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Tom Tapper, Ed.D.
Superintendent of Schools

To: Members of the School Board
From: Tom Tapper, Superintendent
Re: Preliminary Budget for the 2012-2013 School Year
Date: June 2012

Contained within this report entitled, "Preliminary Budget for the 2012-13 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 2012-13 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 final' 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 is similar to what we do when managing our household budget. When our monthly expenses are less than, or equal to, our monthly income, our budget is structurally balanced. When our household has incurred an additional expense during a particular month that requires us to 'tap' into our savings account to meet that expense, we do not have a 'structurally balanced' budget for that month. And should that expense be on-going and extend beyond that month requiring us to continue to tap into our savings account, our budget is considered to be structurally out of balance. The 2012-13 budget is balanced because we are able to tap into our budget reserves. But it is not structurally balanced. This will be the third successive year in which we have asked the Board to approve this action. As noted on page 14 of this document, we will continue to maintain a fund balance, but that fund balance will decrease in the years ahead without taking action to further reduce our operating costs and/or increase our operating revenues.

As a final note, I'd like to thank Tom Sager, Amanda Heilman, 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 reviewed and adopted a new fund balance policy that took effect in FY 12. This is the model fund balance policy which came from Minnesota School Boards Association.

The new verbiage and terminology used in the final FY 12 and beyond budget documents which were 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 1.3 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 Pepsi 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 \$52,000,000. Our student enrollment in our PreK-12 programs is approximately 4820. 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 4883 over the past four years. The table below shows the enrollment by grade over this period of time.

	2/17/2009			2/22/2010			2/22/2011			2/21/2012	
	Average Enrollment	08-09 ADM Final	%	Average Enrollment	09-10 ADM Final	%	Average Enrollment	10-11 ADM Final	%	Average Enrollment	11-12 Estimated ADM Final
Pre-K	92	34.69	0.3771	118	48.78	0.4134	171	61.46	0.3594	155	58.77
HK	15	22.26	1.4840	15	17.57	1.1713	15	22.62	1.5080	15	21.03
K	339	315.58	0.9309	348	334.63	0.9616	295	269.46	0.9134	319	297.11
1	314	310.65	0.9893	368	365.83	0.9941	408	402.74	0.9871	332	328.56
2	373	371.85	0.9969	307	307.01	1.0000	348	346.46	0.9956	403	401.86
3	381	376.49	0.9882	361	359.69	0.9964	305	301.78	0.9894	356	352.89
4	336	337.81	1.0054	379	376.96	0.9946	358	355.76	0.9937	314	312.85
5	372	368.87	0.9916	353	347.69	0.9850	378	374.40	0.9905	359	355.07
6	341	340.61	0.9989	359	358.20	0.9978	351	343.94	0.9799	384	379.79
7	382	377.06	0.9871	342	333.92	0.9764	356	351.34	0.9869	347	341.37
8	364	353.63	0.9715	386	378.28	0.9800	337	331.92	0.9849	345	338.36
9	421	416.39	0.9890	405	406.99	1.0049	416	411.07	0.9881	374	371.52
10	404	404.51	1.0013	403	400.10	0.9928	396	390.70	0.9866	402	398.54
11	388	381.07	0.9821	401	391.36	0.9760	391	377.49	0.9654	366	355.73
12	391	379.23	0.9699	383	351.29	0.9172	395	378.33	0.9578	366	346.98
PreK-12 TOTAL	4913	4790.7	0.9751	4928	4778.30		4920	4719.47		4837	4660.44
ALC	127	167.47	1.3187	119	151.94	1.28	112	138.85	1.24	99	125.40
PreK-12 ALC TOTAL	5040	4958.17	0.9838	5047	4930.24	0.98	5032	4858.32	0.97	4936	4785.84 ¹

¹ The estimated ADM Final PreK-12 ALC Total does not include Extended Time (about 75/year).

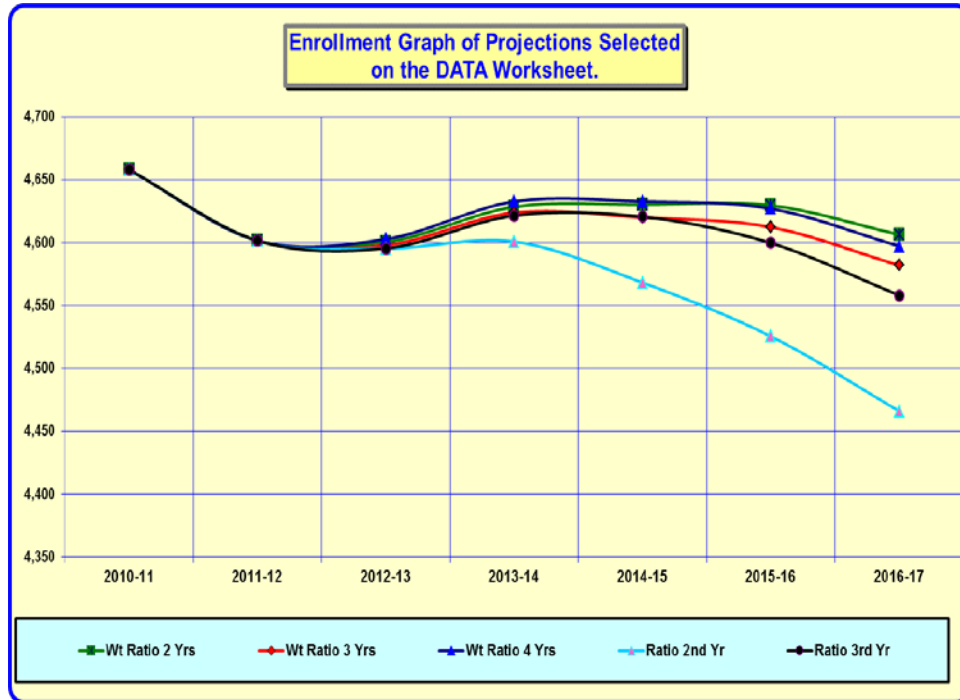
² PreK-12 ALC Budget includes Extended Time.

11-12 PreK-12 Budget		4604.9
11-12 PreK-12 ALC Budget		4754.9 ²

For planning purposes, the enrollment projections (shown in the table below) show an overall increase for the coming year. Enrollment trends will remain flat during the next several years.

		Est. 2012-13	Est. 2013-14	Est. 2014-15	Est. 2015-16	Est. 2016-17
Grade	K	343.0	354.0	332.0	300.0	292.0
	1	357.6	385.6	397.9	373.2	337.2
	2	321.8	350.2	377.6	389.7	365.5
	3	401.1	321.2	349.6	376.9	389.0
	4	358.2	407.1	326.0	354.8	382.5
	5	313.4	358.7	407.8	326.5	355.4
	6	354.6	313.0	358.3	407.3	326.1
	7	374.7	349.9	308.8	353.5	401.8
	8	334.6	367.2	342.9	302.6	346.5
	9	376.8	372.6	409.0	381.9	337.0
	10	358.9	363.6	359.5	394.6	368.5
	11	371.0	333.7	338.5	334.7	367.4
12	332.8	347.1	312.2	316.7	313.1	
Total K-12		4598.4	4623.9	4620.0	4612.4	4581.9
Change		-3.2	25.4	-3.9	-7.6	-30.4
ALC		150.0	150.0	150.0	150.0	150.0
Total K-12		4748.4	4773.9	4770.0	4762.4	4731.9
Pre K-12		72.2	74.5	69.9	63.1	61.4
Total PreK-12		4820.6	4848.4	4839.9	4825.5	4793.4

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).

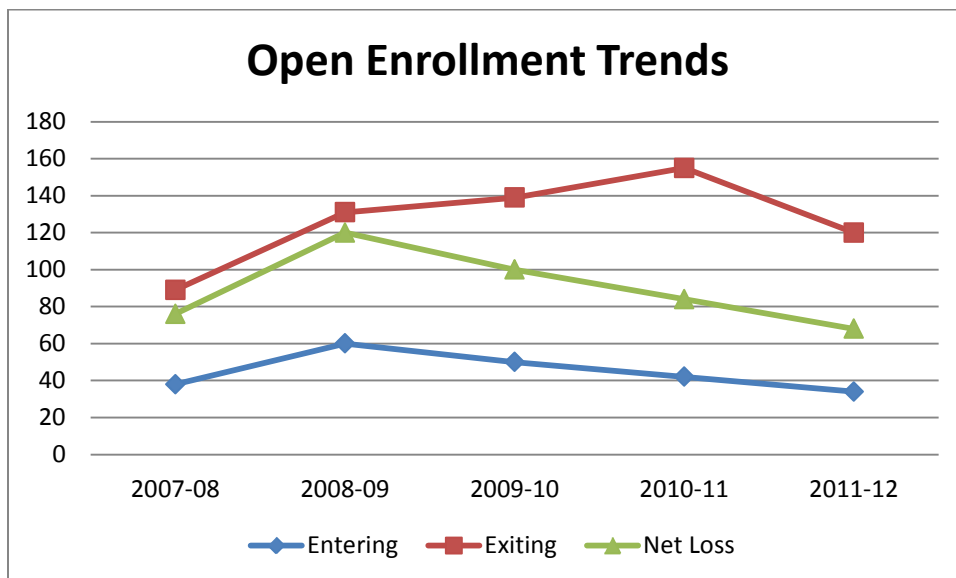


In the fall of 2005, the District School Board examined existing attendance boundaries for its four (4) elementary schools and established class size 'targets' for each grade level. Those targets are shown below. Overall, enrollment is forecasted to remain rather constant for the next several years. However, fiscal challenges have required a downward trend in staffing levels. As a result, our ability to stay within the established class size targets will become increasingly difficult. In addition, space limitations in each school may also provide challenges in meeting established class size targets. The variances shown in the right hand column represent the 2011-12 school enrollments by grade.

School Board Average Class Size Targets (as of February 21, 2012)			
Grade	Total Average Class Size	Actual Average Class Size	Variance
K	19.00	21.87	2.87
1	20.00	21.00	1.00
2	23.00	23.75	0.75
3	23.00	26.62	3.62
4	28.00	25.17	-2.83
5	28.00	29.17	1.17
6	28.00	31.67	3.67

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 2011-12 Owatonna had a net loss of students enrolling under the provisions of this law.

	Attending Owatonna	Attending Other Districts	Net Gain/(Loss)
Albert Lea	2	0	2
Blooming Prairie	1	1	0
Brooklyn Center	0	1	(1)
Faribault	1	5	(4)
Fergus Falls	0	2	(2)
Foley	0	1	(1)
Houston	0	9	(9)
Mankato	1	0	1
Medford	7	48	(41)
NRHEG	12	2	10
Northfield	0	4	(4)
Osseo	0	1	(1)
WEM	2	0	2
Triton	5	2	3
Waseca	3	10	(7)
TOTAL	34	86	(52)



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

Attending Owatonna

	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										2
Blooming Prairie					1									1
Faribault	1													1
Mankato							1							1
Medford	1									1	4		1	7
NRHEG	4	1			1		1	1		2	1	1		12
Triton	2				1					1	1			5
Waseca	1		1			1								3
WEM					1			1						2
TOTAL	9	1	2	1	4	1	2	2	0	4	6	1	1	34

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
Blooming Prairie											1				1
Brooklyn Center											1				1
Faribault		2						1				1	1		5
Fergus Falls										1			1		2
Foley												1			1
Houston		2						1	1		1	1	1	2	9
Medford		22	3	2	2	3	3	1	1	1	2	3	3	2	48
NRHEG	1	1													2
Northfield		1			1	1			1					1	4
Osseo												1			1
Triton								1		1					2
Waseca		1		2	1	1	3				1	1			10
TOTAL	1	29	3	4	4	5	6	4	3	3	6	8	6	4	86

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 \$90,000 for this year.

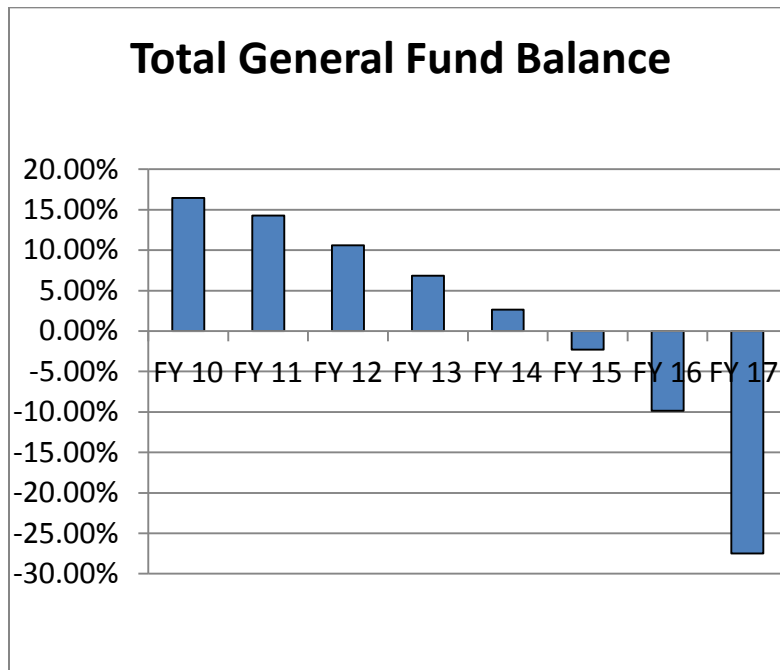
CHAPTER TWO - BUDGET OVERVIEW

The Owatonna School District has a total annual budget of \$56,030,803 for the 2012-13 school year. In FY 12 the district anticipates deficit spending by \$1,738,384 from the general fund. The FY 13 budget is established to further step-down the existing fund balance by \$1,810,659. This will place the district's total general fund balance at 6.86 percent.

Revenue and Expenditure Long Range Forecast

Revenue and Expenditure Long Range Forecast

(in millions)	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Total Revenue	\$46.219	\$47.079	\$46.379	\$46.235	\$46.281	\$46.328	\$46.374	\$42.42
Total Expenditures	\$46.754	\$47.939	\$48.117	\$48.045	\$48.286	\$48.735	\$50.197	\$51.70
Fund Balance Change	-\$0.535	-\$0.860	-\$1.738	-\$1.810	-\$2.005	-\$2.407	-\$3.823	-\$9.28
Fund Balance	\$7.703	\$6.843	\$5.105	\$3.295	\$1.290	-\$1.118	-\$4.941	-\$14.22
Percent	16.48%	14.27%	10.61%	6.86%	2.67%	-2.29%	-9.84%	-27.51%



Overview and assumptions

1. In FY 13, the District is planning to deficit spend by \$1.81 million. This comes after a budget reduction process which identified the same amount in other cost containment measures.
2. Revenue increases in FY 14 and beyond reflect a 0.10 percent increase in enrollment. All other revenue sources at zero percent.
3. Starting in FY 13, the District will no longer receive any federal stimulus dollars such as Ed Jobs and/or ARRA.
4. Inflation rate of 3.0 percent applied to all expenditures.
5. A tapered “step down” of the fund balance will result in a 2.67 percent fund balance after FY 14, 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 \$78,600.

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 2011-12 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)
2012-13 PRELIMINARY BUDGET**

GENERAL FUND REVENUE (Funds 1, 10, and 11)	2011-12 Revised Final Budget	2012-13 Preliminary Budget	Difference
Tax Levy	\$ 7,074,078	\$ 7,072,821	\$ (1,257)
Delinquent Taxes	29,000	45,000	16,000
County Apportionment	85,000	86,700	1,700
Miscellaneous County Tax Revenue	17,000	17,000	-
Revenue from Other MN ISD's for Special Ed.	73,000	95,000	22,000
Tuition from Patrons	50,000	50,000	-
Fees from Patrons	151,274	173,774	22,500
Admissions/Student Activity Revenue	152,225	152,225	-
Medical Assistance Reimbursement	300,000	300,000	-
Interest Earnings	3,000	3,300	300
Rent	13,130	13,130	-
Gifts and Bequests	106,100	211,633	105,533
Miscellaneous Revenue	213,601	201,518	(12,083)
Endowment	134,184	131,146	(3,038)
General Education Aid	30,590,193	31,468,471	878,278
Shared Time	86,442	77,096	(9,346)
Abatement Aid	4,725	3,937	(788)
Disparity Reduction Aid	11,827	11,835	8
Homestead/Ag Market Value Credit	114,724	8,908	(105,816)
Other State Credits	424	424	-
State Aids and Grants	198,366	488,417	290,051
Special Education	3,796,134	3,545,715	(250,419)
Miscellaneous Revenue from MDE	19,000	15,000	(4,000)
Federal Aids and Grants	3,113,140	2,049,529	(1,063,611)
Sale of Equipment	12,000	12,000	-
Judgments for District	30,000	-	(30,000)
TOTAL GENERAL FUND REVENUES	<u>\$ 46,378,567</u>	<u>\$ 46,234,579</u>	<u>\$ (143,988)</u>

It should be noted we have projected a decrease in revenue for 2012-13. The increase in general education aid of \$878,278 is due mostly to the addition of \$50ppu, literacy aid, and compensatory funding. The increases are more than offset by decreases in special education and federal funding. The federal funding decrease is due to the loss of Ed Jobs funding and the new

allocation process of sequestration. Under this process, approximately 10 percent of federal funding was reduced. Finally, it should also be noted that the \$7,072,821 tax levy continues to reflect the shift of advance recognition of revenue into FY 13. 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 continue to remain low as market conditions have not rebounded to a more favorable circumstance.

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 .10 cents for 2012-13.** The primary reason for the drop in revenue is an anticipated reduction in the ala carte sales. This has been a trend since FY 11, and the district anticipates this to continue.

**OWATONNA PUBLIC SCHOOLS, ISD #761
FOOD SERVICE FUND REVENUE (Fund 2)
2012-13 PRELIMINARY BUDGET**

FOOD SERVICE FUND REVENUE (Fund 2)	2011-12 Revised Final Budget	2012-13 Preliminary Budget	Difference
Interest Earnings	\$ 155	\$ 155	\$ -
Miscellaneous Revenue	8,000	6,000	(2,000)
State Aids and Grants	143,340	135,938	(7,402)
School Lunch Program	85,386	74,575	(10,811)
Special Assistance	647,860	671,476	23,616
Commodity Rebates	15,000	5,000	(10,000)
Commodity Distribution	111,500	147,700	36,200
Special Milk Program	5,623	6,786	1,163
School Breakfast Program	238,226	251,665	13,439
Summer School	14,000	25,000	11,000
Sales to Pupils	1,324,026	1,258,765	(65,261)
Sales to Adults	36,348	26,162	(10,186)
Special Function Food Sales	10,000	10,000	-
TOTAL FOOD SERVICE FUND REVENUES	<u>\$ 2,639,464</u>	<u>\$ 2,619,222</u>	<u>\$ (20,242)</u>

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.

**OWATONNA PUBLIC SCHOOLS, ISD #761
COMMUNITY SERVICE FUND REVENUE (Fund 4)
2012-13 PRELIMINARY BUDGET**

COMMUNITY SERVICE FUND REVENUE (Fund 4)	2011-12 Revised Final Budget	2012-13 Preliminary Budget	Difference
Tax Levy	\$ 460,231	\$ 463,465	\$ 3,234
Tuition from Patrons	232,500	235,500	3,000
Fees from Patrons	360,000	340,000	(20,000)
Interest Earnings	321	321	-
Rent	-	500	500
Gifts and Bequests	19,090	350	(18,740)
Miscellaneous Revenue	6,700	3,400	(3,300)
Disparity Reduction Aid	-	2,311	2,311
Homestead/Ag Market Value Credit	-	1,737	1,737
State Aids and Grants	1,249,425	1,329,134	79,709
Non-Public Aid	64,429	75,064	10,635
Federal Aids and Grants	50,147	51,733	1,586
Permanent Fund Transfer	45,968	14,000	(31,968)
TOTAL COMMUNITY SERVICE FUND REVENUES	<u>\$ 2,488,811</u>	<u>\$ 2,517,515</u>	<u>\$ 28,704</u>

Projected revenues for the coming year are anticipated to increase slightly for the Community Education programs. The increase comes in the areas of state aids and grants being offset by a decrease in fees from patrons. The District is a member of a consortium that includes Albert Lea and Austin for ABE. This consortium expanded significantly in FY 12 and we continue to act as fiscal host. The reduction in the permanent fund transfer is a result of the reduction in the allocation coming from the general fund.

Below are the revenue sources for the Debt Service Fund.

**OWATONNA PUBLIC SCHOOLS, ISD #761
DEBT SERVICE FUND REVENUE (Fund 7)
2012-13 PRELIMINARY BUDGET**

DEBT SERVICE FUND REVENUE (Fund 7)	2011-12 Revised Final Budget	2012-13 Preliminary Budget	Difference
Tax Levy	\$ 2,389,488	\$ 2,637,829	\$ 248,341
Delinquent Taxes	15,000	15,000	-
Miscellaneous County Tax Revenue	5,800	5,000	(800)
Interest Earnings	1,328	1,328	-
Disparity Reduction Aid	19,309	19,298	(11)
Homestead/Ag Market Value Credit	187,294	14,525	(172,769)
Other Property Tax Credit	8,412	700	(7,712)
TOTAL DEBT SERVICE FUND REVENUES	<u>\$ 2,626,631</u>	<u>\$ 2,693,680</u>	<u>\$ 67,049</u>

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 changes in the tax levy and homestead/ag market value are related to each other. With the elimination of the homestead market value credit the local tax levy obligation increased to offset that amount so that the school district can continue to meet obligations on its debt payments. 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 \$135,526 represents an overall decrease of approximately 0.3% from FY 12.

<u>Fund Name</u>	<u>2011-12 Revised Final Budget</u>	<u>2012-13 Preliminary Budget</u>	<u>Difference</u>
<u>Total Operating Funds Revenue:</u>			
General Fund (Funds 1, 10, and 11)	\$46,378,567	\$46,234,579	\$ (143,988)
Food Service Fund (Fund 2)	2,639,464	2,619,222	(20,242)
Community Service Fund (Fund 4)	2,488,811	2,517,515	28,704
Total Operating Funds Revenue	<u>\$51,506,842</u>	<u>\$51,371,316</u>	<u>\$ (135,526)</u>

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

<u>Total Non-Operating Funds Revenue:</u>			
Debt Service Fund (Fund 7)	\$ 2,626,631	\$ 2,693,680	\$ 67,049
Building Construction Fund (Fund 6)	\$ 300	-	(300)
Total Non-Operating Funds Revenue	<u>\$ 2,626,931</u>	<u>\$ 2,693,680</u>	<u>\$ 66,749</u>
TOTAL REVENUE	<u>\$54,133,773</u>	<u>\$54,064,996</u>	<u>\$ (68,777)</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. Further descriptions of these categories can be found on page 6 of this budget document.

