting of the Lights, Downtown Cleanup, "From the Heart" Walk, and Toys for Tots. Two of our senior students will receive scholarships from the Morning Rotary or the Kiwanis.

As we look forward to the next school year we hope to make several changes in our programming. For a portion of the day, we are working to change our student schedules so that about one third of our student population can participate in inquiry learning. Our staff will be attending the "Leader In Me" staff development opportunities and plan to implement the leadership model next year. We will continue to blend our online learning with our seat based teacher taught instruction. The READ 180 intervention is creating better readers at the ALC and we hope to add more options to improve our math outcomes. We have a data PLC and use this time to evaluate Math and Reading data and plan intervention for students who are not making academic progress. Our future instruction and program changes focus on providing greater flexibility in learning, in order to better meet individual student needs.

Alternative Learning Center (ALC) Economic Outlook

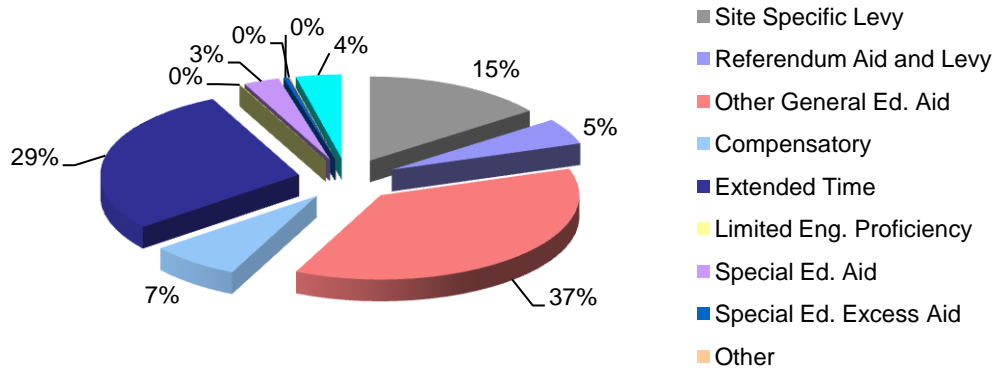
Revenue sources for the Area Learning Center (ALC) works differently than for our 'regular' education program sites. While the school receives the same funding per pupil as OJHS and OHS (\$5,124 times 1.30), ALC funding is based upon membership hours and average daily enrollment. This level of accounting requires a high degree of record keeping. Also, the revenues are based on a formula that is separate from the regular revenue calculation for the other sites. General education aid is calculated based on the actual formula at 90% of what is allowed to be applied to area learning centers. About one-half of the ALC students are "extended time" students that receive a lower per pupil funding rate of \$4,601 versus \$5,124 for regular time pupil units. The ALC moved into a new space in 2009-10 that is leased. The District decided to lease levy for the space and the amount will be received by the District in 2010-11. This is the revenue identified as the site specific levy. The ALC, is seeing an decrease in compensatory aid.

ALC Revenues

Description	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget	Change %	Change Amount
Site Specific Levy	\$ -	\$ -	\$ 201,272	\$ 201,272	0.0%	\$ -
Referendum Aid and Levy	79,327	59,689	66,875	67,646	1.2%	771
Other General Ed. Aid	623,899	458,751	472,645	500,529	5.9%	27,884
Compensatory	85,657	88,623	113,251	99,690	-12.0%	(13,561)
Extended Time	433,552	388,324	383,861	384,414	0.1%	553
Limited Eng. Proficiency	794	813	811	810	-0.1%	(1)
Special Ed. Aid	13,605	45,626	38,318	39,443	2.9%	1,125
Special Ed. Excess Aid	1,536	5,557	4,828	4,970	2.9%	142
Other	2,356	1,160	1,358	1,337	-1.5%	(21)
Indirect Revenue	60,201	51,485	89,643	50,246	-43.9%	(39,397)
Total	\$ 1,300,927	\$ 1,100,028	\$ 1,372,862	\$ 1,350,357	-1.6%	\$ (22,505)

From the graph below, it can be seen the ALC operates under fewer revenue sources. Extended time and general education aid are the two largest sources of income. This is approximately 66%.

2011-12 ALC Revenue Budget



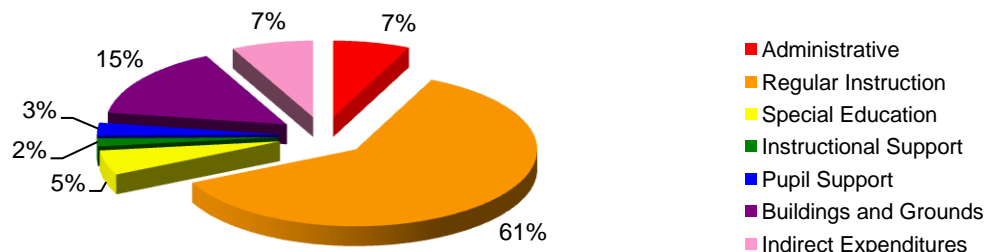
The following expenditure budget projects an increase of 8% for the coming year. This decrease is primarily due to a decrease in regular instruction. The increase in regular instruction is due to the operation return to historically normal levels, and special education is experiencing increasing need for services.

ALC Expenditures

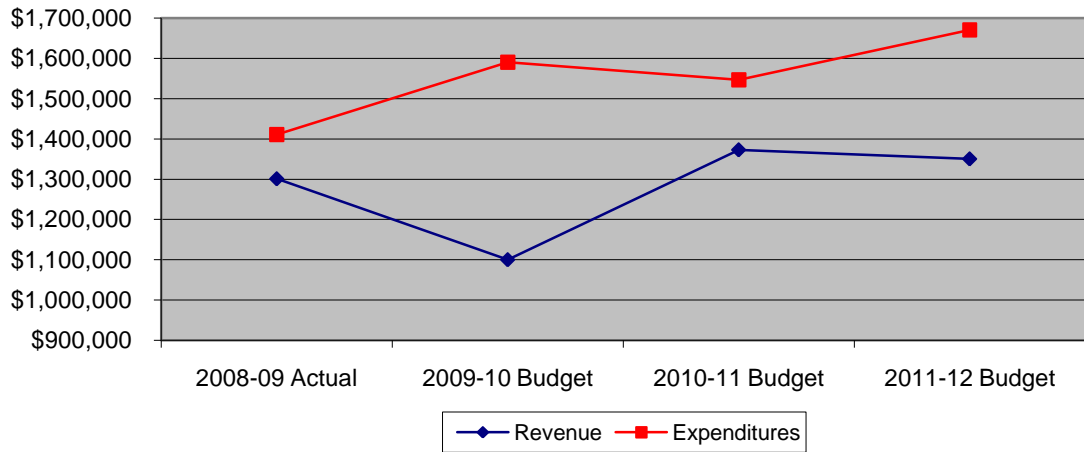
Description	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget	Change %	Change Amount
Administrative	\$ 152,605	\$ 98,826	\$ 110,619	\$ 114,731	3.7%	\$ 4,112
Regular Instruction	1,046,160	1,004,291	926,531	1,019,332	10.0%	92,801
Special Education	30,322	91,447	78,038	87,147	11.7%	9,109
Instructional Support	13,191	23,709	27,659	28,269	2.2%	610
Pupil Support	50,366	48,011	45,884	45,584	-0.7%	(300)
Buildings and Grounds	-	220,485	248,839	253,247	1.8%	4,408
Indirect Expenditures	118,167	103,568	109,420	122,484	11.9%	13,064
Total	\$ 1,410,811	\$ 1,590,337	\$ 1,546,990	\$ 1,670,794	8.0%	123,804

Based on the graph below, the ALC spends approximately 71% of the budget on regular instruction, special education, instructional support, and pupil support. Administrative costs seem higher than the other sites, but this is due to the smaller total budget.

2011-12 ALC Expenditure Budget



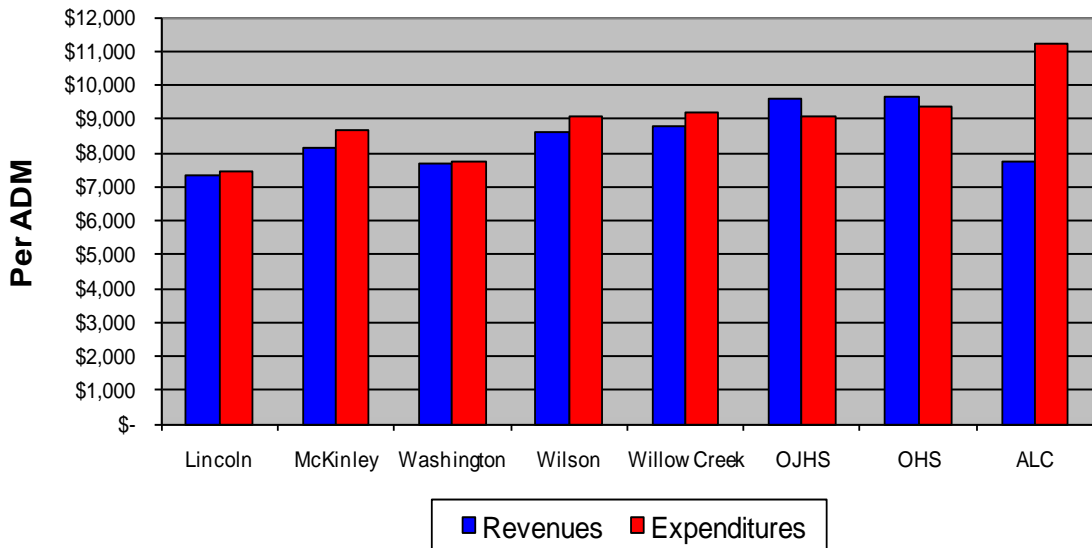
The total revenue per pupil allocated to the Area Learning Center is \$9,002 while the total expenditure per pupil is \$11,139. The relationship between revenues and expenditures over the last three years can be shown in the table below.



K-12 Summary Cost Comparison

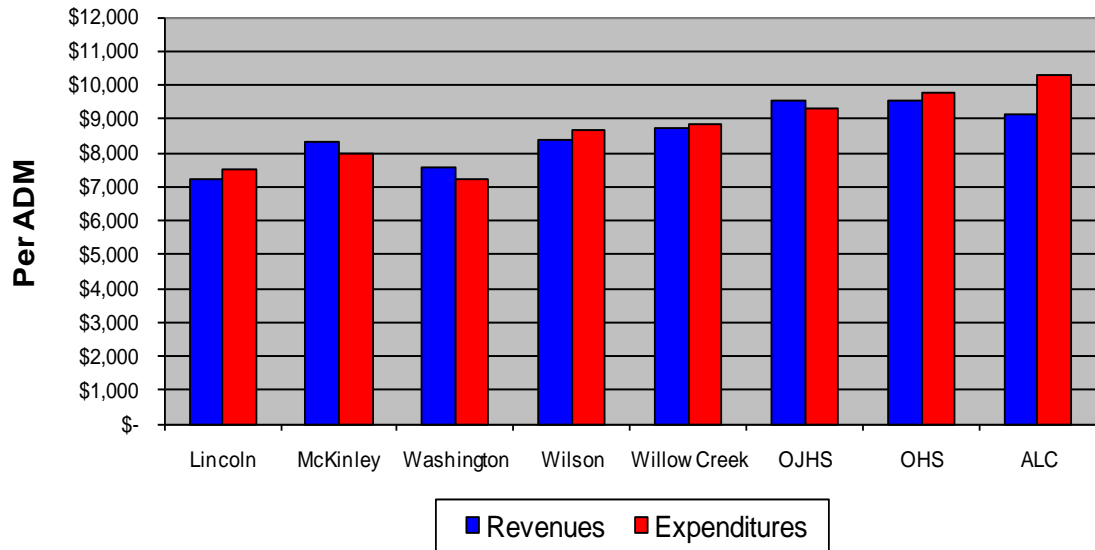
When looking at each building site collectively, the comparison between revenues and expenditures per adjusted daily membership (ADM) in 2009-10 can be seen in the graph below. The 'gaps' represent a redistribution of revenue across the District in order to balance learning expectations, such as elementary class sizes and student needs.

2009-10 Final Budget per ADM



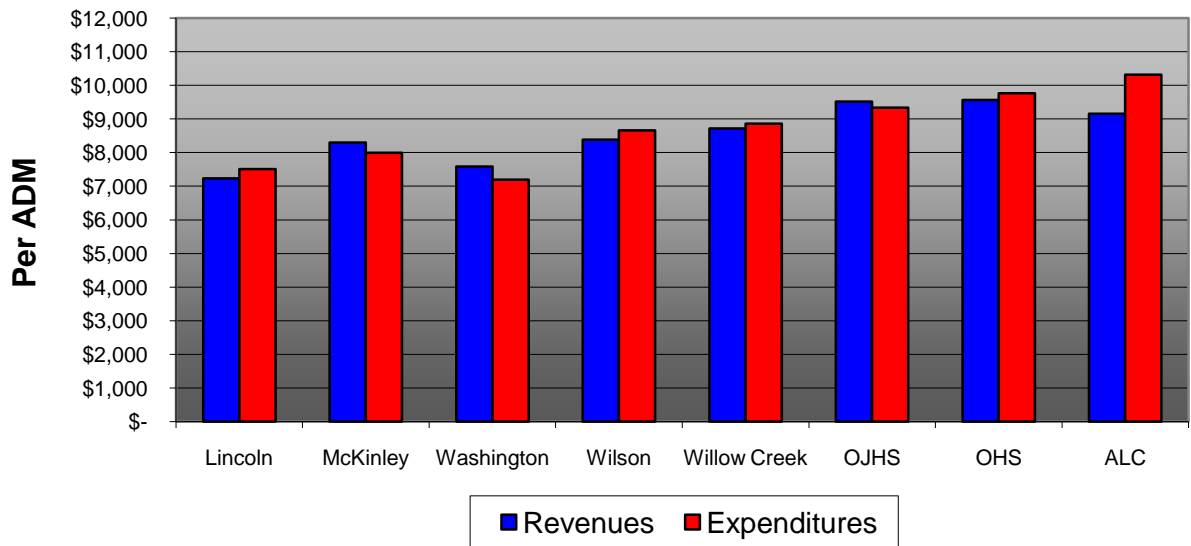
The graph below shows the same comparison as the above graphs between revenues and expenditures per ADM for 2010-11.

2010-11 Preliminary Budget per ADM



The graph below shows the same comparison as the above graphs between revenues and expenditures per ADM for 2011-12.

2011-12 Preliminary Budget per ADM



CHAPTER SIX - ACTIVITIES PROGRAM REPORT

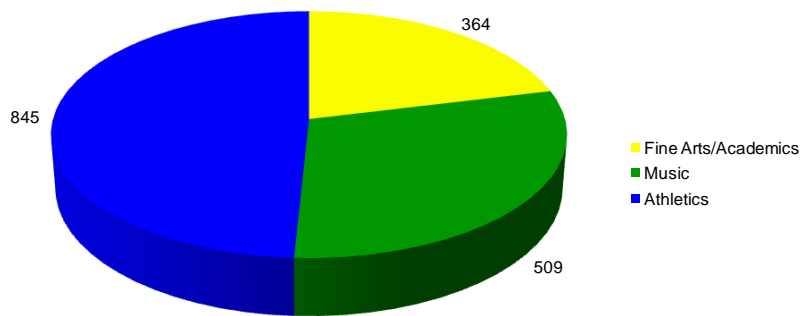
The Owatonna School District has an extensive array of activities designed to complement and enhance the learning experience for our senior high students. The tradition of excellence in arts and activities is one of the benchmarks against which our school district is measured.

Activities Overview

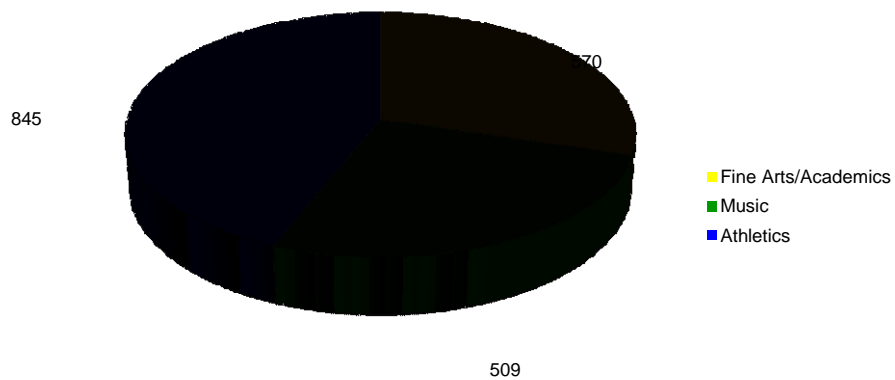
The breadth in curricular opportunities is important to our ability to provide a wide range of opportunities for students in Owatonna High School's extra-curricular program; helping them to cultivate and expand upon their personal growth and development. This past year, students could choose to participate in one or more of over seventy-five (75) activities in the areas of music, fine arts and athletics. While the success of these programs is measured by the quality of the experience, and their ability to help students learn more about themselves by challenging their physical, emotional and intellectual self, individual and team successes could also be found through the advancement of many students into regional and state level competitions.

The graphs below illustrate the number of students who chose to participate in our various extra-curricular programs. There is three years of history included. For each category, students are counted only once. However, if a student participated in both music and athletics that student would appear in both categories.

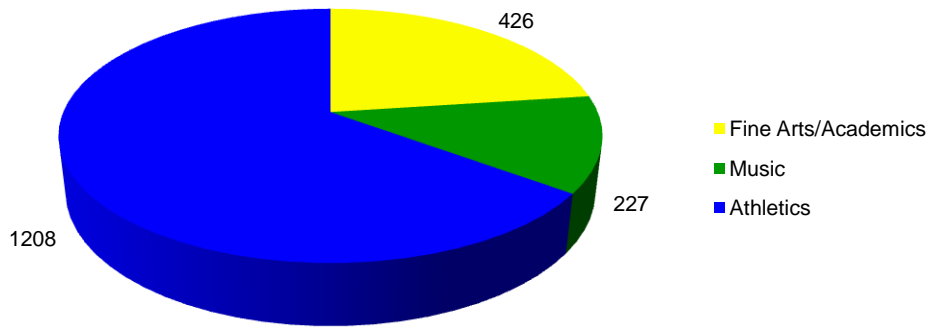
2008-09 Number of Students in Extra-Curricular Activities



2009-10 Number of Students in Extra-Curricular Activities



2010-11 Number of Students in Extra-Curricular Activities



The graph suggests that from 1,700 to 1,900 students took part in our programs as a means of enriching their school experience.

The actual expenditures for 2008-09 and 2009-10 and the budgeted expenditures for 2010-11 and 2011-12 are shown in the table on the next page.

OHS Activities Expenditure Budget

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Budget
Adaptive Athletics	11,423	12,920	10,502	10,499
<u>Boys Athletics</u>				
Baseball	25,090	23,471	21,521	20,905
Basketball *	37,695	39,478	41,349	37,964
Cross Country	10,634	10,813	10,474	10,394
Football *	57,646	56,364	58,747	56,491
Soccer	24,471	24,006	22,621	22,655
Golf	9,934	10,679	9,549	8,120
Hockey *	27,558	27,165	26,079	25,706
Swimming *	19,773	19,499	20,620	20,130
Tennis	10,628	9,718	9,375	7,911
Track	19,948	21,398	17,956	16,763
Wrestling *	34,579	27,882	27,376	27,220
Operating Capital	6,675	5,231	5,500	5,500
Total Boys Athletics	284,631	275,704	271,167	259,759
<u>Girls Athletics</u>				
Basketball *	33,402	35,529	39,444	32,258
Cross Country	9,877	10,054	10,399	10,802
Soccer	23,364	23,787	25,152	24,749
Golf	12,288	10,932	9,599	8,335
Hockey *	16,439	21,901	23,898	20,358
Swimming *	19,612	20,418	20,574	20,378
Tennis	10,208	9,608	9,940	10,051
Track	22,579	21,742	19,570	18,469
Softball	20,446	20,528	20,646	17,980
Gymnastics *	14,893	13,997	14,892	14,960
Volleyball *	27,135	26,770	25,412	25,477
Cheerleading	14,558	15,685	15,699	15,662
Operating Capital	12,023	1,940	1,500	1,500
Total Girls Athletics	236,824	232,891	236,725	220,979
<u>Activities</u>				
Extra-Curricular Publication	6,789	6,847	5,493	4,329
Link Crew	2,151	1,808	1,802	678
Magnet (Newspaper)	18,406	17,060	18,975	18,434
Photography	2,258	-	-	-
Yearbook	5,990	5,686	5,925	5,645
Speech	11,165	11,678	8,197	8,519
Drama *	29,697	28,930	23,815	28,697
Other	17,922	16,675	15,088	13,944
Total Activities	94,378	88,684	79,295	80,246
<u>Other</u>				
Auditorium Management	1,115	517	8,810	65
Athletic Training	8,517	9,084	9,050	9,050
Operating Capital	7,311	31,529	9,000	9,000
Activities Admin., Office Support, Etc.	272,865	232,096	201,920	212,406
Total Other	289,808	273,226	228,780	230,521
TOTAL ACTIVITIES BUDGET	917,064	883,425	826,469	802,004

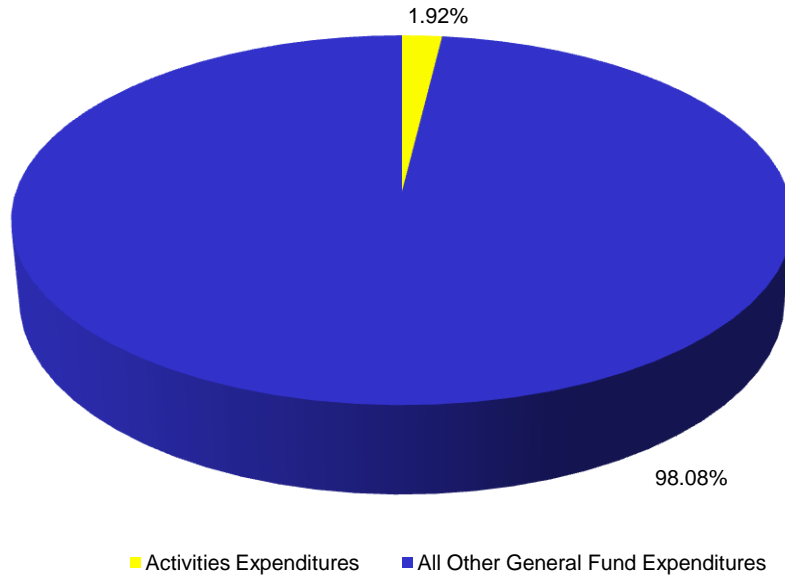
* Revenue generating activities

Note: Lacrosse is not included because of being reimbursed 100%.

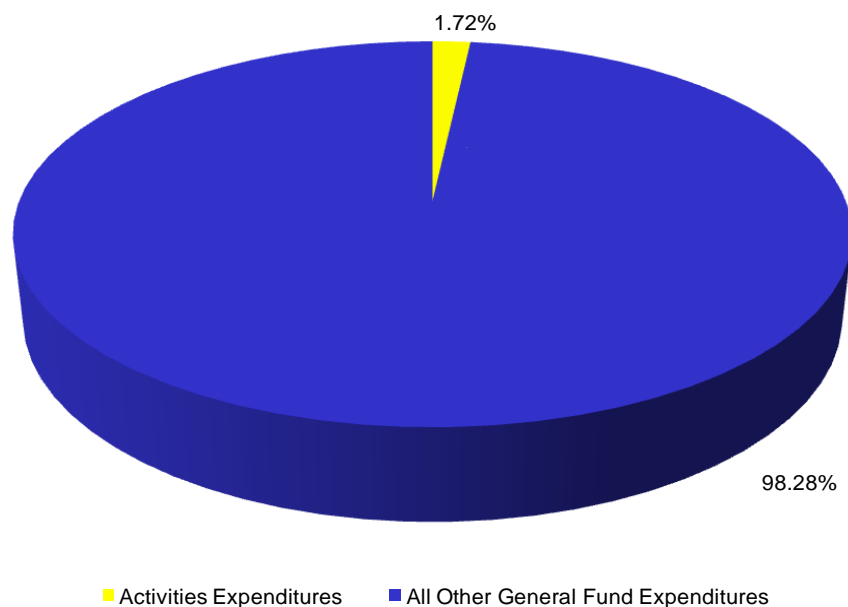
The projected decrease in the budget for next year is largely due to a decrease in auditorium management. Also, there may be changes in particular activities relating to the allocation in the budget per activity and the change in coding parameters.

The activities expenditure budget was approximately \$826,000 for the 2010-11 school year and \$802,000 for the 2011-12 school year. The graphs below illustrate the size of these budgets when compared to the total general fund budget. Information has been provided for three years. The activities budget does not reflect funds from revenue.

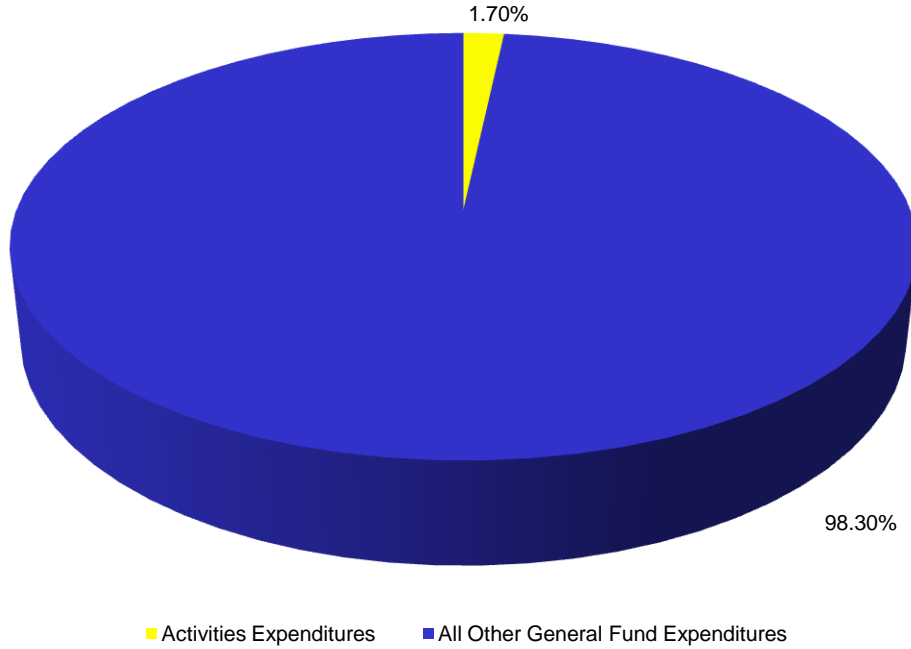
2009-10 Actual Activities/General Fund Comparison



2010-11 Budgeted Activities/General Fund Comparison



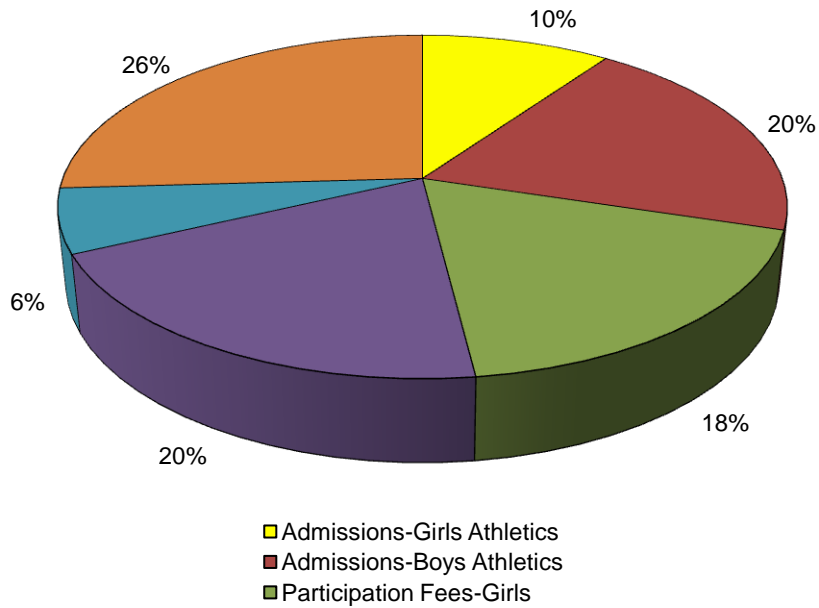
2011-12 Budgeted Activities/General Fund Comparison



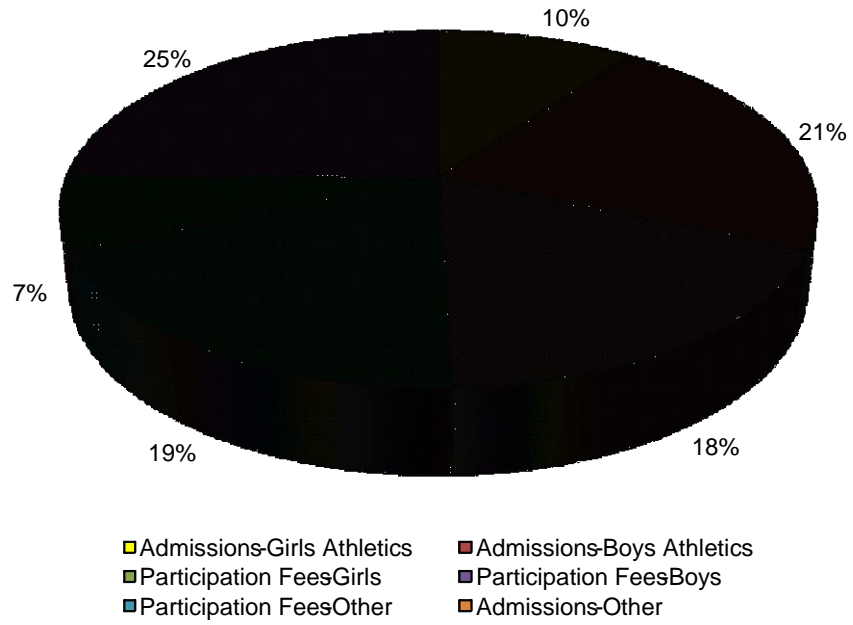
These costs in relation to the overall budget have remained fairly consistent over the past several years and are projected to remain with little change in the upcoming year.

The impact of the activities program on the budget reduces slightly when considering the revenue that is generated from various sources. Various fee increases occurred in 2008-09 and 2009-10. A breakout of those sources is shown in the graphs below.

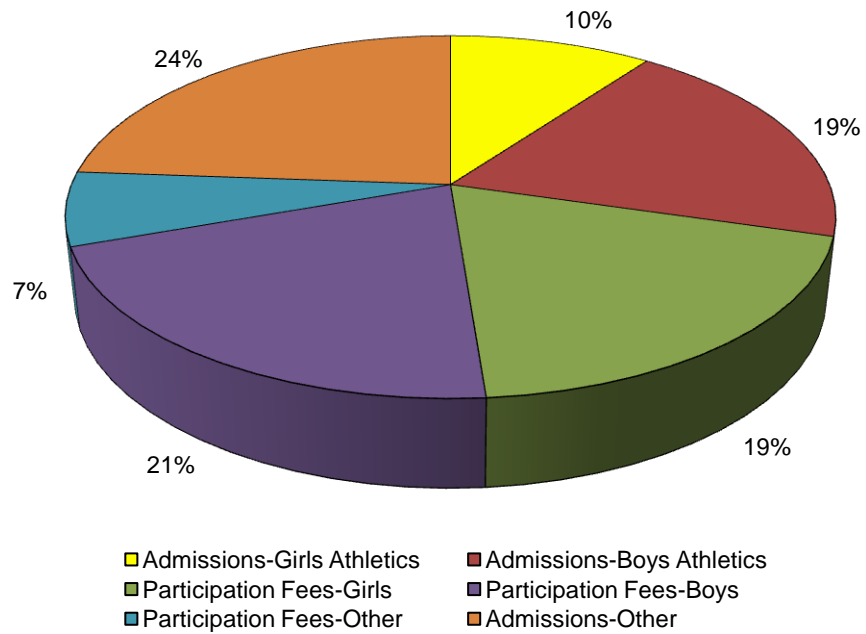
2009-10 Actual Activities Revenue Sources



2010-11 Budgeted Activities Revenue Sources

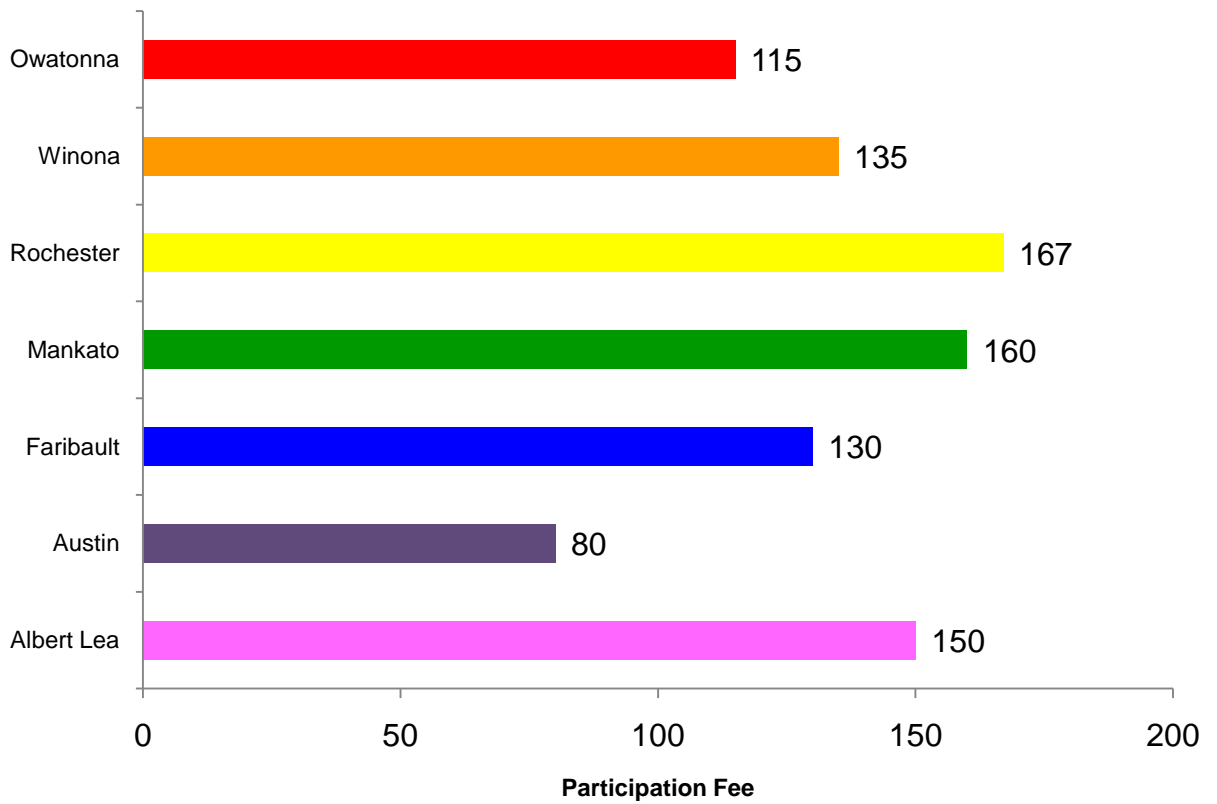


2011-12 Budgeted Activities Revenue Sources



While student fees have remained relatively stable over the past several years, they continue to serve as one of the primary sources of income for the program (approximately 47%).

2011-12 Participation Fees by District



CHAPTER SEVEN - SPECIAL SERVICES & SPECIAL EDUCATION REPORT

The Owatonna School District serves hundreds of students who have special needs in support of their learning. Some of the programs and services that are provided are done so through the collaborative efforts of local agencies.

Special Services programs are designed to meet the specific educational needs that extend beyond the general education classroom. These include: Special Education and related services, English Language Learner programs, Title I programs, School Social Worker, Psychologist, Targeted Services and Extended School Year programs. These programs follow specific Minnesota State Rules and Federal Laws and are designed to supplement the general educational programs for our students. Owatonna Public Schools embed these programs within the various school sites, and students are served within the same educational environment as their peers when possible.

As we move forward with implementation of the No Child Left Behind initiative with the goal of 2012 approaching, Special Services staff continue to work on accountability measures. Data collection, review and analysis have traditionally been a large part of the work of special services staff members. Higher levels of accountability have led to increased discussions about identification and programming for students based on their individual needs. An emphasis on reading instruction, especially for students that are behind their peers, has been a focus of our staff's Professional Learning Communities. This will continue to be a targeted area for the upcoming school year.

Recognizing that learners that struggle with reading, writing, and math need a greater array of differentiated instruction, the Owatonna Public Schools have been implementing an instructional approach known as "Response to Intervention (RtI)." RtI's focus is on identifying student needs and narrowing the instructional approach to specific instructional strategies. The Special Services Department has been an active partner with general education in this initiative. Owatonna schools contribute data to MDE on the impact of RTI on academic and behavioral progress of students, the level of satisfaction of teachers, parents/guardians, pupils, and community advocates, and the effect of the program on the number of referrals for special education, federal Title I and other compensatory programs. Preliminary results indicate that RTI has reduced the number of referrals to special education. Special Services staff members work directly with students, and also provide important consultative services to their general education colleagues. Our highly skilled staff members are committed to assisting all students in meeting their educational goals.

Attempts are made to find a balance for Special education workloads. The Assessment Team process insures that our building special education teachers are able to work directly with student instruction. The Assessment Team members conduct all special education assessments. Elementary case load targets are 1:16. Intermediate Case Load targets are 1:19, and Secondary Case Load targets are 1:21. In the coming year, Special Services will continue to review the A-Team's effectiveness, explore options for our higher need students, and continue to improve our staff member's skills to address students' unique educational needs.

Concerted attention and effort was directed toward meeting Due Process requirements as mandated by Minnesota Rule 3525. The Minnesota Department of Education (MDE) conducted a Due Process monitoring of our district in the spring of 2009 and submitted a report to the District in the fall. The report cited several areas that the District was required to address. The Special Education staff members have been diligent in correcting the errors.

There has been a tremendous growth in the number of students being served in our Birth to 2 and 3-5 years old programs. This increase is due, in part, to legislative mandates for earlier identification as well as increased awareness in the community of services available to students.

Owatonna continues to be a leader in capturing third party billing revenues for eligible services received by medically related special education students. Capturing these revenues allows for the district to offset the local cost of special education services allowing for additional general funds dollars for the sites.

Owatonna will continue to provide special education director services to Medford during the 2011-2012 school year. This collaboration will provide for efficient use of resources, time, and service support. Related services staff such as psychologists, teacher of the Deaf and Hard of Hearing, and Vision Impaired, will work between the two districts.

Special Services Economic Outlook

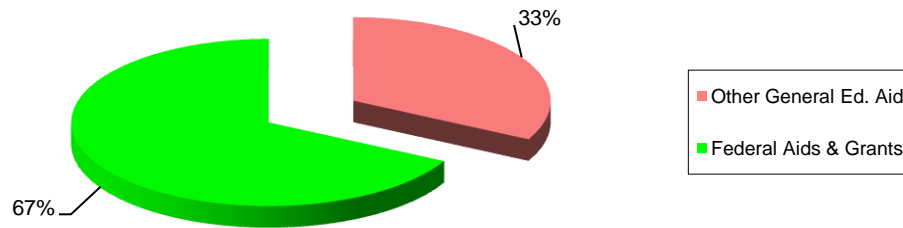
The special services area includes English Language Learner (ELL) programs, Title federal grants, and Targeted Services (after school and summer programming). The special services budget generates revenues from a variety of federal and state sources. The table below illustrates the sources of revenue for the special services programs.

Special Services Revenues by Source

Source	Description	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget	Change %	Change Amount
099	Miscellaneous	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -
211	Other General Ed. Aid	399,382	386,119	462,214	440,846	-4.6%	(21,368)
400	Federal Aids & Grants	588,741	862,077	838,025	909,635	8.5%	71,610
Special Services Totals		\$ 988,123	\$ 1,248,196	\$ 1,300,239	\$ 1,350,481	3.9%	\$ 50,242

In the above table, the general education aid includes State funding for the ELL programs and Targeted Services. The increase of 3.9 percent is largely due to the Edu Job revenue being used in FY 12, while at the same time other ARRA funding is sun-setting. The district will experience, however, a net gain, as shown in the federal aids and grants category.

2011-12 Special Services Revenue



From this graph, it is evident that the largest portion of revenue received for our special services programs comes from federal grants. The total federal grants received in special services have remained fairly constant, except for the increase in funds from ARRA, and now Edu Jobs. The ARRA funds were received in FY 10 and FY 11. The District decided to split the ARRA funds to be used over two years. The remaining revenue is from the general education aid.

Below is the breakdown of expenditures for the special services programs by program.

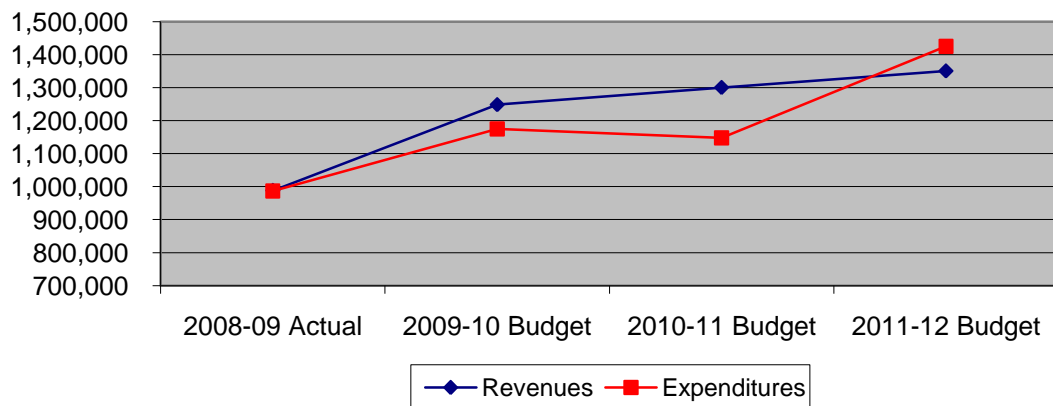
Services Expenditures by Program							
n	Description	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget	Change %	Change Amount
	Elem Ed - Kindergarten	\$ 257	12,134	12,150	39,530	225.3%	27,380
	Elem Ed Grades 1-6	217,845	97,335	94,651	201,798	113.2%	107,147
	Title II, Part A	140,546	199,785	199,788	166,132	-16.8%	(33,656)
	Title III, Part A	32,436	67,542	48,144	48,422	0.6%	278
	Title IV	21,469	12,695	-	492	#DIV/0!	492
	Title V	-	-	-	-	0.0%	-
	Title II, Part D	-	-	-	-	0.0%	-
	Secondary Ed. - General	417	-	-	8,798	0.0%	8,798
	Title I	394,821	582,055	590,093	757,697	28.4%	167,604
	Limited Eng. Proficiency	178,963	203,309	202,887	202,558	-0.2%	(329)
	Special Services Total	\$ 986,754	\$ 1,174,855	\$ 1,147,713	\$ 1,425,427	24.2%	\$ 277,714

Based on the above, Title I is the largest expenditure program in special services. This accounts for over 50% of the budget. This program increased due to the carry forward of unobligated FY11 funds and expenditures. The other large programs are Title II, Part A and the ELL or Limited English Proficiency programs. The ELL or Limited English Proficiency program revenue is based on the number of students we receive funding. Not all ELL students generate revenue.

Below is a table and graph showing the increases and decreases in revenues and expenditures. Any 'gap' where expenditures is greater than revenues represents the amount of additional funding that must be 'transferred' from the general fund into the special services area in order to continue to provide the level of programs and services currently in place. The Targeted Services summer school programming is the primary reason for revenue to be very close to "break even" compared to expenditures in FY 12.

	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget
Revenues	988,123	1,248,196	1,300,239	1,350,481
Expenditures	986,754	1,174,855	1,147,713	1,425,427

Special Services Revenue and Expenditure Comparison



Special Education Economic Outlook

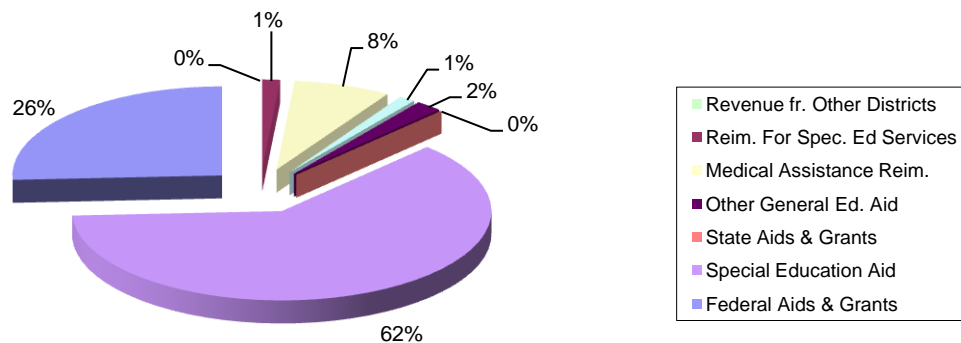
The special education budget includes those revenues and expenditures directly related to special education programs, like speech, visually impaired, emotional/behavioral disorder, and autism. The special education budget generates revenues from a variety of federal, state, and local sources. The expenditure table illustrates the sources of revenue for the special education programs.

Special Education Revenues by Source		2008-09	2009-10	2010-11	2011-12	Change	Change
Source	Description	Actual	Budget	Budget	Budget	%	Amount
021	Revenue from. Other Districts	\$ 27,014	\$ -	\$ -	\$ -		\$ -
022	Reim. For Spec. Ed Services	23,953	169,946	65,072	73,000	12.2%	7,928
071	Medical Assistance Reim.	524,862	500,000	500,000	400,000	-20.0%	(100,000)
099	Miscellaneous	49,000	107,800	67,600	67,600	0.0%	-
211	Other General Ed. Aid	89,234	89,852	118,911	109,635	-7.8%	(9,276)
300	State Aids & Grants	-	-	-	-	0.0%	-
360	Special Education Aid	3,710,052	3,500,825	3,394,702	3,302,890	-2.7%	(91,812)
400	Federal Aids & Grants	1,451,412	1,988,210	2,193,505	1,374,258	-37.3%	(819,247)
Special Education Totals		\$ 5,875,527	\$ 6,356,633	\$ 6,339,790	\$ 5,327,383	-15.97%	\$(1,012,407)

Because of the complexity and the nature of special education funding budgeting for this area is always challenging. Medical Assistance will be going down to reflect actual and recent receipts in that area during FY 11. Because of the reimbursement system, as expenses go down, which they are, corresponding revenue will decrease as well. This dynamic accounts for the overall drop in special education revenue. Miscellaneous revenue in the above table includes revenue from the county for the Actions program and social workers. Miscellaneous revenue decreased due to the decreased funding being provided to the District from the county through the Local Collaborative. Also, federal aids and grants increased due to an anticipated increase in the use of federal funds remaining. The District entered into an agreement with Medford in FY 10 to be the fiscal host for their federal special education funds. This year's budget includes the amount Medford will spend directly on their federal grants that flow through the District.

The funding categories are shown in the following graph.

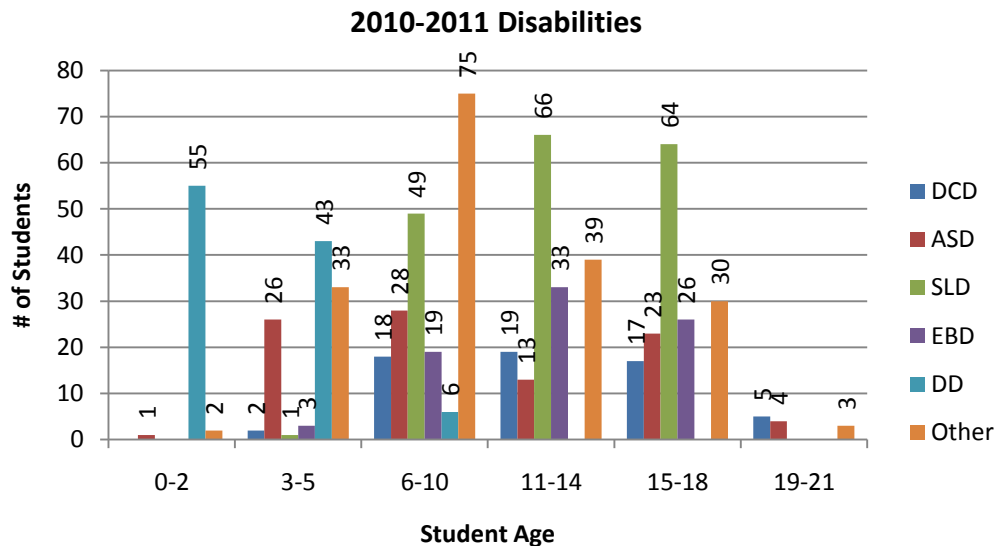
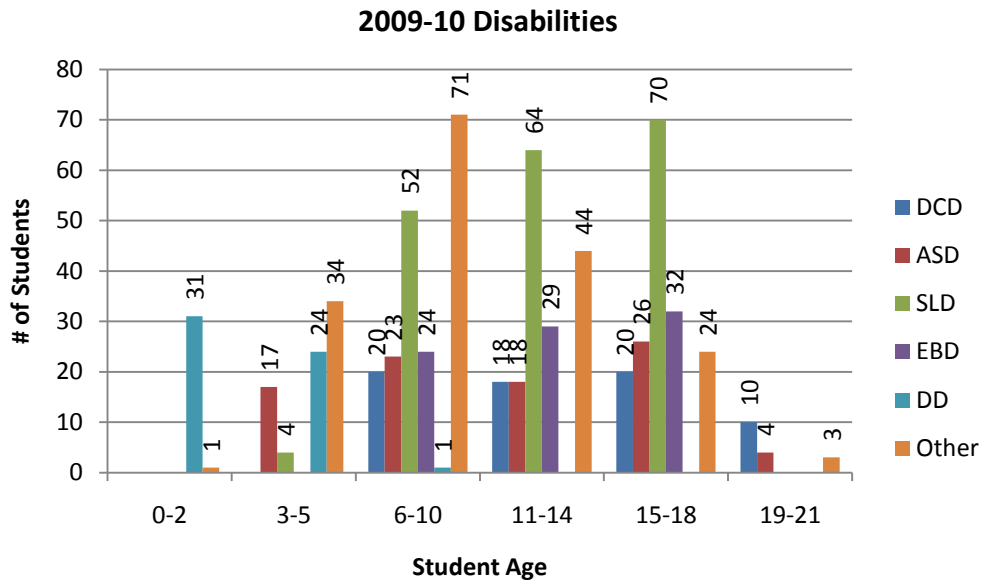
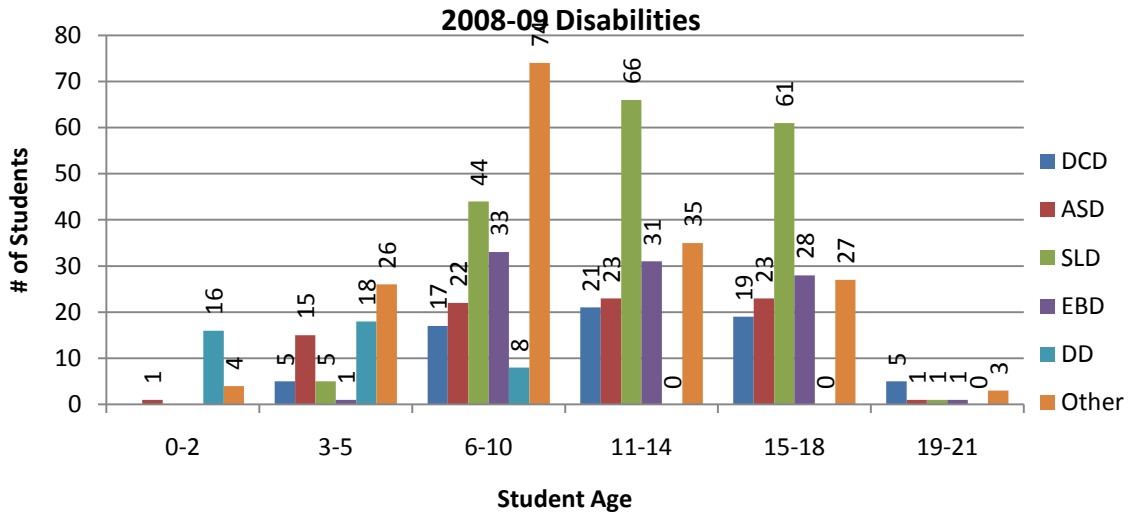
2011-12 Special Education Revenue



Special Education Expenditures by Program

Program	Description	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget	Change %	Change Amount
030	Instructional Administration	\$ 87,482	\$ 27,335	\$ 32,012	\$ 32,068	0.2%	\$ 56
203	Elementary Ed. - General	-	-	-	-	0.0%	-
211	Secondary Ed. - General	-	44,582	15,728	5,415	-65.6%	(10,313)
400	General Special Ed.	123,410	-	114,755	136,135	100.0%	21,380
401	Speech/Lang. Impaired	449,414	519,997	536,613	524,139	-2.3%	(12,474)
402	Mild-Mod. Mentally Imp.	887,953	691,549	745,398	892,429	19.7%	147,031
403	Mod.-Severe Mentally Imp.	616,172	538,033	569,344	582,705	2.3%	13,361
404	Physically Impaired	282,630	343,813	353,088	471,518	33.5%	118,430
405	Deaf - Hard of Hearing	68,957	66,100	58,061	61,905	6.6%	3,844
406	Visually Impaired	84,961	81,948	83,680	83,413	-0.3%	(267)
407	Specific Learning Disability	942,297	1,072,093	1,121,493	1,103,812	-1.6%	(17,681)
408	Emot/Behavioral Disorder	1,092,445	1,290,474	1,378,794	1,373,993	-0.3%	(4,801)
409	Deaf - Blind	8,484	4,800	4,800	4,800	0.0%	-
410	Other Health Impaired	164,337	163,349	171,187	168,741	-1.4%	(2,446)
411	Autism	471,091	596,416	681,481	629,135	-7.7%	(52,346)
412	Early Childhood Spec. Ed.	366,957	561,537	618,815	657,723	6.3%	38,908
420	Special Education General	1,738,214	2,370,078	2,376,827	1,674,020	-29.6%	(702,807)
422	Special Ed Students w/o Disabilities	300,063	655,895	90,000	88,830	-1.3%	(1,170)
740	Social Work Services	42,361	-	-	-	0.0%	-
760	Pupil Transportation	775,440	635,193	654,249	673,876	3.0%	19,627
810	Operations/Maintenance	3,662	7,861	3,300	3,573	8.3%	273
850	Capital Facilities	105,396	47,000	47,000	47,000	0.0%	-
	Special Education Totals	\$ 8,611,726	\$ 9,718,053	\$ 9,656,625	\$ 9,215,230	-4.6%	\$ (441,395)

A breakdown of the disabilities being served is shown in the following charts.