GENERAL FUND EXPENDITURES (Funds 1, 10, and 11)	2011-12 Revised Final Budget	2012-13 Preliminary Budget	Difference
<u>Administrative and District Support Services</u>			
Salaries	\$ 2,150,960	\$ 2,355,536	\$ 204,576
Benefits	778,383	844,898	66,515
Purchased Services	533,789	348,781	(185,008)
Supplies and Materials	120,300	112,490	(7,810)
Capital Expenditures	1,140,068	1,050,662	(89,406)
Other Expenditures	(31,732)	(43,155)	(11,423)
Total Administrative and District Support Services	\$ 4,691,768	\$ 4,669,212	\$ (22,556)
<u>Instructional</u>			
Salaries	\$ 21,696,178	\$ 21,496,925	\$ (199,253)
Benefits	7,523,270	7,874,690	351,420
Purchased Services	1,601,149	1,485,803	(115,346)
Supplies and Materials	1,179,624	1,182,548	2,924
Capital Expenditures	305,755	220,549	(85,206)
Other Expenditures	78,856	100,267	21,411
Total Instructional	\$ 32,384,832	\$ 32,360,782	\$ (24,050)
<u>Instructional and Pupil Support</u>			
Salaries	\$ 2,136,467	\$ 2,252,350	\$ 115,883
Benefits	789,370	720,834	(68,536)
Purchased Services	2,724,881	2,767,774	42,893
Supplies and Materials	268,841	273,439	4,598
Capital Expenditures	22,680	120,628	97,948
Other Expenditures	7,715	7,358	(357)
Total Instructional and Pupil Support	\$ 5,949,954	\$ 6,142,383	\$ 192,429
<u>Operations, Maintenance, and Fixed</u>			
Salaries	\$ 1,301,093	\$ 1,336,626	\$ 35,533
Benefits	669,618	659,100	(10,518)
Purchased Services	2,110,029	1,939,212	(170,817)
Supplies and Materials	597,079	597,555	476
Capital Expenditures	297,353	304,338	6,985
Other Expenditures	115,225	36,030	(79,195)
Total Operations, Maintenance, and Fixed	\$ 5,090,397	\$ 4,872,861	\$ (217,536)
TOTAL GENERAL FUND EXPENDITURES	\$ 48,116,951	\$ 48,045,238	\$ (71,713)

Overall, the district is planning to decrease its general fund expenditures in FY 13 as a result of several factors. Most notably, in the spring of 2012 the district identified \$1.8 million in expense containment. The specific decreases in the above categories are largely a result of this budget reduction process. The board was presented with and approved this detailed plan on April 11, 2012.

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

FOOD SERVICE FUND EXPENDITURES (Fund 2)	2011-12 Revised Final Budget	2012-13 Preliminary Budget	Difference
Salaries	\$ 859,995	\$ 897,768	\$ 37,773
Benefits	320,235	317,290	(2,945)
Purchased Services	89,734	72,386	(17,348)
Supplies and Materials	1,383,519	1,384,088	569
Capital Expenditures	52,707	78,908	26,201
Other Expenditures	556	1,000	444
TOTAL FOOD SERVICE EXPENDITURES	<u>\$ 2,706,746</u>	<u>\$ 2,751,440</u>	<u>\$ 44,694</u>

The increase in salaries and benefits is due to changes in the employee's contracts and employees taking benefits. Purchased services are decreasing due to repair and maintenance costs being performed in FY 12 and not being carried forward into FY 13. Supplies and materials are remaining relatively flat. The increase in capital expenditures is due to purchasing more equipment in FY 13 as compared to FY 12.

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

COMMUNITY SERVICE FUND EXPENDITURES (Fund 4)	2011-12 Revised Final Budget	2012-13 Preliminary Budget	Difference
Salaries	\$ 778,191	\$ 740,242	\$ (37,949)
Benefits	267,977	238,633	(29,344)
Purchased Services	1,350,020	1,446,868	96,848
Supplies and Materials	113,680	86,160	(27,520)
Capital Expenditures	7,979	5,417	(2,562)
Other Expenditures	2,200	1,950	(250)
TOTAL COMMUNITY SERVICE EXPENDITURES	<u>\$ 2,520,047</u>	<u>\$ 2,519,270</u>	<u>\$ (777)</u>

The community service expenditures are remaining relatively the same in comparison to FY 12. 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 13 to maintain programming and ensure fund balances meet statutory caps, with the exception of purchased services which is anticipating an increase in expenditures related to consulting fees.

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)	2011-12 Revised Final Budget	2012-13 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	2011-12 Revised Final Budget	2012-13 Preliminary Budget	Difference
Total Operating Funds Expenditures:			
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	2011-12 Revised Final Budget	2012-13 Preliminary Budget	Difference
Total Non-Operating Funds Expenditures:			
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 balance 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>2011-12 Revised Final Budget</u>	<u>2012-13 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>2011-12 Revised Final Budget</u>	<u>2012-13 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 2012-13 school year. This is the budget the Board is being asked to approve for fiscal year 2013. Included in this proposal is a .10 cent increase to all meal prices in the Food Service budget for the 2012-13 school year. Approval of this budget approves the food service price increase.

JUNE 30, 2012 PROJECTED ENDING FUND BALANCES

<u>Fund</u>	<u>6/30/2011 Balance</u>	<u>2011-12 Revenues</u>	<u>2011-12 Expenditures</u>	<u>6/30/2012 Balance</u>
General - Unassigned	6,235,656	40,431,197	41,732,225	4,934,628
General - Restricted/Reserved	429,467	5,947,370	6,384,726	(7,889)
General - Nonspendable	178,919	-	-	178,919
Food Service	488,095	2,639,464	2,706,746	420,813
Community Service	227,878	2,488,811	2,520,047	196,642
Building Construction	76,674	300	76,974	-
Debt Service	725,061	2,626,631	2,690,353	661,339
Trust	2,136	1,013	1,013	2,136
Internal Service	251,746	188	-	251,934
Total	8,615,632	54,134,974	56,112,084	6,638,522

JUNE 30, 2013 PROJECTED ENDING FUND BALANCES

<u>Fund</u>	<u>6/30/2012 Balance</u>	<u>2012-13 Revenues</u>	<u>2012-13 Expenditures</u>	<u>6/30/2013 Balance</u>
General - Unassigned	4,934,628	39,571,537	41,199,762	3,306,403
General - Restricted/Reserved	(7,889)	6,663,042	6,845,476	(190,323)
General - Nonspendable	178,919	-	-	178,919
Food Service	420,813	2,619,222	2,751,440	288,595
Community Service	196,642	2,517,515	2,519,270	194,887
Debt Service	661,339	2,693,680	2,713,853	641,166
Trust	2,136	1,002	1,002	2,136
Internal Service	251,934	188	-	252,122
Total	6,638,522	54,066,186	56,030,803	4,673,905

JUNE 30, 2013 FUND BALANCE COMPARISON PROJECTION

<u>Fund</u>	<u>6/30/2012 Balance</u>	<u>6/30/2013 Balance</u>	<u>Difference</u>
General - Unassigned	4,934,628	3,306,403	(1,628,225)
General - Restricted/Reserved	(7,889)	(190,323)	(182,434)
General - Nonspendable	178,919	178,919	-
Food Service	420,813	288,595	(132,218)
Community Service	196,642	194,887	(1,755)
Debt Service	661,339	641,166	(20,173)
Trust	2,136	2,136	-
Internal Service	251,934	252,122	188
Total	6,638,522	4,673,905	(1,964,617)

The FY '12 auditing process will validate the actual financial performance of the District and those results could change the listed ending fund balances for FY '12. As always, any such adjustments will be used in the FY '13 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 510 students, K-5, in the northeast sector of Owatonna. The make-up of the students is approximately: 9% Hispanic; 18% Black not Hispanic; 1% Asian/Pacific Islander and 72% Caucasian. 55% 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. 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 the 4th 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. After being on AYP for many years, we were able to get off the AYP list this year in reading by achieving the targets in 5 different categories. We are confident in our plan and feel we are on the right track to success for all students for years to come.

New to McKinley in the 2012-13 school year will be the implementation of STEM throughout our building. Our staff will be working with Hamline University and they will receive training throughout the summer to be ready for our students when they enter the building in September.

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 will realize increased revenue due to increase of \$50ppu, literacy aid, and compensatory funding. The general education basic aid for 2012-13 is calculated at a rate of \$5,224 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 2012-13 based upon our student enrollment at McKinley is \$2,457,229. Other additional revenue is also listed. The next largest revenue amount that we anticipate to be received is \$487,440. This amount has been generated as a result of the increase in free and reduced meal counts. The increase in indirect revenue is due to the reflection of the advanced recognition of tax levy revenue that was not reflected in the FY 12 budget.

McKinley Revenues

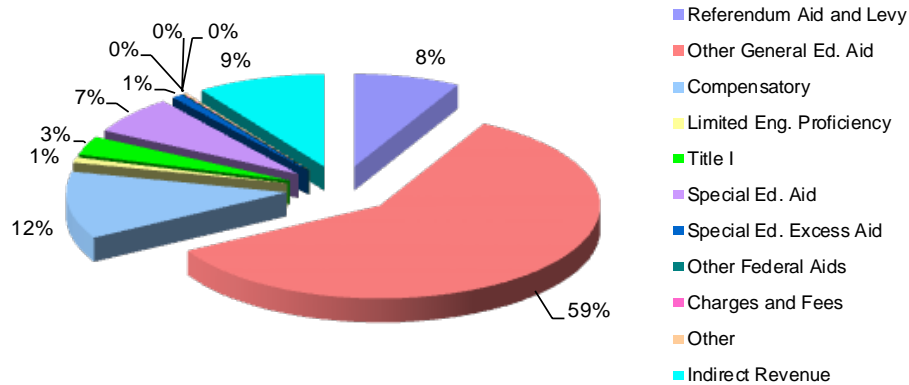
Description	2009-10	2010-11	2011-12	2012-13	Change	Change
	Actual	Budget	Budget	Budget	Percent	Amount
Referendum Aid and Levy	\$ 350,580	\$ 357,399	\$ 341,173	\$ 325,047	-4.7%	\$ (16,126)
Other General Ed. Aid	2,265,524	2,525,934	2,524,423	2,457,229	-2.7%	(67,194)
Compensatory	285,365	402,149	295,348	487,440	65.0%	192,092
Limited Eng. Proficiency	65,059	64,904	64,819	37,926	-41.5%	(26,893)
Title I	108,753	119,038	147,438	135,992	-7.8%	(11,446)
Special Ed. Aid	253,218	247,909	313,937	276,141	-12.0%	(37,796)
Special Ed. Excess Aid	30,842	31,236	39,556	34,794	-12.0%	(4,762)
Other Federal Aids	428,944	-	-	-	0.0%	-
Charges and Fees	1,110	1,142	1,356	1,304	-3.8%	(52)
Other	9,629	9,063	7,793	9,226	18.4%	1,433
Indirect Revenue	302,395	479,076	253,415	394,131	55.5%	140,716
Total	\$ 4,101,419	\$ 4,237,850	\$ 3,989,258	\$ 4,159,230	4.3%	\$ 169,972

The table above identifies projected changes in our overall revenue picture for McKinley in the 2012-13 school year. Revenue will increase by about 4.3%. One part of this increase for McKinley is in compensatory revenue. McKinley will receive \$487,440 in compensatory revenue, which is an increase of \$192,092. 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 mainly due to an increase of \$50ppu, literacy aid, sequestration of federal funding, and tax shifts of FY 13. 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 59% of its revenue from the general education aid formula. Indirect revenue is 9% and this increased from last year due to the tax shift. Of equal interest is the 12% allocation received as a result of compensatory.

2012-13 McKinley Revenue Budget



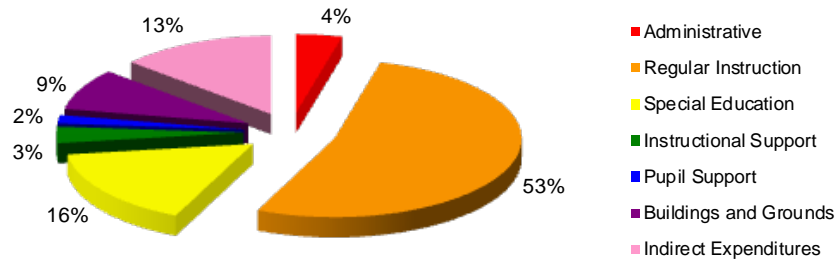
McKinley's proposed expenditure budget for the coming year is below the allocated revenue amount. McKinley's expenditure budget is to increase by 2.7%. The largest increase will be in buildings and grounds, where the district is anticipating the upgrading of some classroom space. Anticipated special education needs will also increase at McKinley.

McKinley Expenditures

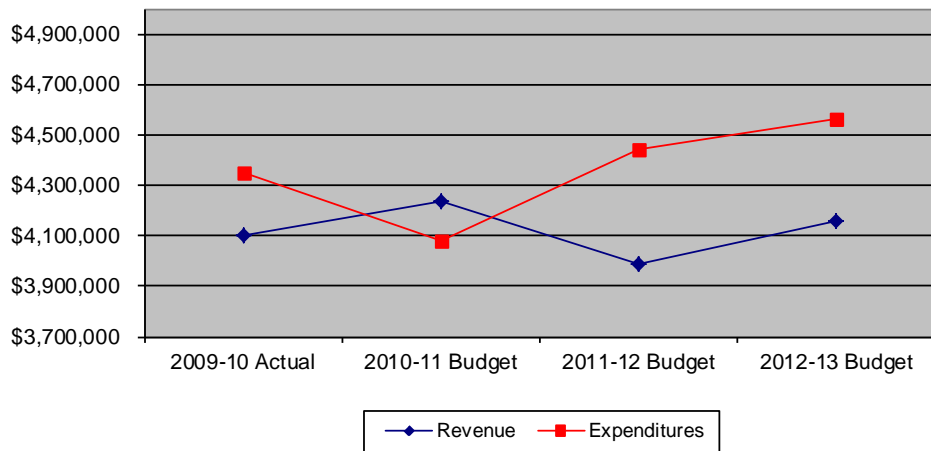
Description	2009-10	2010-11	2011-12	2012-13	Change	Change
	Actual	Budget	Budget	Budget	Percent	Amount
Administrative	\$ 177,230	\$ 178,047	\$ 179,202	\$ 180,963	1.0%	\$ 1,761
Regular Instruction	2,554,873	2,300,319	2,455,957	2,407,793	-2.0%	(48,164)
Special Education	559,178	550,354	696,644	734,896	5.5%	38,252
Instructional Support	150,225	141,931	143,252	154,298	7.7%	11,046
Pupil Support	81,171	90,814	91,647	79,332	-13.4%	(12,315)
Buildings and Grounds	221,589	234,413	258,595	390,567	51.0%	131,972
Indirect Expenditures	608,305	584,769	617,753	614,710	-0.5%	(3,043)
Total	\$ 4,352,571	\$ 4,080,647	\$ 4,443,050	\$ 4,562,559	2.7%	\$ 119,509

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 16% on special education.

2012-13 McKinley Expenditure Budget



The average revenue per student allocated to McKinley is \$9,022. The expenditure per student at McKinley is \$9,897. 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 burr oak trees. Enrollment for the 2011-2012 school year has held steady throughout the year with a student enrollment of 530 at the start of the year and 528 at the end of April. Enrollment at the conclusion of the 2010-2011 school year was 540.

Lincoln’s licensed staff of thirty-nine (39) 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-three (23) 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 7.46% to 36.4%, which is the fourth year in a row an increase has occurred. The percentage of students receiving English Language Learner services has remained the same at 2.6%. The percentage of students qualifying for Special Education services this school year decreased by 4.2% to 6.8%. This percentage has continued to decrease since the implementation of our RtI (Response to Intervention) program.

Our strategic roadmap implementation work for Lincoln Elementary has been in the areas of establishing our leadership foundation and Professional Learning Communities (PLC). The foundation of leadership will incorporate Dr. Steven Covey’s *7 Habits of Highly Effective People*. The habits are organized into a sequential, progressive model based on research of highly effective

people. They are also based on timeless, universal principles that have been around for ages, and transcend all cultural boundaries and socioeconomic layers.

- **Habit 1 Be Proactive** – I am a responsible person. I take initiative. I choose my actions, attitudes, and moods. I do not blame others. I do the right thing without being asked, even when no one is looking.
- **Habit 2 Begin with the End in Mind** – I plan ahead and set goals.
- **Habit 3 Put First Things First** – I spend time on things that are the most important. I set priorities, make a schedule, and follow my plan. I am disciplined and organized.
- **Habit 4 Think Win-Win** – I balance courage for what I want with consideration for what others want. I look for third alternatives that are better than the other two.
- **Habit 5 Seek First to Understand, Then to be Understood** – I listen to other people's ideas and feelings. I try to see things from their point of view. I am confident in voicing my ideas. I look people in the eyes when talking.
- **Habit 6 Synergize** – I value other people's strengths and learn from them. I get along well with others, even people who are different from me. I work well in groups.
- **Habit 7 Sharpen the Saw** – I take care of my body by eating right, exercising, and getting sleep. I take time to find meaningful ways to help others.

Lincoln Elementary School's mission changed this year with the integration of Dr. Stephen Covey's 7 Habits and our leadership theme. Our mission at Lincoln is simple – *“Developing Leaders One Student at a Time.”* From this statement we developed three core characteristics we believe all leaders exhibit:

- 1) Work well with others
- 2) Take responsibility
- 3) Do the right thing, even when no one is looking

By focusing on these three characteristics we believe every student at Lincoln can be a leader in their own way.

Data PLCs are an integral part to the RTI process and improving student learning. Grade level PLCs have been meeting twice a month consistently over the year. Our district's late starts, along with common planning times, are an important part of providing time for this consistency for meeting. During their PLC meeting times teachers are focused on answering the following four questions:

- What do we want our students to know?
- How will we know if they know it?
- What will we do if they don't know it?
- What will we do if they already know it?

By working as a PLC, teams focus on student learning rather than what it taught. Teams can react to student learning immediately. Teachers judge their results on effectiveness rather than intentions. The teams strive to find evidence of student learning and use that evidence to inform and improve instructional strategies. The use of common formative assessments allow teams to compare evidence of student learning, which enables dialogue regarding instruction to happen in a meaningful way.

As we look to the future, we will be integrating the inquiry process into all content areas. Inquiry, along with leadership, will serve as the foundation of all instruction within our building. Grade level teams have begun to incorporate the comprehension tool-kit into units and lessons. Teachers have used staff meeting and staff development time to create lessons using the inquiry process. Inquiry will give our students opportunities to merge comprehension and collaboration. Students will have authentic experiences reading, thinking, talking together, exploring their curiosities, and asking/investigating their own questions. The more students learn the more they wonder. It is this wonder that propels them on and gets them excited and engaged about the world around them.

Lincoln's Economic Outlook

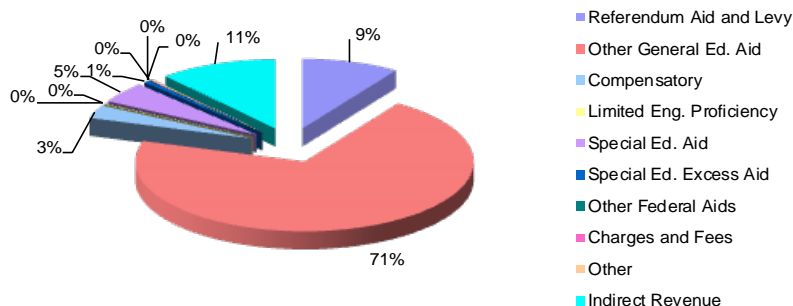
The table below identifies projected changes in our overall revenue picture for Lincoln in the 2012-13 school year. Revenue will decrease by about 9.0%. Lincoln will have about 9 more students in 2012-13. This creates the increase in total revenue. Lincoln is seeing an increase in compensatory aid, which is funded based on the number of students on free and reduced lunch.

Lincoln Revenues

Description	2009-10 Actual	2010-11 Budget	2011-12 Budget	2012-13 Budget	Change Percent	Change Amount
Referendum Aid and Levy	\$ 385,083	\$ 374,747	\$ 355,476	\$ 361,885	1.8%	\$ 6,409
Other General Ed. Aid	2,446,664	2,648,546	2,630,256	2,735,715	4.0%	105,459
Compensatory	62,488	95,828	91,072	118,109	29.7%	27,037
Limited Eng. Proficiency	5,693	5,679	5,672	4,696	-17.2%	(976)
Title I	-	-	-	-	0.0%	-
Special Ed. Aid	206,105	186,408	181,757	188,554	3.7%	6,797
Special Ed. Excess Aid	25,104	23,487	22,901	23,758	3.7%	857
Other Federal Aids	512,991	-	-	-	0.0%	-
Charges and Fees	1,219	1,197	1,413	1,452	2.8%	39
Other	12,799	9,413	8,426	9,935	17.9%	1,509
Indirect Revenue	332,157	502,331	264,038	438,800	66.2%	174,762
Total	\$ 3,990,303	\$ 3,847,636	\$ 3,561,011	\$ 3,882,904	9.0%	\$ 321,893

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.

2012-13 Lincoln Revenue Budget



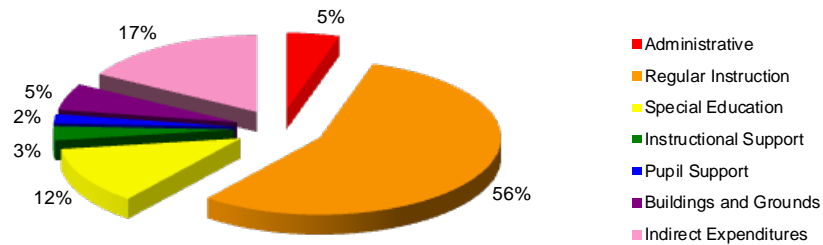
A table of Lincoln's expenditures follows. Lincoln will also see an increase in expenditures. Most of it is in indirect expenditures which relate to the number of students at your site. The increase in special education is due to the RTI funded program being in place for next year.

Lincoln Expenditures

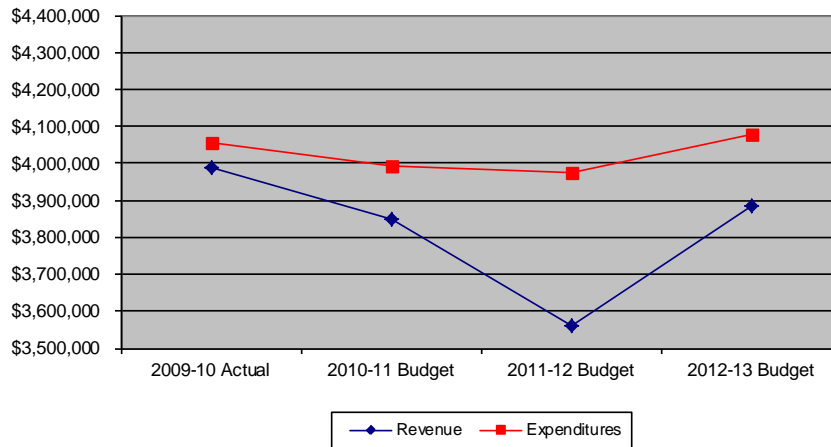
Description	2009-10 Actual	2010-11 Budget	2011-12 Budget	2012-13 Budget	Change Percent	Change Amount
Administrative	\$ 187,984	\$ 188,530	\$ 186,883	\$ 193,114	3.3%	\$ 6,231
Regular Instruction	2,231,394	2,260,001	2,295,964	2,279,667	-0.7%	(16,297)
Special Education	471,371	446,810	425,198	494,609	16.3%	69,411
Instructional Support	161,223	151,933	116,840	120,104	2.8%	3,264
Pupil Support	68,518	74,792	66,716	77,831	16.7%	11,115
Buildings and Grounds	268,930	256,877	238,071	228,567	-4.0%	(9,504)
Indirect Expenditures	668,174	613,154	643,650	684,378	6.3%	40,728
Total	\$ 4,057,594	\$ 3,992,097	\$ 3,973,322	\$ 4,078,270	2.6%	\$ 104,948

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.

2012-13 Lincoln Expenditure Budget



The average revenue per student allocated to Lincoln is \$7,569. The expenditure per student at Lincoln is \$7,950. The relationship between revenues and expenditures over the last three years are shown in the table below.



Washington Elementary School, located in the center of Owatonna, serves 539 students in grade Kindergarten through sixth grade. Thirty-nine licensed staff members work with students as classroom teachers, and in the specialist areas of art, music, physical education, English as a second language, reading support, and gifted/talented. In addition to our licensed staff, Washington benefits from the support of over 20 classified staff. These individuals serve as educational assistants, special education paraprofessionals, secretaries, LPN, custodians, etc. Without the willingness of our staff to help all students grow academically, personally and socially, we would be unable to meet the needs of all our learners.

Washington is proud to house the Montessori program for the Owatonna School District. Based on inquiry and tactile learning, this program encourages enhanced time management, organizational, and individualized learning for our students. Many of these concepts will be merging into our general grade level classrooms in the future as we move towards fully integrating inquiry into all that we do. This creates a challenging but very exciting and rewarding shift in teaching and learning for our staff and students!

Based on Stephen Covey's 7 habits, Washington has built a culture of respect, teamwork and leadership in which students and staff can work and play.

Several critical discussions have taken place this year at Washington, laying the foundation for future decisions and academic programming. These discussions include,

- The development of a Reading Leadership team to study best practices in the teaching of reading. This group of educators explored instructional practices, discussed appropriate use of instructional minutes and determined timelines for the implementation of Stephanie Harvey's Comprehension Toolkit into all reading blocks K-5. This toolkit will be fully implemented in the fall of 2012 in all our classrooms, including Montessori.
- The incorporation of the 7 habits and revised LEAD curriculum. Through the committee work of several staff members, our LEAD time each morning has focused on mentorship, community service opportunities, literature based on leaders and resiliency skills as well as buddy classroom development.
- Our Title services incorporated the Early Intervention Series in Reading as their main curriculum for instruction and have indicated great results. We are currently analyzing our end of the year data of each individual student to grasp a greater understanding of the effectiveness of this curriculum.
- We have engaged in several pilots this year as we work together to determine best practices in teaching and learning for our Washington students. Our fourth grade team and a fifth grade teacher are piloting the use of response clickers in their classrooms, our first grade team and a second grade teacher have piloted the comprehension toolkit as work toward fall implementation and another second grade teacher has piloted the use of student data notebooks which will be an important addition as we move into year 2 implementation of the 7 habits.

The Washington staff is proud of their accomplishments in the 2011-12 school year and look forward to the challenges ahead. We will continue to work together as a cohesive team and strive to do what is best for all Washington kids!

Washington's Economic Outlook

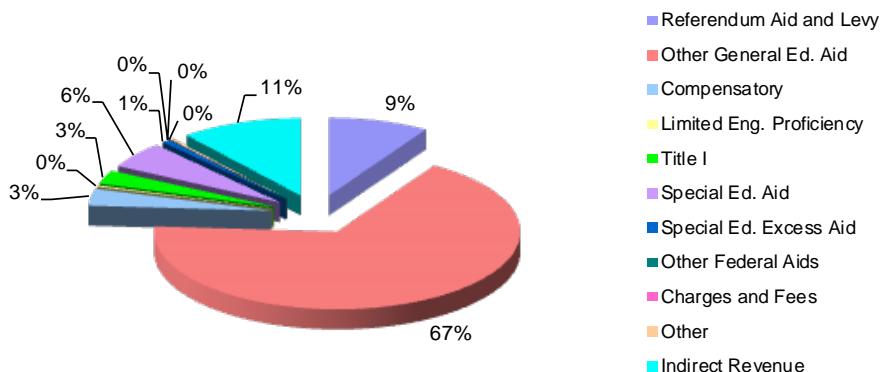
Washington's revenue for the coming year will be increasing. This is a result of increased indirect revenue, like the other sites.

Washington Revenues

Description	2009-10	2010-11	2011-12	2012-13	Change Percent	Change Amount
	Actual	Budget	Budget	Budget		
Referendum Aid and Levy	\$ 391,051	\$ 403,901	\$ 394,900	\$ 380,270	-3.7%	\$ (14,630)
Other General Ed. Aid	2,456,236	2,854,590	2,921,968	2,874,699	-1.6%	(47,269)
Compensatory	124,318	158,317	170,513	150,233	-11.9%	(20,280)
Limited Eng. Proficiency	17,891	17,849	17,825	12,281	-31.1%	(5,544)
Title I	101,916	97,468	132,502	122,216	-7.8%	(10,286)
Special Ed. Aid	244,031	234,750	247,390	236,628	-4.4%	(10,762)
Special Ed. Excess Aid	29,723	29,579	31,171	29,815	-4.4%	(1,356)
Other Federal Aids	549,280	-	-	-	0.0%	-
Charges and Fees	1,238	1,290	1,570	1,526	-2.8%	(44)
Other	10,615	10,468	9,705	11,614	19.7%	1,909
Indirect Revenue	337,304	541,410	293,322	461,094	57.2%	167,772
Total	\$ 4,263,603	\$ 4,349,622	\$ 4,220,866	\$ 4,280,376	1.4%	\$ 59,510

Graphically, the revenues received by Washington Elementary are shown in the chart below. Washington's 3% allocation for compensatory aid is consistent with Lincoln's allocation. Wilson's and McKinley's total percent allocations of 12% are the greatest amounts 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.

2012-13 Washington Revenue Budget



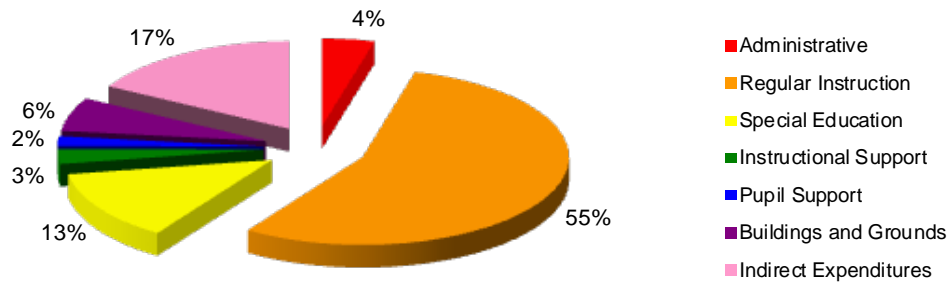
Washington's expenditures are listed in the following table. Washington's overall expenditure budget decreased. Regular instruction changed due to budget reduction process. Special education increased due to the RTI program.

Washington Expenditures

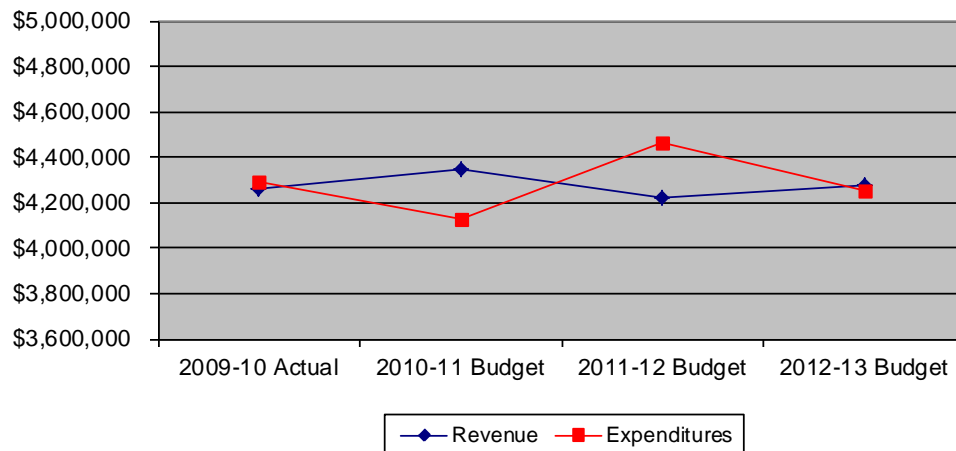
Description	2009-10	2010-11	2011-12	2012-13	Change Percent	Change Amount
	Actual	Budget	Budget	Budget		
Administrative	\$ 177,974	\$ 174,112	\$ 166,991	\$ 174,147	4.3%	\$ 7,156
Regular Instruction	2,416,520	2,298,529	2,506,443	2,348,528	-6.3%	(157,915)
Special Education	550,607	521,037	533,521	553,471	3.7%	19,950
Instructional Support	165,744	161,105	157,478	116,540	-26.0%	(40,938)
Pupil Support	75,705	86,506	84,952	75,131	-11.6%	(9,821)
Buildings and Grounds	228,784	227,116	300,934	263,080	-12.6%	(37,854)
Indirect Expenditures	678,528	660,855	715,036	719,146	0.6%	4,110
Total	\$ 4,293,862	\$ 4,129,260	\$ 4,465,355	\$ 4,250,043	-4.8%	\$ (215,312)

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

2012-13 Washington Expenditure Budget



The average revenue per student allocated to Washington is \$8,031. The expenditure per student at Washington is \$7,974. The relationship between revenues and expenditures over the last three years can be shown in the table below.



Wilson Elementary, a K-5 school, is located on the west side of Owatonna. We have averaged around 530 students during the 2011-2012 school year, and we staff about 80 employees. We are the only public school in Owatonna to offer all-day, every day kindergarten, supported by our compensatory education dollars. This year, approximately 62% of our students qualify for free and reduced lunch while 20% qualify for ELL services, and 13% receive special education services. Our population is 70% caucasian, 20% Hispanic, and 9% black.

Wilson continues to implement best practices put in place seven years ago through the Reading First grant. After a few years in a row off AYP reading, Wilson was cited in reading for all during the 2009-2010 school year. The following year, 2010-2011, we were able to clear the reading for all hurdle, but we were then cited in special education reading. Therefore, we completed an AYP plan for our site, giving us time to analyze data and practices. The addition of two RTI teachers, along with three part-time Title I teachers, has allowed interventions to be very deliberate and focused. These five intervention teachers and two ELL teachers worked in a PLC throughout the year, giving them time to study, implement, and analyze specific interventions in the area of reading. At the same time, classroom teachers continued with whole group reading instruction coupled with guided groups that focused reading instruction based upon each student's ability.

Staff development came through two primary venues: PLC's and subouts. Subouts during the year allowed teachers to analyze data and plan together formative assessments, which was also the focus of our PLC's this year. Instead of vertically aligning PLC teams, they were organized by grade level, giving each grade time to focus on a curricular area, create formative assessments, and analyze the results of the assessments. From here, grade-level teams determined interventions needed for students not meeting particular benchmarks. In addition to the regularly-scheduled PLC's, Wilson also contracted with MSU, Mankato to bring in Dr. Lori Bird, a former district teacher who led staff PLC's in the area of Peer Coaching (Cognitive Coaching). These monthly meetings helped teachers learn how to help colleagues process through various professional scenarios. Lori's work blended nicely with the grade-level work done in PLC's.

Leadership and inquiry are two additional pieces added to the foundation of all elementary schools. At Wilson, we implemented a number of new steps to help build these foundations. Leadership was the primary focus throughout the year with all teachers implementing the 7 Habits of Highly Effective People. We began with these pieces on the first day of school where staff and student volunteers taught the habits and the motions that accompany the habits to all of the students at a back-to-school assembly. In addition, Wilson implemented a theme song, "Dynamite." Throughout the year, all staff has used the common habits language when speaking to students. We implemented student leadership roles in the classroom and in the school; some of these included announcement readers, WSL (formerly student council), mascot, greeters, technology leaders, etc. Throughout the year, students have had the opportunity to develop their leadership skills. This will culminate with our Leadership Day on May 25 when we will open our doors to the public for the students to show off their leadership growth. We are excited to continue these foundations next year.

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 McKinley and Willow Creek.

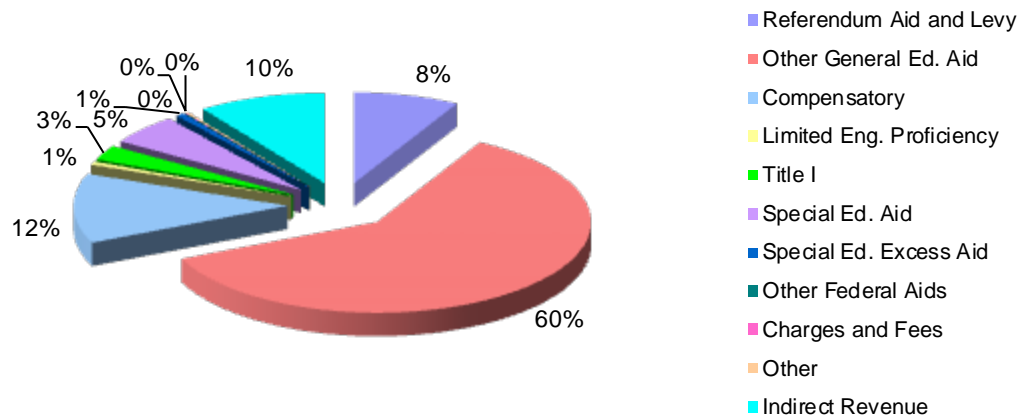
Wilson Revenues

Description	2009-10 Actual	2010-11 Budget	2011-12 Budget	2012-13 Budget	Change %	Change Amount
Referendum Aid and Levy	\$ 356,469	\$ 373,485	\$ 376,568	\$ 398,893	5.9%	\$ 22,325
Other General Ed. Aid	2,336,664	2,639,623	2,786,325	3,015,481	8.2%	229,156
Compensatory	379,451	429,225	415,240	619,736	49.2%	204,496
Limited Eng. Proficiency	63,432	63,281	63,198	31,064	-50.8%	(32,134)
Title I	138,945	135,951	142,682	131,606	-7.8%	(11,076)
Special Ed. Aid	283,314	287,508	288,059	269,707	-6.4%	(18,352)
Special Ed. Excess Aid	34,508	36,226	36,295	33,983	-6.4%	(2,312)
Other Federal Aids	477,918	-	-	-	0.0%	-
Charges and Fees	1,128	1,193	1,497	1,601	6.9%	104
Other	9,343	9,141	8,742	11,200	28.1%	2,458
Indirect Revenue	307,475	500,638	279,708	483,673	72.9%	203,965
Total	\$ 4,388,647	\$ 4,476,271	\$ 4,398,314	\$ 4,996,944	13.6%	\$ 598,630

Wilson will see an increase in total revenue due to increased enrollment and compensatory. After a decrease in compensatory funds in 2011-12, Wilson will see an increase in compensatory aid for 2012-13. In addition, Wilson will see an increase in indirect revenue due to the 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.

2012-13 Wilson Revenue Budget



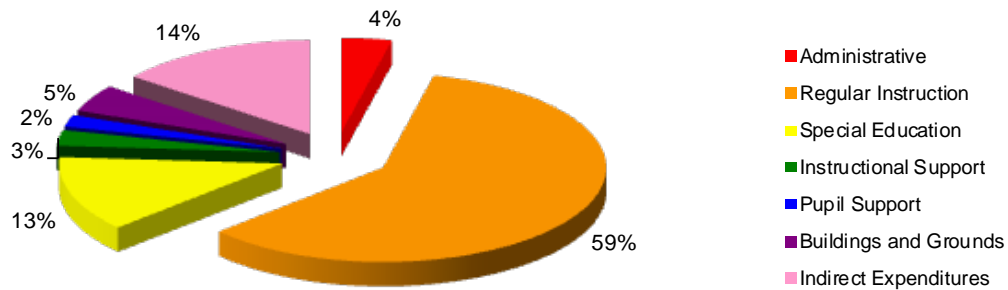
Wilson's expenditures are listed in the following table. Wilson's expenditures will increase by 7.2% for the coming year. The increase is due in part to the use of compensatory funding for regular instruction.

Wilson Expenditures

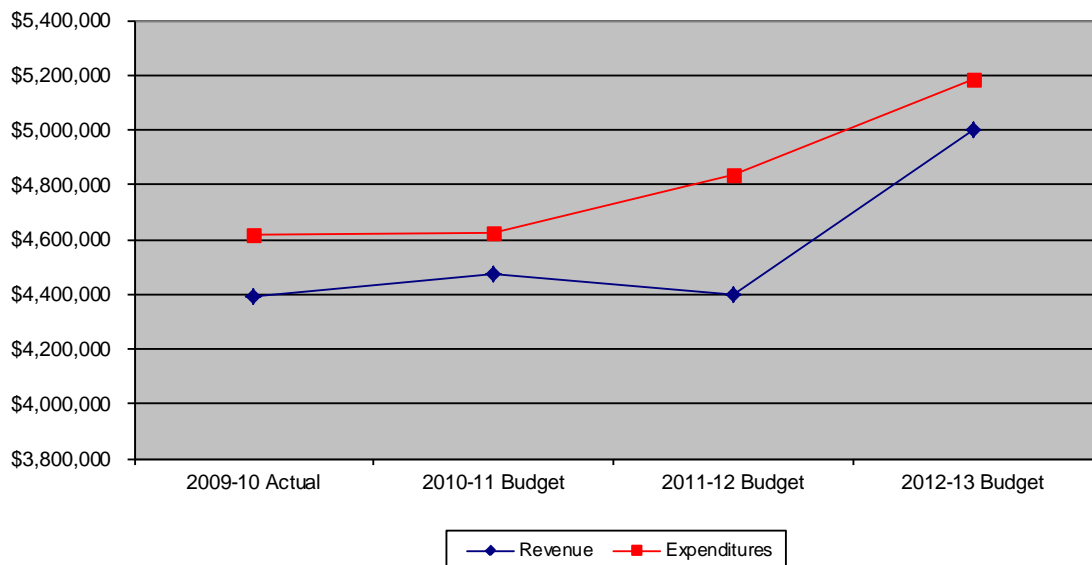
Description	2009-10	2010-11	2011-12	2012-13	Change %	Change Amount
	Actual	Budget	Budget	Budget		
Administrative	\$ 189,653	\$ 185,222	\$ 181,006	\$ 189,455	4.7%	\$ 8,449
Regular Instruction	2,691,716	2,693,040	2,865,129	3,085,456	7.7%	\$ 220,327
Special Education	566,954	581,711	584,112	670,365	14.8%	\$ 86,253
Instructional Support	149,692	151,684	150,374	139,527	-7.2%	\$ (10,847)
Pupil Support	97,980	108,295	97,799	105,399	7.8%	\$ 7,600
Buildings and Grounds	300,065	291,952	279,030	242,258	-13.2%	\$ (36,772)
Indirect Expenditures	618,524	611,088	681,843	754,365	10.6%	\$ 72,522
Total	\$ 4,614,584	\$ 4,622,992	\$ 4,839,293	\$ 5,186,825	7.2%	\$ 347,532

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

2012-13 Wilson Expenditure Budget



The average revenue per student allocated to Wilson is \$8,690. The expenditure per student at Wilson is \$9,021. 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 360 students and nearly 50 staff members. Our student population is 79% white, 12% Hispanic, 6% black and 3% Asian. Currently, 44% of our students are eligible for free or reduced lunch, 12% special education and 9% 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 2011-12 school year focused on continuing to implement systematic approaches to align the work within the building as well as aligning curriculum and programming from elementary to junior high through this one-year transition. We continue to refine our instructional model to improve both core and intervention instruction. This year our literacy initiative has been advanced through the implementation of new curriculum maps aligned to the new MN Language Arts Standards for sixth grade. Professional learning communities (PLCs) continued to support this work. Intervention structures were further refined to ensure all students receive additional support to meet essential learning goals. The math department collaborated with elementary and secondary staff to create a clear continuum for instruction. This team also piloted the use of student response systems for formative assessments in order to inform and personalize instruction. Math common assessments were also updated to be more rigorous in order to align to the MCAIII assessments as well as to inform instruction and monitor student learning. In addition, a foundation of leadership was implemented building-wide. All staff were trained in *The Leader In Me* which is a new operating system that focuses on teaching students the 7 Habits of Highly Effective People. This has created an environment that emphasizes students being the leader of self as well as raising self-awareness and ownership for their learning. This provided great support for students this year as they transitioned from elementary to sixth grade.

Professional learning continued to focus on implementation of 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 balanced literacy instruction. Staff received follow-up training in additional ways to utilize SMART Boards focusing on engagement and integration of technology into curriculum. Math representatives also received training in student response systems. Additionally, all staff were trained in strategies to support the implementation of inquiry based instruction and formative assessment in preparation for implementation next year.

As we prepare for the 2012-13 school year we will continue to build our capacity to personalize learning in order to meet the needs of each individual student. Improving both whole group instruction and the use of formative assessment will be aspects of this work. As a part of this, students will be offered an instructional choice to be part of a team focused on Environmental STEM. All students will experience the foundation of leadership and inquiry as the basis for all we do with in our school and curriculum. This will be done through explicit instruction in the 7 Habits of Highly Effective people along with integration of these in all curricular areas. In reading we will continue the implementation of balanced literacy incorporating the use of formative assessment to guide the personalization of instruction. In math we will focus on the use of modeling and think aloud in whole group instruction utilizing technology to support formative assessment and differentiation of instruction. Intervention structures will be further refined to ensure all students receive additional support in meeting essential learning goals. Professional development will center around instructional strategies that support our work in improving 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 \$5,224 per pupil. Willow Creek will experience an increase in revenue. This increase is mainly due to increase in compensatory funding and indirect revenue related to the tax shift.

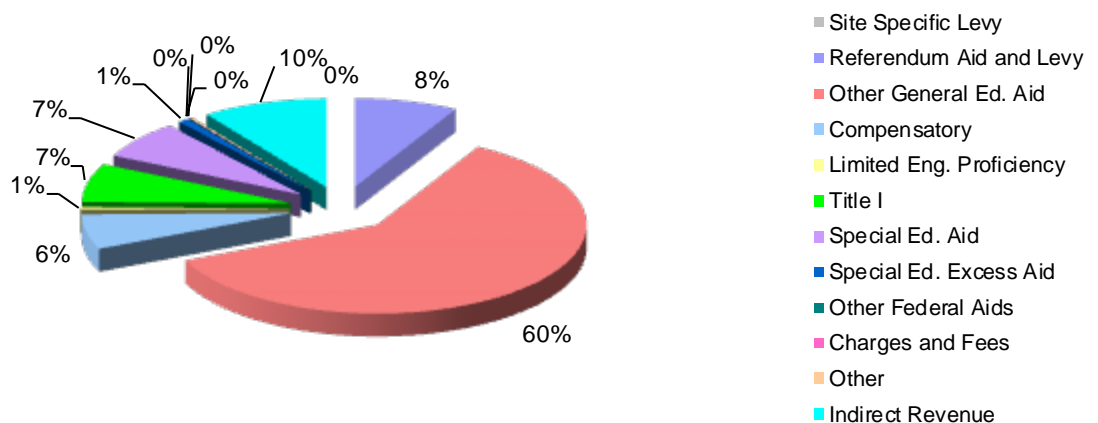
Willow Creek Revenues

Description	2009-10	2010-11	2011-12	2012-13	Change	Change
	Actual	Budget	Budget	Budget	%	Amount
Site Specific Levy	\$ 25,416	\$ 25,416	\$ -	\$ -	0.0%	\$ -
Referendum Aid and Levy	260,624	258,866	273,443	259,306	-5.2%	(14,137)
Other General Ed. Aid	988,767	1,829,551	2,023,275	1,960,254	-3.1%	(63,021)
Compensatory	118,196	140,517	113,157	207,076	83.0%	93,919
Limited Eng. Proficiency	8,946	8,924	8,913	14,448	62.1%	5,535
Title I	232,441	237,636	247,885	228,641	-7.8%	(19,244)
Special Ed. Aid	211,924	200,788	198,663	224,591	13.1%	25,928
Special Ed. Excess Aid	25,812	25,299	25,032	28,299	13.1%	3,267
Other Federal Aids	1,014,326	-	-	-	0.0%	-
Charges and Fees	825	827	1,087	1,041	-4.2%	(46)
Other	11,981	6,456	6,104	7,190	17.8%	1,086
Indirect Revenue	224,804	346,998	203,106	314,418	54.8%	111,312
Total	\$ 3,124,062	\$ 3,081,278	\$ 3,100,665	\$ 3,245,264	4.7%	\$ 144,599

Willow Creek will receive additional compensatory aid. Willow Creek receives a larger amount in Title I than any other site.