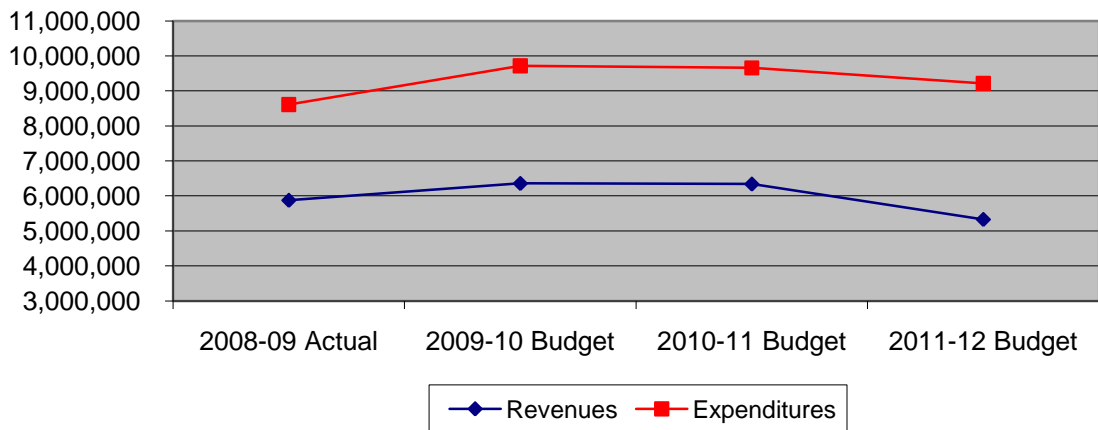


Overall, the special education budget is expected to decrease by 4.6%. The special education department will hire additional staff to cover increases in students in various programs. Also, part of the increases in some categories is for the relationship with Medford and reallocation of staff. Since special education teachers are often licensed in multiple areas, this will lead to changes within program codes to account for the needs of the students for the school year.

Below is a table and graph showing the increases and decreases in revenues and expenditures. The 'gap' between revenues and expenditures represents the amount of additional funding that must be 'transferred' from the general fund into the special education area in order to continue to provide the level of programs and services currently in place.

	<u>2008-09 Actual</u>	<u>2009-10 Budget</u>	<u>2010-11 Budget</u>	<u>2011-12 Budget</u>
Revenues	5,875,527	6,356,633	6,339,790	5,327,383
Expenditures	8,611,726	9,718,053	9,656,625	9,215,230

Special Education Revenue Expenditure Comparison



The special education revenue and expenditure comparison table shows the total revenues and expenditures for special education. The 'gap' is the "cross subsidy" and what is picked up by other general fund revenues for the items that are not reimbursed by the State. Even though the legislature stated after the 2007 legislature that special education would be fully funded, it is not. The State continues to prorate the amount districts receive for reimbursement.

CHAPTER EIGHT – FOOD & NUTRITION AND COMMUNITY EDUCATION REPORT

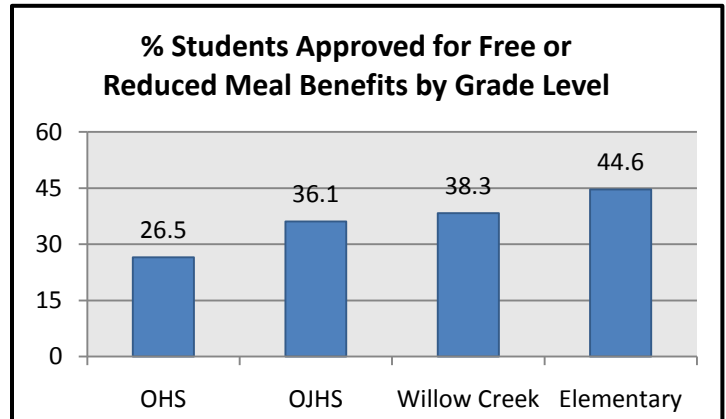
The Food and Nutrition Services Department provides nutritious school meals to the students and staff of Owatonna Public Schools. It also provides an interactive nutrition learning environment for our students. It is projected that the Food & Nutrition Services staff will have served 560,955 student lunches, 9,301 adult lunches, and 259,079 student breakfasts, totaling 829,335 meals during the 2010-11 school year.

The Food and Nutrition Services Department not only provides nutritious school meals to the students and staff of Owatonna Public Schools, it also provides an interactive nutrition learning environment for our students. The forty (40) department staff members that prepare and serve the meals reinforce what children learn in the classroom about health and nutrition in many different ways. The most effective method they use is personal interaction with each child by encouraging them to try new foods and to select fruits and vegetables on a daily basis. Owatonna Public Schools participates in the National School Lunch Program (NSLP) at all of the school sites; the School Breakfast Program (SBP) at all of the school sites; and the School Milk Program at the four elementary schools and Rose Street Center. Also, sales in excess of \$482,604 are projected to be collected in ala carte revenue during the 2010-11 school year.

An additional function that the Food and Nutrition Services Department is responsible for is the administration and approval process for the Application for Educational Benefits. The Application for Educational benefits not only provides the important benefit of providing nutritious meals to children in low-income households, it also is a statistic used by the Minnesota Department of Education (MDE) to calculate the amount of Compensatory aid dollars earned by each school site. The higher the percentage of students approved to receive these benefits, the more Compensatory Revenue is received. Compensatory aid is used at each site to help improve student achievement. This year's statistics are as follows:

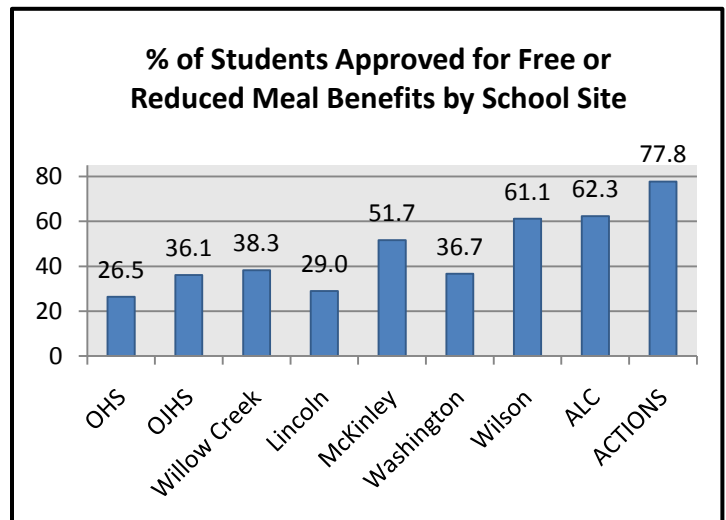
Free & Reduced Stats by Grade Level

OHS	26.5%
OJHS	36.1%
Willow Creek	38.3%
Elementary	44.6%
<i>District Average</i>	<i>35.0%</i>
<i>State Average</i>	<i>36.0%</i>



Free & Reduced Stats by School Site

OHS	26.5%
OJHS	36.1%
Willow Creek	38.3%
Lincoln Elementary	29.0%
McKinley Elementary	51.7%
Washington Elementary	36.7%
Wilson Elementary	61.1%
ALC	62.3%
Actions	77.8%



Background

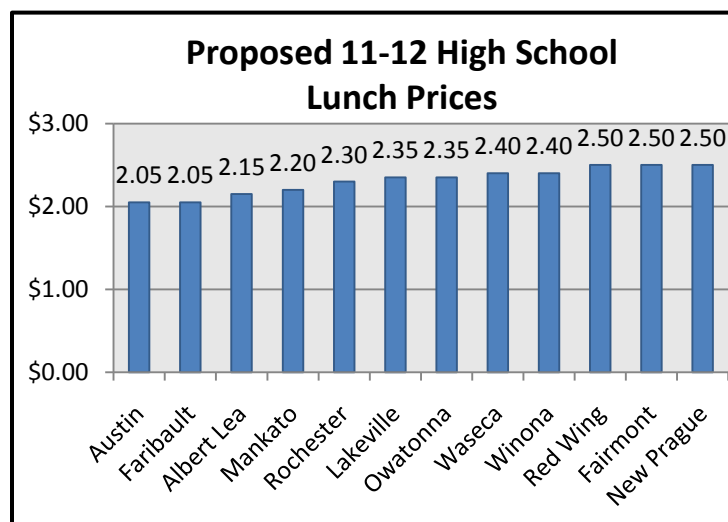
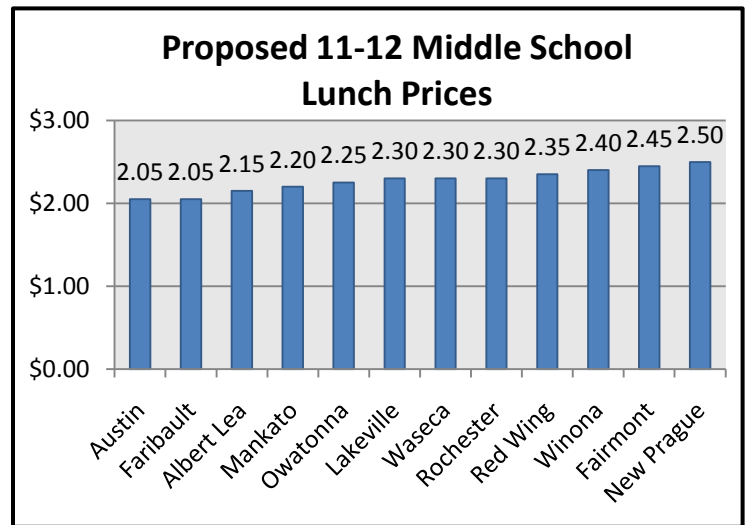
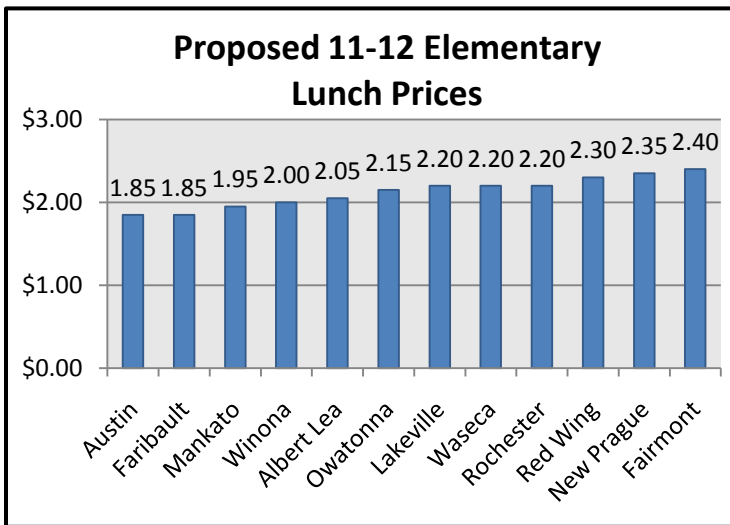
Sec. 205 of the Healthy Hunger-Free Kids Act of 2010, signed into law December 13, 2010, requires schools to charge students for paid meals at a price that is, on average, equal to the difference between the federal free meal reimbursements and paid meal reimbursement (\$2.46). Schools that currently charge less than \$2.46 are required to gradually increase their prices over time until they meet the requirement; schools may choose to cover the difference in revenue with non-Federal funds instead of raising paid meal prices. Also, the Act establishes a maximum annual increase in the required paid increases of 10¢ annually.

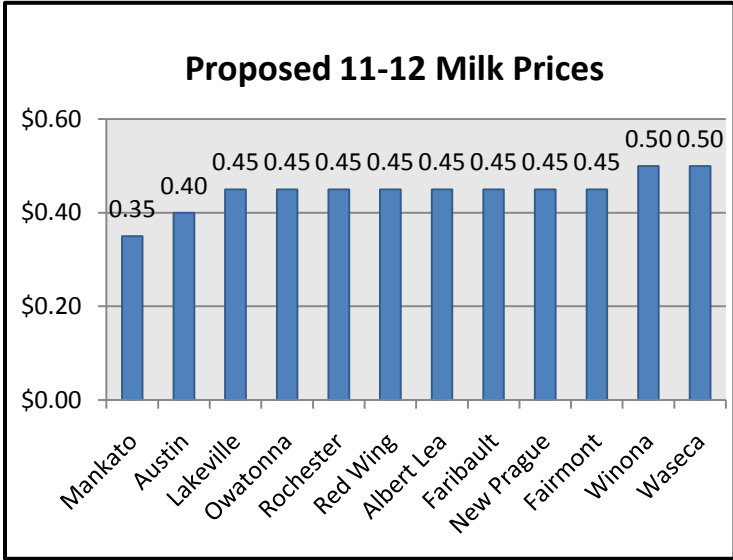
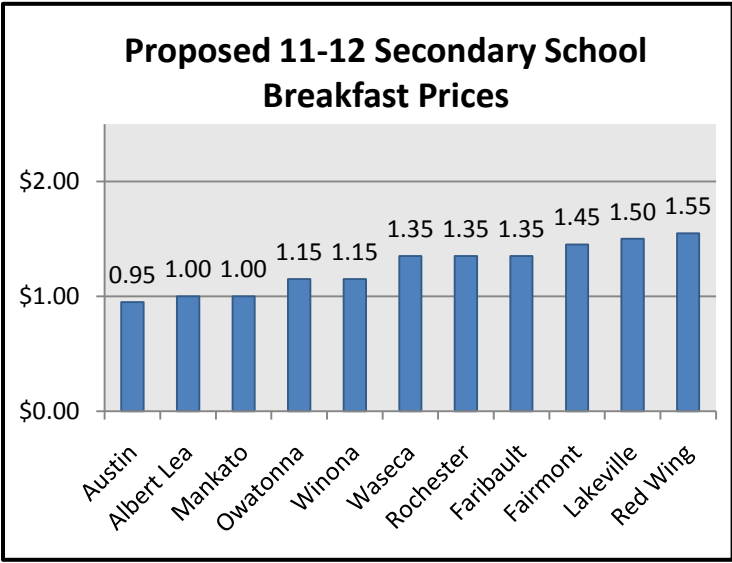
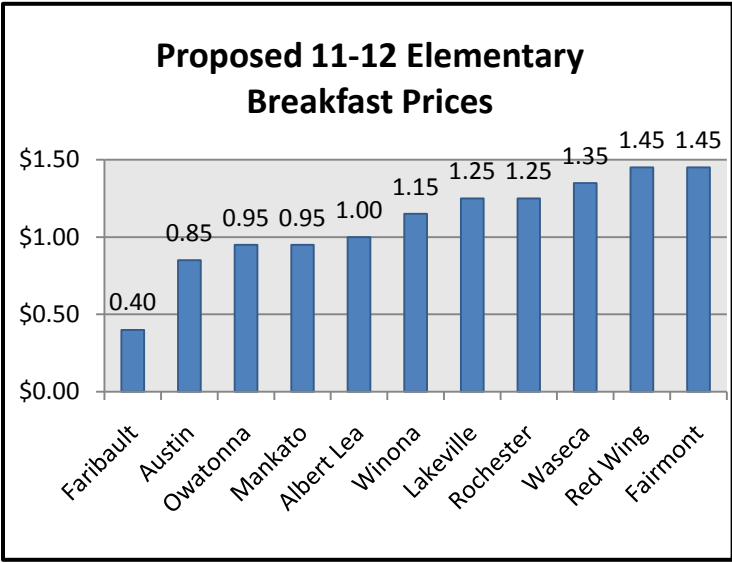
Smaller, more gradual price increases allow families to make adjustments more easily. Also, increasing our meal prices will also allow us to:

- Keep pace with the rising costs of food, milk, and supplies. Many food items critical to providing balanced, nutritious school meals, such as fresh fruits, vegetables, and whole grains are costly.
- Implement future revisions to USDA Child Nutrition Meal Program standards and requirements (such as increasing the amounts of fruits, vegetables, and whole grains that we must offer).
- Continue to move our meal programs forward by completing capital improvements (i.e. replacement of kitchen equipment).

The Food & Nutrition Services Department recommends a 5¢ meal price increase for lunch prices for the 2011-12 school year in order to move towards compliance with Federal regulations by gradually increasing our prices for paid lunches. A 5¢ meal price increase for breakfast prices is also recommended to be more closely aligned with surrounding districts. The additional revenue realized by increasing meal prices 5¢ would be approximately \$22,289.

Lunch and breakfast price comparisons to surrounding Districts:





As shown in the tables listed above, the meal prices in Owatonna are at or below other comparable school districts in our area. It is also important to note that the Owatonna prices include the proposed 5¢ increase.

According to Federal Regulations, a Food Service Fund Balance should not exceed a maximum of three months operating costs, unless for an approved, specific documented need, i.e., equipment purchase or remodel project. Our monthly operating costs come to approximately \$265,000, or a maximum fund balance of \$795,000. Our projected FY 11 Fund Balance is approximately 1.5 months. However, the industry standard is to have a minimum of at least three weeks operating capital in the Food Service Fund Balance to assist the District with cash flow for Food and Nutrition Services fund expenditures. The Food Service Fund Balance should be managed to be self-supporting to eliminate the need to use money from the General Fund.

Food Service Fund Balance Overview

	Audited FY 10	Projected FY 11	W/Meal Price Increase FY 12
Revenue	\$2,602,894	\$2,506,242	\$2,519,813
Expenditures	\$2,476,028	\$2,476,346	\$2,495,628
Operating Excess or Deficit	\$126,866	\$29,896	\$24,185
Fund Balance	\$369,490	\$399,386	\$423,571

Food Service Economic Outlook

The projected revenue for the Food Service FY 12 budget is shown in the table below. The overall decrease of 2.37 % is based largely on anticipated loss of revenue associated with the summer meal program and ala carte sales. The increases are in the areas of special assistance, school breakfast program, and sales to pupils. The increase in special assistance is the revenue we receive from the Federal Free and Reduced Lunch Program. This revenue budget is based on the requested .05 cent increase in meal prices.

Food Service Revenues

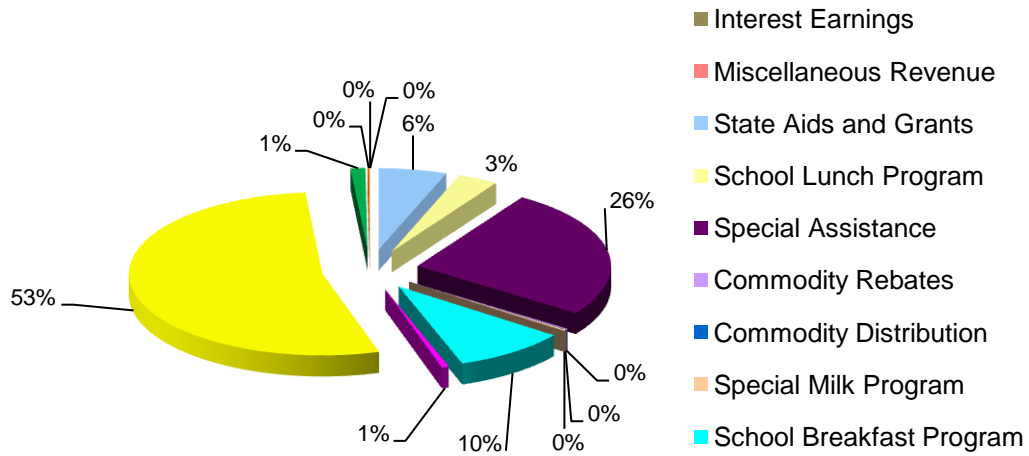
Description	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget	Change Percent	Change Amount
Interest Earnings	\$ 2,380	\$ 1,080	\$ 888	\$ 155	-82.55%	\$ (733)
Miscellaneous Revenue	1,070	-	-	-	0.00%	-
State Aids and Grants	145,574	156,864	154,754	143,340	-7.38%	(11,414)
School Lunch Program	140,103	91,749	86,745	85,386	-1.57%	(1,359)
Special Assistance	491,379	552,198	618,417	647,860	4.76%	29,443
Commodity Rebates	40,084	29,000	25,000	5,000	-80.00%	(20,000)
Commodity Distribution	70,283	-	-	-	0.00%	-
Special Milk Program	6,817	6,503	6,287	5,623	-10.56%	(664)
School Breakfast Program	193,280	198,681	219,549	238,226	8.51%	18,677
Summer School	15,151	26,731	25,000	15,000	-40.00%	(10,000)
Sales to Pupils	1,351,314	1,350,692	1,409,884	1,343,188	-4.73%	(66,696)
Sales to Adults	44,723	38,566	31,201	31,189	-0.04%	(12)
Special Function Food Sales	28,961	1,500	3,000	4,500	50.00%	1,500
Total	\$ 2,531,119	\$ 2,453,564	\$ 2,580,725	\$ 2,519,467	-2.37%	\$ (61,258)

Food Service Economic Outlook

The projected revenue for the Food Service FY 12 budget is shown in the table below. The overall decrease of 2.37 % is based largely on anticipated loss of revenue associated with the summer meal program and ala carte sales. The increases are in the areas of special assistance, school breakfast program, and sales to pupils. The increase in special assistance is the revenue we receive from the Federal Free and Reduced Lunch Program. This revenue budget is based on the requested .05 cent increase in meal prices.

The largest source of funds is sales to pupils (53%). The next largest source is for special assistance. This accounts for 26% of total revenue. See the following pie chart for the breakdown of revenue for the Food Service Fund.

2011-12 Food Service Revenue Budget



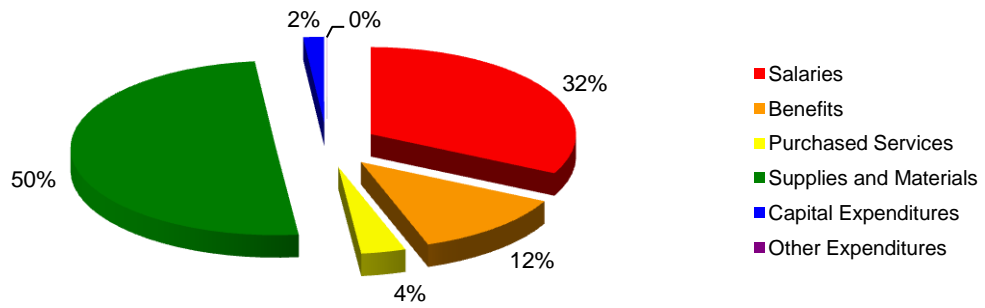
Expenditures for FY 12 is shown in the table below. The projected expenditures for FY 12 decreased from FY 11 largely due to the changes in capital expenditures. The purchased services increase is due to an increase in the amount of the repairs and maintenance budget. These two lines items are related to each other, as the district plans to repair equipment rather than purchase new equipment.