The following graph illustrates the proportionate value of the revenue received on behalf of this site. General education 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.

2012-13 Willow Creek Revenue Budget



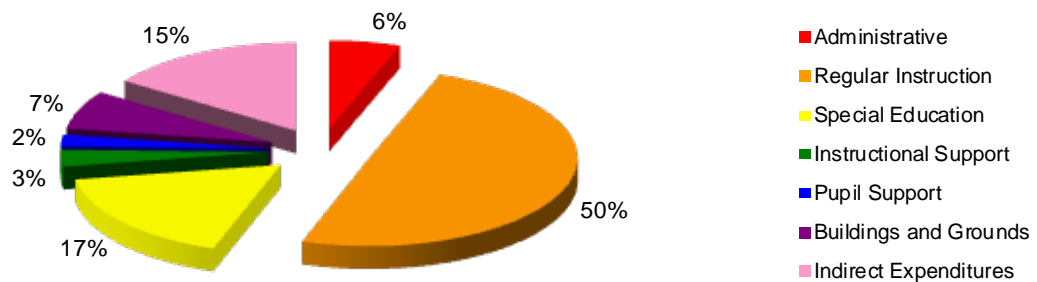
Expenditures are projected to decrease by 0.8%. The largest decrease will be in the areas of instructional support and regular instruction. Special education increased due to the RTI program being implemented again in FY 13.

Willow Creek Expenditures

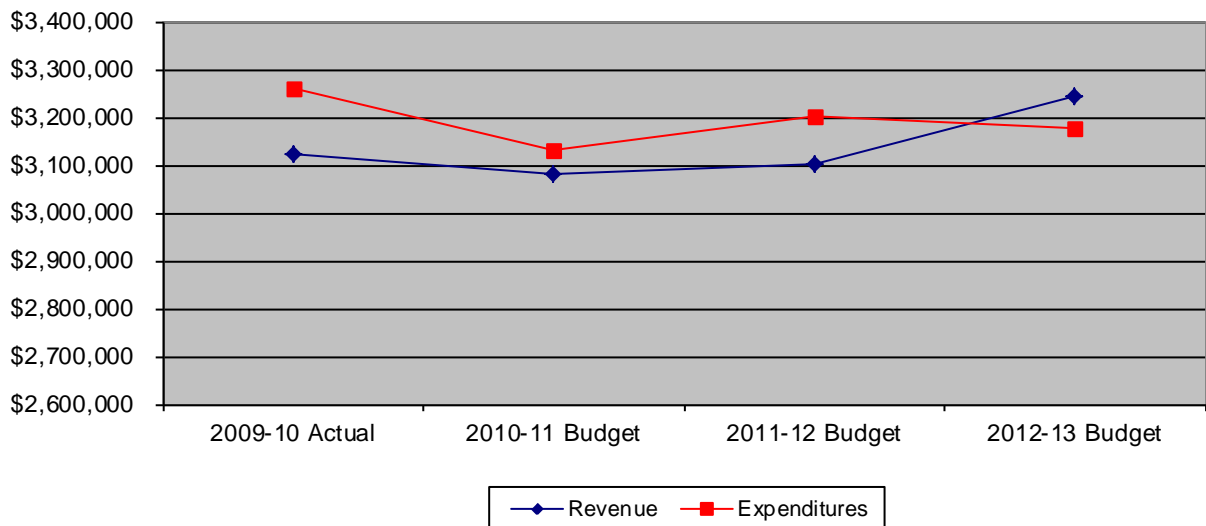
Description	2009-10 Actual	2010-11 Budget	2011-12 Budget	2012-13 Budget	Change %	Change Amount
Administrative	\$ 153,114	\$ 163,916	\$ 168,894	\$ 174,784	3.5%	\$ 5,890
Regular Instruction	1,672,945	1,666,286	1,760,489	1,580,038	-10.3%	(180,451)
Special Education	435,866	414,964	380,278	543,184	42.8%	162,906
Instructional Support	151,697	123,746	109,608	97,353	-11.2%	(12,255)
Pupil Support	69,274	63,663	58,232	67,049	15.1%	8,817
Buildings and Grounds	324,229	275,878	228,806	224,182	-2.0%	(4,624)
Indirect Expenditures	452,220	423,552	495,117	490,385	-1.0%	(4,732)
Total	\$ 3,259,345	\$ 3,132,005	\$ 3,201,424	\$ 3,176,975	-0.8%	\$ (24,449)

Graphically, Willow Creek’s expenditure budget is depicted in the chart below. Regular instruction, special education, instructional support, and pupil support comprise approximately 69% of the total budget. This is consistent with the budget allocations of our other elementary schools.

2012-13 Willow Creek Expenditure Budget



The total amount of revenue allocated per pupil at Willow Creek totals \$9,167. The total expenditures per pupil are \$8,975. This relationship over the past three years is shown in the following graph.



Owatonna Junior High School will be home to approximately 710 7th and 8th grade students and over eighty-five (85) staff for the 12-13 school year. The building demographics reflect a free and reduced population of approximately 37.7%, an LEP population of approximately 6%, and a special education population of 13%. 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 2011-2012 school year was a year of extensive focus on inquiry and the preparation for starting an ESTEM program for 2012-13. Our teachers were involved in several staff development opportunities to gain knowledge and exposure to the concepts of inquiry. This will become a significant component of our instructional strategies for 2012-13.

The ESTEM initiative has been in the planning stages for the last several months. It was determined that two teams, grades 7 and 8, would begin the ESTEM initiative. Grade 7 will be the first grade to start ESTEM in 2012-13. Starting in 2013-14, grade 8 will have an ESTEM team. It will be a great opportunity for our students and staff to begin a journey with the focus of integrating the learning of science, technology, engineering and math along with an environmental adaptation.

Over 98 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 2012-13 school year. The 2012-2013 will be an exciting time at OJHS where all staff will continue its Leadership and Inquiry Foundations.

Owatonna Junior High's Economic Outlook

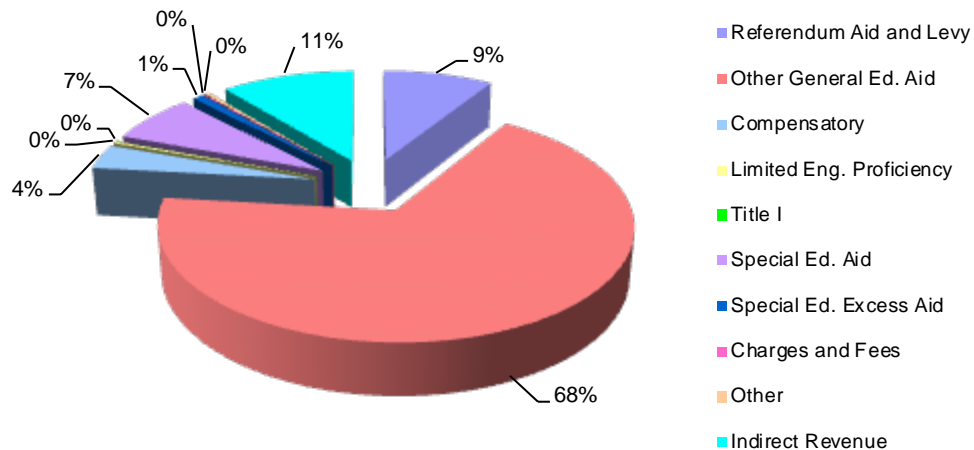
The general education aid per pupil remained at \$5,224 from 2011-12 to 2012-13. The District receives a 'weighted' value for each student. Grades 7-12 are weighted at 1.30. This increase in the weighted value is intended to represent additional costs needed to instruct our older students in subject areas such as industrial technology, science, and family consumer science. For 2012-13, there is a 10.3% increase being projected in the overall revenue allocation. The Junior High will see an increase in the referendum, compensatory aid, and general education aid. This is due to the change in the number of students attending the Junior High. They are projected to see an increase of approximately 30 students. Like other schools, OJHS will see a slight increase in compensatory revenue.

OJHS Revenues

Description	2009-10	2010-11	2011-12	2012-13	Change	Change
	Actual	Budget	Budget	Budget	%	Amount
Referendum Aid and Levy	\$ 638,369	\$ 616,269	\$ 618,336	\$ 636,932	3.0%	\$ 18,596
Other General Ed. Aid	4,906,343	4,355,516	4,575,222	4,814,961	5.2%	239,739
Compensatory	195,847	215,719	207,667	254,108	22.4%	46,441
Limited Eng. Proficiency	13,825	13,792	13,774	21,311	54.7%	7,537
Title I	-	-	-	-	0.0%	-
Special Ed. Aid	446,329	418,234	474,878	506,923	6.7%	32,045
Special Ed. Excess Aid	54,363	52,697	59,835	63,872	6.7%	4,037
Charges and Fees	4,536	6,000	5,500	5,500	0.0%	-
Other	21,147	25,496	24,201	27,200	12.4%	2,999
Indirect Revenue	550,630	826,079	459,285	772,304	68.2%	313,019
Total	\$ 6,831,389	\$ 6,529,802	\$ 6,438,698	\$ 7,103,111	10.3%	\$ 664,413

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 an 8% reduction in programs and services.

2012-13 OJHS Revenue Budget



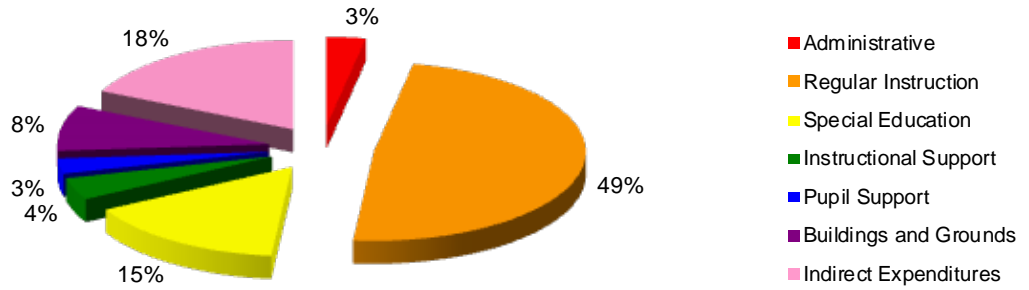
The table below shows how the revenue is allocated across the various expenditure categories. There is an anticipated increase of 0.4%. Indirect expenditures are the largest increase which relates to the increase in students at the site. Buildings and grounds will have an offsetting decrease.

OJHS Expenditures

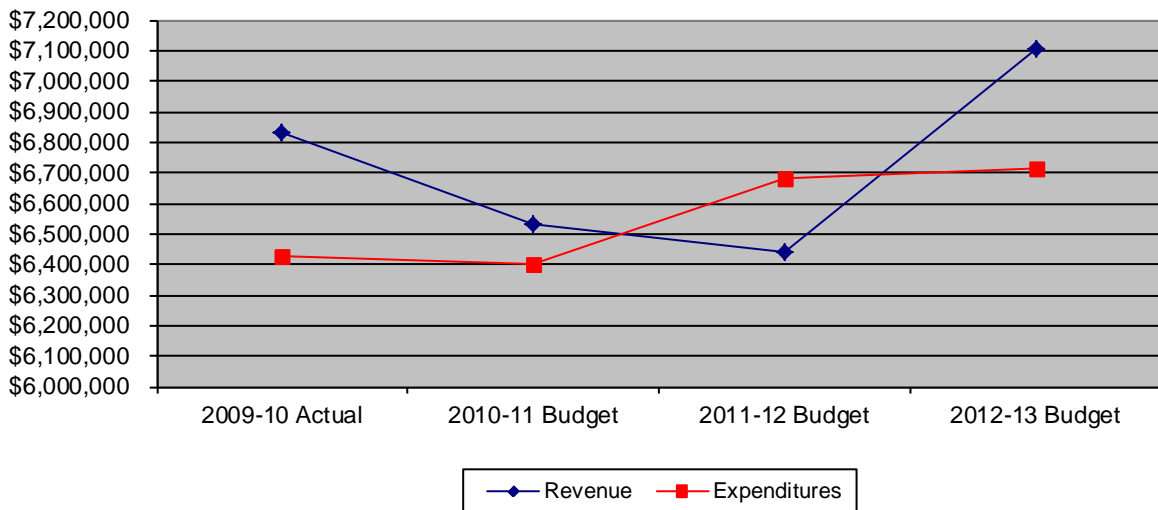
Description	2009-10 Actual	2010-11 Budget	2011-12 Budget	2012-13 Budget	Change %	Change Amount
Administrative	\$ 196,945	\$ 196,736	\$ 195,889	\$ 200,507	2.4%	\$ 4,618
Regular Instruction	3,042,058	3,064,470	3,262,665	3,261,753	0.0%	(912)
Special Education	932,891	901,779	1,003,726	1,039,812	3.6%	36,086
Instructional Support	381,107	367,735	296,713	269,330	-9.2%	(27,383)
Pupil Support	172,669	187,710	180,606	184,388	2.1%	3,782
Buildings and Grounds	593,037	675,936	623,184	553,692	-11.2%	(69,492)
Indirect Expenditures	1,107,660	1,008,328	1,119,605	1,204,530	7.6%	84,925
Total	\$ 6,426,367	\$ 6,402,694	\$ 6,682,388	\$ 6,714,012	0.5%	\$ 31,624

The graph below shows the proportionate allocation of revenues across the various expenditure categories. Administrative costs remain below the 5% level. Regular instruction, special education, instructional support, and pupil support total approximately 71% of the operating budget.

2012-13 OJHS Expenditure Budget



The total amount of revenue allocated per pupil at Owatonna Junior High School totals \$10,018. The total expenditures per pupil are \$9,470. 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 mentoring program. Furthermore, OHS provides opportunities for those students who choose to accelerate their education by providing 19 different Advanced Placement courses and fifteen college-level courses via cooperative agreements with the University of Minnesota, Minnesota State University at Mankato, and Southwest State University. 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 1500 students represent a wide variety of ethnicities: 83.6% Caucasian, 9.2% Hispanic, 5.2% African-American and 1.8% Asian descent. Approximately 11 % of our students receive special education services and 25.4 % receive assistance through our free and reduced lunch program. Almost five percent of our students are learning English as their second language. Our average daily attendance rate is just over 96% and almost 96% 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. Fifty-nine percent of our professional staff hold a Masters degree, one percent hold a doctorate and over 69 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 seven years we have had six 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 three 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. Last year, 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 three years ago and at the winter music festival at Concordia College, Moorhead two years ago. At the recent Section One Solo and Ensemble contest, our students once again took the majority of the "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 reduced by two-thirds – 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. 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. Two years ago, another of our math teachers was named a “finalist” as the State Teacher of the Year.

Owatonna Options, geared to the ever-increasing needs of our students has now been in existence for two years. 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 for increased opportunities in 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 fifth 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! 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 out of the past three years!

Through the use of the four-period day, our students have advanced opportunities in the areas of mathematics, foreign language and music. Every year, our graduates significantly exceed the number of required high school credits, not just in the elective areas, but in math, science, social studies and English. Overall, our high school faculty and our students are among the State’s finest!

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 \$5,224. The revenue for the High School will be increased by approximately 1.1%. OHS will see an increase in compensatory aid of about \$50,000. The general education aid and referendum levy is decreasing as a result of forecasted decline in student enrollment. As with the other schools, indirect revenue shows an increase which is a reflection of the advance recognition of the tax shift.

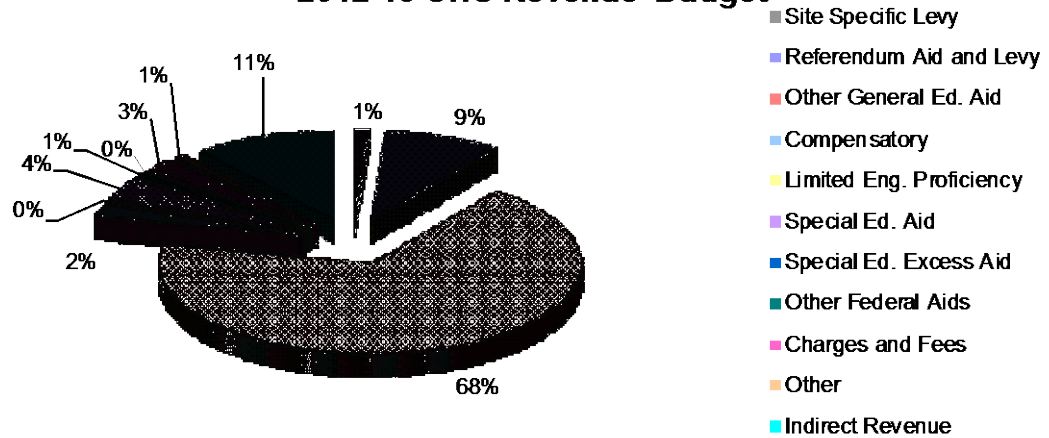
OHS Revenues

Description	2009-10 Actual	2010-11 Budget	2011-12 Budget	2012-13 Budget	Change %	Change Amount
Site Specific Levy	\$ 154,849	\$ 155,349	\$ 161,766	\$ 164,919	1.9%	\$ 3,153
Referendum Aid and Levy	1,399,093	1,414,455	1,348,247	1,284,643	-4.7%	(63,604)
Other General Ed. Aid	10,753,081	9,996,734	9,976,019	9,711,416	-2.7%	(264,603)
Compensatory	191,750	279,244	278,914	328,984	18.0%	50,070
Limited Eng. Proficiency	27,650	27,584	27,548	16,615	-39.7%	(10,933)
Special Ed. Aid	690,898	690,714	698,073	590,512	-15.4%	(107,561)
Special Ed. Excess Aid	84,151	87,030	87,957	74,404	-15.4%	(13,553)
Other Federal Aids	37,721	37,721	33,950	29,500	-13.1%	(4,450)
Charges and Fees	351,467	335,107	341,075	362,800	6.4%	21,725
Other	119,599	138,052	133,450	114,989	-13.8%	(18,461)
Indirect Revenue	1,206,799	1,896,008	1,001,445	1,557,680	55.5%	556,235
Total	\$ 15,017,058	\$ 15,057,998	\$ 14,088,444	\$ 14,236,462	1.1%	\$ 148,018

A graphic illustration of the projected revenues in the High School is shown in the following chart. Approximately 68% 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.

2012-13 OHS Revenue Budget



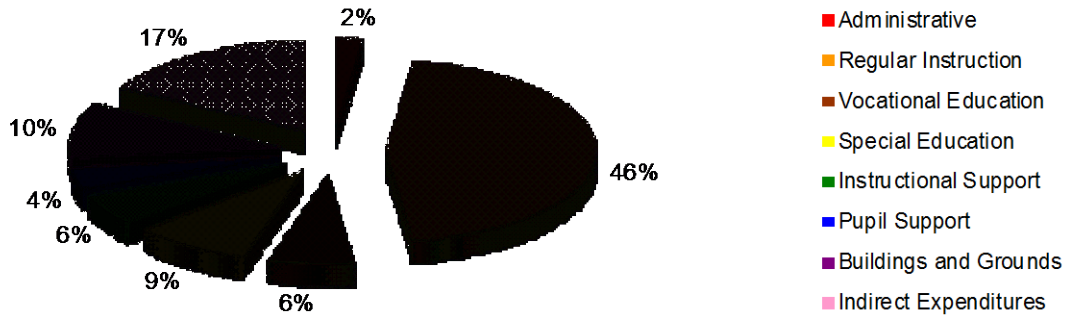
The OHS expenditure budget represents the largest site budget in the District. For the 2012-13 school year, the projected decrease in expenditures will be 1.0%. The largest areas of decrease are special education and pupil support. The decrease in pupil support is in relation to the budget reduction process. Buildings and grounds is increasing due to amounts budgeted such projects as auditorium and track improvements.

OHS Expenditures

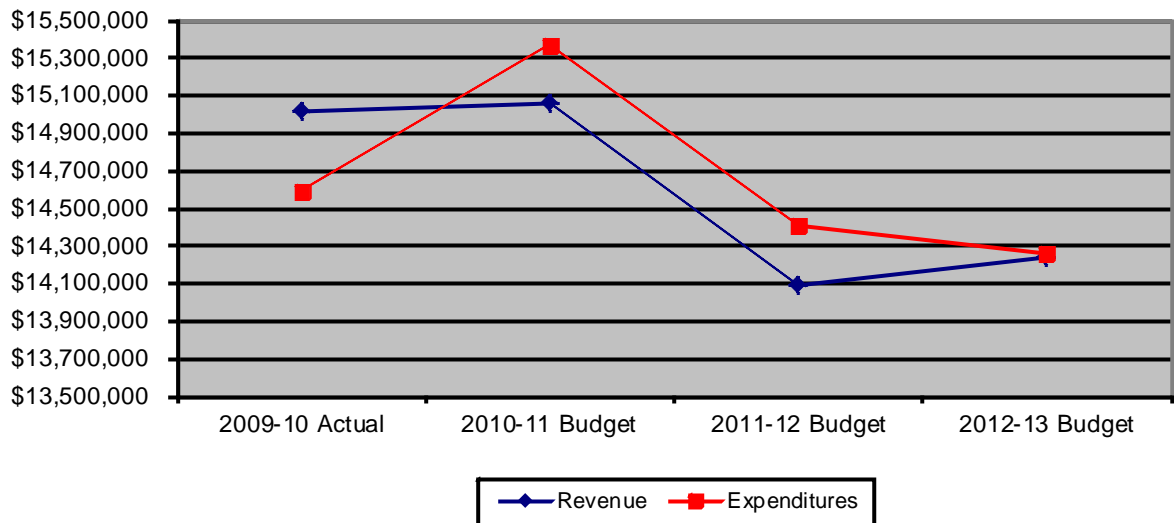
Description	2009-10 Actual	2010-11 Budget	2011-12 Budget	2012-13 Budget	Change %	C A
Administrative	\$ 254,195	\$ 253,107	\$ 258,508	\$ 295,359	14.3%	\$
Regular Instruction	6,770,782	7,210,681	6,552,070	6,548,129	-0.1%	
Vocational Education	971,070	1,043,635	889,253	939,288	5.6%	
Special Education	1,425,129	1,431,988	1,502,475	1,282,785	-14.6%	
Instructional Support	767,287	789,606	759,373	798,497	5.2%	
Pupil Support	639,284	674,609	664,061	548,388	-17.4%	
Buildings and Grounds	1,339,693	1,649,128	1,337,385	1,419,715	6.2%	
Indirect Expenditures	2,427,625	2,314,304	2,441,238	2,429,447	-0.5%	
Total	\$ 14,595,065	\$ 15,367,058	\$ 14,404,363	\$ 14,261,608	-1.0%	\$

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 71%.

2012-13 OHS Expenditure Budget



The total revenue per pupil allocated to the senior high school is \$9,956 while the total expenditure is \$9,973. This 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 academic 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 2011-2012 school year we provided educational services to 217 students at Vine Street, 505 students during K-12 summer school, and 570 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 60%. About 29% of the ALC students at Vine St. are Hispanic and 7% Black, and 63% Caucasian. During the 2011-2012 school year we plan to graduate 18 at risk students, who would not have graduated without our services. To meet the needs of our at-risk population our day program includes job skill development, bully prevention, parenting classes, service learning, and access to a social worker and chemical health coordinator. This year we also implemented The Leader in Me program with emphasis on Stephen Covey's 7 Habits.