Food Service Expenditures

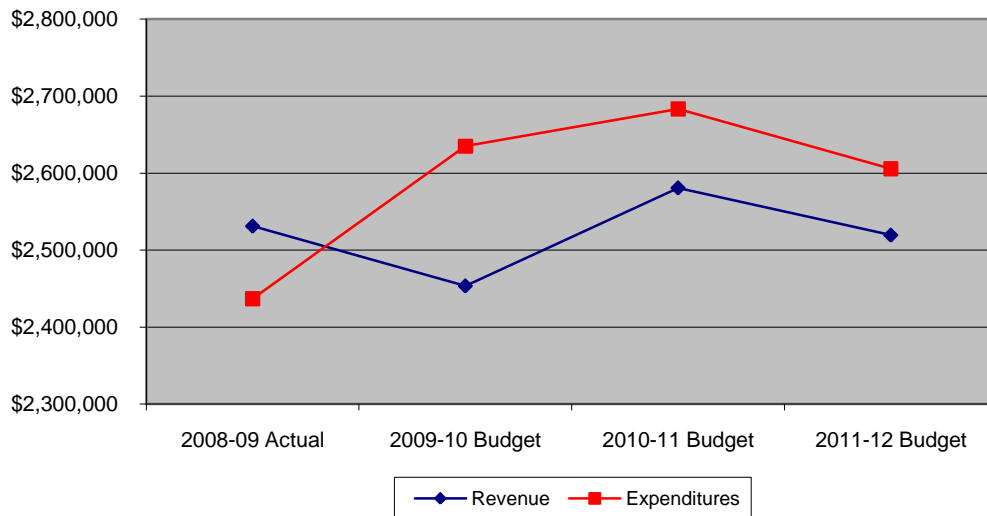
Description	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget	Change Percent	Change Amount
Salaries	\$ 823,121	\$ 827,523	\$ 843,538	\$ 844,548	0.12%	\$ 1,010
Benefits	289,293	301,858	314,105	320,235	1.95%	6,130
Purchased Services	53,281	66,379	81,223	91,734	12.94%	10,511
Supplies and Materials	1,267,328	1,325,041	1,391,497	1,306,107	-6.14%	(85,390)
Capital Expenditures	3,199	113,200	52,407	42,407	-19.08%	(10,000)
Other Expenditures	593	930	476	556	16.81%	80
Total	\$ 2,436,815	\$ 2,634,931	\$ 2,683,246	\$ 2,605,587	-2.89%	\$ (77,659)

The Food Service budget is mostly made up of salaries and supplies. These items make up 82% of the total Food Service expenditure budget.

2011-12 Food Service Expenditure Budget



As indicated on the following graph, expenditures continue to exceed revenues in order to spend down the existing fund balance, while at the same time providing affordable lunch prices and quality meals.



Owatonna Community Education celebrates learning and life through community-based programming that enhances the quality of life for Owatonna school district residents. Life-long learners from a thirty-mile radius of Owatonna participate in programming presented through the community education model. The sluggish economy of the last three years has not had a profound impact on Community Education’s ability to market programs and attract partners. Annually, about 65% of our district population participates in a Community Education offering; however, our data management system is not sophisticated enough to tell us how many within that percentage are actually duplicate counts. With a new population base of 29,301 (increase of 1,296), we will be challenged to increase our outreach efforts.

No changes are being proposed for program areas that will operate in 2011-2012 under the Community Education banner. Our program efforts revolve around the following primary audiences.

• Adult and Family Enrichment	• Adult Basic Education
• School Age Care	• Early Childhood Family Education
• School Readiness	• Early Childhood Screening
• Youth Development/Youth Service/Youth Enrichment	• OJHS/Kids First Athletics

The cornerstone of excellence in programming for each program component is the ability to model a learning organization, engage in cross-program learning and to provide relevant, transparent, and engaging pathways and partnerships for sharing life skills within the greater Owatonna community.

Program priorities for 2011-12 emanate from these cultural realities of our organization:

- Program offerings need to be respectful of the current economic climate by continuing to provide affordable programming that enhances individual and family decision-making and employability skills for navigating this critical time in our history;
- Attentive listening will be critical in the identification of needs and wants among our individual and organizational partners in this dynamic global culture and responding in fast and effective ways with plausible solutions;
- Reflective dialogue and data analysis will drive our ongoing quest to quantify and define adequate yearly progress in enrichment-based learning environments;
- Continuous improvement initiatives will build on the history we have established of being open and reflective with ourselves and our program participants/partners; and to benchmark experiences with programs judged to be effective around the state in modeling cutting-edge delivery of accountable and impactful programming;
- The Community Education component of ISD 761 is totally dependent on the individual and collective success of our program teams. Individuals need clear pathways to share their voice and their technical skill towards building the capacity of our community to grow world-class learners. Employee orientation and staff development processes need refinement to address engagement and ownership in individual and team accountability for delivery, growth and evaluation.
- Highly competent technology skills need on-going assessment and instruction for successful delivery of programs. Expanded use of SMARTBOARD technology will be deployed at Roosevelt in 2011-2012 that will impact delivery of direct instruction.
- Expanding program partnerships will receive focus in the areas of school readiness for children of incarcerated parents, FastTRAC pathways for adult work and academic readiness, and distance learning options for adult learners across program content. English Language instruction through the lens of Civics Education will also be pursued if grant opportunities are fruitful.
- The ABE team will critically review its delivery system in an effort to align itself with the reality of a new core mission.
- The SAC Program is facing the reality of plateauing in its ability to increase the number of families served; however, the potential for reaching children with high-quality and aligned programming that responds to the K-8 Explorations initiative will be a high priority for the new program year.

Community Education Economic Outlook

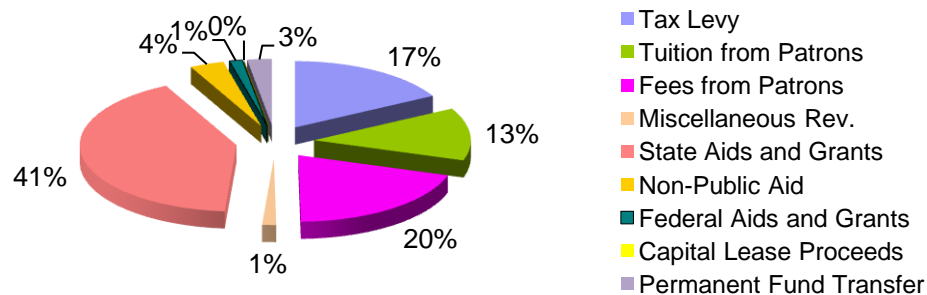
The projected revenue for FY 12 as shown in the table below shows a slight increase of 2%. The majority of this revenue increase is related to a new local and state grant. Owatonna participates in an Adult Basic Education Consortium where Owatonna is the fiscal host. The consortium includes Albert Lea and Austin Public Schools. ABE funding is driven by student contact hours in the previous year. Therefore, ABE funding can change based on what is happening between all three districts. The ABE program is the cause for the increase in state aids and grants and the decrease in federal aids and grants.

Community Service Revenues

Description	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget	Change %	Change Amount
Tax Levy	\$ 250,920	\$ 290,193	\$ 284,847	\$ 310,231	8.91%	\$ 25,384
Tuition from Patrons	211,051	204,500	202,500	232,500	14.81%	30,000
Fees from Patrons	336,403	395,000	372,700	360,000	-3.41%	(12,700)
Miscellaneous Rev.	30,737	13,784	9,135	26,111	185.83%	16,976
State Aids and Grants	802,804	764,354	790,532	750,538	-5.06%	(39,994)
Non-Public Aid	61,382	64,429	64,429	64,429	0.00%	-
Federal Aids and Grants	49,553	45,650	26,481	24,557	-7.27%	(1,924)
Capital Lease Proceeds	16,375	-	-	-	0.00%	-
Permanent Fund Transfer	-	28,000	28,000	45,968	64.17%	17,968
	\$ 1,759,225	\$ 1,805,910	\$ 1,778,624	\$ 1,814,334	2.01%	\$ 35,710

The largest source of funds is state aid and grants (42%). However, a substantial amount of funding comes from fees from patrons (20%) and local tax levy (17%) as shown in the following pie chart.

2011-12 Community Service Revenue Budget



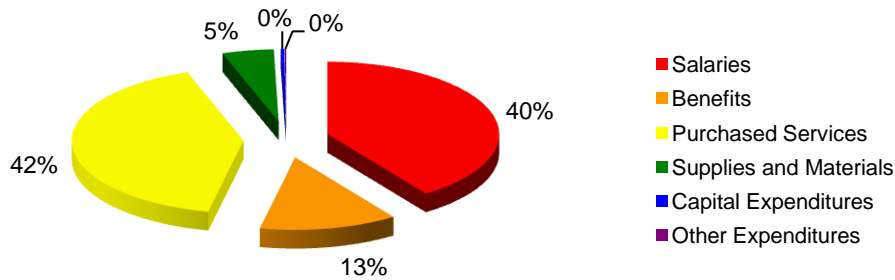
Expenditure decreases in FY 12, as shown below, are in response to the relatively flat increase revenues and the intent to maintain fund balances in each community education program in current uncertain economic conditions. Each community education program is considered on its own, so programs are offered based on the revenues coming in for the program and the anticipated fund balance.

Community Service Expenditures

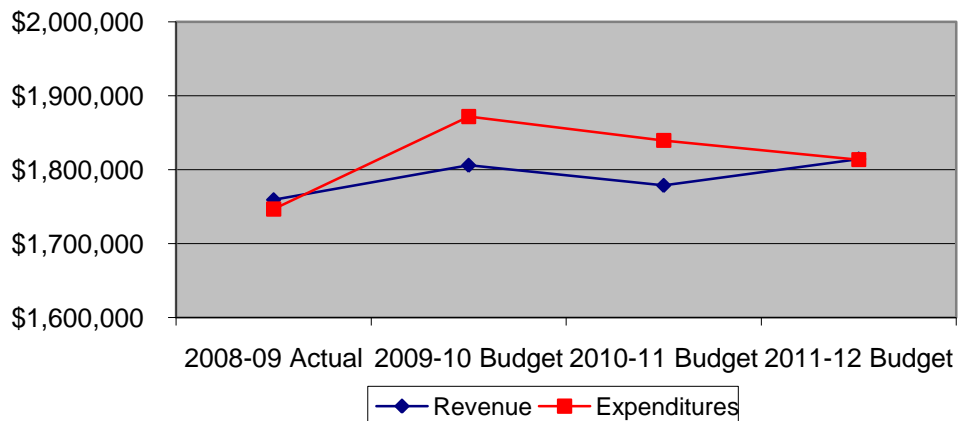
Description	2008-09 Actual	2009-10 Budget	2010-11 Budget	2011-12 Budget	Change %	Change Amount
Salaries	\$ 734,183	\$ 820,551	\$ 813,730	\$ 731,000	-10.17%	\$(82,730)
Benefits	219,623	261,058	261,238	235,349	-9.91%	(25,889)
Purchased Services	664,985	700,654	687,873	750,807	9.15%	62,934
Supplies and Materials	72,868	79,203	66,669	88,177	32.26%	21,508
Capital Expenditures	53,437	8,643	8,179	6,179	-24.45%	(2,000)
Other Expenditures	1,755	1,950	1,925	2,100	9.09%	175
	\$ 1,746,851	\$ 1,872,059	\$ 1,839,614	\$ 1,813,612	-1.41%	\$(26,002)

As with other programs in a school district, salaries and benefits comprise the majority portion of expenditures (53%). However, purchased services are another large area (42%). Of the \$750,807 budgeted for purchased services, approximately \$370,000 is Adult Basic Education money passed on to the other districts.

2011-12 Community Service Expenditure Budget



For FY 12, for the first time since FY 09, revenues are very closely aligned to expenditures. In FY 10 and FY 11, expenditures exceeded revenues in order to spend down previously existing program fund balances. See the graph below.



CHAPTER NINE - CAPITAL BUDGET OVERVIEW

The Owatonna School District annually receives in excess of \$1,500,000 in state funding intended to support capital purchases and projects. These funds are typically used for the acquisition and maintenance of technology, school books, school building furniture, ongoing facility repair and upkeep.

OWATONNA PUBLIC SCHOOLS				
OPERATING CAPITAL EXPENDITURES (FIN 302)				
FISCAL YEAR 2011-12				
Projected Beginning Balance				\$ 440,057
Revenue				
	Operating Capital - Aid		573,671	
	Operating Capital - Levy		575,524	
	Lease Levy		54,053	
	Advanced Recognition - Lease Levy		256,891	
Total Revenue			1,460,138	
Expenditures				
Fixed				
	Taxes/Assessments		15,234	
	Four Seasons Lease		49,453	
	Gymnastic's Lease		4,600	
	Actions Lease - EBD Program		47,000	
	ALC Lease		201,272	
	COP - Roof Project		257,853	
Copiers				
	- District wide		9,866	
	- Lincoln		4,890	
	- McKinley		4,890	
	- Washington		4,890	
	- Wilson		4,890	
	- Willow Creek		4,890	
	- OJHS		9,741	
	- OHS		25,140	
	- ALC		2,729	
	- Special Services		2,729	
	Postage Machine		3,516	
	District Van		4,680	
Total Fixed Expense			658,263	
Operating Capital Allocation				
	OHS	\$ 15.00	1,964.30	29,465
	OJHS	\$ 15.00	894.40	13,416
	Grade 6	\$ 15.00	396.44	5,947
	K-5	\$ 15.00	2,095.85	31,438
	ALC	\$ 15.00	180.79	2,712
Total Building Operating Capital Allocations			82,977	
Program Operating Capital Allocations				
	Athletics		16,000	
	Curriculum		155,000	
	District Administration		10,000	
	Finance System		11,247	
	Operations & Maintenance		20,000	
	K-8 Explorations		200,000	
	K-8 Explorations		200,000	
	Special Services		3,000	
	Technology - LCM		402,702	
	Technology - Instructional Software		33,000	
Total Program Operating Capital Allocations			1,050,949	
Total Expenditures				1,792,189
Addition (Reduction) To Fund Balance				(332,051)
Projected Ending Balance			80	\$ 108,006

Health and Safety, Deferred Maintenance, and Capital Budgets for 2011-12

Buildings and Grounds 11-12 Plans			
Health and Safety			
Resources Available:	\$375,654.00	Projects:	Expenses:
		Playground Resurfacing and other hazards	\$4,700.00
		Mechanical & Power Equipment - Safety Modifications	\$14,000.00
		OSHA Physical and Electrical Hazard Violation Corrections	\$34,000.00
		Food Code Safety - MDH Health Code Requirements	\$3,000.00
		Elevator and Lift Inspections	\$18,750.00
		Personal Protective Equipment	\$5,500.00
		Hazardous / Infectious Waste Management & Disposal	\$15,250.00
		Lead in Water - Testing & Mitigation	\$1,400.00
		Boiler - Main Supply Backflow Preventor and	\$1,700.00
		Health, Safety & Environmental Management - School District Personnel	\$63,554.00
		Health, Safety & Environmental Management - IEA Consultant	\$9,500.00
		Safety Committee and AWAIR	\$500.00
		Science Labs - Inventory & Other Safety Compliance	\$1,600.00
		Blood Borne Pathogen Standard Compliance	\$3,000.00
		Integrated Pest Management	\$200.00
		Computer Based Management Support Programs	\$5,500.00
		H&S Management Assistance (Bob Tweeten)	\$2,000.00
		Three Year Fire Inspection	\$4,500.00
		IAQ plan and IAQ Coordinator Expenses	\$5,000.00
		Automated External Defibrillators	\$1,200.00
		Removal and Encapsulation of Asbestos (not replacement of materials)	\$100,000.00
		Repair and Maintenance - Asbestos	\$11,500.00
		Asbestos - Staff Training	\$3,000.00
		Asbestos Worker Required Health Physicals	\$1,500.00
		Fire Alarm Equipment	\$41,500.00
		Fire Extinguisher Inspection & Maintenance	\$5,000.00
		Fire Marshall Order Violation Corrections	\$9,800.00
		Lighting - Emergency and Egress	\$8,500.00
		Unexpected Needs	\$0.00
		TOTAL	\$375,654.00
Deferred Maintenance			
Resources Available:	\$324,177.00	Projects:	Expenses:
		District wide black top	\$62,767.00
		Flooring (tile and carpet)	\$110,635.00
		School doors	\$40,263.00
		Unexpected Needs	\$110,512.00
		TOTAL	\$324,177.00
Capital			
Resources Available:	\$420,000.00	Projects:	Expenses:
		K-8 Explorations	\$400,000.00
		Unexpected Needs/On-going Maintenance	\$20,000.00
		TOTAL	\$420,000.00

The majority of the Buildings and Grounds work in FY 11 will occur in health and safety (\$375,654) and deferred maintenance (\$324,177). These expenses are met through the board approved levy certification process.

Anticipated Capital Needs 2011-15

CAPITAL & MAINTENANCE	APPROX COSTS	2011	2012	2013	2014	2015
District Wide	155,000.00	0.00	100,000.00	55,000.00	0.00	0.00
Lincoln	3,426,975.00	242,698.00	311,794.00	990,106.00	1,882,377.00	0.00
McKinley	4,048,151.00	191,068.00	127,259.00	1,019,342.00	2,710,482.00	0.00
Washington	3,057,790.00	339,890.00	464,384.00	1,784,581.00	468,935.00	0.00
Wilson	3,346,441.00	0.00	62,697.00	182,248.00	3,101,496.00	0.00
Willow Creek	491,508.00	79,776.00	0.00	20,000.00	196,338.00	195,394.00
OJHS	7,243,053.00	477,550.00	624,499.00	2,031,498.00	4,109,506.00	0.00
OHS	23,439,742.93	1,358,196.00	2,448,236.93	11,577,212.00	8,056,098.00	0.00
Roosevelt	1,207,324.00	0.00	3,500.00	90,877.00	114,158.00	998,789.00
District Office	805,623.00	334,587.00	13,000.00	266,349.00	191,687.00	0.00
Activities Office	0.00	0.00	0.00	0.00	0.00	0.00
Rose Street	294,945.00	0.00	0.00	0.00	38,315.00	256,630.00
Total Capital	47,516,552.93	3,023,765.00	4,155,369.93	18,017,213.00	20,869,392.00	1,450,813.00

The costs identified above reflect potential anticipated needs based on data gathered during the ATS&R facility study of 2007-08. The annual health and safety, deferred maintenance, and capital budgets are prioritized to meet as many of the above need as economically feasible.

CHAPTER TEN – STRATEGIC PLAN AND STUDENT ACHIEVEMENT

The Owatonna School District has in place a process for the annual establishment of goals. Goals are developed through analysis of state testing mandates, standardized tests, and annual surveys of the community, parents, students and staff. In the fall of each year, following the development of operational goals at each site, a set of plans is developed by building principals. Included in this chapter are the 90-day results based on these plans.

Also included within this chapter is an analysis of our student achievement based on the results from the 2010 state assessments as well as a listing of some of the key initiatives that were employed by the District over the course of the school year to improve the achievement results on the 2011 state assessments.

Owatonna Public Schools
Strategic Roadmap

February 2009

<p>Mission Statement <i>(Our Core Purpose)</i></p> <p style="text-align: center;">To inspire all learners to excel in a dynamic society by creating a world class education within an innovative learning community.</p>	<p>Core Values <i>(What Drives Our Words and Actions)</i></p> <p>Excellence A relentless pursuit of commitment to the highest standards.</p> <p>Integrity Honest and genuine in our words and actions to strengthen and enrich all we do</p> <p>Engagement Students, families, staff and community working together toward a common purpose</p> <p>Respect Recognize and value individual strengths, differences, and contributions</p> <p>Responsibility Acceptance and engagement of one’s role in the mission of the District and getting the job done in a professional and timely manner</p> <p>Innovation Creative, new and purposeful ways to achieve goals and meet needs</p>
<p>Vision - 2012 * <i>(What we intend to create by 2012)</i></p> <ul style="list-style-type: none"> • Resources needed for 21st Century learning • Clarity of our goals and roles • Engagement in change and innovation • Excellence: high expectations and success for all • E-12 curriculum alignment • Customized learning for individual student needs 	<p>Strategic Directions <i>(Focused allocation of resources)</i></p> <ul style="list-style-type: none"> A. Move all students toward identified learning targets B. Integrate technology and provide facilities to improve instruction and operational efficiency C. Align curriculum and improve instruction around student needs D. Create a culture that embraces change for continual improvement E. Educate and engage the community to recognize public education as an economic and cultural asset

* Note: Our ‘vision’ defines “...what we hope we look like, and are recognized for, by 2012...”

**Owatonna Public Schools
VISION-2012 DRAFT 01**

Resources needed for 21st century learning *	Clarity for our goals and roles	Engaging in change & innovation	Excellence, defining expectations & success	E-12 curriculum alignment	Customized learning for individual student needs
<ul style="list-style-type: none"> • Fully-funded schools (MN miracle) • Accept & maximize our financial condition • Pass/renew our levy • Decrease the gap between have and have not's • More competition between districts • Engage our community in meeting our challenges and celebrating success • A new elem. school, bldg updates, plans for new OHS • Increase our enrollment • Diversity—community and district will become diverse • Increased poverty • 21st century facilities • Response to more diverse needs due to economic times • Flat or less resources available 	<ul style="list-style-type: none"> • Clear expectations for learning, leadership & linkage • Clearly defined strategic roadmap • Bd provide policy and governance role and support staff in fulfilling vision and reach for mission • Operate under a commonly-developed mission 	<ul style="list-style-type: none"> • Renew the discussion related to neighborhood schools, new grade levels • Assess/evaluate year-round schools • Q-comp and PLC's part of our culture • Professional staff dev. collaboration is the norm • Cross grade/ cross subject collaboration • Integrate cultural relationships • Trust & support for innovation • Ability to feed innovation quickly enough • Expectation of value added (excellent product for minimal community \$ commitment) 	<ul style="list-style-type: none"> • Success is defined higher than meeting AYP • A survey of previous graduates indicates 100% success at their next level • Push beyond AYP—all students • Lead change, prepare world class students • "No excuse" culture is in place 	<ul style="list-style-type: none"> • Continuum of skills rather than grades—elem. • Increased PK-12 alignment • Research based instructional practice (system wide) • Instructional innovation that is supported by technology • Core curriculum identified and taught with fidelity • Aligned district curriculum • Tighter, more focused, database curriculum focused on relationships 	<ul style="list-style-type: none"> • Online/virtual learning • 1 to 1 computing • Individualized learning • Increase flexible learning space (less classroom isolation) • Flexible learning environment • Merging business expertise w/educational PLC's • Electronic textbooks • Data driven individualized instruction • 21st century education in practice • Customized programs/instructional tracks • RTI in practice in all our schools • Social networking (technology) • Role for parents in student learning • Base of technology in all classrooms for instructions • College in the schools • Role of business community in student learning • Student driven course selection

* Note: The 'bulleted' comments under each vision statement do not represent the consensus of the planning team, but rather simple observations generated through small and large group discussions and are intended to create a foundation for Plan development.

	A. Move all students toward identified learning targets *	B. Integrate technology and provide facilities to improve instruction and operational efficiency	C. Align curriculum and improve instruction around student needs	D. Create a culture that embraces change for continual improvement	E. Educate & engage the community to recognize public education as an economic and cultural asset
A C C O M P L I S H M E N T S	<ul style="list-style-type: none"> All students will meet or exceed benchmarks in MCA II's All student at or above anticipated growth targets Close the gap between expectations & performance Exceed state composite scores in ACT and PSAT Make AYP in all cells _% increase in NWEA target index 	<ul style="list-style-type: none"> Increase in on-line learning By 2012, base technology in all classrooms 	<ul style="list-style-type: none"> Articulated scope & sequence RTI (less referrals, reading sooner @ grade levels) Curriculum road maps in place Alignment would be visible through classroom observations & grade level/dep't planning Differentiation of instruction as observed by leadership Innovation is transparent, with a framework for allocation for projects and resources Increased/active involvement in PLC's By 2012, mapped curriculum implemented in all content areas Multiple instr. Approaches supported by diagnostics are in place 	<ul style="list-style-type: none"> Staff & self evaluations Implementation of Q-comp by 7/10/10 ALL goals are SMART Baldrige finalist Increased student engagement – measured by attendee and satisfaction surveys Ability to consistently use data to analyze & problem solve solutions People are operating within the defined roles _% increase in participation in extracurricular activities Employee engagement scores 	<ul style="list-style-type: none"> MSBA school Board of the year 90% approval rating
C O N T R A D I C T I O N S	<ul style="list-style-type: none"> Narrow achievement gaps by 50% across all subgroups Standardized tests don't measure success for all Teaching to the tests Changing/moving targets by politicians Standards in constant state of flux 	<ul style="list-style-type: none"> Base technology is a moving target 	<ul style="list-style-type: none"> Curriculum may be aligned, but is it being delivered with fidelity? Conflicting approaches (professional judgments) Time consuming – requires staff stipends increase \$ One size fits all Success is difficult to define Number of electives Alignment without opportunity for customization Difficulty in measuring – subjectivity Tenure Change capacity is under-developed Re-examine of leadership/work priorities As standards change, so does your curriculum Time & resources to complete curriculum mapping 	<ul style="list-style-type: none"> Viewpoint that Q-comp may be unfair & inequitable. Not teacher role to educate other teachers Define a baseline of core values embedded in district culture & establish an improvement target Resistance to change Differences in perception Attitudes Time prioritization Not operating within defined roles – unwilling to accept – on the wrong bus! This, too, shall pass 	<ul style="list-style-type: none"> Non-supportive families Upfront sustainable funding Parent/community opinion Commitment to and understanding core values Increased government role in education Resource prioritization

Owatonna Public Schools' Pyramid Of Success



90-Day Results

Strategic Direction A: Move all students toward identified learning targets.