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 participated in many service learning projects and has received recognition in the community for our efforts. Some of these projects include Downtown Cleanup, "From the Heart" Walk, Toys for Tots, and the library garden. One of our senior students will receive scholarships from the Morning Rotary to use toward post-secondary education. We are providing an opportunity for the community see our accomplishments with an end of the year celebration which will include student demonstrations, visual displays of student work, and presentations around a leadership theme.

Each year we review our program and make changes to more effectively meet the needs of our students. As we look forward to the next school year we will continue with our Leader in Me focus and expand our advisement period. We are looking for ways to restructure our online curriculum opportunities to help compensate for no longer having an after school credit recovery program. We plan to continue to use the Gradual Release of Learning Model as well as support inquiry learning opportunities. 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

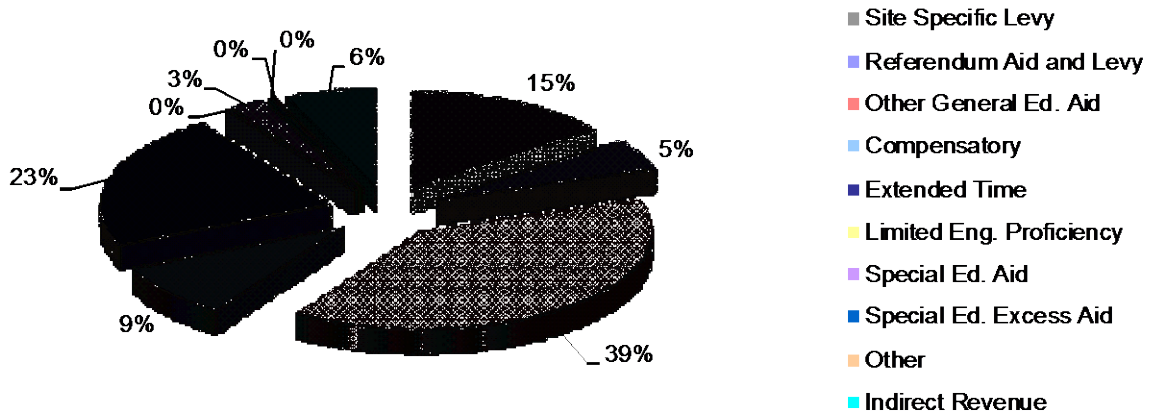
Revenue sources for the Area Learning Center (ALC) works differently than for our 'regular' education program sites. While the school receives the same funding per pupil as OJHS and OHS (\$5,224 times 1.30), ALC funding is based upon membership hours and average daily enrollment. This level of accounting 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 \$5,224 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. This is the revenue identified as the site specific levy. The ALC, like other sites, is seeing an increase in compensatory aid.

ALC Revenues

Description	2009-10 Actual	2010-11 Budget	2011-12 Budget	2012-13 Budget	Change %	Change Amount
Site Specific Levy	\$ -	\$ 201,272	\$ 201,272	\$ 201,272	0.0%	\$ -
Referendum Aid and Levy	59,689	66,875	67,646	71,239	5.3%	3,593
Other General Ed. Aid	458,751	472,645	500,529	538,542	7.6%	38,013
Compensatory	88,623	113,251	99,690	124,169	24.6%	24,479
Extended Time	388,324	383,861	384,414	306,887	-20.2%	(77,527)
Limited Eng. Proficiency	813	811	810	811	0.1%	1
Special Ed. Aid	45,626	38,318	39,443	35,721	-9.4%	(3,722)
Special Ed. Excess Aid	5,557	4,828	4,970	4,501	-9.4%	(469)
Other	1,160	1,358	1,337	1,857	38.9%	520
Indirect Revenue	51,485	89,643	50,246	86,380	71.9%	36,134
Total	\$ 1,100,028	\$ 1,372,862	\$ 1,350,357	\$ 1,371,379	1.6%	\$ 21,022

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 62%.

2012-13 ALC Revenue Budget



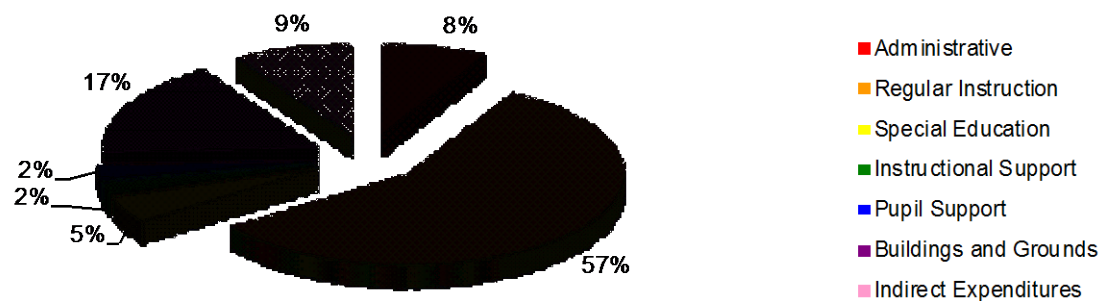
The following expenditure budget projects a decrease of 9.9% for the coming year. This decrease is primarily due to a decrease in regular instruction. The reduction in regular instruction is due to shifting of formerly assigned staffing to OJHS and Actions as well as the budget reduction process. See the expenditure detail below.

ALC Expenditures

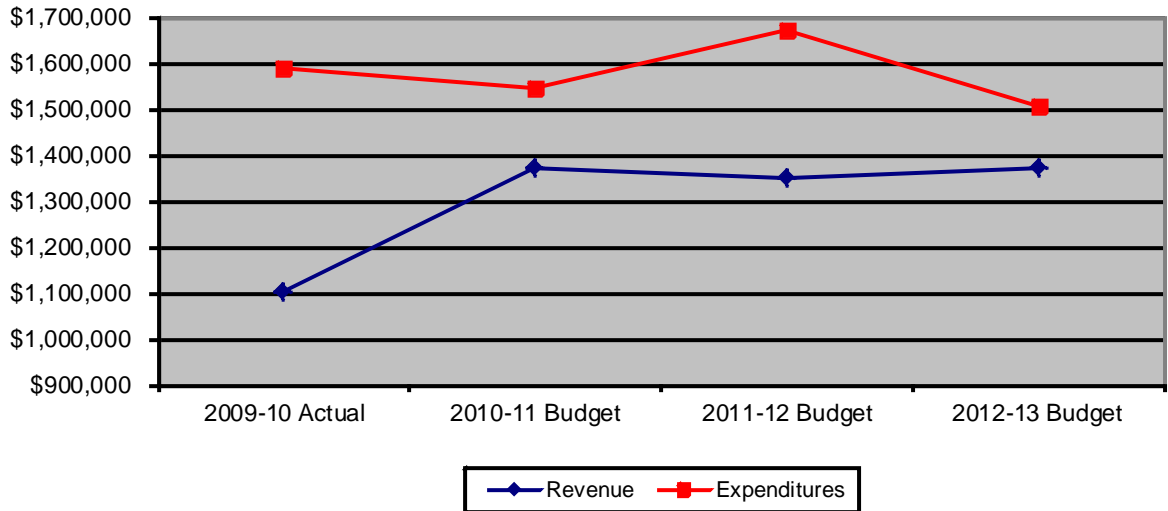
Description	2009-10	2010-11	2011-12	2012-13	Change %	Change Amount
	Actual	Budget	Budget	Budget		
Administrative	\$ 98,826	\$ 110,619	\$ 114,731	\$ 120,789	5.3%	\$ 6,058
Regular Instruction	1,004,291	926,531	1,019,332	859,326	-15.7%	(160,006)
Special Education	91,447	78,038	87,147	73,394	-15.8%	(13,753)
Instructional Support	23,709	27,659	28,269	27,427	-3.0%	(842)
Pupil Support	48,011	45,884	45,584	37,159	-18.5%	(8,425)
Buildings and Grounds	220,485	248,839	253,247	252,252	-0.4%	(995)
Indirect Expenditures	103,568	109,420	122,484	134,724	10.0%	12,240
Total	\$ 1,590,337	\$ 1,546,990	\$ 1,670,794	\$ 1,505,071	-9.9%	(165,723)

Based on the graph below, the ALC spends approximately 66% 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 lower total budget.

2012-13 ALC Expenditure Budget



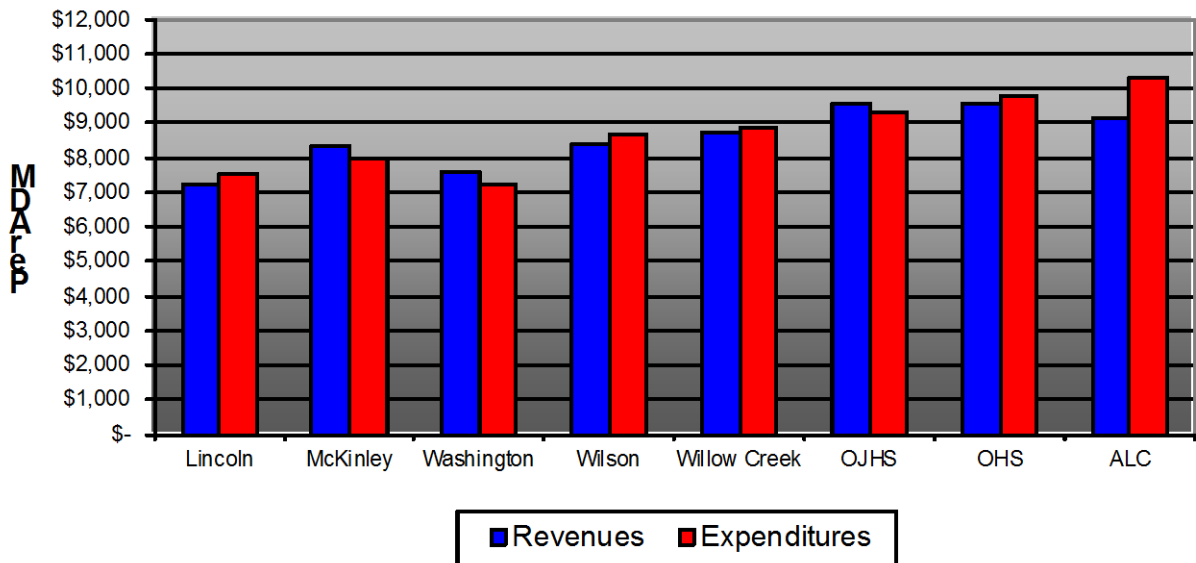
The total revenue per pupil allocated to the Area Learning Center is \$9,143 while the total expenditure per pupil is \$10,034. The relationship between revenues and expenditures over the last three years can be shown in the table below.



K-12 Summary Cost Comparison

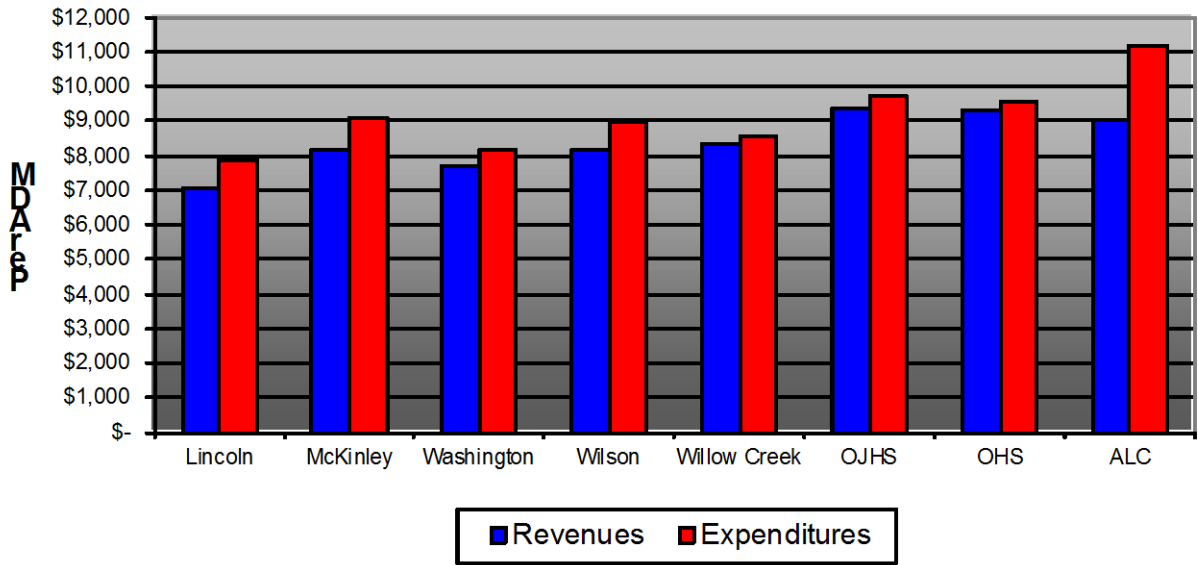
When looking at each building site collectively, the comparison between revenues and expenditures per adjusted daily membership (ADM) in 2010-11 can be seen in the graph below. The 'gaps' represent a redistribution of revenue across the District in order to balance learning expectations, such as elementary class sizes and student needs.

2010-11 Preliminary Budget per ADM



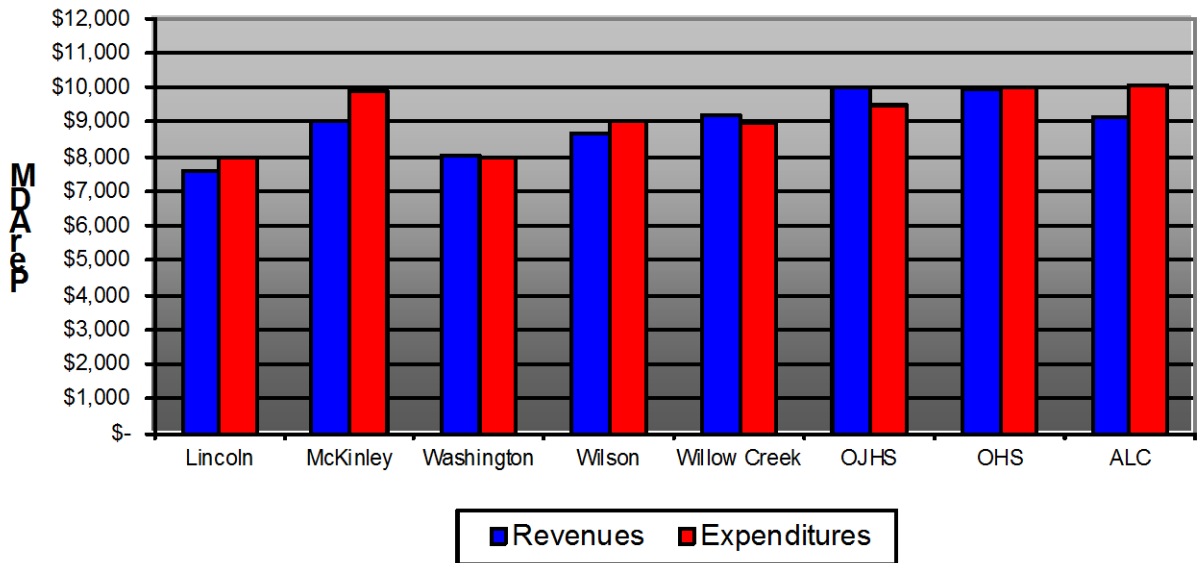
The graph below shows the same comparison between revenues and expenditures per ADM for 2011-12.

2011-12 Preliminary Budget per ADM



The graph below shows the same comparison as the above graphs between revenues and expenditures per ADM for 2012-13.

2012-13 Preliminary Budget per ADM



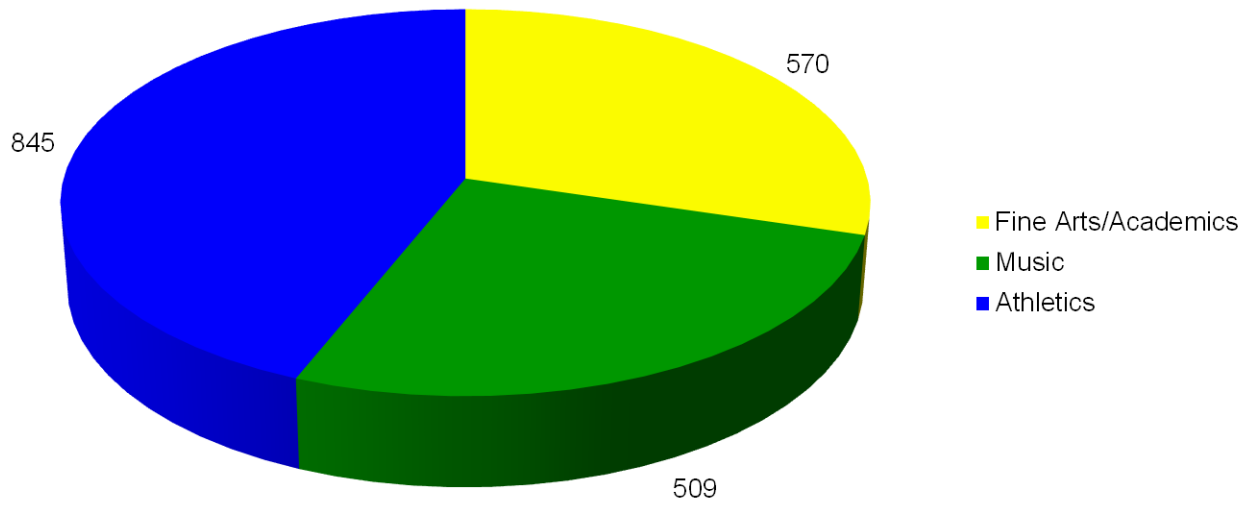
CHAPTER SIX - ACTIVITIES PROGRAM REPORT

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.

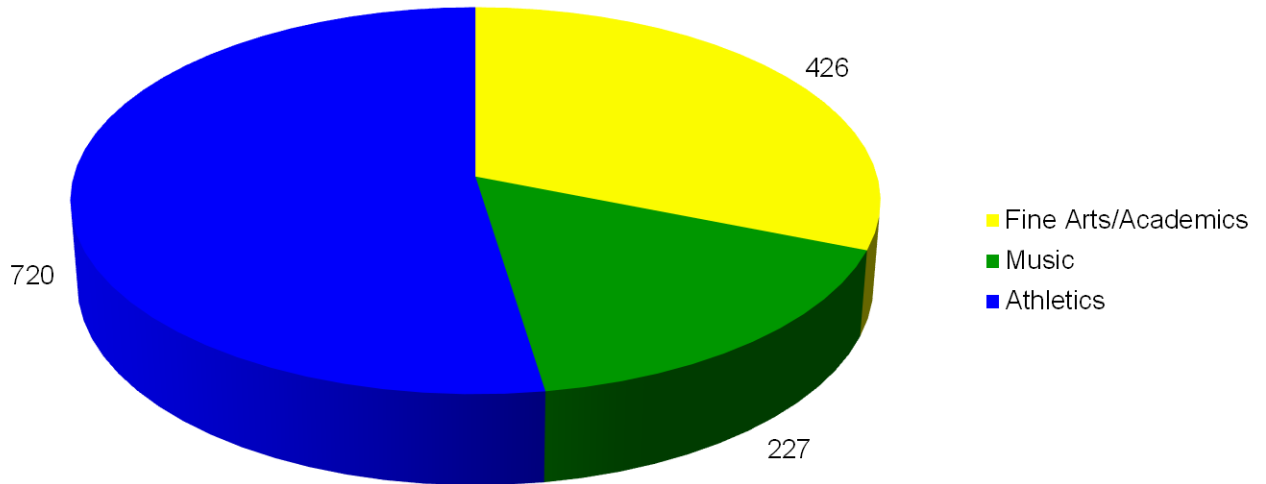
The breadth in curricular opportunities is important to our ability to provide a wide range of opportunities for students in Owatonna High School's extra-curricular program; helping them to cultivate and expand upon their personal growth and development. This past year, students could choose to participate 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.

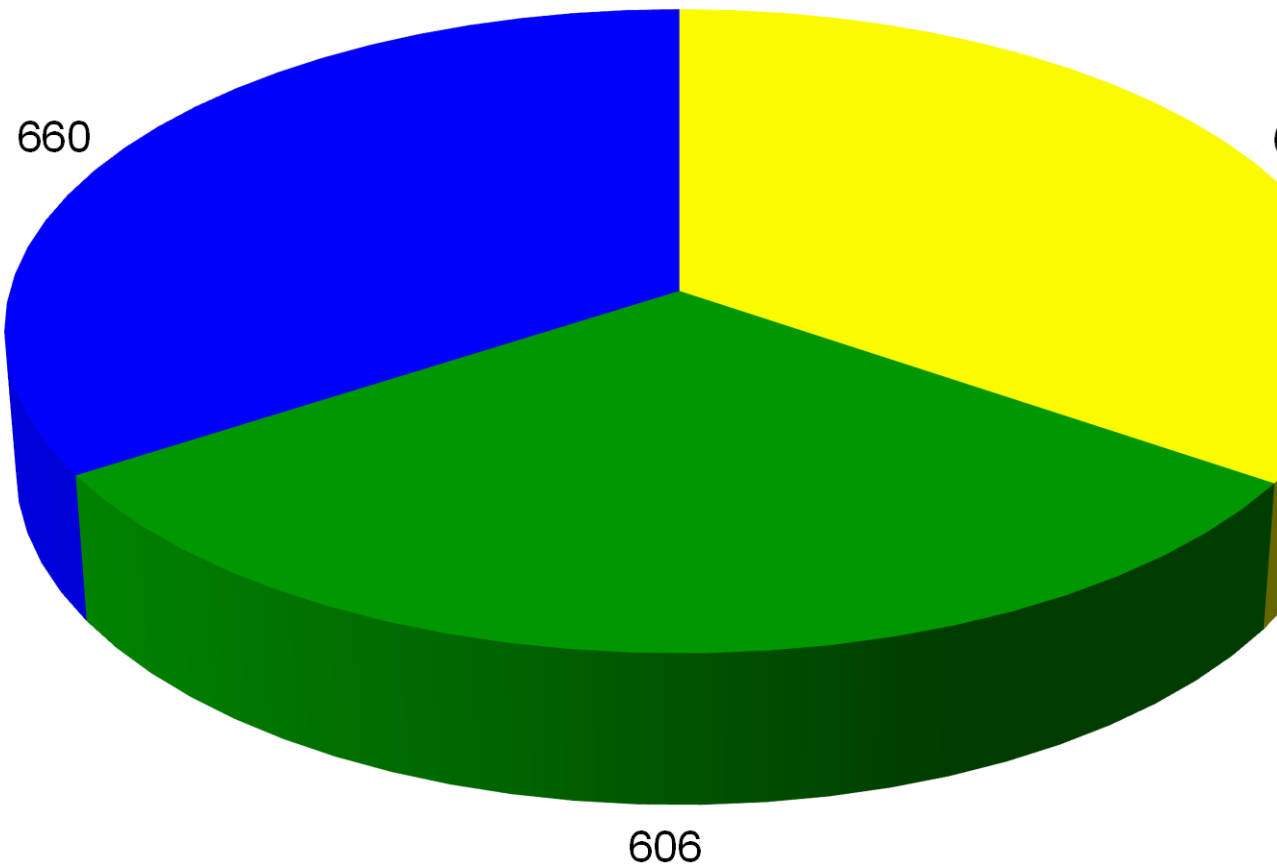
2009-10 Number of Students in Extra-Curricular Activities



2010-11 Number of Students in Extra-Curricular Activities



2011-12 Number of Students in Extra-Curricular



The graph suggests that approximately 1,500 students took part in our programs as a means of enriching their school experience.