Measures	WT (%)	Intervene (1.0 – 1.9)	Concern (2.0 – 2.9)	Baseline (3.0 – 3.9)	Progress (4.0-4.9)	Vision (5.0)
NWEA MAP Math Students meet growth or proficiency target	12%	< 69% of all students meet expected growth or proficiency in RIT targets	70- 79 %of all students meet expected growth or proficiency in RIT targets	80-89% of all students meet expected growth or proficiency in RIT targets	90-99% of all students meet expected growth or proficiency in RIT targets	>100% of all students meet expected growth or proficiency in RIT targets
NWEA MAP Reading Students meet growth or proficiency target	12%	< 69% of all students meet expected growth or proficiency in RIT targets	70-79% of all students meet expected growth or proficiency in RIT targets	80-89% of all students meet expected growth or proficiency in RIT targets	90-99% of all students meet expected growth or proficiency in RIT targets	>100% of all students meet expected growth or proficiency in RIT targets
Curriculum-based Measures – Oral Reading Fluency	12%	< 65 % of all students meet/exceed grade level target	65-71% of all students g meet/exceed grade level target	72-78% of all students meet/exceed grade level target	79-85% of all students meet/exceed grade level target	> 85% of all students meet/exceed grade level target
MCA-II Reading Scores	13%	< 65 % of all students meet/exceed expected proficiency	65-71% of all students meet/exceed expected proficiency	72-78% of all students meet/exceed expected proficiency	79-85% of all students meet/exceed expected proficiency	> 85% of all students meet/exceed expected proficiency
MCA-II Math Scores	13%	< 65 % of all students meet/exceed expected proficiency	65-71% of all students meet/exceed expected proficiency	72-78% of all students meet/exceed expected proficiency	79-85% of all students meet/exceed expected proficiency	> 85% of all students meet/exceed expected proficiency
Difference across all subgroups in MCA Reading	11%	25% or greater difference	20 – 24% difference	14 – 19% difference	10 – 13% difference	< 10% difference
Difference across all subgroups in MCA Math	11%	25% or greater difference	20 – 24% difference	14 – 19% difference	10 – 13% difference	< 10% difference
% of grades 9-11 students on-track to graduate per year	4%	< 65% of all students on track with credits toward graduation	65-71% of all students on track with credits toward graduation	72-78% of all students on track with credits toward graduation	79-85% of all students on track with credits toward graduation	> 85% of all students on track with credits toward graduation
MN graduation tests grades 9 writing	3%	< 80% passage	81-89% passage	90-94% passage or State Average	95-98% passage	>100% passage
MN graduation tests grades 10 reading	3%	< 50% passage	51-70% passage or State Average	71-85% pass	86-95% passage	>95% passage
MN graduation tests grades 11 math	3%	< 40% passage	41- 59%passage or State Average	60-80% passage	81-90% passage	>90% passage

Measures	WT (%)	Intervene (1.0 – 1.9)	Concern (2.0 – 2.9)	Baseline (3.0 – 3.9)	Progress (4.0-4.9)	Vision (5.0)
Graduation Rate	1%	< 90% graduation rate	90 – 92% graduation rate	93 – 95% graduation rate	96 – 98% graduation rate	> 98% graduation rate
ACT - Composite Score.	1%	The average composite score of 18 or below	The average composite score of >18 and <20	The average composite score of >20 and <22	The average composite score of >22 and <24	The average composite score of 24 or greater
Average Daily Attendance Rate *Based on full day attendance	1%	< 85 % average daily attendance rate	85-90 % average daily attendance rate	90 % average daily attendance rate	91-94 % average daily attendance rate	> 95 % average daily attendance

Strategic Direction B: Integrate technology and provide facilities to improve instruction and operational efficiency.

Measures	WT (%)	Intervene (1.0 – 1.9)	Concern (2.0 – 2.9)	Baseline (3.0 – 3.9)	Progress (4.0-4.9)	Vision (5.0)
Instruction that uses technology to enhance student learning*	35%	< 40 % of instruction that integrates technology in student / teacher learning process	40 - 49 % of instruction that integrates technology in student / teacher learning process	50 - 64 % of instruction that integrates technology in student/ teacher learning	65 - 75 % of instruction that integrates technology in student / teacher learning	> 75 % of instruction that integrates technology in student learning
District space and facilities serve as an asset in meeting program goals and District vision*	35%	< 75% of all staff view space as an asset in meeting program goals and District vision	75-79% of all staff view space as an asset in meeting program goals and District vision	80-84% of all staff view space as an asset in meeting program goals and District vision	85 - 90% of all staff view space as an asset in meeting program goals and District vision	> 90% of all staff view space as an asset in meeting program goals and District vision
Student to computer ratio (not including computers assigned to teachers/ administrator)	20%	> a 10:1 ratio across all schools	10:1 ratio across all schools	7:1 or less ratio across all schools	5:1 or less ratio across all schools	3:1 or less ratio across all schools
Percent of targeted energy savings achieved, as defined by ESG annual verified measurement process	10%	70-79% guaranteed ESG savings achieved	80-89% guaranteed ESG savings achieved	90-100% guaranteed ESG savings achieved	101-110% guaranteed ESG savings achieved	111-120% guaranteed ESG savings achieved

*As measured by ScoreCard survey developed in FY'11

Strategic Direction C: Align our curriculum and improve instruction to meet students’ needs.

Measures	WT (%)	Intervene (1.0 – 1.9)	Concern (2.0 – 2.9)	Baseline (3.0 – 3.9)	Progress (4.0-4.9)	Vision (5.0)
E – 12 core curriculum maps and pacing guides are developed for all subject areas	20%	< 50% of E-12 core curriculum maps and pacing guides are developed for all subject areas.	50 - 69% of E-12 core curriculum maps and pacing guides are developed for all subject areas.	70 - 85% of E-12 core curriculum maps and pacing guides are developed for all subject areas.	86 - 90% of E-12 core curriculum maps and pacing guides are developed for all subject areas.	> 90 % of E-12 core curriculum maps and pacing guides are developed for all subject areas.
Faculty uses strategies to differentiate instruction strategies for student learning *	30%	< 75% of faculty uses strategies to differentiate instruction to meet the targeted learning needs of all students.	75-79% of faculty uses strategies to differentiate instruction to meet the targeted learning needs of all students.	80-84% of faculty uses strategies to differentiate instruction to meet the targeted learning needs of all students.	85 - 90% of faculty uses strategies to differentiate instruction to meet the targeted learning needs of all students.	> 90% of faculty uses strategies to differentiate instruction to meet the targeted learning needs of all students.
Professional Learning Communities (PLC’s) use data to monitor student progress and improve learning	30%	< 50% of faculty participate in PLCs that use data to monitor and improve student learning	50-55% of faculty participate in PLCs that use data to monitor and improve student learning	56-65% of faculty participate in PLCs that use data to monitor and improve student learning	66 - 75% of faculty participate in PLCs that use data to monitor and improve student learning	> 75% of faculty participate in PLCs that use data to monitor and improve student learning
Students are actively engaged in learning *	20%	<70% of students observed are actively engaged in learning	70-74% of students observed are actively engaged in learning	75-79% of students observed are actively engaged in learning	80-90% of students observed are actively engaged in learning	>90% of students observed are actively engaged in learning

*As observed and recorded by site administrators and instructional coaches

Strategic Direction D: Create a culture that embraces change for continual improvement.

Measures	WT (%)	Intervene (1.0 – 1.9)	Concern (2.0 – 2.9)	Baseline (3.0 – 3.9)	Progress (4.0-4.9)	Vision (5.0)
Faculty are actively engaged in PLC’s	25%	< 75% of faculty are active members of a PLC	75 – 79 % of faculty are active members of a PLC	80 – 84% of faculty are active members of a PLC	85 – 90% of faculty are active members of a PLC	> 90% of faculty are active members of a PLC
Faculty reports utilization of at least three strategies / practices gained from involvement in PLC’s	25%	< 75 % of faculty self-reporting use of strategies / practices in daily classroom setting	75 - 79 % of faculty self-reporting use of strategies / practices in daily classroom setting	80 - 84 % of faculty self-reporting use of strategies / practices in daily classroom setting	85 - 90 % of faculty-self-reporting use of strategies / practices in daily classroom setting	> 90 % of faculty self-reporting use of strategies / practices in daily classroom setting

Measures	WT (%)	Intervene (1.0 – 1.9)	Concern (2.0 – 2.9)	Baseline (3.0 – 3.9)	Progress (4.0-4.9)	Vision (5.0)
Staff provides evidence of practices gained through district staff development	25%	< 75% of faculty and staff provide evidence of implementing knowledge, skills and practices provided through PD	75- 79 % of faculty and staff provide evidence of implementing knowledge, skills and practices provided through PD	80-84 % of faculty and staff provide evidence of implementing knowledge, skills and practices provided through PD	85-90 % of faculty and staff provide evidence of implementing knowledge, skills and practices provided through PD	> 90 % of faculty staff provide evidence of implementing knowledge, skills and practices provided through PD
All staff set and meet S.M.A.R.T. goals aligned to district strategic direction	10%	< 75% of staff meeting goals	75-79% of staff meeting goals	80-84% of staff meeting goals	85 - 90% of staff meeting goals	> 90% of staff meeting goals
Community recognition of, and satisfaction with, attainment of our mission and vision*	10%	< 60% of community members surveyed indicate moderate to high satisfaction in mission attainment	61-69% of community members surveyed indicate moderate to high satisfaction in mission attainment	70-79 % of community members surveyed indicate moderate to high satisfaction in mission attainment	80-90 % of community members surveyed indicate moderate to high satisfaction in mission attainment	> 90 % of community members surveyed indicate moderate to high satisfaction in mission attainment
All students will experience a positive learning environment*	5%	<75% of parents of students surveyed indicate they experience a positive learning environment	75-79% of parents of students surveyed indicate they experience a positive learning environment	80-84% of parents of students surveyed indicate they experience a positive learning environment	85-90% of parents of students surveyed indicate they experience a positive learning environment	>90% of parents of students surveyed indicate they experience a positive learning environment

*As measured by a ScoreCard survey developed in FY11

Strategic Direction E: Educate and engage the community to recognize public education as an economic and cultural asset.

Measures	WT (%)	Intervene (1.0 – 1.9)	Concern (2.0 – 2.9)	Baseline (3.0 – 3.9)	Progress (4.0-4.9)	Vision (5.0)
District per pupil levy	30%	<50% of MN State average	50-75% of MN State average	76-100% of MN State average	101-125% of MN State average	>125+% of MN State average
Partnerships in place to support District funding	20%	< .1 % of annual operating budget through grants and partnerships	.1 – .24 % of annual operating budget through grants and partnerships	.25 – .49 % of annual operating budget through grants and partnerships	.50 – .74 % of annual operating budget through grants and partnerships	>.75 % of annual operating budget through grants and partnerships

Measures	WT (%)	Intervene (1.0 – 1.9)	Concern (2.0 – 2.9)	Baseline (3.0 – 3.9)	Progress (4.0-4.9)	Vision (5.0)
District’s impact on employer’s ability to recruit and retain employees*	20%	> 80% of major employers see the District as having a negative role in new employee recruitment	> 80% of major employers see the District as having no role in new employee recruitment	> 80% of major employers see the District as having a minor role in new employee recruitment	> 80% of major employers see the District as having a moderate role in new employee recruitment	> 80% of major employers see the District as having a major role in new employee recruitment
Hours community members/parents volunteer within our schools annually Measure: based upon hours calculated with Volunteer Coordinators and Grandparents for Education Program	10%	<4500 hours	4500 – 4999 hours	5000 – 5500 hours	5501 – 6000 hours	>6000 hours
District staff participation in acts of social responsibility in local community by choice (i.e., community-based organizations, sports, church, fine arts, service, charity, United Way, etc.)	10%	<30% of staff report participation in a community-based activity as a part of their professional improvement plan.	31-49% of staff report participation in a community-based activity as a part of their professional improvement plan.	50-64% of staff report participation in a community-based activity as a part of their professional improvement plan.	65-79% of staff report participation in a community-based activity as a part of their professional improvement plan.	>80% of staff report participation in a community-based activity as a part of their professional improvement plan.
Activities, events, or meetings conducted to engage our culturally diverse student body and community	10%	<10 annually	11 – 15 annually	16 – 24 annually	25 – 29 annually	>29 annually

*As measured by a ScoreCard Survey developed in FY’11.

Student Achievement Assessment Instruments

Owatonna Public Schools (OPS) utilizes primarily two assessment processes to measure student achievement in the areas of reading and mathematics.

The first set of assessments is required by the state of Minnesota and involves administering the Minnesota Comprehensive Assessments-II (MCA-II) in reading, mathematics in grades 3, 4, 5, 6, 7, 8, 10, and 11 that meet the requirements of the federal No Child Left Behind (NCLB) act. These tests are given every year to measure student performance on the Minnesota Academic Standards, which define what our students should know and do in a particular grade. This version of the state assessments for Reading and Mathematics MCA-IIs began in 2006.

The purpose of the MCA-IIs is to find out how well students can apply the Minnesota Academic Standards in mathematics and reading. While students do not pass or fail these tests, each student receives a score that falls in one of four achievement levels (a) does not meet the standards, (b) partially meets the standards, (c) meets the standards, and (d) exceeds the standards. The mathematics and reading MCA-IIs are paper and pencil tests and the results are used to determine whether schools and districts have made Adequate Yearly Progress (AYP) toward all students being proficient for the No Child Left Behind act.

The MCA-II results reported in this chapter are from the 2010 administration of the math and reading assessments and 2011 results will not be available to districts until late June or July of 2011. Even with the delay in the release of the test results, our district and schools continue to use the information to assist in enhancing instruction and improving student achievement.

Owatonna Public Schools also employs the Northwest Evaluation Association's (NWEA) Measures of Academic Progress (MAP) as a second set of assessments used to assist in determining a student's academic growth in the areas of math and reading. The purpose of these computerized adaptive tests is to determine the current instructional level of each student. The NWEA assessments may be used to assist in measuring a student's academic growth over time. This assessment is used by Owatonna Public schools to assess students in grades 2-10 in the fall, winter and spring of each school year in the areas of reading and mathematics and assist teachers in the differentiation of instruction that best meets the learning and educational needs of a student.

MCA-II Analysis and Comparative Data Benchmarks

As part of the analysis process, Owatonna Public Schools utilized comparative data and information to assist District personnel in better understanding student achievement in the subject areas of mathematics and reading. A number of figures in this section compare Owatonna MCA-II results with Big 9 schools and Minnesota school districts that were determined to be similar demographically to Owatonna. Based on established benchmarks, the Minnesota school districts determined to be comparative to Owatonna include Moorhead, St. Louis Park, West St. Paul, Shakopee, Austin, Spring Lake Park, and Winona.

Criteria used to assist in determining comparative school districts included (a) school districts where the district census of students was within a range of 1000 students to Owatonna, (b) school districts where the level of Limited English Proficiency (LEP) students was within a range of 3%, and (c) school districts where the Free and Reduced Lunch (FRE) students (students of low socio-economic status) was within a range of 5%.

Overview

Similar to last year, the Minnesota Department of Education (MDE) reporting timelines provide school districts with some of additional time to respond to the Minnesota Comprehensive Assessment-II (MCA-II) results. Overall, students in our schools continued to perform at a higher level than they have in the past. Contained within this report is an overview of results with identification of some steps that were taken over the past school year that we believe have helped lead us to the positive results this year.

Results

Below, *Figure 1* shows the comparative performance of our students over the three years preceding our current year (2010) in the area of reading. You can see from these results that our overall performance is varied, while improving from one year to another in a number of areas, we have typically mirrored state performance results. A significant increase in the percent of students demonstrating proficiency in grade 10 in 2008 increased even further in 2009 and 2010. These increases may be attributed to the fact that a graduation requirement is connected with the 10th grade administration of the MCA-II reading test.

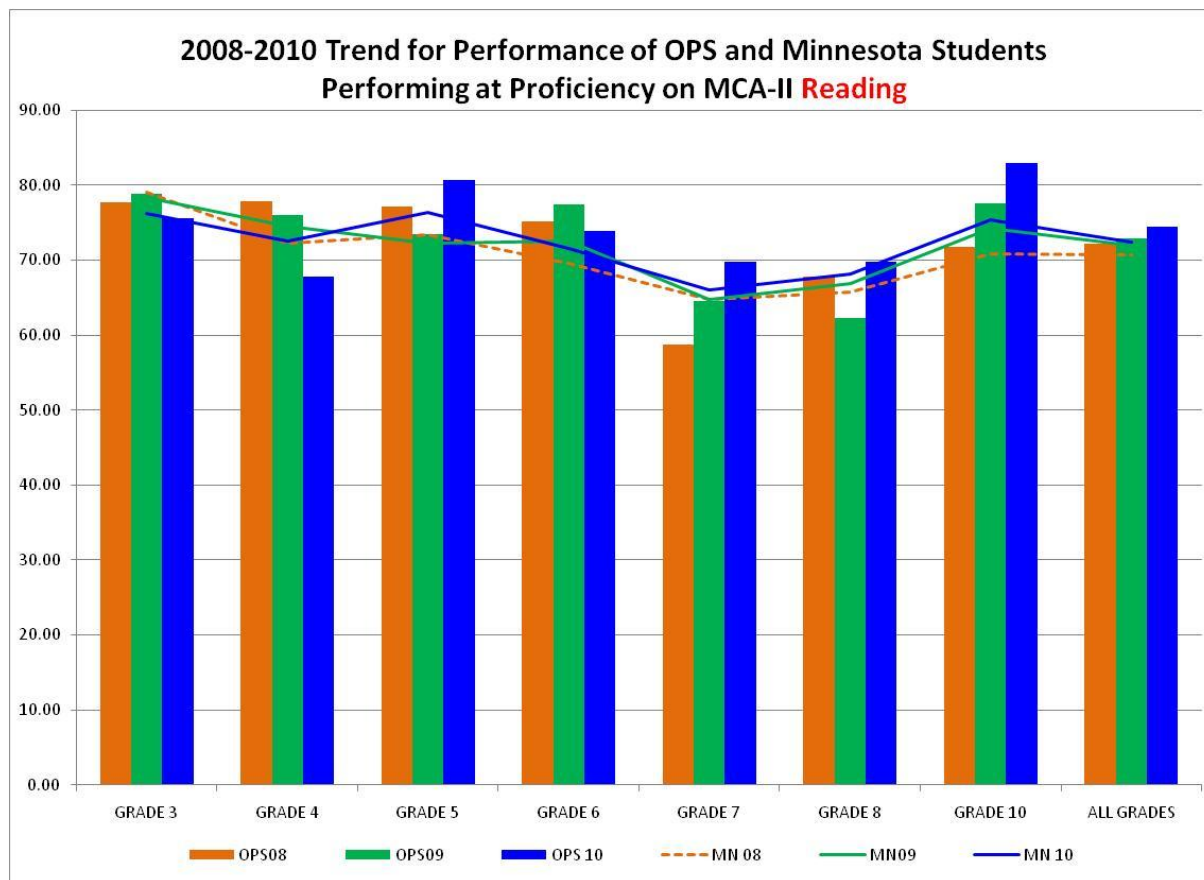


Figure 1

Figure 2 below shows the 2010 results by grade level for students demonstrating proficiency on the MCA-IIs in reading. Except for performance results in grades 3 and 4, our scores exceeded those registered by the state and also showed improvement from previous year's cohort groups. Overall, the results are very positive.

PERCENT OF OPS STUDENTS PERFORMING AT PROFICIENCY
ON 2010 MCA-II READING CF. STATE OF MINNESOTA

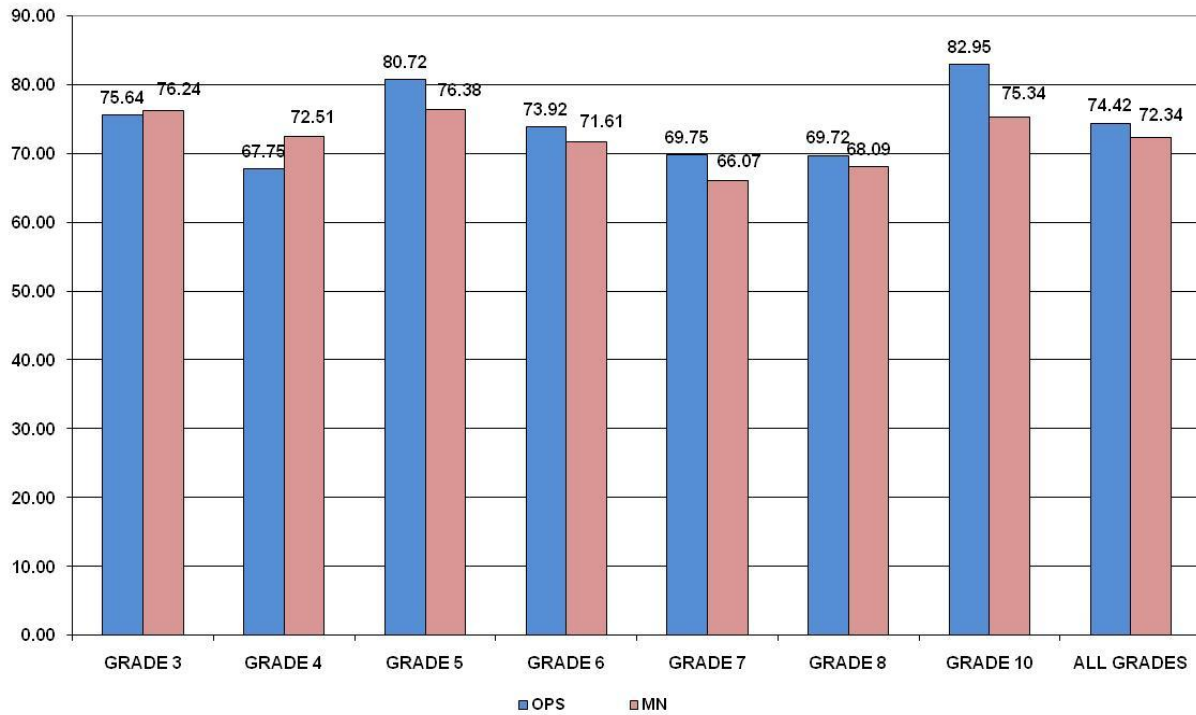


Figure 2

The percent of students performing at proficiency by grade level and in the state over a three-year period from 2008 to 2010 are displayed in *Figure 3* below. The most recent results for Owatonna students and the state are illustrated by the dark blue bar and line. It can be noted that with the exception of the results for the Owatonna students in grades 3 and 4, there was a positive or stable trend in the percent of student performing at proficiency at all grade levels from 2009 to 2010. In grades 7 and 8, there was a significant increase in the percent of students performing at or above proficiency. While the percent of students demonstrating proficiency was flat-lined from 2008 to 2009 at grade 10, the percent of students performing at or above proficiency increased significantly in 2010.

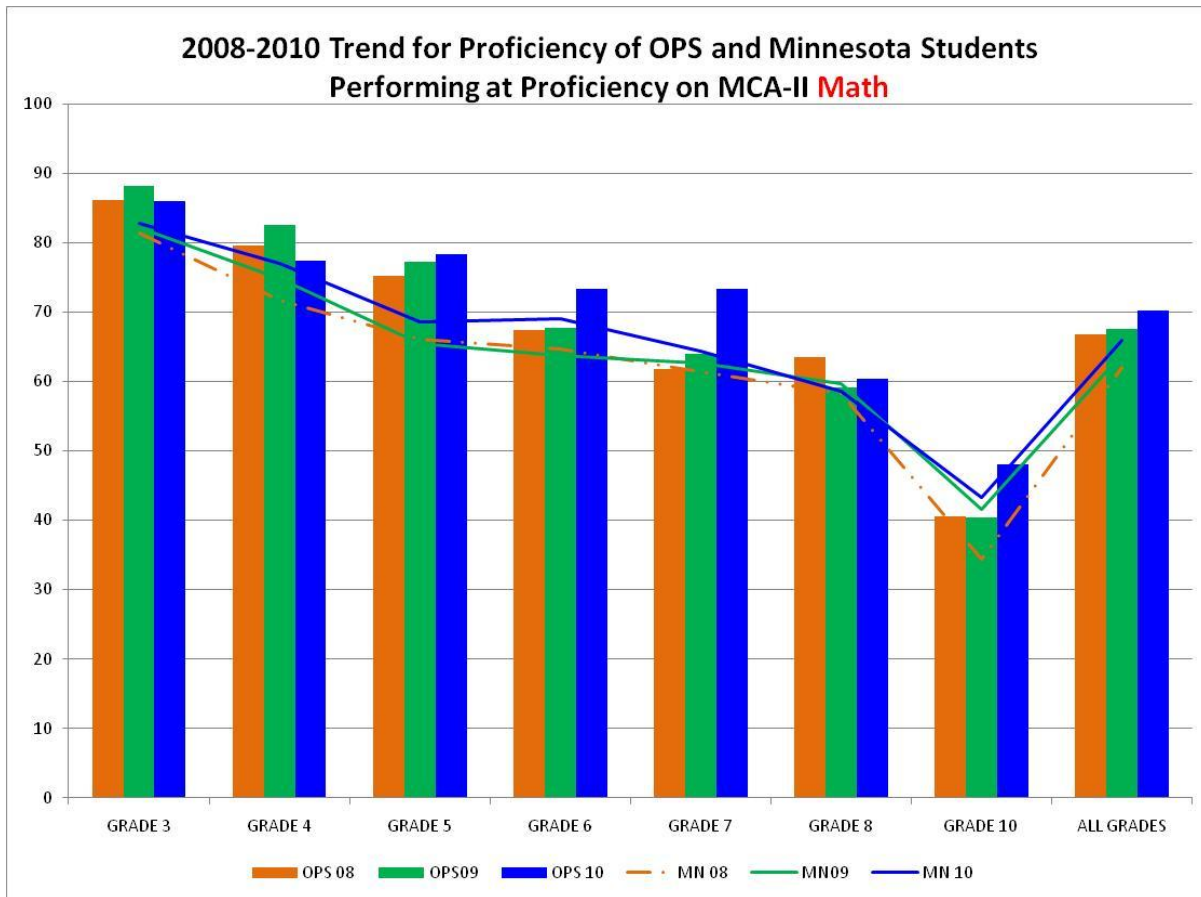


Figure 3

The comparative performance by grade level of the percent of Owatonna students demonstrating proficiency on the MCA-II in math with the state is illustrated in *Figure 4*. You can see from these results that the percent of students achieving proficiency was above the state at each of the grade levels. Our ability to score above the state is encouraging in that our district has focused energy and resources during the student achievement curricular review process in realigning our K-12 math curriculum with the newly established Minnesota Academic Standards in math.