The actual expenditures for 2009-10 and 2010-11 and the budgeted expenditures for 2011-12 and 2012-13 are shown in the table on the next page.

OHS Activities Expenditure Budget

	<u>2009-10 Actual</u>	<u>2010-11 Actual</u>	<u>2011-12 Budget</u>	<u>2012-13 Budget</u>
Adaptive Athletics	12,920	14,768	10,499	10,720
<u>Boys Athletics</u>				
Baseball	23,471	23,445	20,905	21,587
Basketball *	39,478	38,119	37,964	41,397
Cross Country	10,813	11,519	10,394	11,317
Football *	56,364	63,187	56,491	66,724
Soccer	24,006	22,670	22,655	24,224
Golf	10,679	9,817	8,120	9,578
Hockey *	27,165	26,745	25,706	26,083
Swimming *	19,499	21,851	20,130	22,068
Tennis	9,718	10,419	7,911	9,403
Track	21,398	22,628	16,763	18,017
Wrestling *	27,882	31,362	27,220	27,440
Operating Capital	5,231	5,373	5,500	5,500
Total Boys Athletics	275,704	287,135	259,759	283,338
<u>Girls Athletics</u>				
Basketball *	35,529	33,141	32,258	40,055
Cross Country	10,054	9,981	10,802	11,247
Soccer	23,787	23,106	24,749	25,157
Golf	10,932	8,992	8,335	9,628
Hockey *	21,901	20,375	20,358	24,489
Swimming *	20,418	22,557	20,378	22,348
Tennis	9,608	11,469	10,051	9,994
Track	21,742	19,831	18,469	19,742
Softball	20,528	20,406	17,980	21,508
Gymnastics *	13,997	15,001	14,960	15,173
Volleyball *	26,770	26,788	25,477	25,580
Cheerleading	15,685	15,585	15,662	15,782
Operating Capital	1,940	3,431	1,500	1,500
Total Girls Athletics	232,891	230,663	220,979	242,203
<u>Activities</u>				
Extra-Curricular Publication	6,847	4,072	4,329	5,553
Link Crew	1,808	646	678	1,821
Magnet (Newspaper)	17,060	15,151	18,434	15,638
Photography	-	-	-	-
Yearbook	5,686	5,679	5,645	5,837
Speech	11,678	10,150	8,519	8,692
Drama *	28,930	34,080	28,697	34,478
Other	16,675	8,640	13,944	13,787
Total Activities	88,684	78,418	80,246	85,806
<u>Other</u>				
Auditorium Management	517	-	65	99
Athletic Training	9,084	9,558	9,050	9,000
Operating Capital	31,529	5,241	9,000	9,000
Activities Admin., Office Support, Etc.	232,096	235,828	212,406	234,905
Total Other	273,226	250,627	230,521	253,004
TOTAL ACTIVITIES BUDGET	883,425	861,611	802,004	875,071

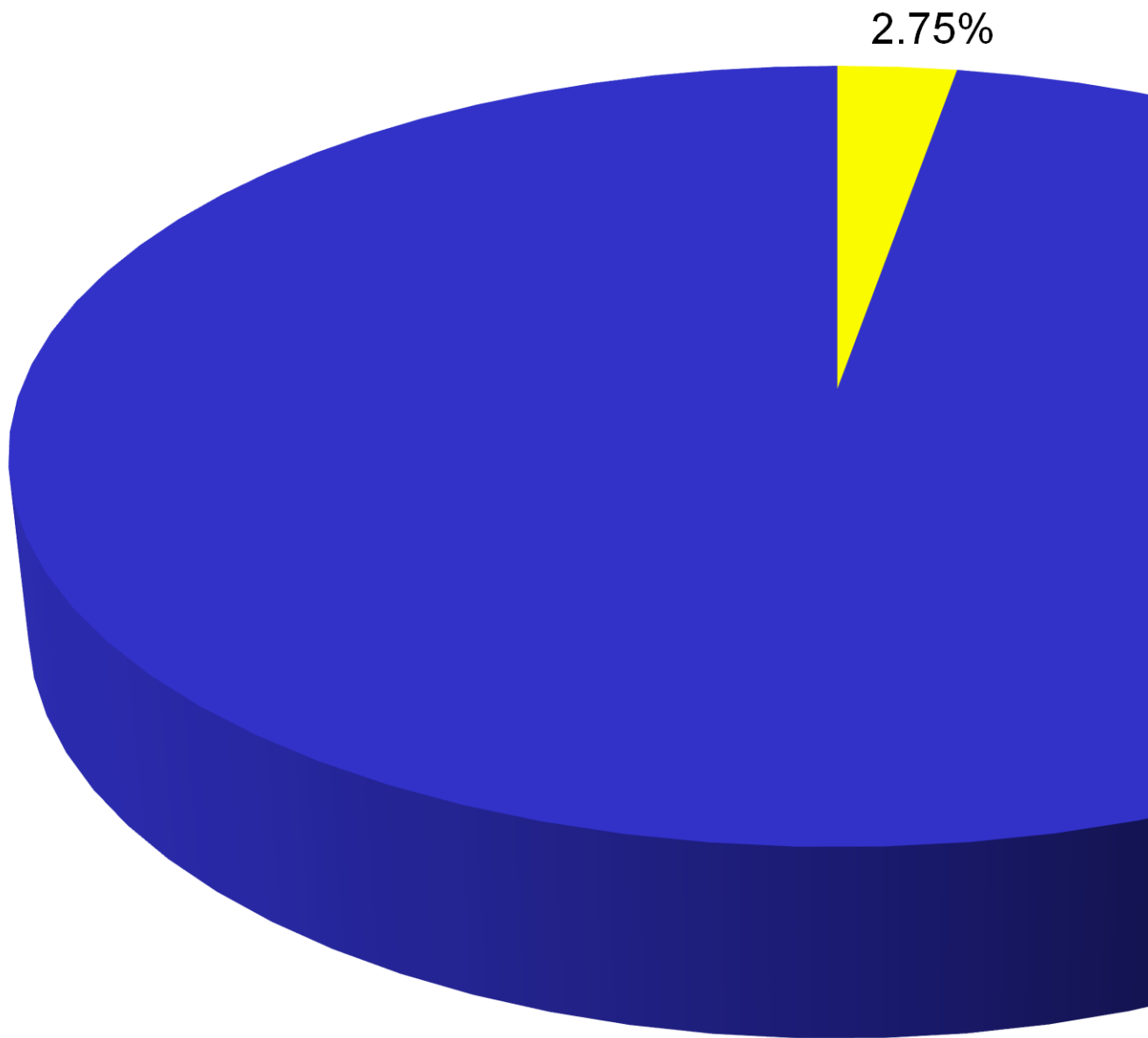
* Revenue generating activities

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

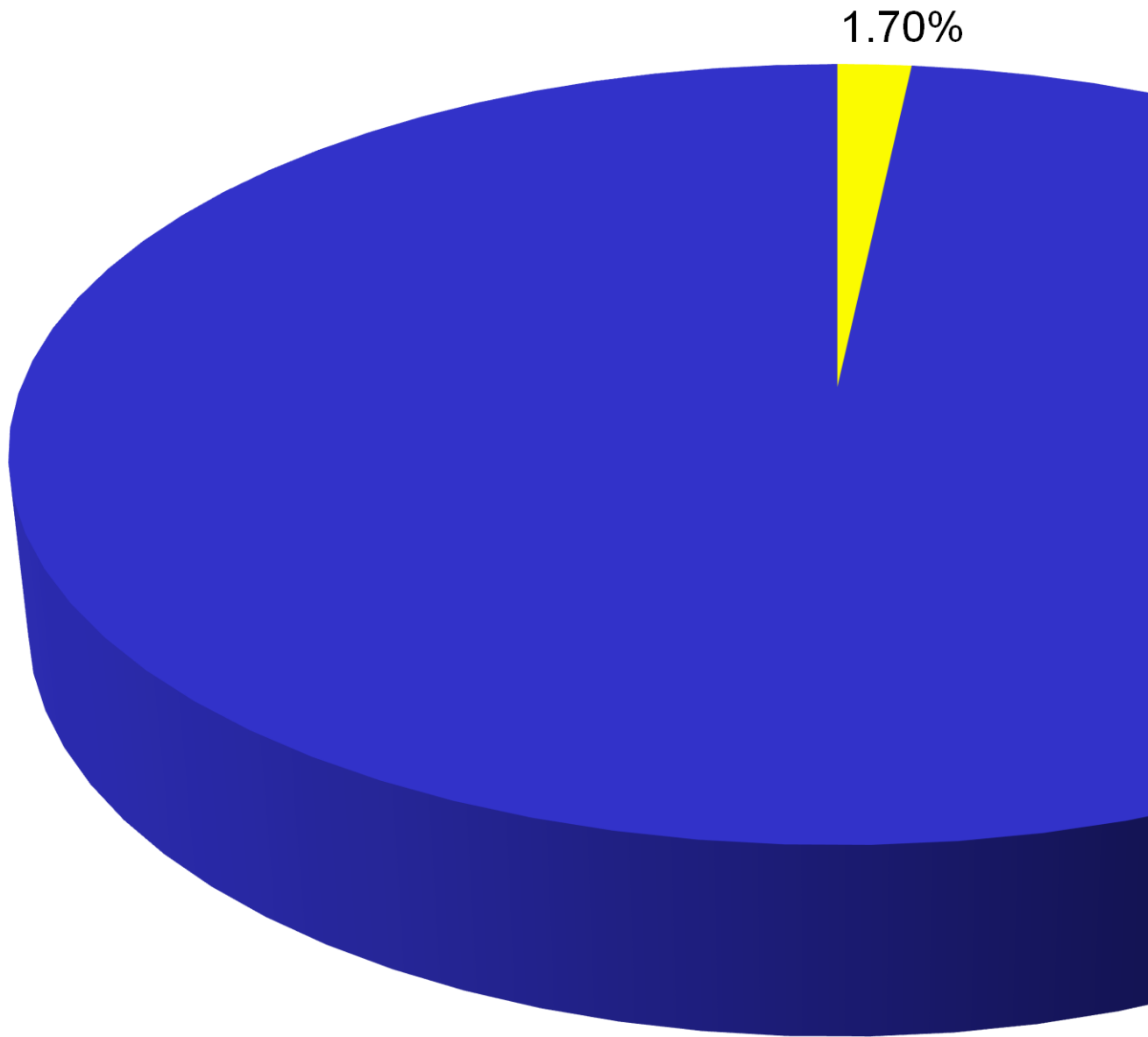
The projected increase in the budget for next year is more reflective of historical and anticipated expenditures for these programs.

The activities expenditure budget was approximately \$802,000 for the 2011-12 school year and \$875,071 for the 2012-13 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.

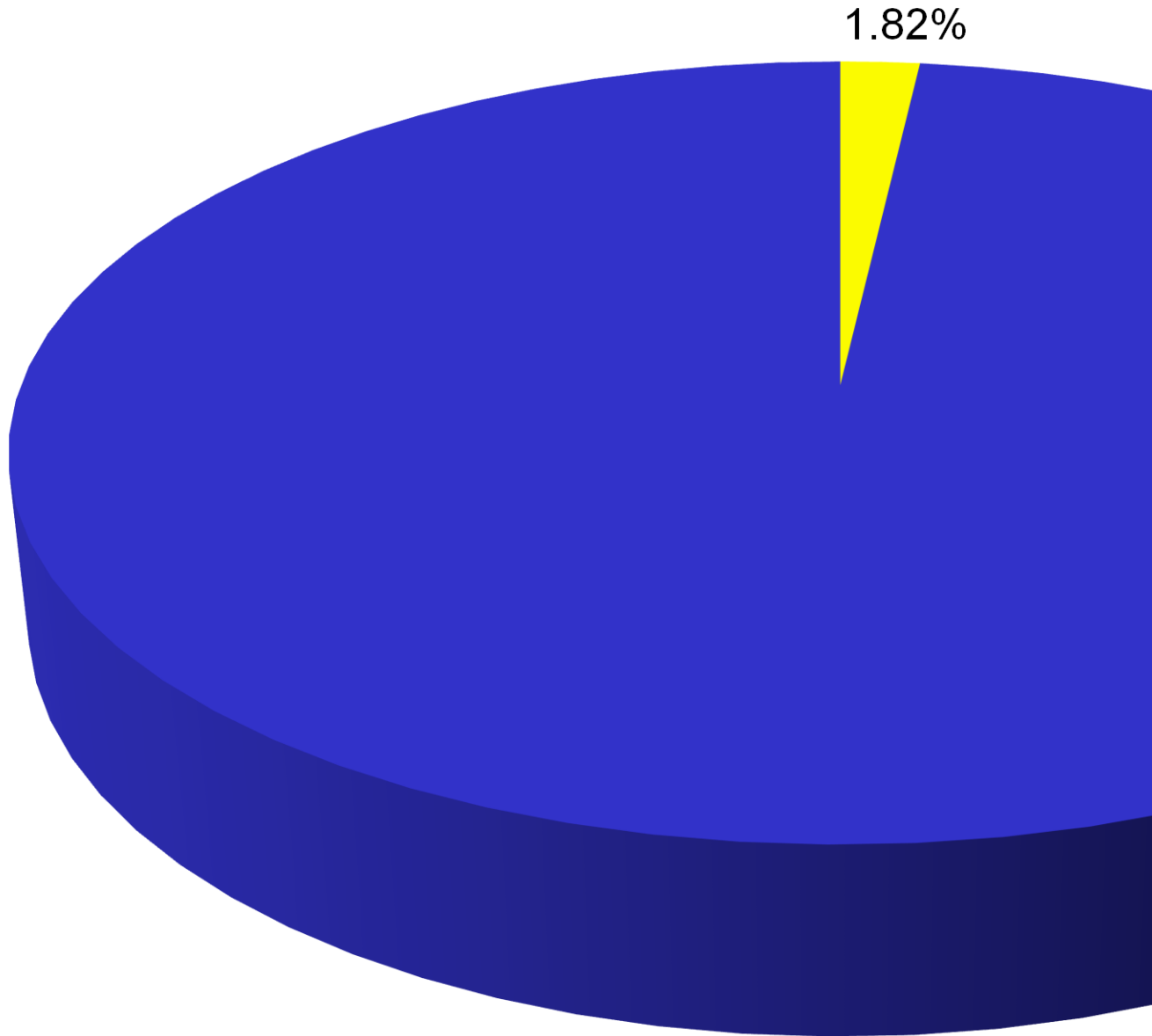
2010-11 Actual Activities/General Fund



2011-12 Budgeted Activities/General Fund



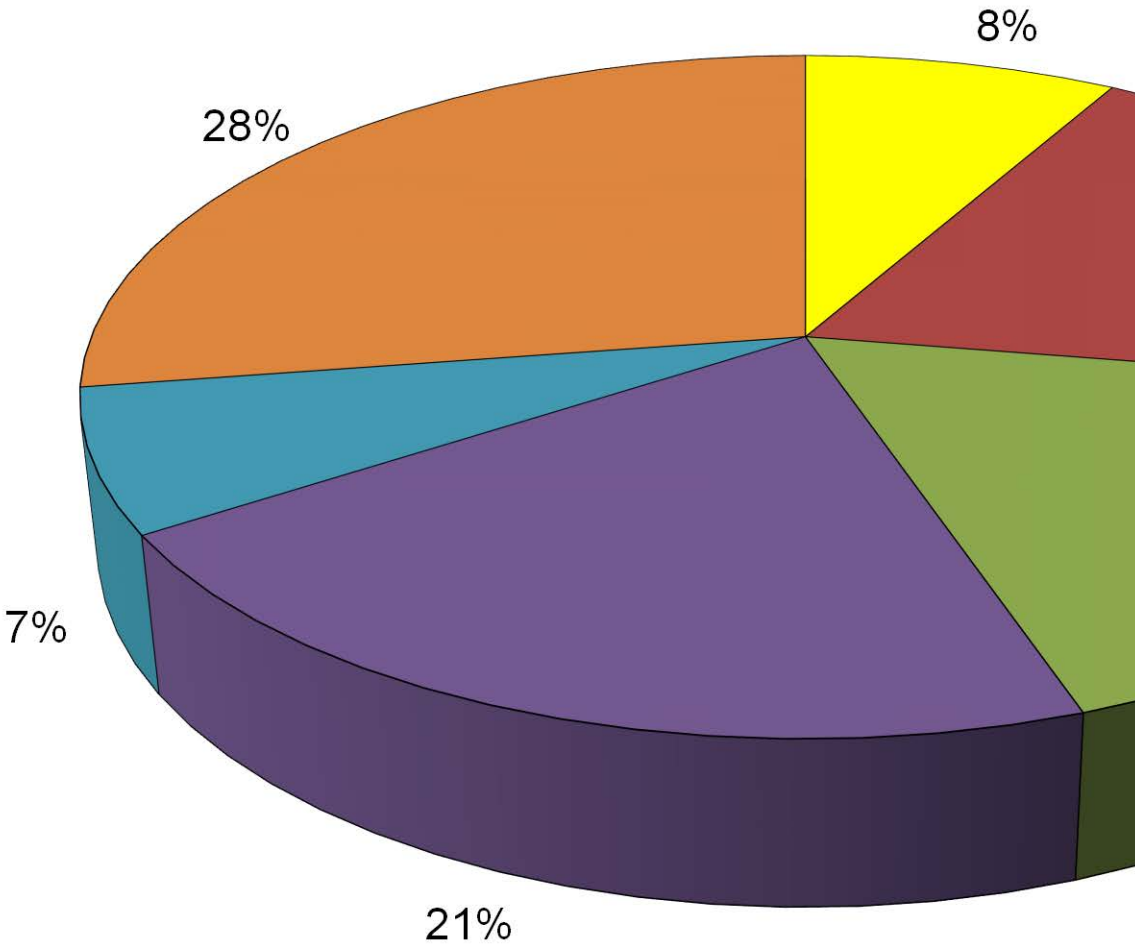
2012-13 Budgeted Activities/General Fun



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.

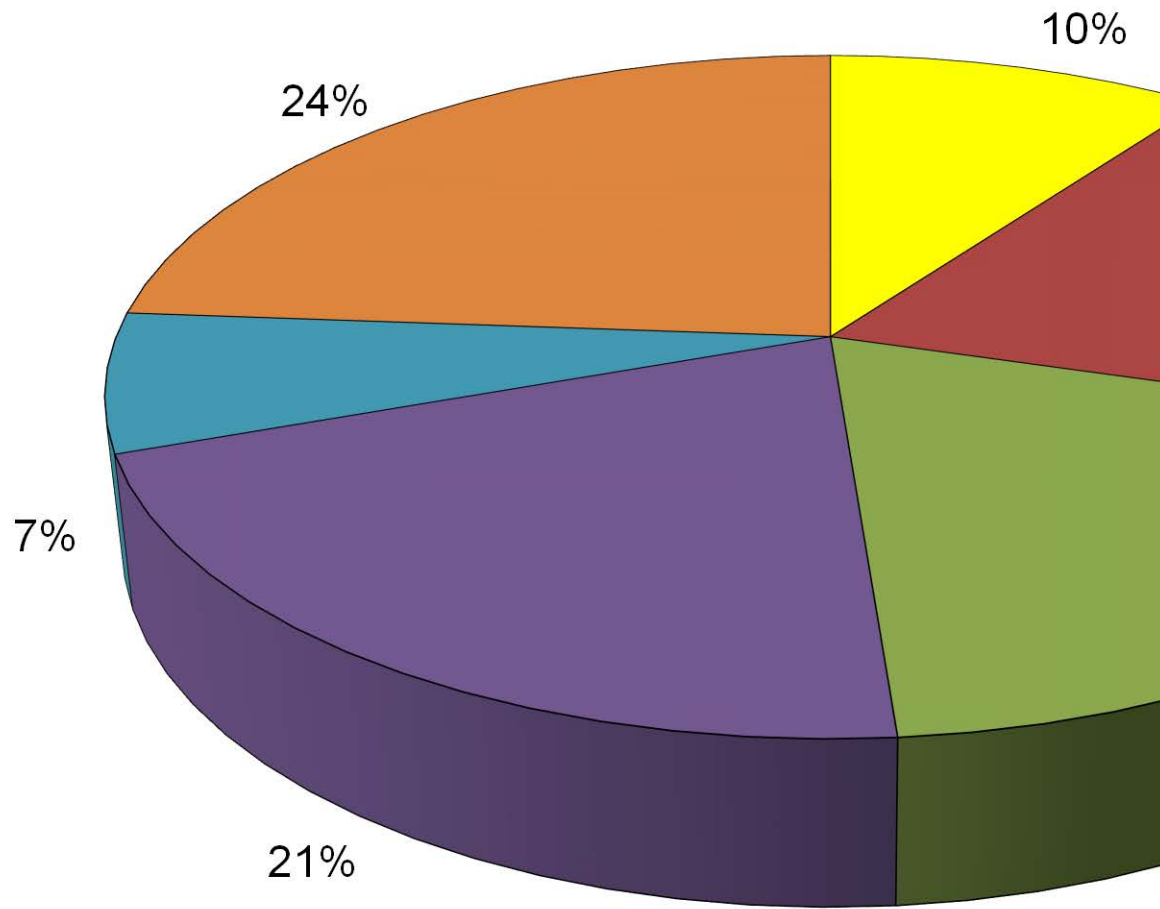
The impact of the activities program on the budget reduces slightly when considering the revenue that is generated from various sources. As part of the FY 13 budget, activity fee will be increased by \$15 per activity. A breakout of those sources is shown in the graphs below.