PERCENT OF OPS STUDENTS PERFORMING AT PROFICIENCY
ON 2010 MCA-II MATHEMATICS CF. STATE OF MINNESOTA

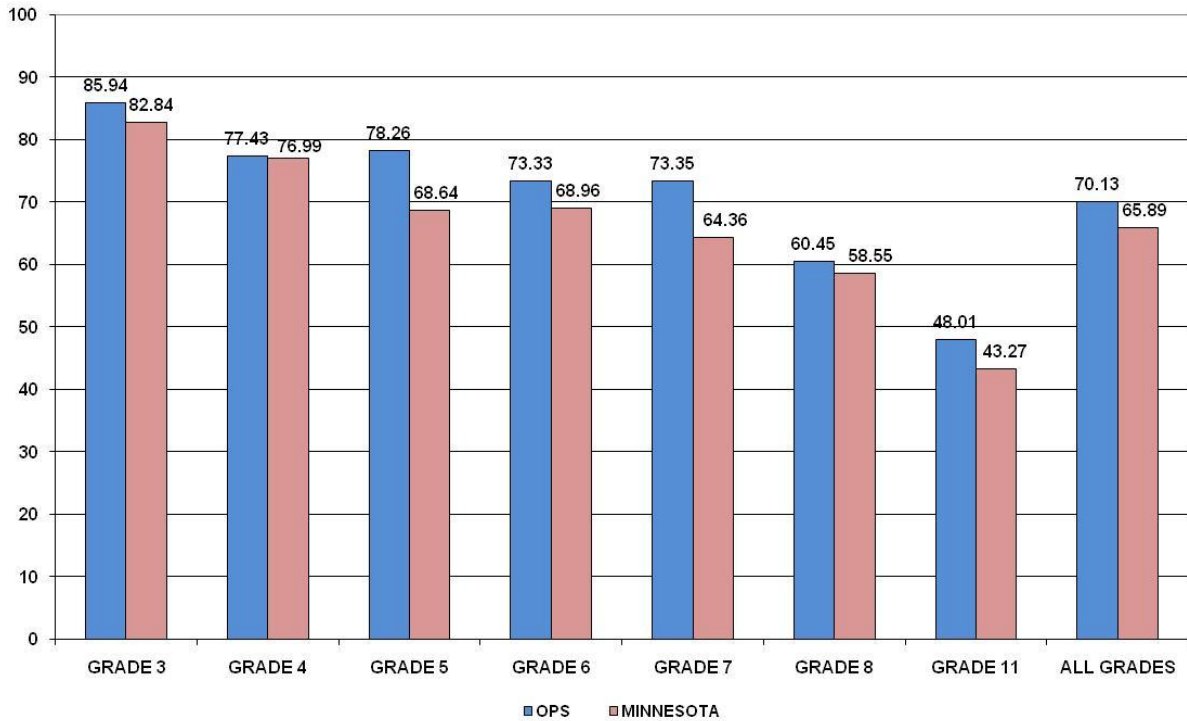


Figure 4

In addition to comparing the performance of our district with the performance of the state, we also compare our performance with two other groups of districts as a means of benchmarking. The first group of districts is the Big 9. The illustrations in *Figure 5*, *Figure 6*, *Figure 7* and *Figure 8* show our comparative performance to our Big 9 colleagues over a three-year period from 2007 to 2010 testing cycles in the area of reading. The comparative performance to our Big 9 colleagues during the 2007 to 2010 testing cycles in mathematics is illustrated in *Figure 9*, *Figure 10*, *Figure 11* and *Figure 12*. While we ranked above the state in both reading and math in both 2008 and 2009, we lagged behind Rochester and Mankato on both tests. As illustrated, we outperformed all of the Big 9 districts in the area of mathematics except for Rochester in 2008 and both Rochester and Mankato in 2009. While the percent of students performing at proficiency in mathematics increased, we continued to rank behind the gains achieved by Rochester and Mankato. Over the course of the three-year period we continued to maintain our position in reading with a slight improvement in the percent of students achieving proficiency in 2010. It should be noted that our overall performance in both mathematics and reading over the three-year period outpaced all other schools in the Big 9.

OPS and Big 9 Districts: Overall Performance Percent at Proficiency, 2007 MCA-II Reading

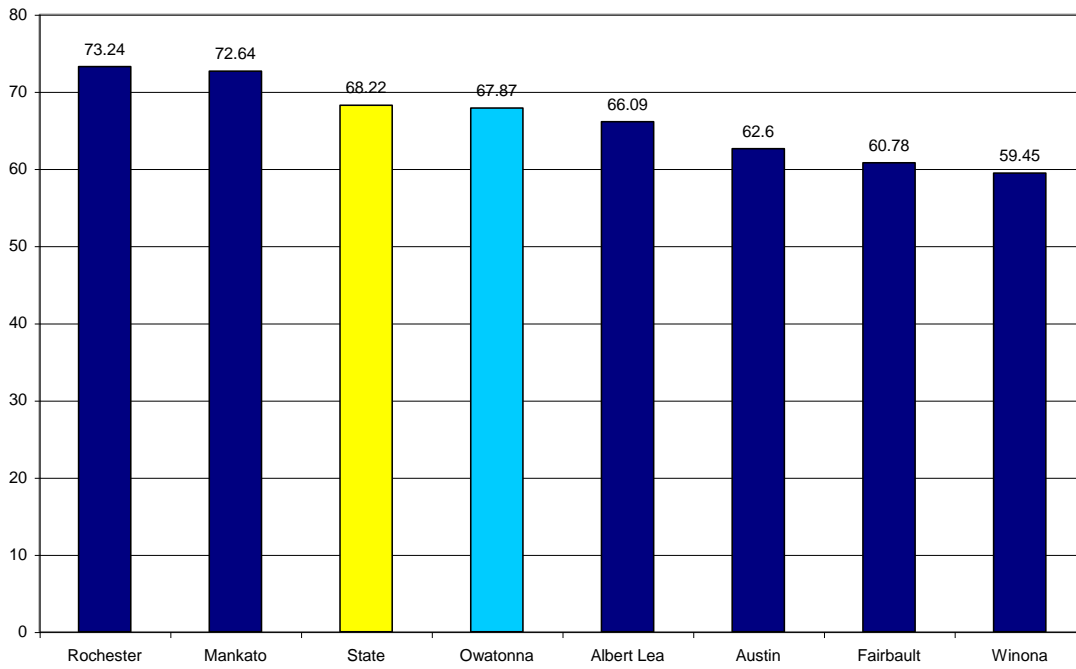


Figure 5

OPS and Big 9 Districts: Overall Performance Percent at Proficiency, 2008 MCA-II Reading

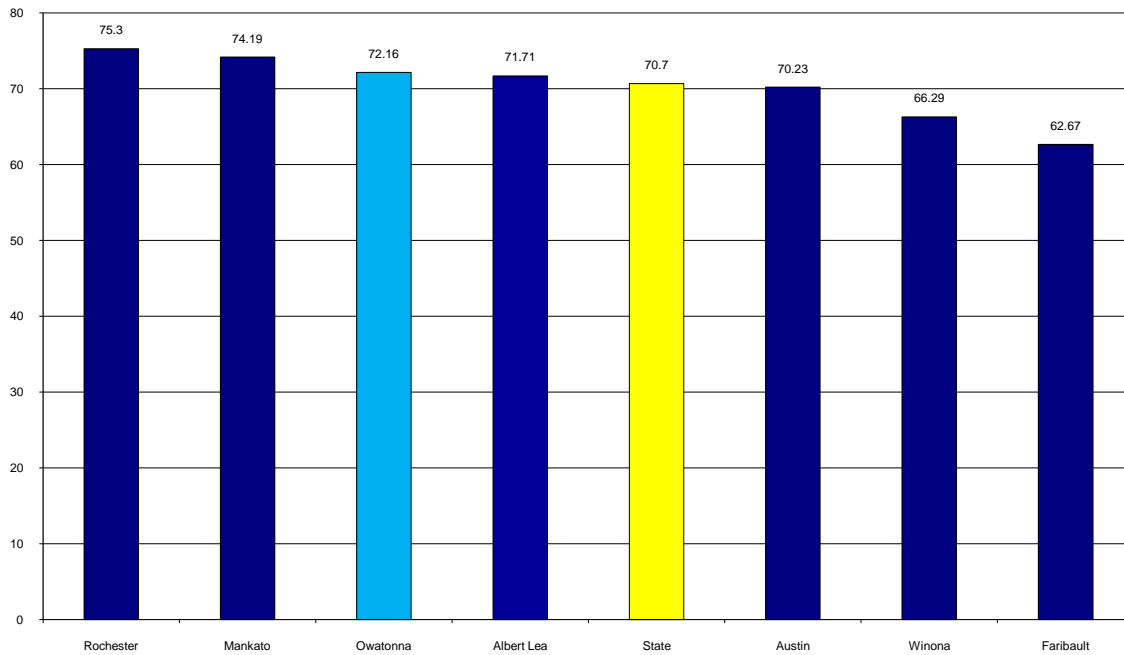


Figure 6

OPS and Big 9 Districts: Overall Performance Percent at Proficiency, 2009 MCA-II Reading

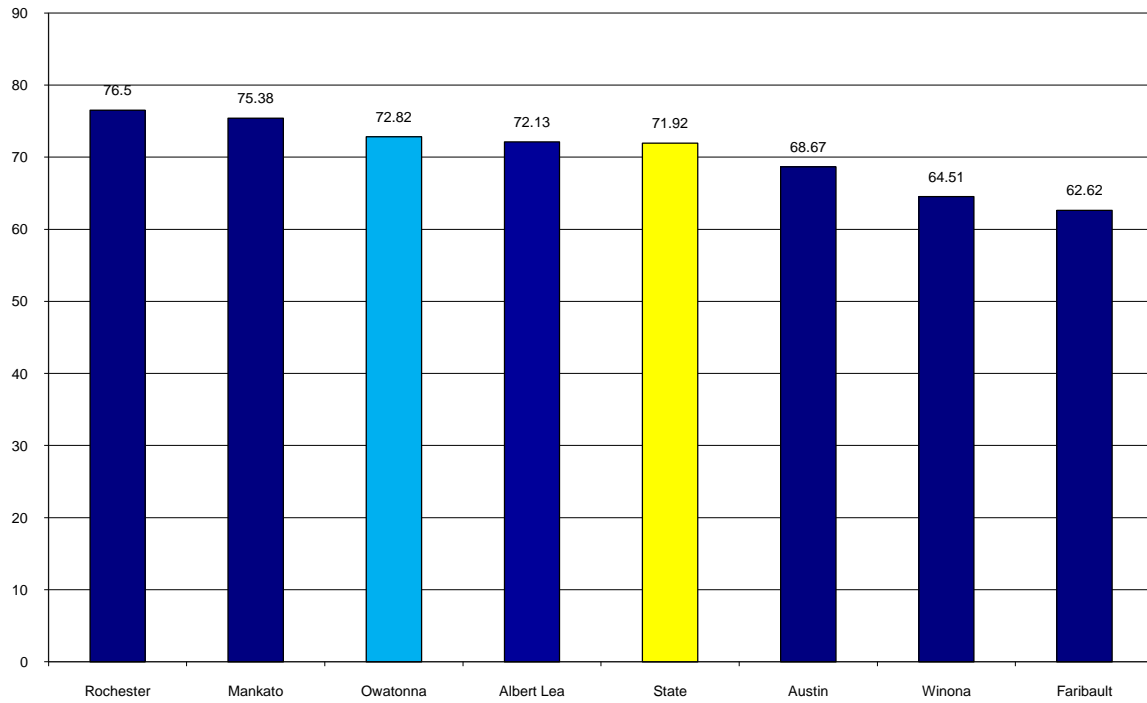


Figure 7

OPS and Big 9 Districts: Overall Performance Percent at Proficiency, 2010 MCA-II Reading

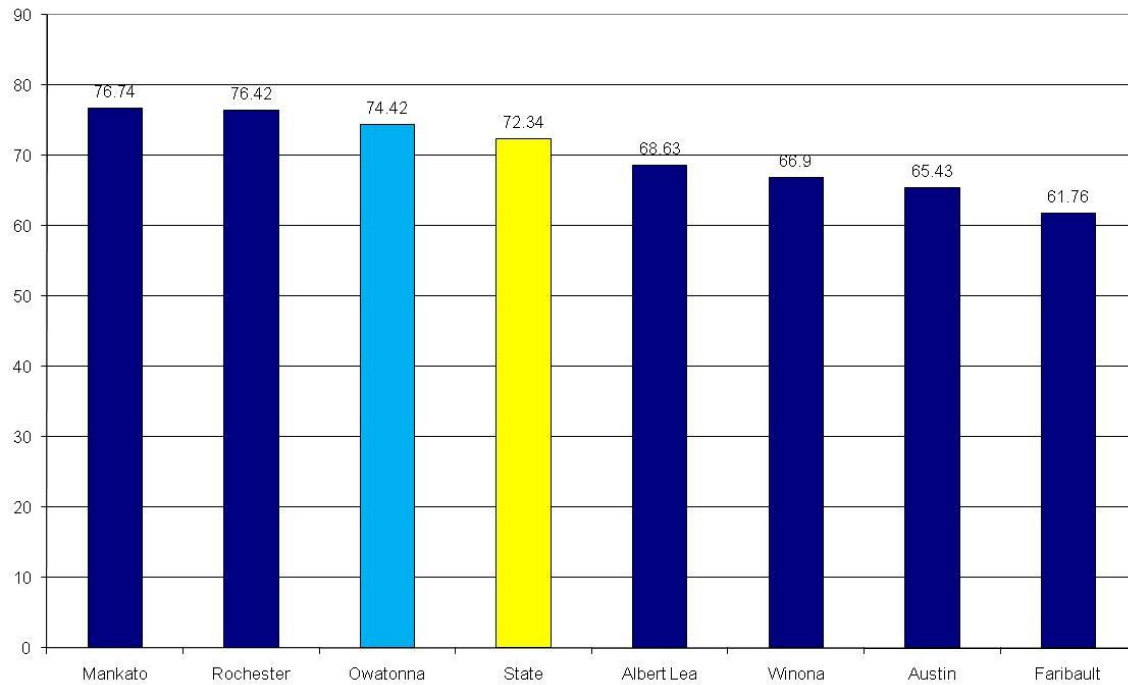


Figure 8

OPS and Big 9 Districts: Overall Performance Percent at Proficiency, 2007 MCA-II Math

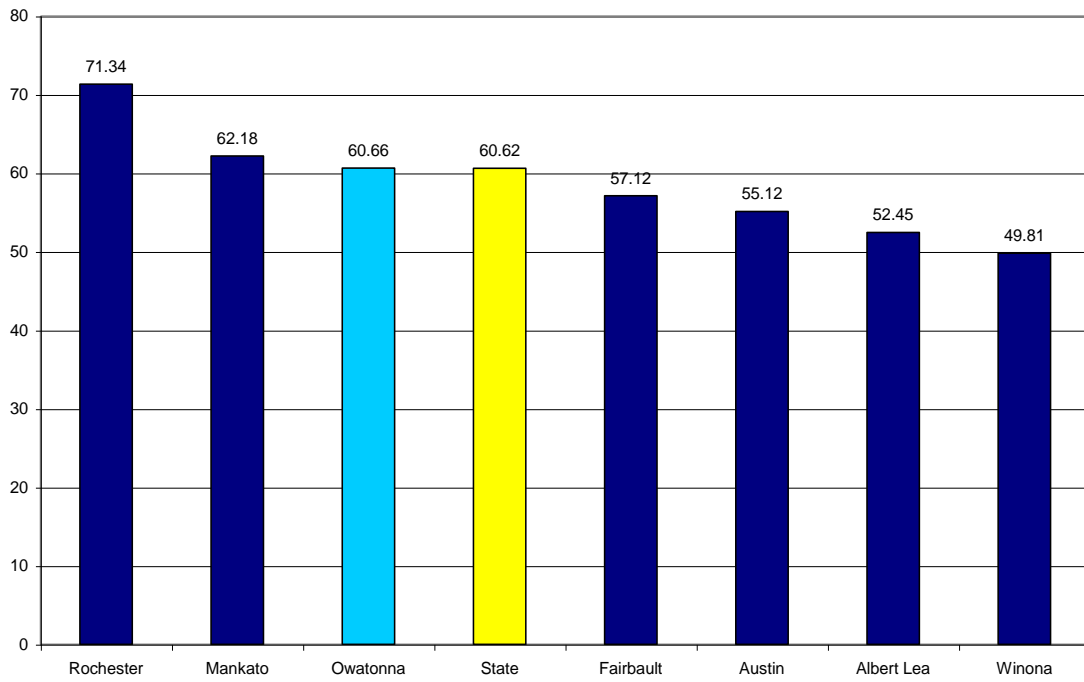


Figure 9

OPS and Big 9 Districts: Overall Performance Percent at Proficiency, 2008 MCA-II Math

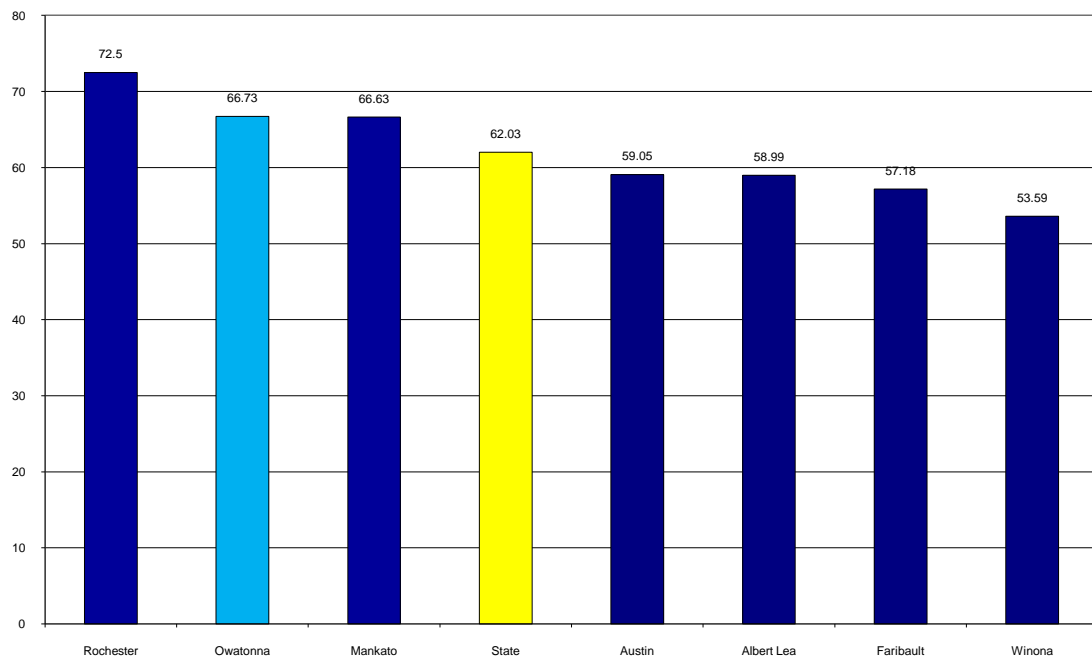


Figure 10

OPS and Big 9 Districts: Overall Performance Percent at Proficiency, 2009 MCA-II Math

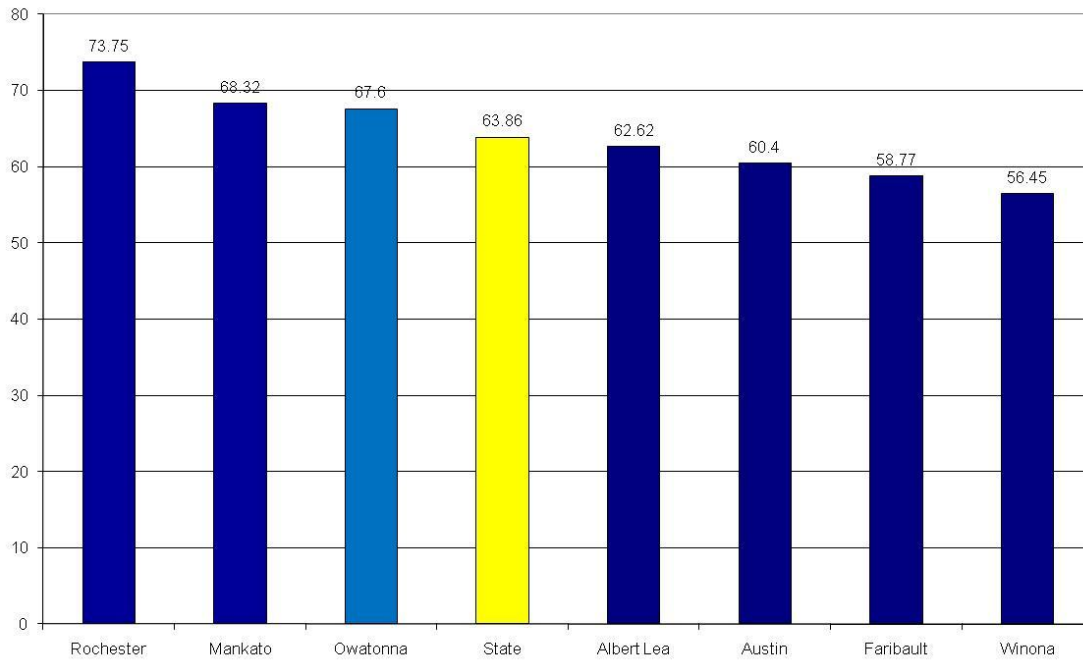


Figure 11

OPS and Big 9 Districts: Overall Performance Percent at Proficiency, 2010 MCA-II Math

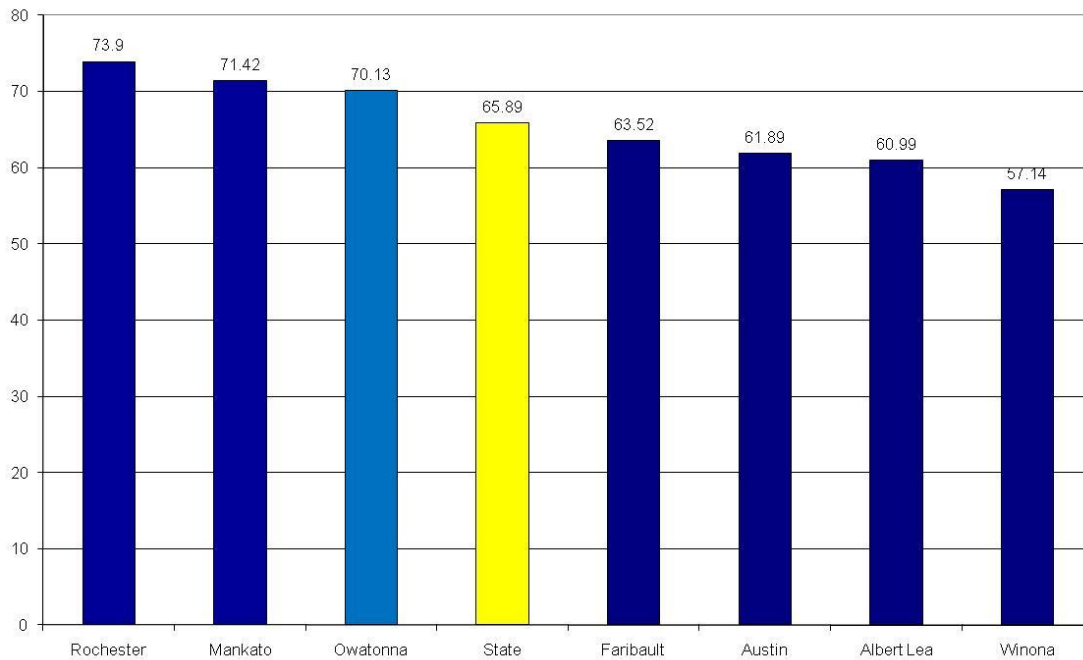


Figure 12

The second group of comparisons is with school districts that have been determined to be demographically similar to Owatonna. Based on established benchmarks, the Minnesota school districts determined to be demographically similar include Moorhead, St. Louis Park,

West St. Paul, Austin, Spring Lake Park, and Winona. The 2006-2007 demographic data from the MDE for each of the comparative districts is listed in *Figure 13* below. An example of how the criteria have assisted in eliminating some districts from being used for comparison is the metrics for the Willmar Public Schools. While the Willmar district is within a 1000 students of Owatonna, the percent of students receiving Free and Reduced Lunch Price (FRLP) is 48% where the percent of students receiving FRLP in Owatonna is only 31%.

The criteria used to assist in determining comparative school districts include (a) school districts where the district census of students was within a range of 1000 students to Owatonna, (b) school districts where the level of Limited English Proficiency (LEP) students was within a range of 3%, and (c) school districts where the Free and Reduced Lunch Price (FRLP) students (students of low socio-economic status) was within a range of 3% to 5%.

Comparative Districts* 2010	Reading	Math	Population	LEP	SpEd	FRLP
St. Louis Park	74.94	69.89	4175	8	13	29
Owatonna	74.42	70.13	4906	8	11	31
State	72.34	65.89		8	13	33
Spring Lake Park	72.05	66.98	4607	10	12	31
W. St. Paul	71.36	62.51	4368	9	14	36
Moorhead	70.83	66.94	5351	7	14	32
Winona	66.9	57.14	3424	3	15	34
Austin	65.43	61.89	4257	11	12	49
Willmar	57.68	54.9	4112	15	11	48

*MDE Demographic Information from SY 2008-2009

Figure 13

The similar districts and comparative results for the 2007 through 2009 testing cycles for reading are displayed in *Figure 14*, *Figure 15*, *Figure 16*, and *Figure 17* below. The similar districts and comparative results for the 2007 through 2009 testing cycles for mathematics are displayed in *Figure 18*, *Figure 19*, *Figure 20*, and *Figure 21* below. Different from the Big 9 comparisons, our overall performance when compared with those school districts that are demographically similar to Owatonna was very positive. In reading, only St. Louis Park outperformed our students in the overall percent of students achieving proficiency in 2009 and 2010 and in math Owatonna remained in the top position in the overall percent of students achieving proficiency.