2010-11 Actual Activities Revenue S



- Admissions-Girls Athletics
- Admissions-Other
- Participation Fees-Girls
- Participation Fees-Other
- Participation
- Admissions-Other

2011-12 Budgeted Activities Revenue



Admissions-Girls Athletics

Admissions-Other

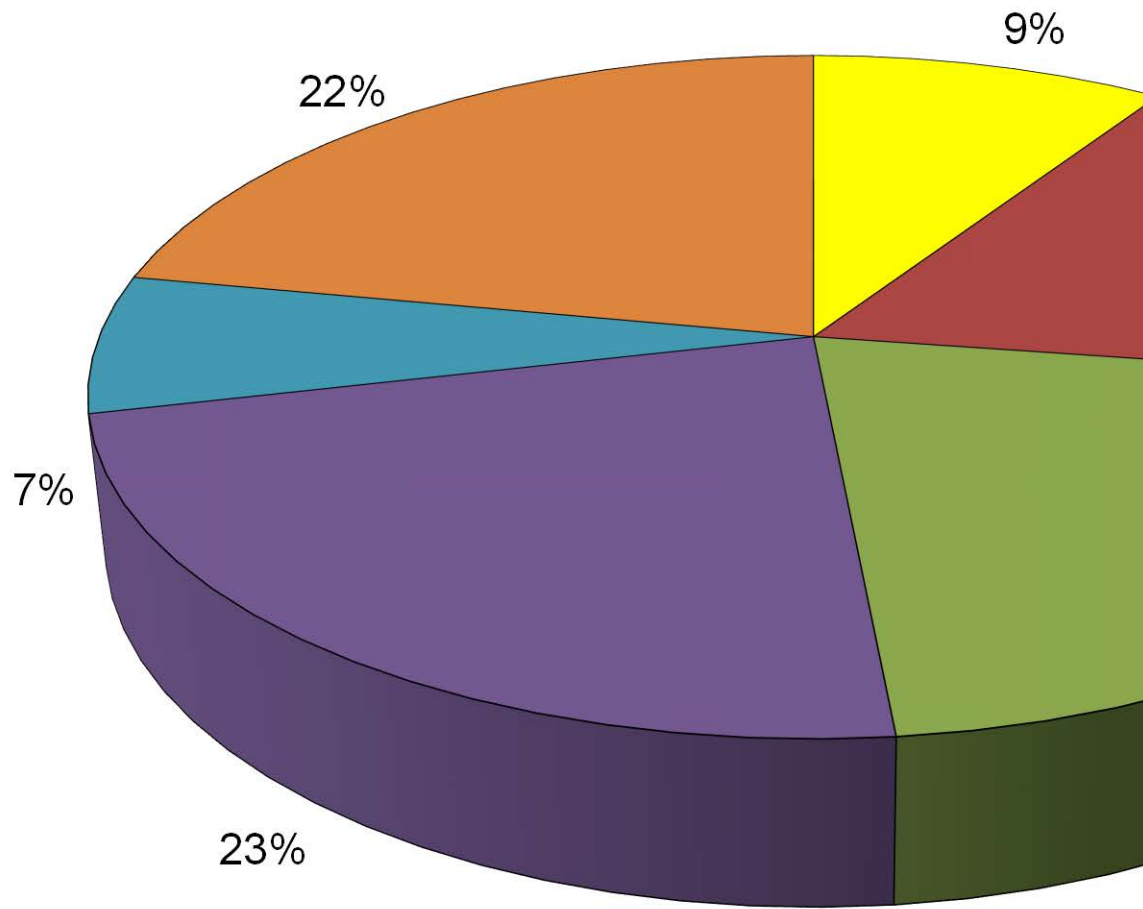
Participation Fees-Girls

Participation

Participation Fees-Other

Admissions-Other

2012-13 Budgeted Activities Revenue

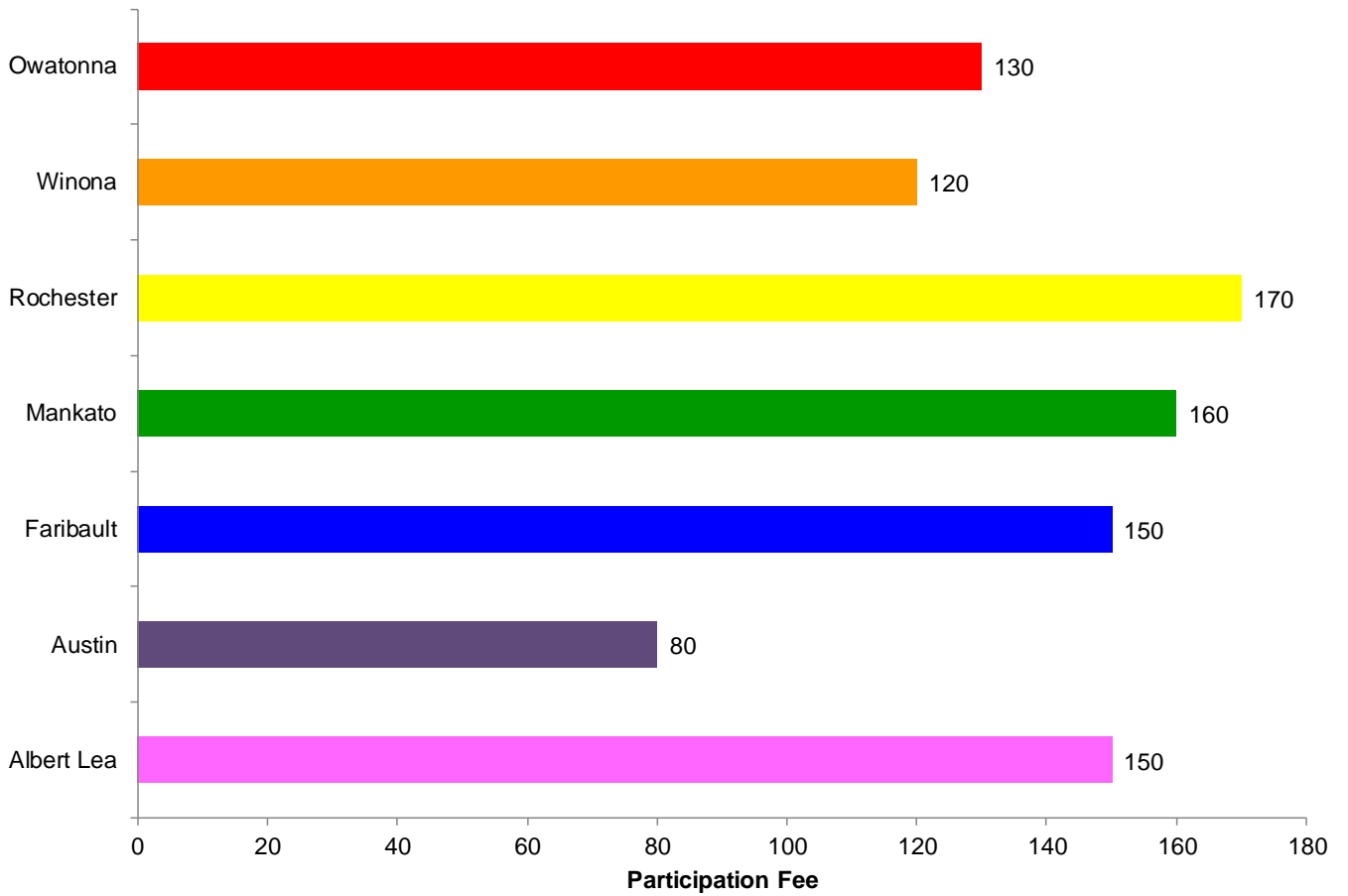


- Admissions-Girls Athletics
- Participation Fees-Girls
- Participation Fees-Other

- Admissions-Boys
- Participation
- Admissions-Other

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 44%).

2012-13 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 with the emphasis on accountability within regular education our Special Services staff members work with our students to promote their individual growth by capitalizing on their strengths. 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. We will continue to explore instructional methods and differentiation of curriculum for the upcoming school year.

Recognizing that learners who 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 our Early Childhood Special Education Program (ECSE). The number of students being served in our Birth to 2 and 3-5 years old programs has risen steadily over the past five years. 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. During this past year we entered into a collaborative partnership with a local child care facility. The emphasis of the collaboration was on the development of healthy social and emotional relationships for pre-school aged children. The implementation of this program, known as TACSEI (Technical Assistance Center on Social Emotional Intervention) has resulted in reduced behavioral outburst and improved social skills of the pre-school aged children at the child care center and there have been fewer referrals to special education as a result of the program.

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 2012-2013 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.

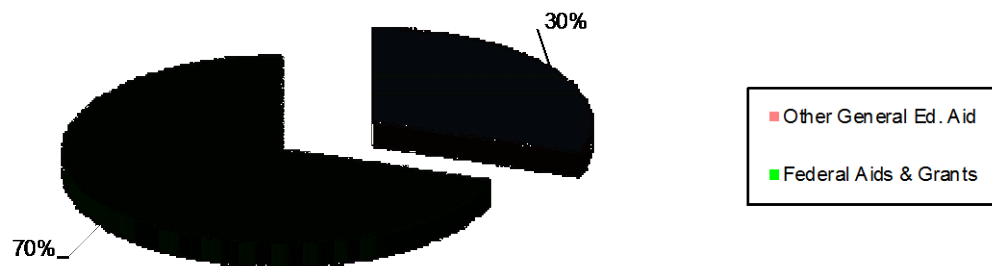
Special Services Revenues by Source

Source	Description	2009-10 Actual	2010-11 Budget	2011-12 Budget	2012-13 Budget	Change %	C A
099	Miscellaneous	\$ -	\$ -	\$ -	\$ -	0.0%	\$
211	Other General Ed. Aid	363,380	462,214	440,846	376,737	-14.5%	
400	Federal Aids & Grants	624,320	838,025	909,635	863,836	-5.0%	
Special Services Totals		\$ 987,700	\$ 1,300,239	\$ 1,350,481	\$ 1,240,573	-8.1%	\$

In the above table, the general education aid includes State funding for the ELL programs and Targeted Services. The decrease in the general education aid revenue is due to reimbursement of types and amounts of services provided. The decrease in federal aids and grants is due to the newly defined sequestration allocation process at the federal level in the amount awarded for the Title programs.

The funding categories are shown in the following graph.

2012-13 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. In the past several years, Districts like ours have received additional revenue in federal funds as a result of stimulus programs (ARRA) and (EdJobs). Starting in FY 13 this revenue will return closer to historical averages.

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

Special Services Expenditures by Program

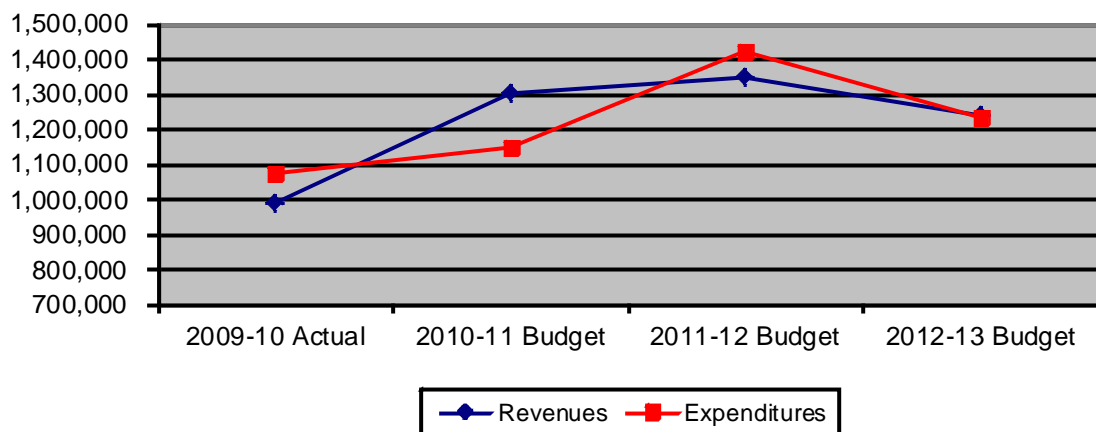
Program	Description	2009-10 Actual	2010-11 Budget	2011-12 Budget	2012-13 Budget	Change %	C A
201	Elem Ed - Kindergarten	\$ 14,233	\$ 12,150	\$ 39,530	\$ 39,117	-1.0%	\$
203	Elem Ed Grades 1-6	225,288	94,651	201,798	192,199	-4.8%	
204	Title II, Part A	168,745	199,788	166,132	180,406	8.6%	
205	Title III, Part A	52,594	48,144	48,422	43,580	-10.0%	
206	Title IV	15,679	-	492	-	-100.0%	
207	Title V	-	-	-	-	0.0%	
210	Title II, Part D	-	-	-	-	0.0%	
211	Secondary Ed. - General	8,746	-	8,798	-	0.0%	
216	Title I	387,301	590,093	757,697	639,850	-15.6%	
219	Limited Eng. Proficiency	203,211	202,887	202,558	139,152	-31.3%	
Special Services Total		\$ 1,075,797	\$ 1,147,713	\$ 1,425,427	\$ 1,234,304	-13.4%	\$

Based on the above, Title I is the largest expenditure program in special services. This accounts for over 50% of the budget. This program decreased due to the reduction in the expenditure budget to reflect the sequestration allocation process. 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 slightly greater than expenditures in 2012-13.

	2009-10 Actual	2010-11 Budget	2011-12 Budget	2012-13 Budget
Revenues	987,700	1,300,239	1,350,481	1,240,573
Expenditures	1,075,797	1,147,713	1,425,427	1,234,304

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.

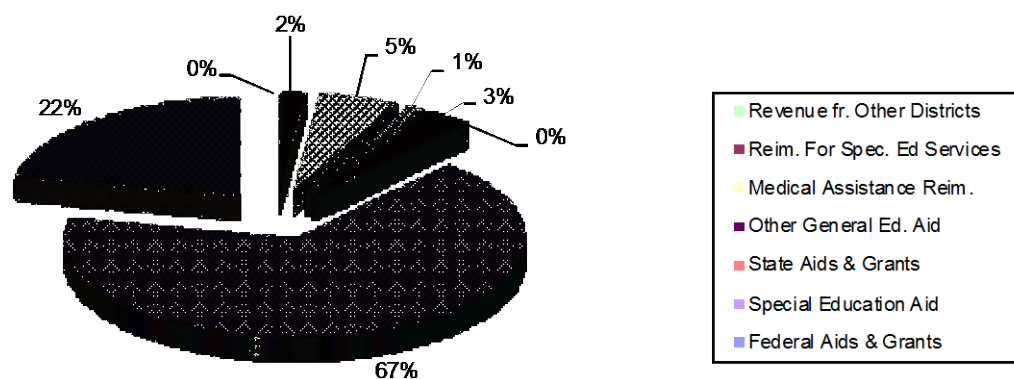
Special Education Revenues by Source

Source	Description	2009-10 Actual	2010-11 Budget	2011-12 Budget	2012-13 Budget	Change %
021	Revenue fr. Other Districts	\$ -	\$ -	\$ -	\$ -	
022	Reim. For Spec. Ed Services	135,737	65,072	73,000	95,000	30.1%
071	Medical Assistance Reim.	590,418	500,000	400,000	300,000	-25.0%
099	Miscellaneous	4,000	67,600	67,600	67,600	0.0%
211	Other General Ed. Aid	89,915	118,911	109,635	149,228	36.1%
300	State Aids & Grants	-	-	-	-	0.0%
360	Special Education Aid	3,461,257	3,394,702	3,302,890	3,545,715	7.4%
400	Federal Aids & Grants	2,009,295	2,193,505	1,374,258	1,156,193	-15.9%
Special Education Totals		<u>\$ 6,290,622</u>	<u>\$ 6,339,790</u>	<u>\$ 5,327,383</u>	<u>\$ 5,313,736</u>	<u>-0.26%</u>

The reimbursement for special education services is expecting an increase from prior year due to additional services provided. Special education aid increased due to the Alternative Delivery award from the State for the RTI program. Federal aids and grants decreased due to a reduction in budgeted expenditures to reflect the sequestration allocation process by the federal government. Also, medical assistance reimbursement decreased due to lower anticipated expenditures.

The funding categories are shown in the following graph.

2012-13 Special Education Revenue



From this graph, it is evident that the largest portion of revenue received for our special education program comes from the state reimbursement formula. Currently, the State provides reimbursement for up to 67% of all expenditures related to teacher and support staff compensation. However, the costs for fringe benefits are not allowable expenditures upon which to claim

reimbursement. Also, the State will reimburse for 52% of contracts, 47% of supplies and equipment, plus 100% of special education transportation expenditures. Then, these can further be decreased by a statewide adjustment factor and/or proration factor.

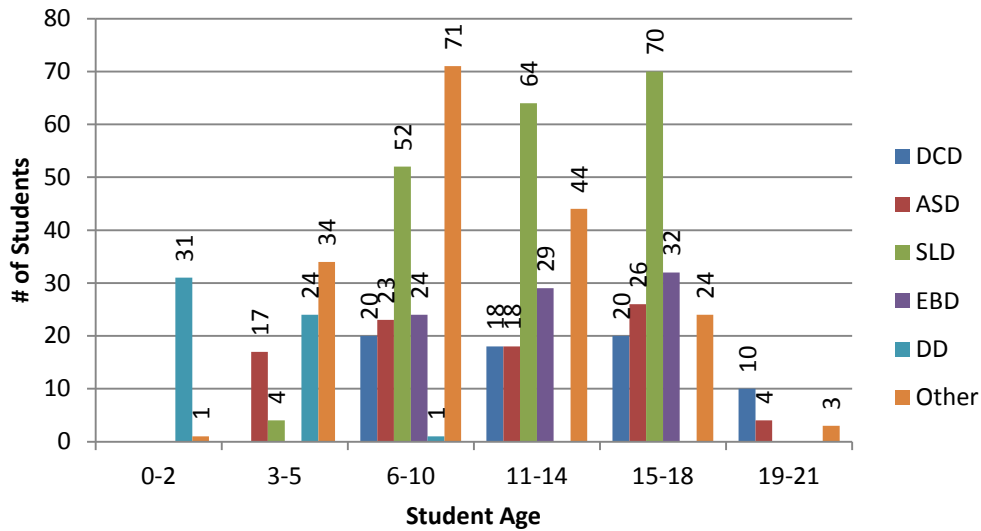
Below is a breakout of the expenditures across various disability categories. It can be readily seen that the single largest expenditure for special education services is in the area of Special Education General. Included within this category are the students who have multiple disabilities or those supplies that can be used for all disabilities. Other programs with large expenditure budgets are the Emotional/Behavioral Disorders program and Specific Learning Disability program.

Special Education Expenditures by Program

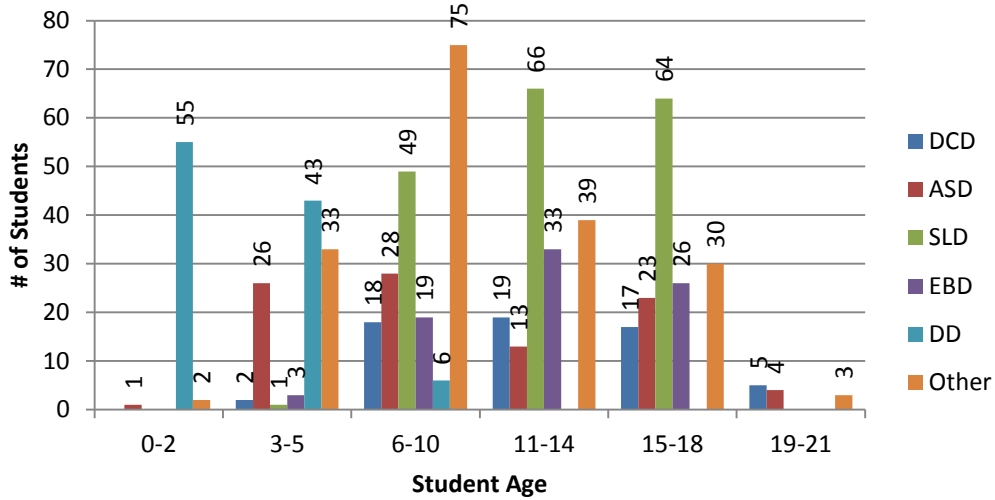
Program	Description	2009-10 Actual	2010-11 Budget	2011-12 Budget	2012-13 Budget	Change %	Ch An
030	Instructional Administration	\$ 30,793	\$ 32,012	\$ 32,068	\$ 33,628	4.9%	\$
203	Elementary Ed. - General	-	-	-	-	0.0%	
211	Secondary Ed. - General	27,909	15,728	5,415	22,523	315.9%	
400	General Special Ed.	28,018	114,755	136,135	164,974	100.0%	
401	Speech/Lang. Impaired	518,930	536,613	524,139	480,871	-8.3%	(
402	Mild-Mod. Mentally Imp.	727,815	745,398	892,429	775,614	-13.1%	(1
403	Mod.-Severe Mentally Imp.	561,792	569,344	582,705	568,856	-2.4%	(
404	Physically Impaired	219,813	353,088	471,518	458,045	-2.9%	(
405	Deaf - Hard of Hearing	67,449	58,061	61,905	90,660	46.5%	
406	Visually Impaired	88,769	83,680	83,413	85,495	2.5%	
407	Specific Learning Disability	1,093,211	1,121,493	1,103,812	1,076,926	-2.4%	(
408	Emot/Behavioral Disorder	1,207,473	1,378,794	1,373,993	1,597,213	16.2%	2
409	Deaf - Blind	5,980	4,800	4,800	4,944	3.0%	
410	Other Health Impaired	158,746	171,187	168,741	174,695	3.5%	
411	Autism	648,948	681,481	629,135	537,162	-14.6%	(
412	Early Childhood Spec. Ed.	556,511	618,815	657,723	660,306	0.4%	
420	Special Education General	2,027,425	2,376,827	1,674,020	1,774,477	6.0%	1
422	Special Ed Students w/o Disabilities	452,811	90,000	88,830	465,870	424.5%	3
740	Social Work Services	-	-	-	-	0.0%	
760	Pupil Transportation	721,129	654,249	673,876	694,092	3.0%	
810	Operations/Maintenance	3,960	3,300	3,573	2,723	-23.8%	
850	Capital Facilities	46,836	47,000	47,000	47,000	0.0%	
Special Education Totals		\$ 9,194,318	\$ 9,656,625	\$ 9,215,230	\$ 9,716,074	5.4%	\$ 5

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

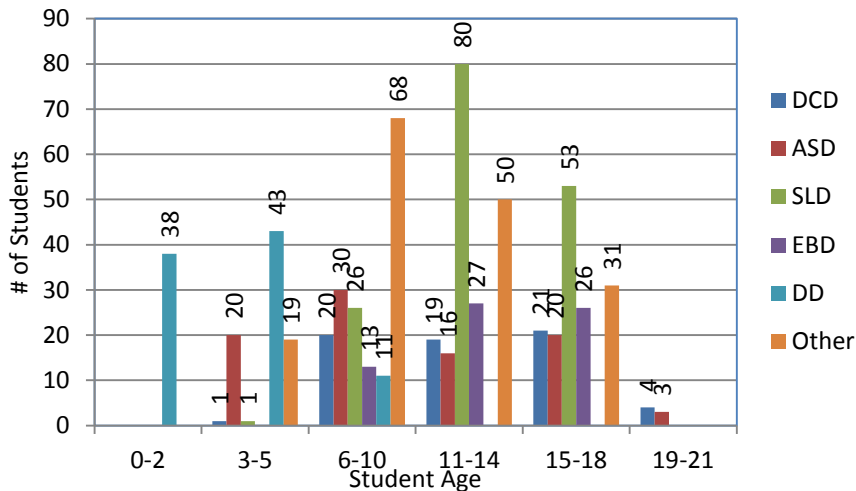
2009-10 Disabilities



2010-2011 Disabilities



2011-2012 Disabilities



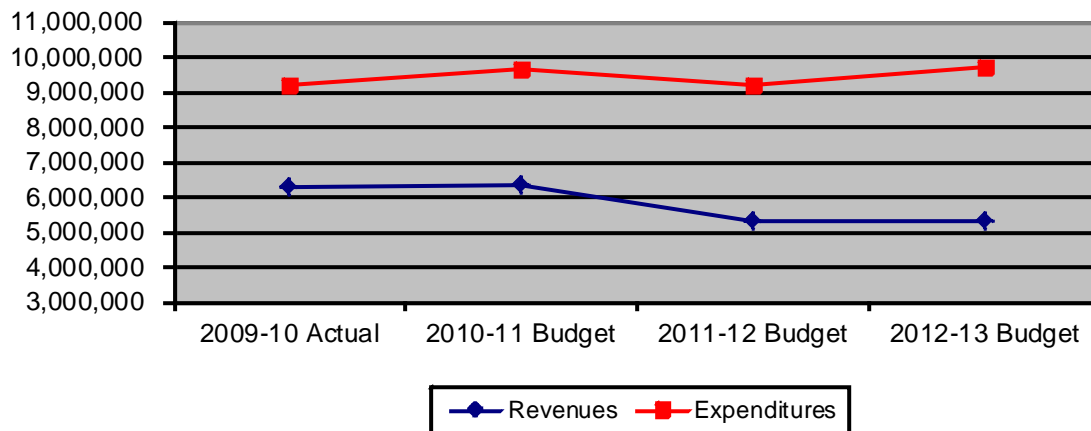
Overall, the special education budget is expected to increase by 5.4%. Part of the increases by categories is for the relationship with Medford and reallocation of staff. Since special education

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. The increase in General Special Ed is because of clarification by the State on how to code various items that are for special education purposes, but not eligible for special education reimbursement. The related increase in special education students without disabilities is due to the Alternative Delivery program funds received by the State for the RTI program.