OPS and Comparison Districts: Overall Performance
Percent at Proficiency, 2007 MCA-II Reading

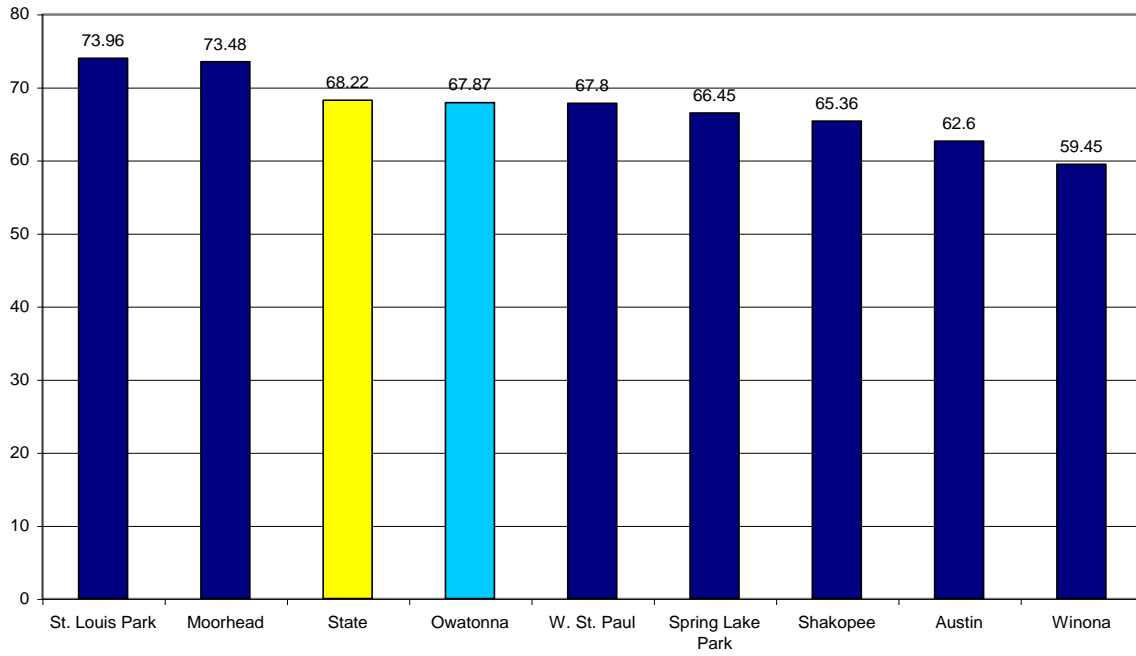


Figure 14

OPS and Comparison Districts: Overall Performance
Percent at Proficiency, 2008 MCA-II Reading

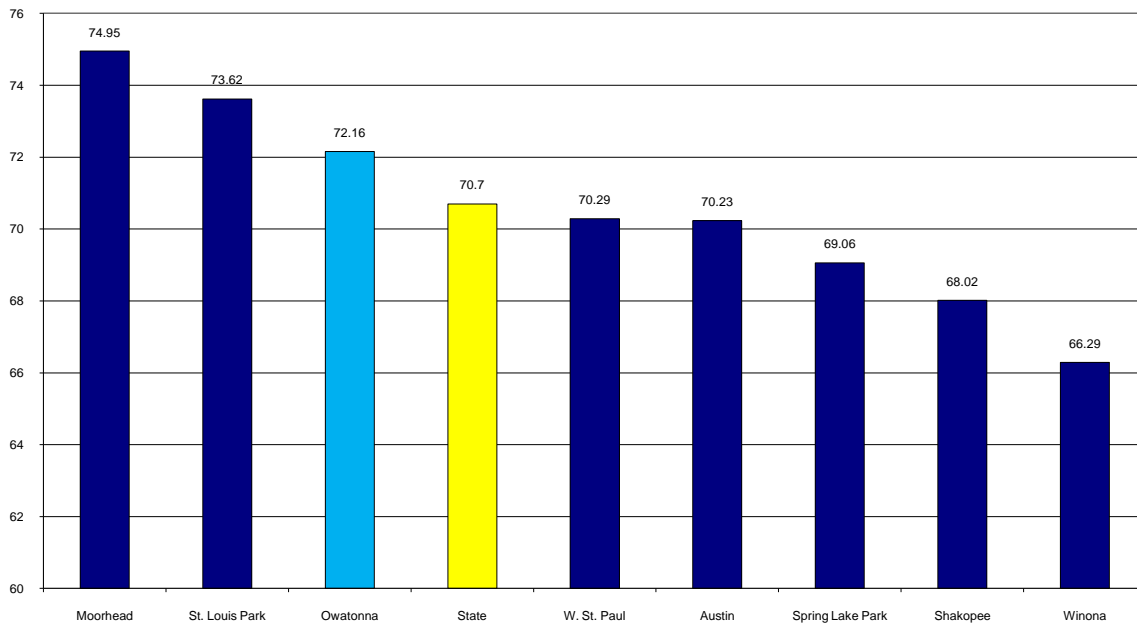


Figure 15

OPS and Comparison Districts: Overall Performance
Percent at Proficiency, 2009 MCA-II Reading

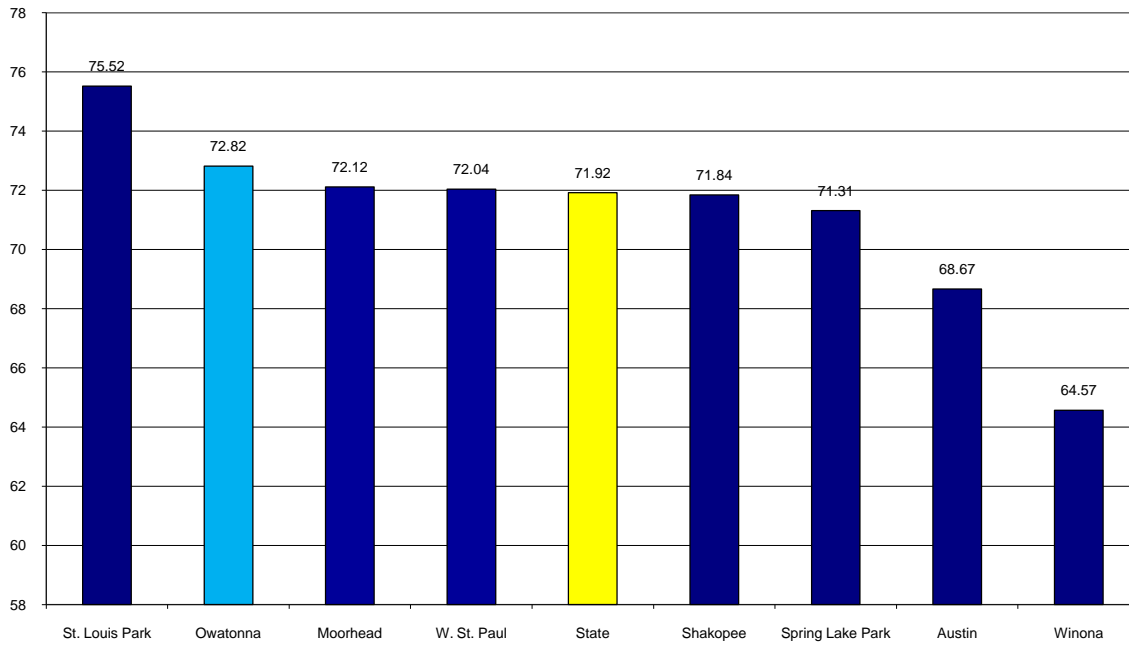


Figure 16

OPS and Comparison Districts: Overall Performance
Percent at Proficiency, 2010 MCA-II Reading

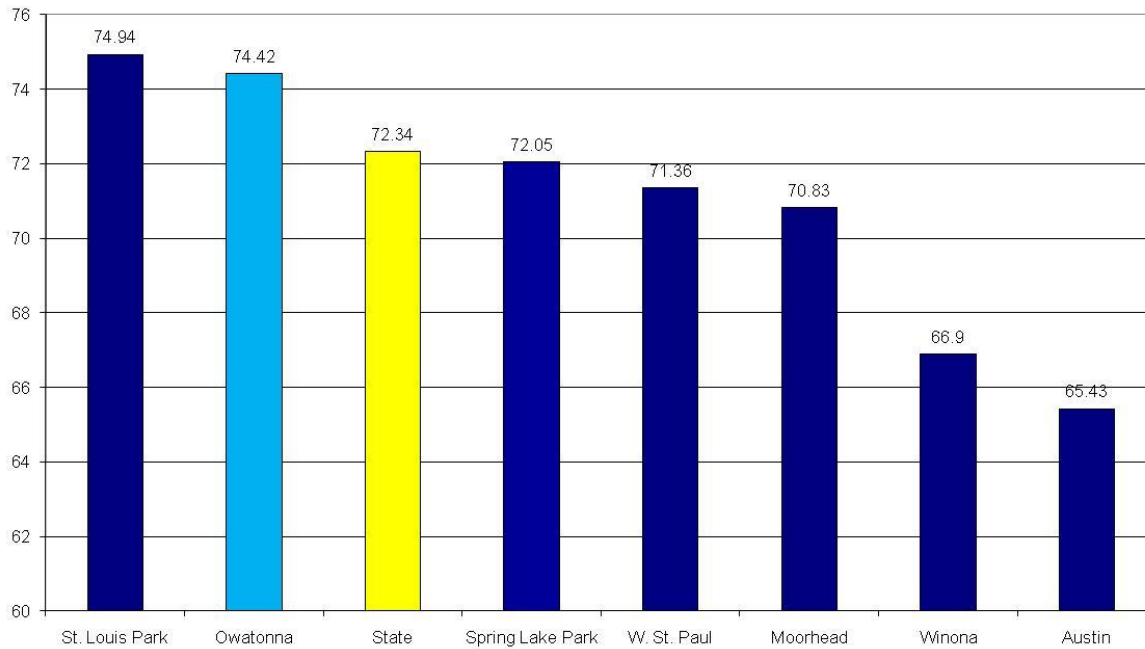


Figure 17

OPS and Comparison Districts: Overall Performance
Percent at Proficiency, 2007 MCA-II Math

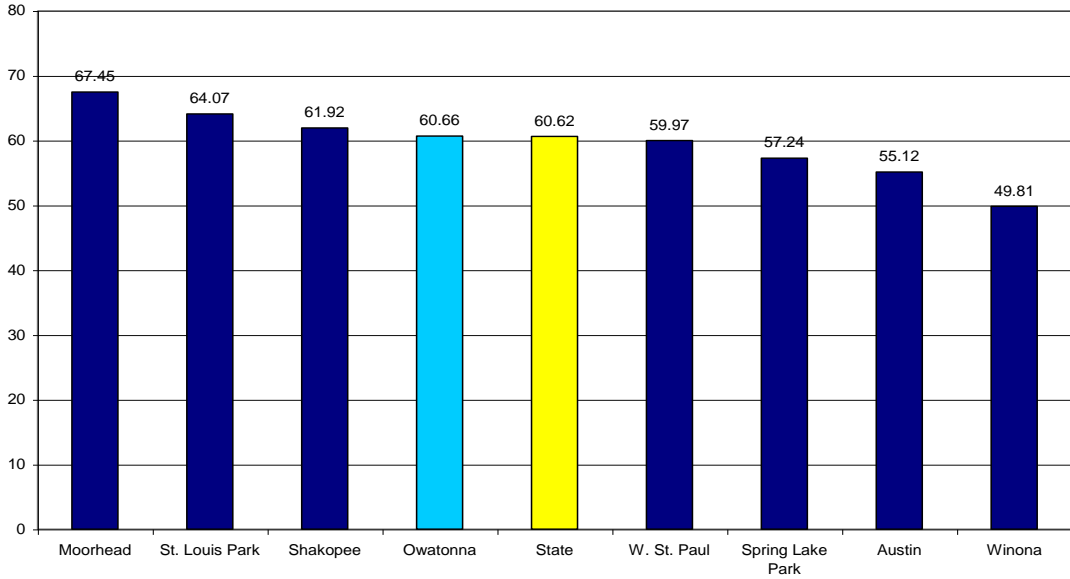


Figure 18

OPS and Comparison Districts: Overall Performance
Percent at Proficiency, 2008 MCA-II Math

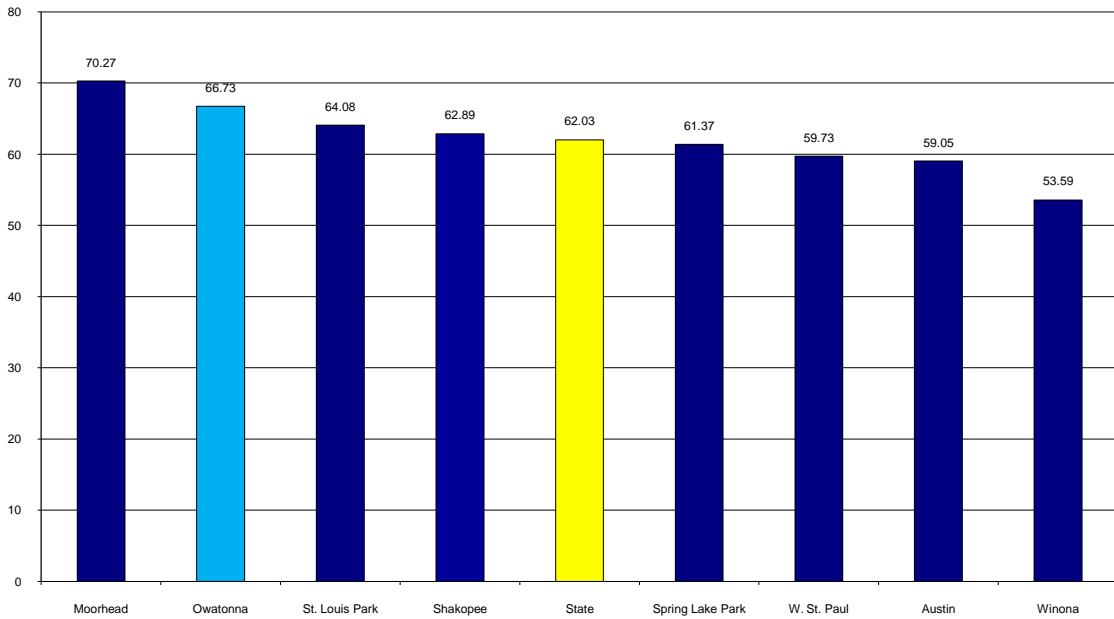


Figure 19

OPS and Comparison Districts: Overall Performance
Percent at Proficiency, 2009 MCA-II Math

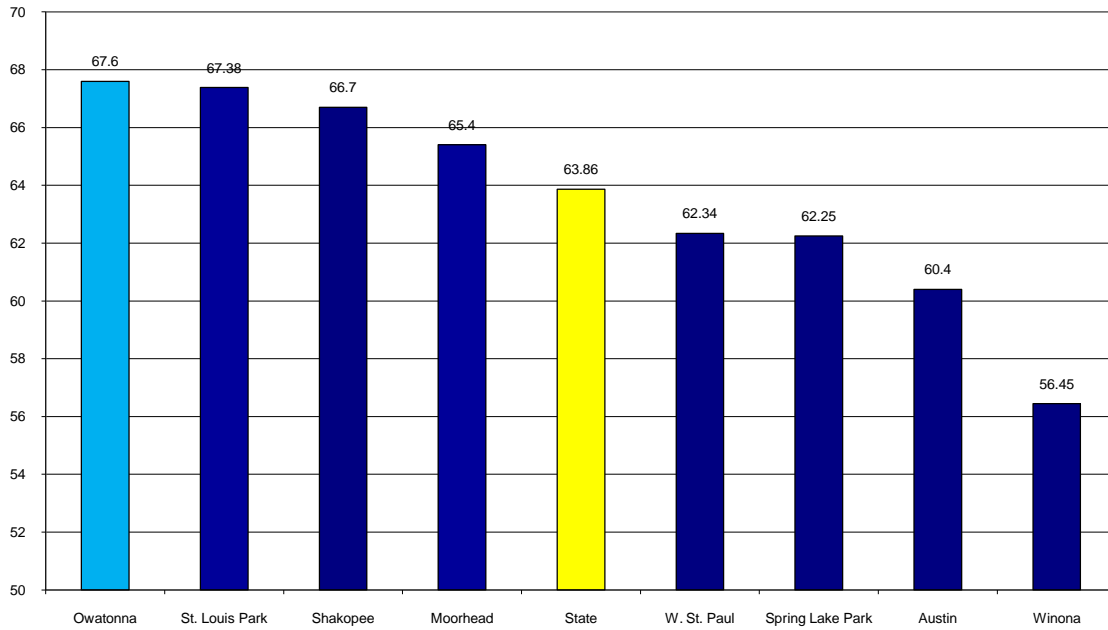


Figure 20

OPS and Comparison Districts: Overall Performance
Percent at Proficiency, 2010 MCA-II Math

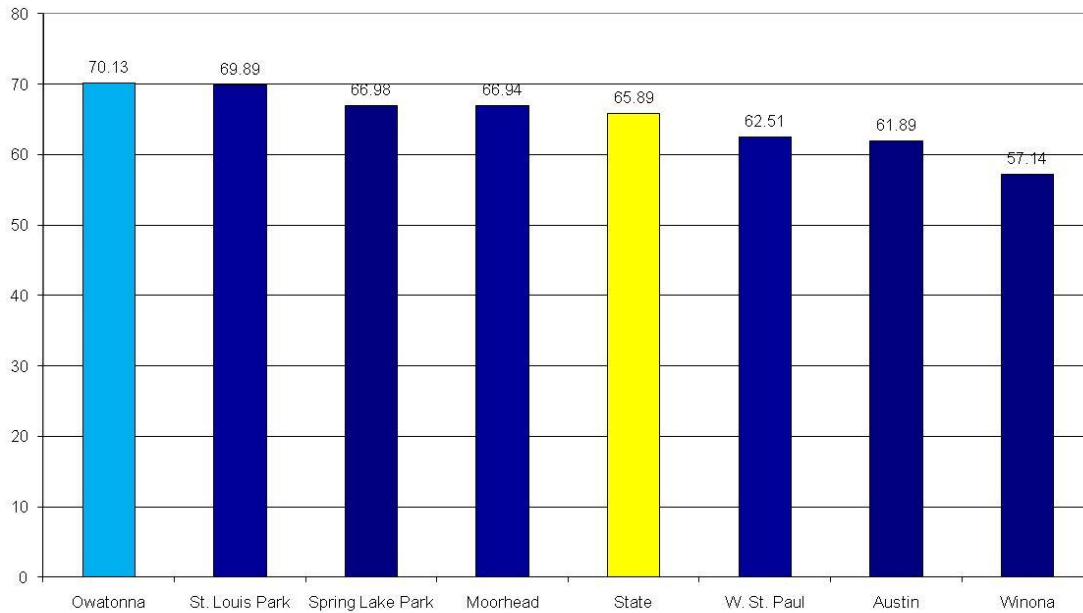


Figure 21

Approach

While the overall results from the 2010 state assessments were encouraging, as with past results a level of caution needs to be given when attempting to draw a straight line between specific academic interventions that have been implemented and the positive results that continue to trend in our District. With this in mind our schools, and the District as a whole, took a number of specific and deliberate steps to improve our overall achievement on these state assessments. Some of the initiatives for the 2010-2011 school year are described below.

Submission and approval of an Adequate Yearly Progress (AYP) Improvement Plan- Because our District was cited for not meeting AYP four years consecutively in reading for specific populations, the District was required by the state to submit a plan leading to the improvement in our overall performance. In addition to the district plan, McKinley Elementary School was required to develop and submit AYP Corrective Action Improvement Plan and Willow Creek was required to develop and submit an AYP Pre-Restructuring Plan. The plans were completed and submitted to the MDE for approval. Over the course of the year the plans were used as guides in improving the achievement of students as identified by the Minnesota Comprehensive Assessments in the areas of math and reading.

Using the mission and strategic directions from the District's Strategic Plan as a guide, leadership of the district used local, state, and national leading and lagging indicators to assist in the development of a Plan, Do, Study, Act (PDSA) approach to measure progress through the District's Scorecard to address the adequate yearly progress needs of students in the areas of reading and mathematics. The District Strategic Plan submitted to the Minnesota Department of Education (MDE) to address the AYP. Some of the initiatives for the district and sites involved:

- During the 2010-2011 school year the Owatonna Public Schools continued the alignment of the K-12 curriculum and resources in reading with the new Minnesota Academic Standards to improve the achievement of students as measured by the 2011 MCA-II state assessments.
- Implemented K-12 district curricular review committees for special education, elementary reading, mathematics, and science.
- Continued District-wide deployment and implementation of MCA terminology across the K-12 curriculum.
- Implemented a researched based elementary reading approach and resource in grades K-6.
- Implementation of *Read 180* intervention resource to address student demographic groups identified as not meeting AYP achievement in the area of reading in grades 6 through 12.
- Continued the process of mapping the K-12 mathematics and language arts curriculum into an electronic database (i.e. Atlas Rubicon) that will assist in the ongoing review of gaps, redundancies and new learning.
- Aligned and updated the gathering and storing of student achievement data so it may be used to assist in developing appropriate resources that may be used to differentiate instruction to meet the unique learning needs of students.
- Provided extended day and extended school year activities/programs (i.e. targeted services, summer school) at building sites for students identified as not meeting adequate yearly progress in the areas of reading and mathematics. Services will employ best practices through the use of highly qualified teachers to assist student in meeting proficiency expectations.
- Professional development in deploying asynchronous learning resources (i.e. Read 180, Study Island, Class.com, etc.) at building sites in an effort to assist in focusing instruction to meet the specific learning needs of students identified as not meeting AYP in reading and/or mathematics.

- Provided Interactive Whiteboard (SMART) utilizing the expertise of Southeast Service Cooperative and Terney Brothers, Inc.
- Provide professional development opportunities for OPS instructors to assist in the implementation of instructional strategies (differentiation, response to intervention, etc.) that will meet the specific learning needs of student identified as not meeting AYP in the area of reading and mathematics. OPS' professional development mentor program and COMPASS team will provide ongoing professional development learning opportunities for OPS instructors in the area of NWEA strategies. The purpose is to diagnose instructional needs of students identified as not meeting AYP in the area of reading.
- Provided quarterly Read 180 training sessions for teachers and administrators utilizing the expertise of our COMPASS team and Scholastic specialists
- Using internal and external expertise (OPS' mentoring program and COMPASS team) to provide ongoing professional development to assist OPS instructors in improving data analysis skills to enhance instruction and improve student achievement.
- Provide training to enhance the skills of OPS instructors, administrators, and support personnel in using student information, data warehousing, and visualization software to enhance instruction and improve student achievement.

There were many other building level initiatives that focused specifically on improving our performance on the MCA II's. Based upon our results this year, our collective efforts continue to have a positive impact.

Looking Ahead toward AYP

As stated in previous reports, positive results do not always represent a trend. We need to continue to be prepared to show improved results across all areas and, in all probability, at a greater rate of improvement. In spite of the overall advances we were able to see in our District, we should continue to anticipate being cited for failing to make AYP at any of our schools. And, because of our schools being cited, our District will be also cited. Official AYP results will not be made public until August. Once these results are announced, we will be in a better position to make appropriate plans both in our sites as well as at the District level. *Figure 22* below helps to illustrate why making AYP for a specific subgroup is such a challenge and why increasing numbers of schools will ultimately be placed on the AYP list.

The legislative mandate of No Child Left Behind (NCLB) requires that 100% of all students demonstrate proficiency in the areas of reading and mathematics by 2014. With this in mind, the metrics and slope line shown in blue illustrate the yearly expectations that have been established for the Owatonna Public Schools by the MDE for one of more than thirty (30) subgroups. The metrics and slope line in red show the progress that must be made annually by Owatonna public school students for this subgroup in order for the District to remain off AYP and meet the requirement of 100% of all students demonstrating proficiency by 2014.

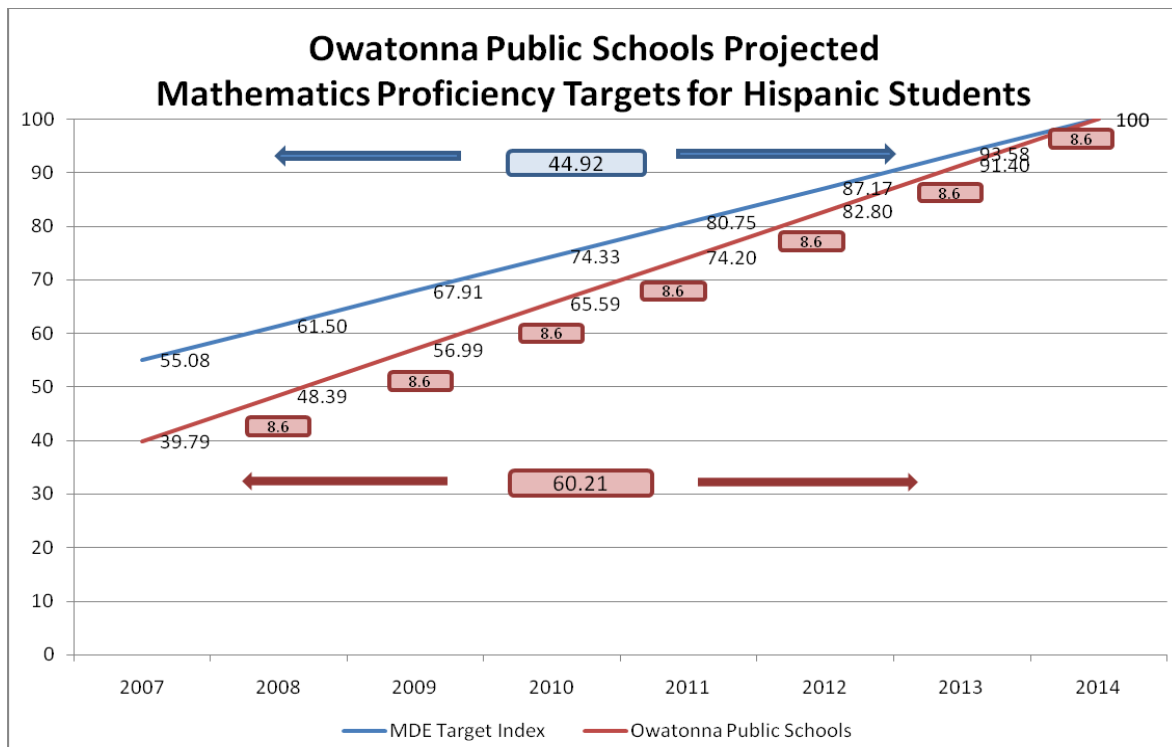


Figure 22

In the above graph, the values represent index points that our District must achieve in order to reach 100% proficiency by 2014. By state standards for this demographic subgroup (in blue) the annual improvement increments would be 6.42 for Owatonna while based upon the reality of where we are today, our annual improvement increments need to be 8.6.

As long as a gap exists between these two lines, our District will continue to be cited for a failure to make AYP; even as we make the kind of significant gains we made this past year. Simply stated, closing the gap is not good enough, eliminating the gap will continue to be our mandate!

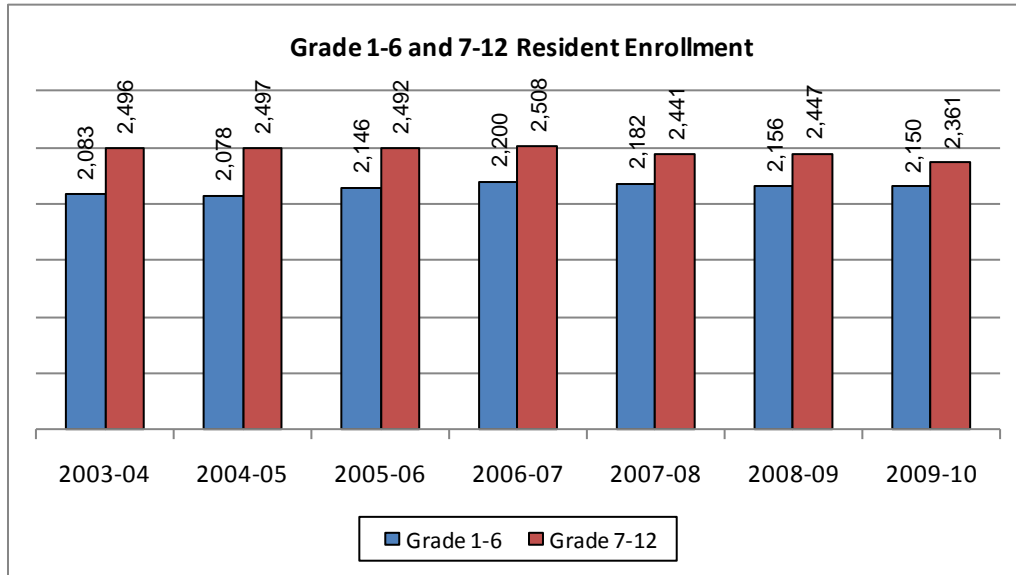
CHAPTER ELEVEN - DISTRICT BENCHMARKS

As a means of comparing performance in areas such as finance, the Owatonna School District compares student achievement and school finance data with similarly sized schools across the state. The graphs listed in this document are the most recent data available on the Minnesota Department of Education website.

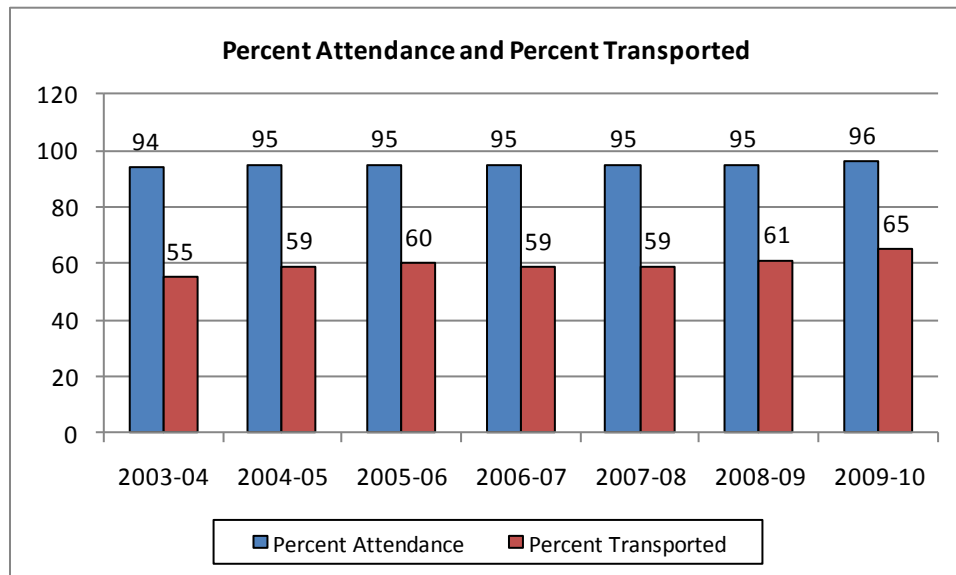
Working to Improve-

Quality improvement requires the District to gather important data and to establish benchmarks against which to be measured, and targets against which goals are set.

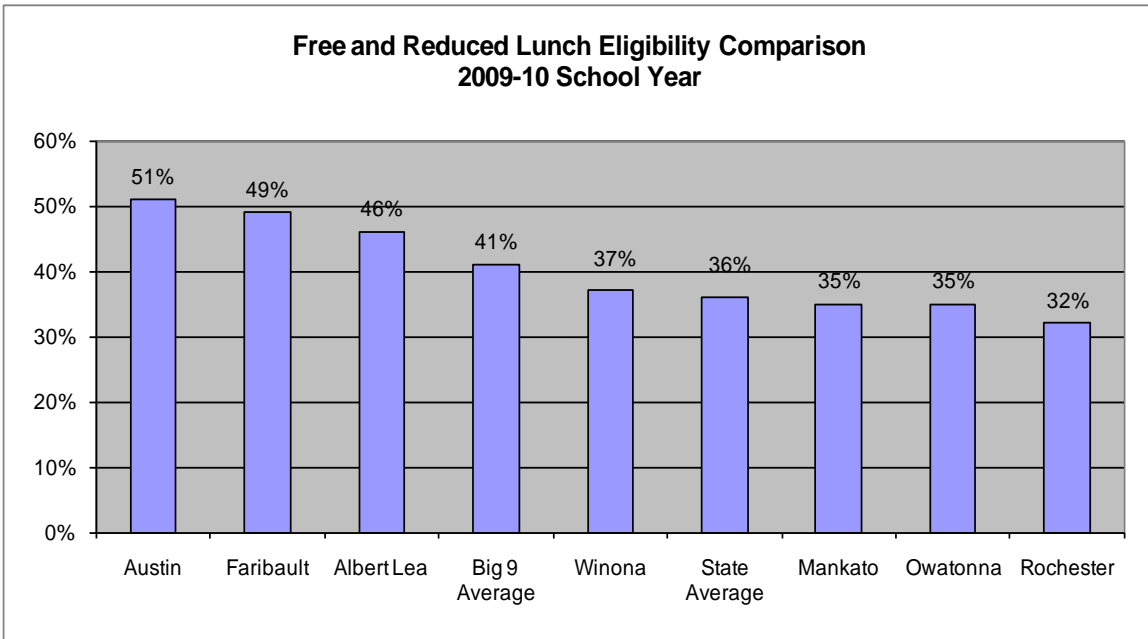
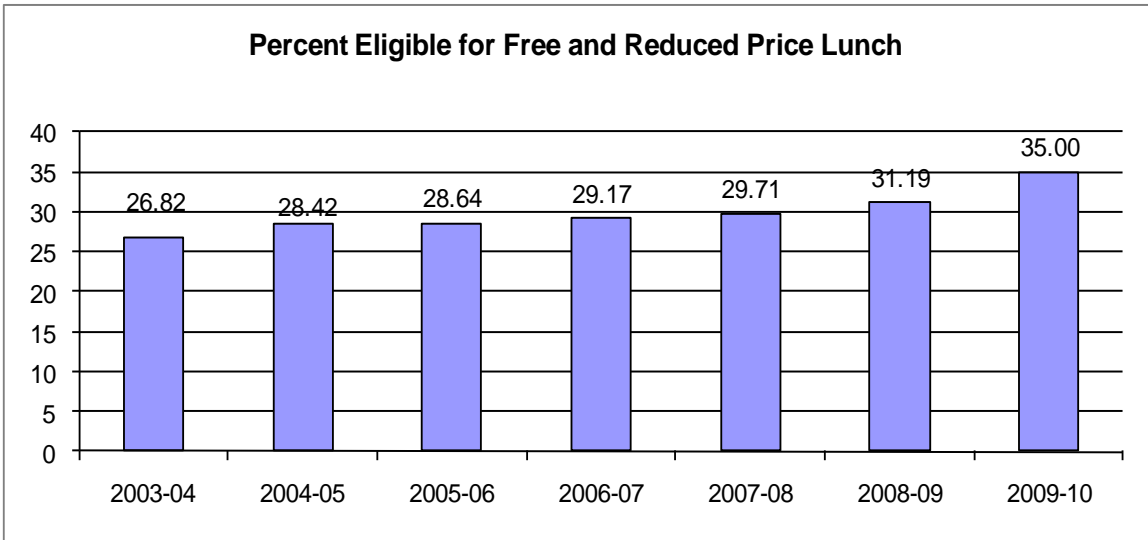
The graph below suggests that there is a difference between those students who reside in Owatonna and those who attend the Owatonna Public Schools. Certainly a large share of that disparity can be attributed to the existence of private schools and other educational alternatives such as home schooling. For future reference, this information can be useful in determining trends.



Average daily attendance, and the percent of students transported to our schools is shown in the graph below.

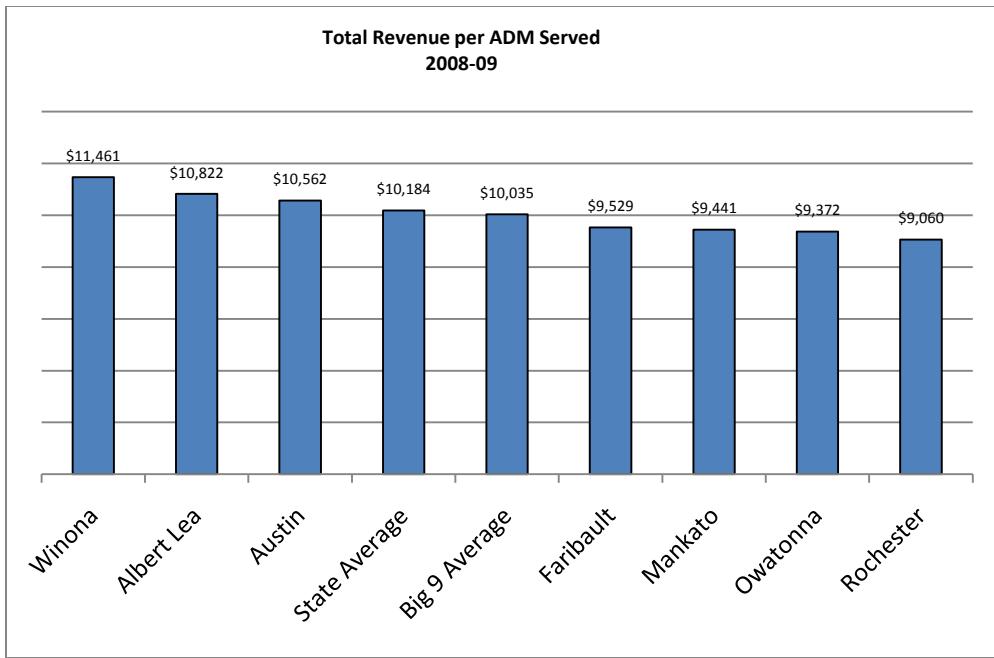


The graphs on this page illustrate the trend in the number of students attending the Owatonna Public Schools and eligible for free and/or reduced lunch and how Owatonna compares with the other Big 9 schools.

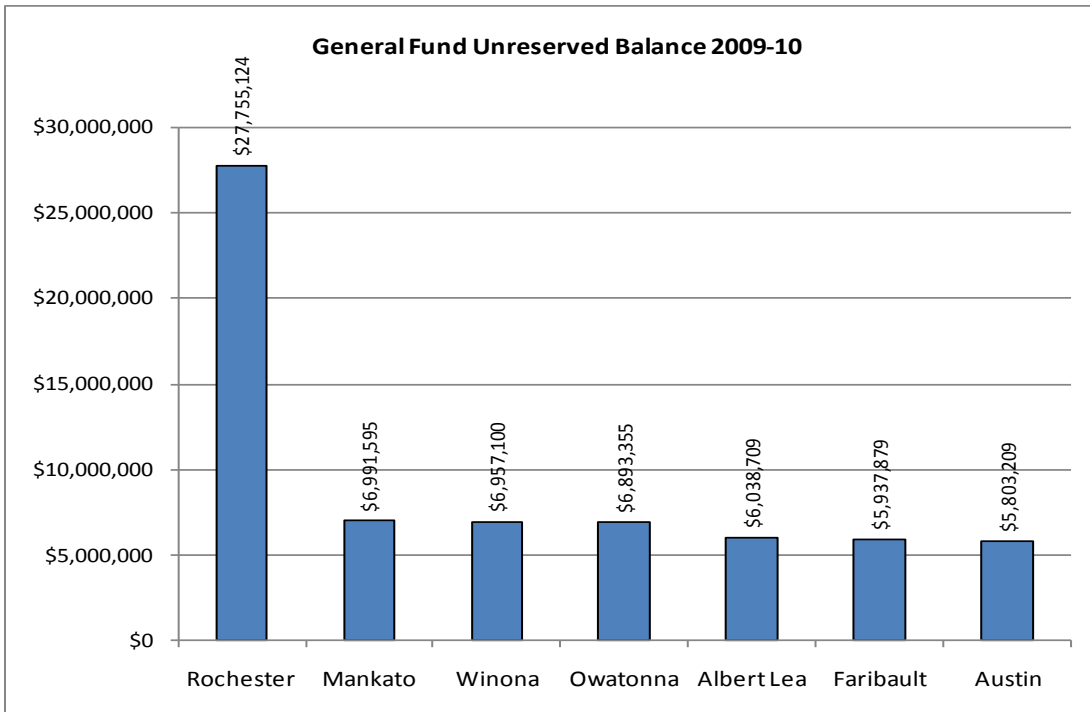


From the graph below, it can be shown that the revenue generated through state and federal aid, along with the local referendum, is relatively low when compared to other school districts in the Big 9. Winona's high ranking is because of their operating levy, which is in excess of \$1,500 per pupil as compared to Owatonna's \$691 per pupil.

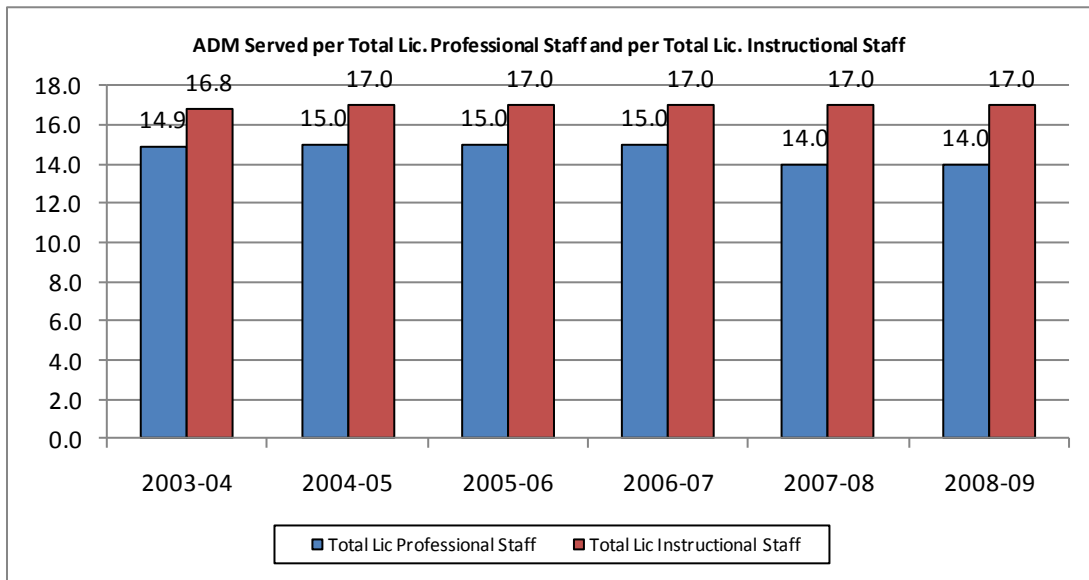
Historically, Owatonna's relatively lower revenue per ADM is also a result of lower compensatory aid, as well as special education funding.



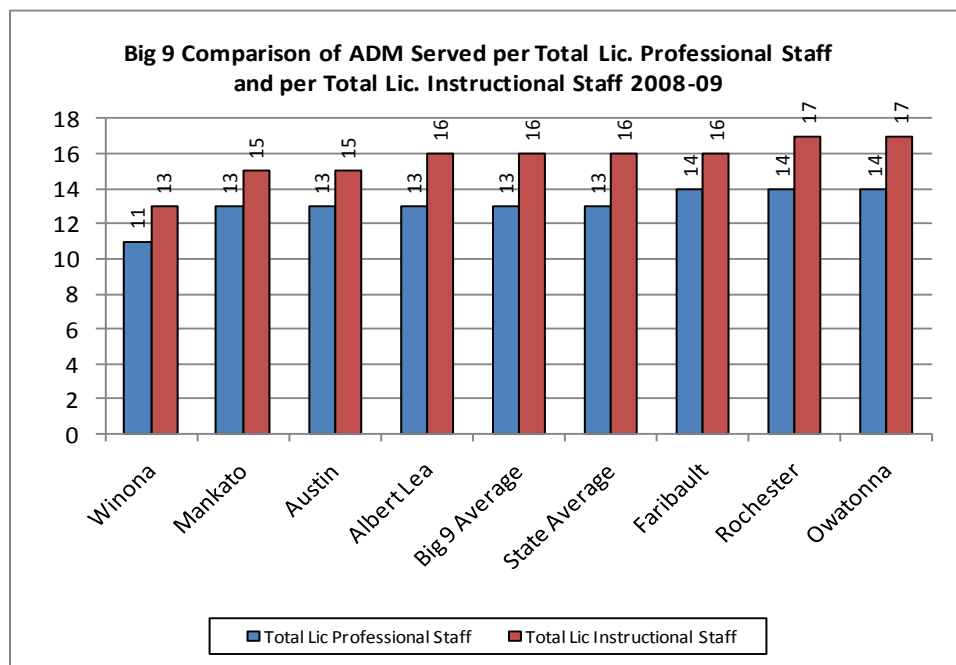
The size of our 'unreserved' fund balance, when compared to other Big 9 schools is comparable.



The comparison of Owatonna's student to teacher and professional staff over the last several years is shown in the graph below.



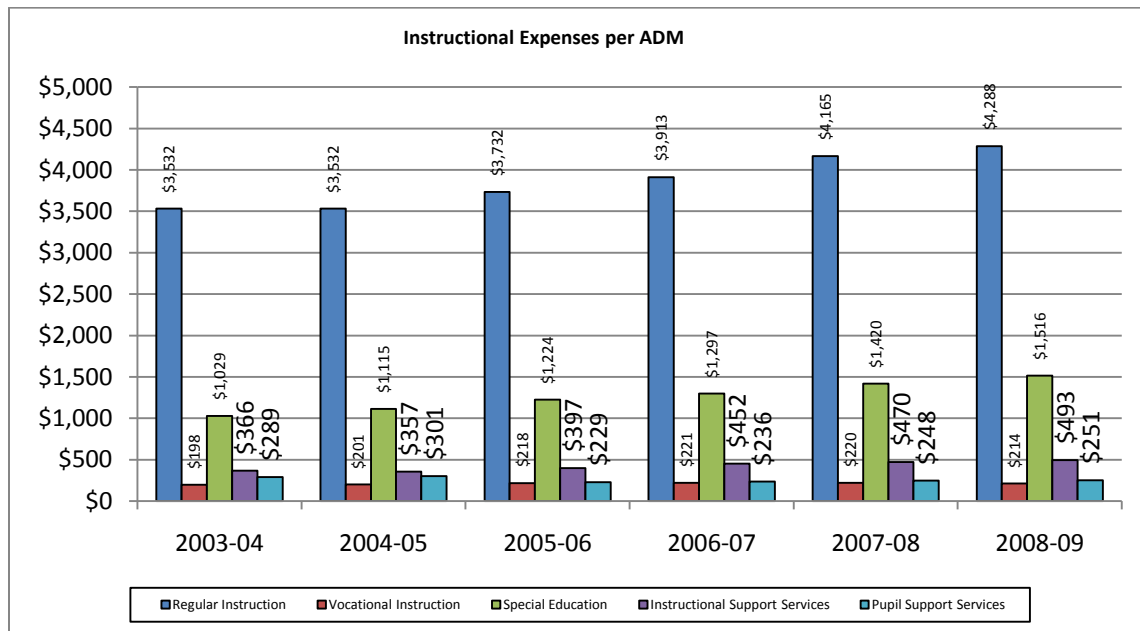
The graph suggests that little real change has occurred over the past several years, although fewer students were served (14) in FY 08, as compared to 15 in years past. While it has not yet been calculated, these comparisons should remain relatively stable for 2009-10. The graph below is a comparison of Big 9 schools.



Owatonna is serving more students per licensed staff member than other Big 9 schools, except for Rochester, who is serving the same amount.

** The information on this page is the most recent data available on the MDE web site.*

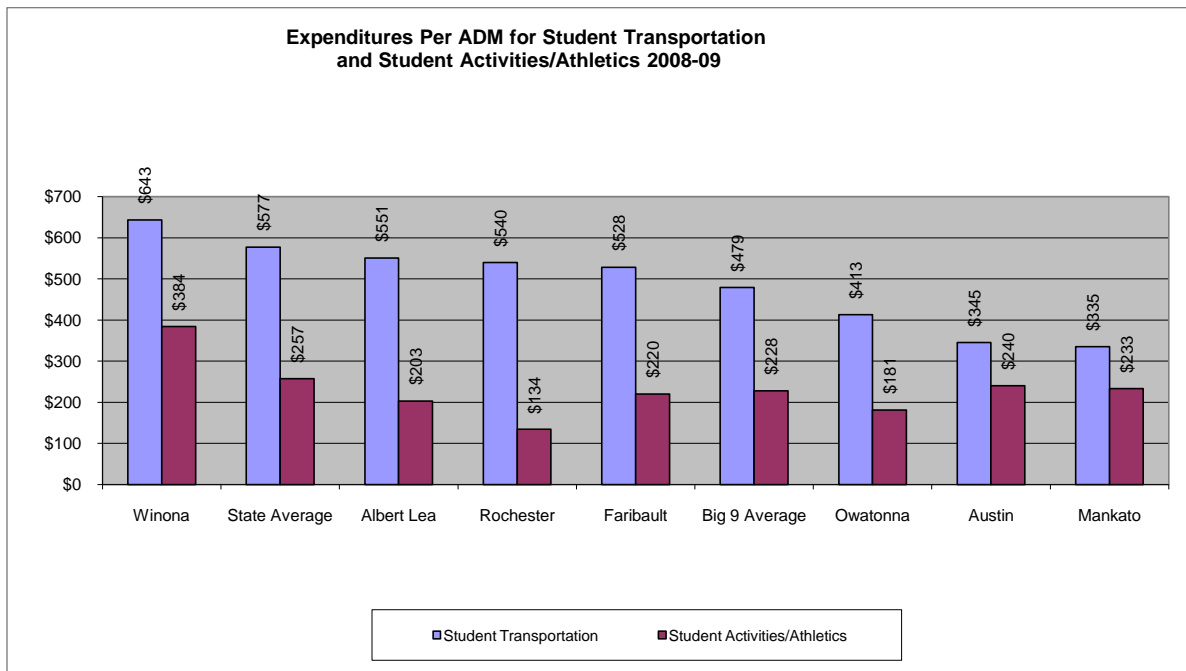
Below, it can be seen that over the past several years there has been little or no change in the relationship between budget allocations to various instructional areas. Although, regular instruction has increased on average 4.3 percent per year. Special education has increased by 9.5 percent per year.



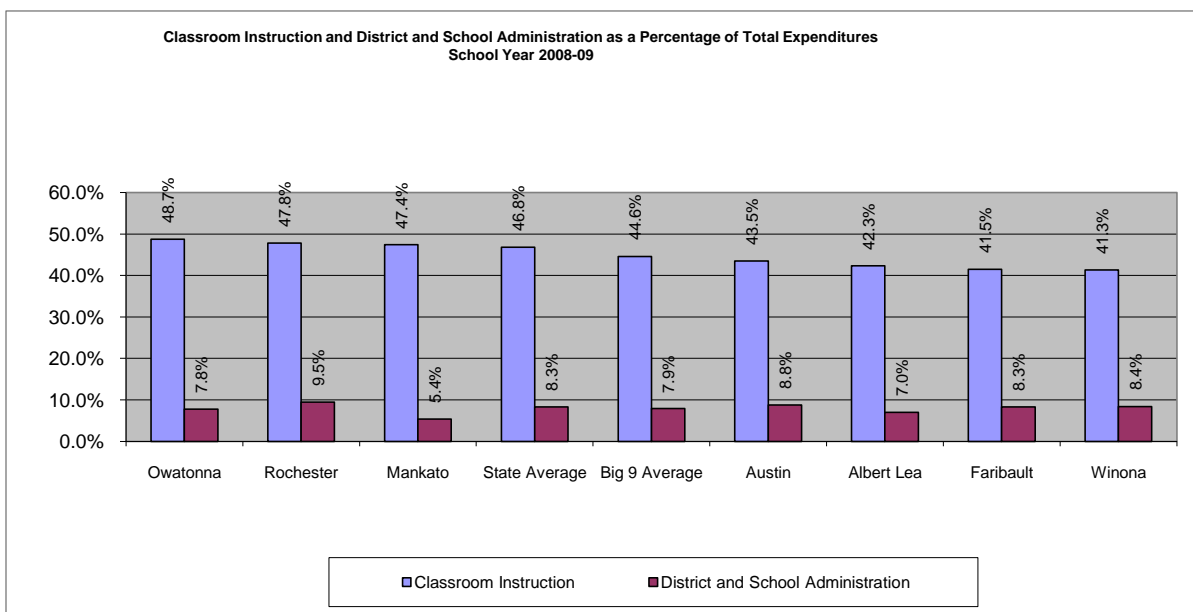
Critical data such as this is important to maintain as decisions are made related to budget development. The information provided suggests that no dramatic shifts in program have taken place in the District over the last five years. It also indicates that the current level of allocation across various instructional areas is consistent with other districts within the Big 9. The relatively low revenue available to our district suggests that our operations are efficient when compared to state and local benchmarks.

	Total PPU	District & School Administration	Student Instruction (Includes Sp. Ed.)	Special Education	Regular / Technical Instruction
Mankato	9,405	507	6,338	1,885	4,453
Albert Lea	12,140	861	8,011	2,873	5,138
Austin	10,413	913	6,345	1,815	4,530
Rochester	9,163	872	5,727	1,343	4,384
Faribault	9,175	755	5,768	1,960	3,808
Owatonna	9,237	716	6,018	1,516	4,502
Winona	13,770	1,160	8,502	2,821	5,681
Big 9 Average	10,472	826	6,673	2,030	4,642
State Average	10,639	887	6,776	1,794	4,982

The amount that a district spends on transportation is related to the number of students transported and the distance covered by the various routes. With the exception of Rochester, Owatonna spends less per ADM on student activities than the Big 9 or state average. Also, Owatonna is well below averages in transportation costs.



When comparing expenditures in administration, we find Owatonna is “below average,” as compared to state and Big 9 counterparts. In classroom instruction, we rank well above state average, and highest in the Big 9 spent on classroom instruction.



Owatonna's expense per ADM in maintenance and capital is well below other Big 9 districts and the state average.