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 unassigned general fund into the special education area in order to continue to provide the level of programs and services currently in place.

	2009-10 Actual	2010-11 Budget	2011-12 Budget	2012-13 Budget
Revenues	6,290,622	6,339,790	5,327,383	5,313,736
Expenditures	9,194,318	9,656,625	9,215,230	9,716,074

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

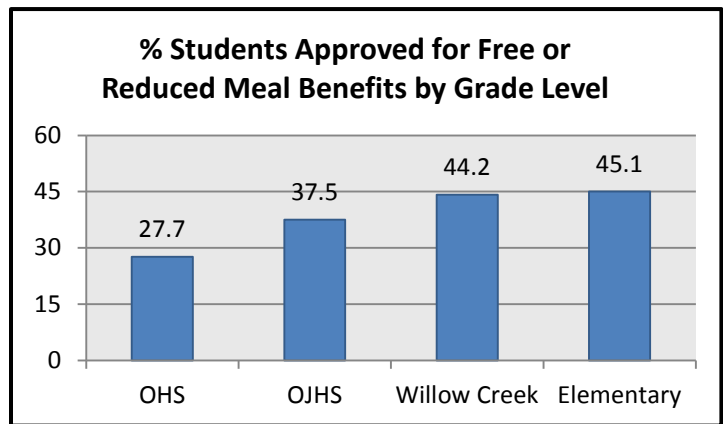
The Food and Nutrition Services Department provides nutritious school meals to the students and staff of Owatonna Public Schools. It also provides an interactive nutrition learning environment for our students. It is projected that the Food & Nutrition Services staff will have served 538,203 student lunches, 8,057 adult lunches, and 258,630 student breakfasts, totaling 804,890 meals during the 2011-12 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 \$419,550 are projected to be collected in ala carte revenue during the 2011-12 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:

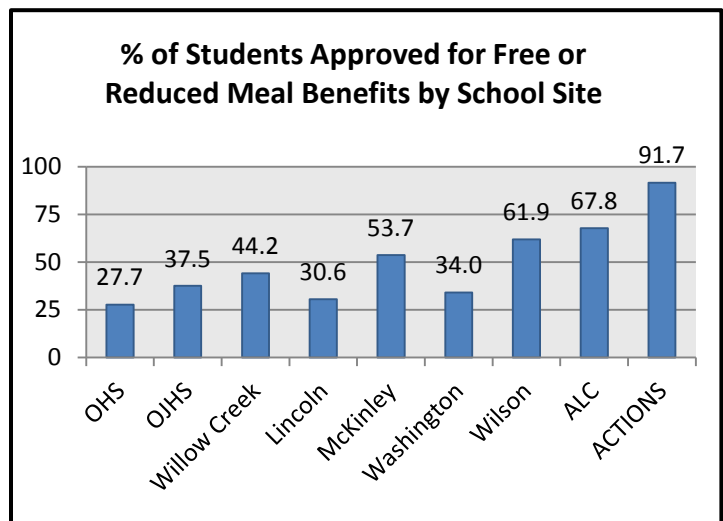
Free & Reduced Stats by Grade Level

OHS	27.7%
OJHS	37.5%
Willow Creek	44.2%
Elementary	45.1%
<i>District Average</i>	<i>38.6%</i>
<i>State Average</i>	<i>37.2%</i>



Free & Reduced Stats by School Site

OHS	27.7%
OJHS	37.5%
Willow Creek	44.2%
Lincoln Elementary	30.6%
McKinley Elementary	53.7%
Washington Elementary	34.0%
Wilson Elementary	61.9%
ALC	67.8%
Actions	91.7%



Background

Research indicates that average prices charged for paid lunches in some districts are less than the cost of producing those lunches. Pricing paid lunches below the cost of production effectively increases Federal subsidies for higher income children because Federal funds intended for free and reduced price lunches are being used to help fill in the gap between what a paid lunch costs and what the school receives for it. Section 205 of the Healthy Hunger-Free Kids Act of 2010, signed into law December 13, 2010, requires schools to charge students for paid lunch meals at a price that is, on average, equal to the difference between the federal free meal reimbursements and paid meal reimbursements (\$2.51). Schools that currently charge less than \$2.51 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.

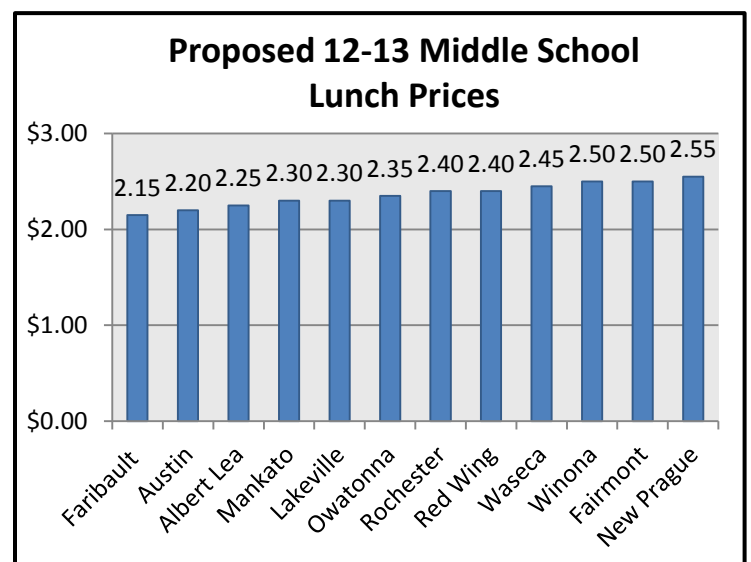
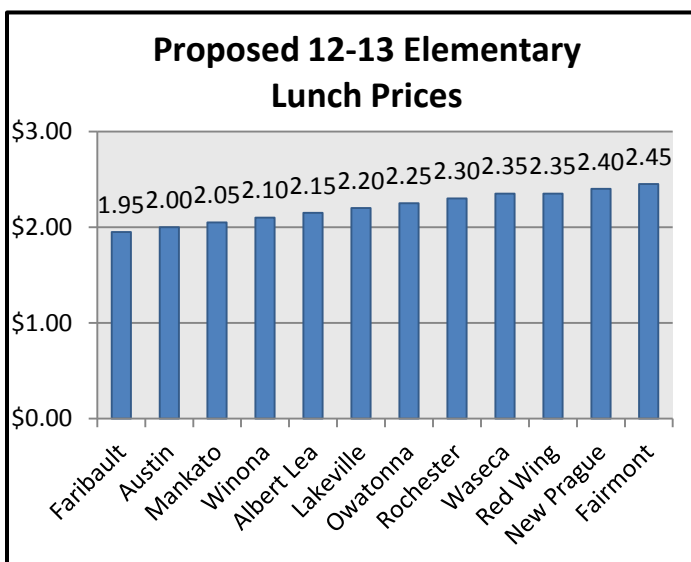
A calculator provided by the U.S. Department of Agriculture (USDA) has determined that the district's average lunch price must be increased by at least 10¢ for school year 2012-13.

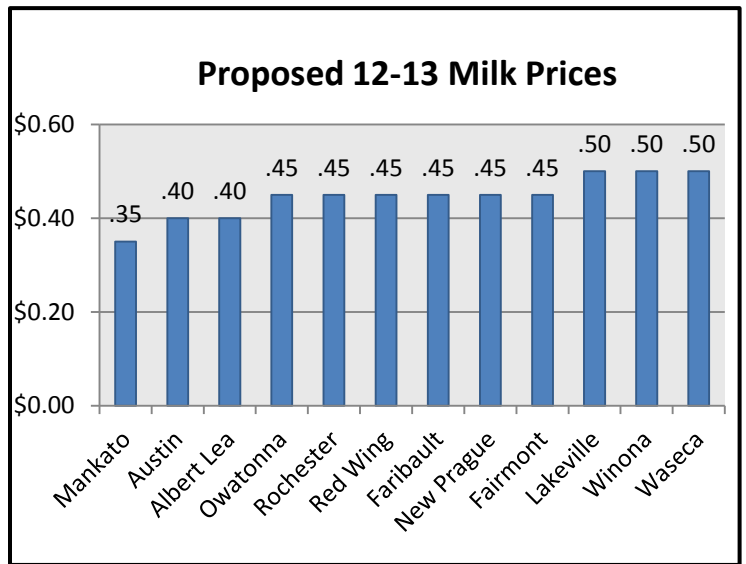
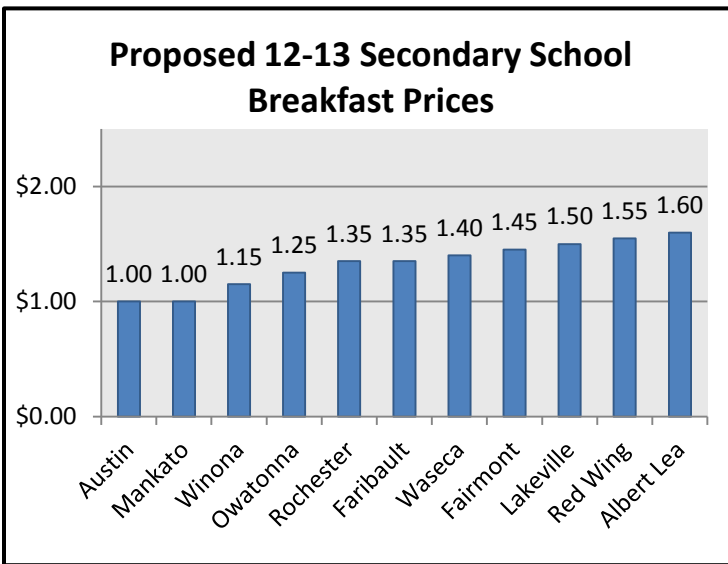
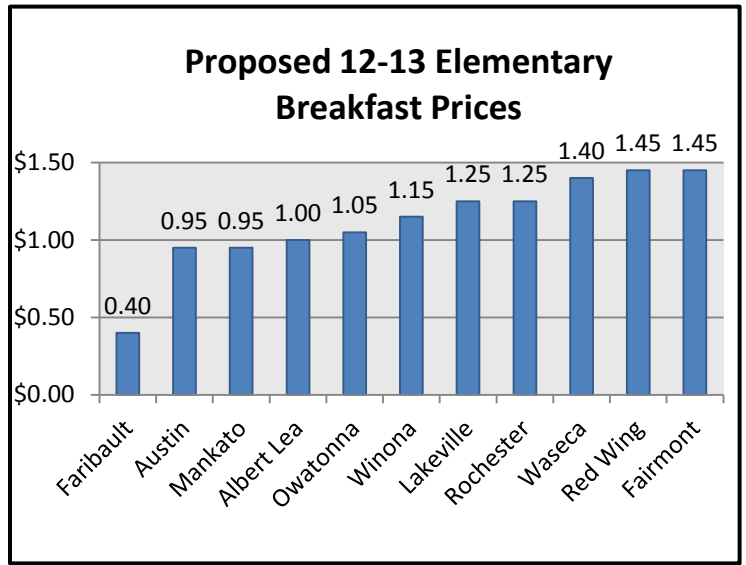
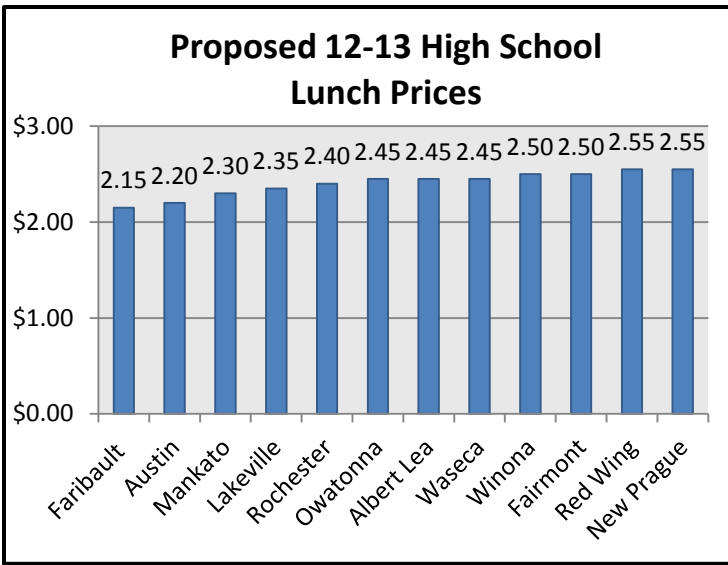
Smaller, more gradual price increases allow families to make adjustments more easily. Also, increasing our meal prices will also allow us to:

- 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 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 10¢ meal price increase for lunch prices for the 2012-13 school year in order to move towards compliance with Federal regulations by gradually increasing our prices for paid lunches. A 10¢ 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 10¢ would be approximately \$38,877. Students that are eligible for free or reduced priced meals will not be impacted by this price increase.

Lunch, breakfast and milk 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 10¢ 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 \$270,000, or a maximum fund balance of \$810,000. Our projected FY 12 Fund Balance is approximately 1.6 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 11	Projected FY 12	W/Meal Price Increase FY 13
Revenue	\$2,621,948	\$2,538,884	\$2,619,068
Expenditures	\$2,503,344	\$2,548,886	\$2,751,440
Operating Excess or Deficit	\$118,604	(\$10,002)	(\$132,372)
Fund Balance	\$430,050	\$420,048	\$287,676

Food Service Economic Outlook

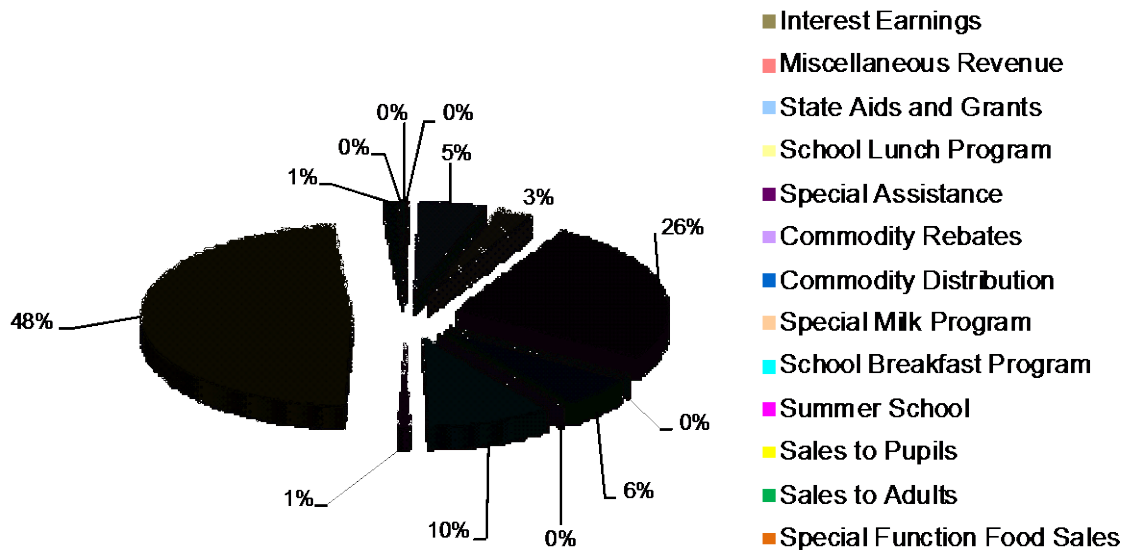
The projected revenue between 2011-12 and 2012-13 as shown in the table below shows a decrease. The decreases are in the areas of state aids and grants, school lunch program, commodity rebates, sales to pupils, and sales to adults. The increase in special assistance is the revenue we receive from the Federal Free and Reduced Lunch Program.

Food Service Revenues

Description	2009-10	2010-11	2011-12	2012-13	Change	Change
	Actual	Budget	Budget	Budget	Percent	Amount
Interest Earnings	\$ 898	\$ 888	\$ 155	\$ 155	0.00%	-
Miscellaneous Revenue	11,459	-	8,000	6,000	-	(2,000)
State Aids and Grants	156,191	154,754	143,340	135,938	-5.16%	(7,402)
School Lunch Program	144,707	86,745	85,386	74,575	-12.66%	(10,811)
Special Assistance	541,623	618,417	647,860	671,476	3.65%	23,616
Commodity Rebates	38,014	25,000	15,000	5,000	-66.67%	(10,000)
Commodity Distribution	91,542	-	111,500	147,700	0.00%	36,200
Special Milk Program	5,820	6,287	5,623	6,786	20.68%	1,163
School Breakfast Program	244,246	219,549	238,226	251,665	5.64%	13,439
Summer School	40,918	25,000	14,000	25,000	78.57%	11,000
Sales to Pupils	1,275,658	1,409,884	1,324,026	1,258,765	-4.93%	(65,261)
Sales to Adults	38,033	31,201	36,348	26,162	-28.02%	(10,186)
Special Function Food Sales	13,785	3,000	10,000	10,000	0.00%	-
Total	\$ 2,602,894	\$ 2,580,725	\$ 2,639,464	\$ 2,619,222	-0.77%	\$ (20,242)

The largest source of funds is sales to pupils (48%). The next largest source is for special assistance. This accounts for 26% of total revenue. Even though FY 13 reflects an increase of \$.10 per meal, revenue is anticipated to decrease as a result of declining a la carte sales. See the following pie chart for the breakdown of revenue for the Food Service Fund.

2012-13 Food Service Revenue Budget



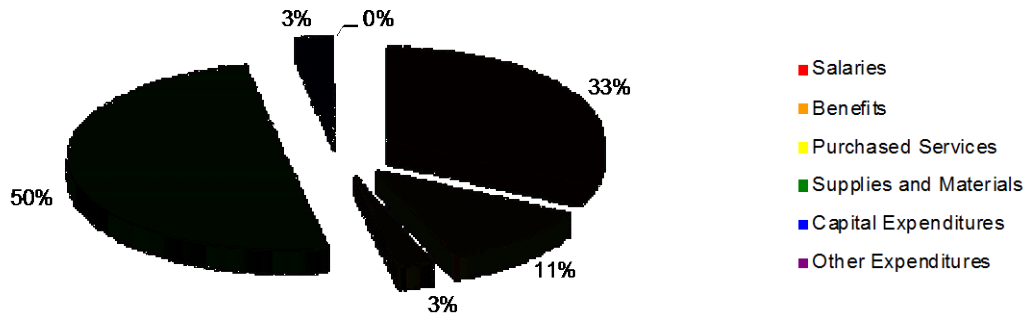
Expenditure changes in 2011-12 and 2012-13, as shown on the next page, varied because of certain items. The projected expenditures for 2012-13 increased from 2011-12 is largely due to the changes in employee contracts. The purchased services decrease is due to a decrease in the amount of repairs and maintenance planned for FY 13. The increase in capital expenditures is related to the increase in new equipment that will need to be purchased in FY 13.

Food Service Expenditures

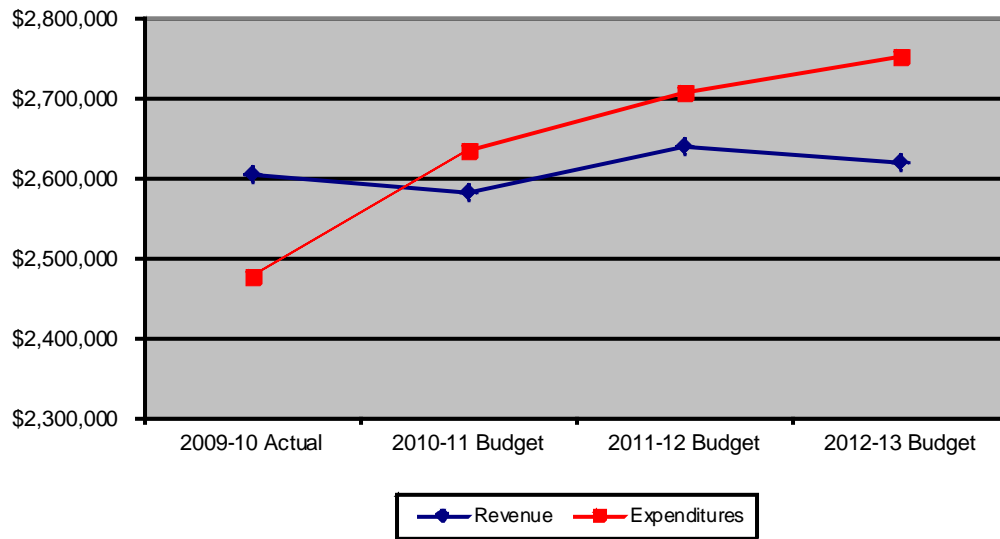
Description	2009-10 Actual	2010-11 Budget	2011-12 Budget	2012-13 Budget	Change Percent	
Salaries	\$ 830,700	\$ 827,523	\$ 859,995	\$ 897,768	4.39%	\$
Benefits	301,567	301,858	320,235	317,290	-0.92%	
Purchased Services	56,959	66,379	89,734	72,386	-19.33%	
Supplies and Materials	1,276,594	1,325,041	1,383,519	1,384,088	0.04%	
Capital Expenditures	10,086	113,200	52,707	78,908	49.71%	
Other Expenditures	123	930	556	1,000	79.86%	
Total	\$ 2,476,029	\$ 2,634,931	\$ 2,706,746	\$ 2,751,440	1.65%	\$

The Food Service budget is mostly made up of salaries and supplies. These items make up 83% of the total Food Service expenditure budget.

2012-13 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. Our life-long learners typically live with a thirty-mile radius of Owatonna. We are finding that certain programs are attracting from a sixty-mile radius. These are typically programs that can serve as both personal and professional development, and some special interest youth programs. We have a current district census of 29,301 residents. The primary programs we implement through the through the community education model include:

• 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 2012-13 year will not be fully developed until after our Spring Results Workshop, however focused discussion is being generated around the following themes:

- While Community Education sustained strong economic viability through the first three years of the current recession, FY'12 has shown a slow-down in participation, and delayed decision making by residents in their decision to participate. Therefore, program offerings must continue to be respectful of the current economic climate by providing affordable programming, and decisions to offer programs must incorporated a blended model of educational and business sustainability;
- Two new financial challenges for Community Education in FY'13 will be maintaining a quality OJHS/KIDS FIRST Athletic program as the primary source of funding for that program falls squarely on the assets of Community Education and the new requirement that Community Education fund its own access and use of the internet and wide area network;
- Attentive listening will be critical in the identification of needs and wants among our individual and organizational partners. The business of learning is a dynamic and synergistic dance of resources, where we must be more flexible and responsive than ever to creating effective ways to entice life-long learners to utilize district resources;
- Reflective dialogue and data analysis will drive our ongoing quest to quantify and define adequate yearly progress in enrichment-based learning environments. This will be especially true of our School Age Care program that gathered significant stakeholder data in FY'12 as a baseline for program improvement in FY'13. This will also remain a high priority for our early childhood program as we continue to work with the University of Minnesota in the final research stages of the Individual Growth and Development Indicators 2.0;
- 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 remain a priority 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 for instructional delivery and the use of iPads for program management in the SAC program will be deployed at Roosevelt in FY'13;
- Program partnerships will remain a focus in the areas of school readiness, family education incarcerated parents, family education for culturally diverse populations, pathways for adult work and academic readiness, and distance learning options for adult learners across program content. Post-secondary transition programming in FY'12 was very successful, and will serve as the benchmark for continued programming and outreach for our ABE program;
- An annual priority for Community Education is focusing resources towards areas of alignment with our K-12 parent organization that provides our community with a complete package of educational opportunities for all learners, that is both integrated and mutually beneficial.

Community Education Economic Outlook

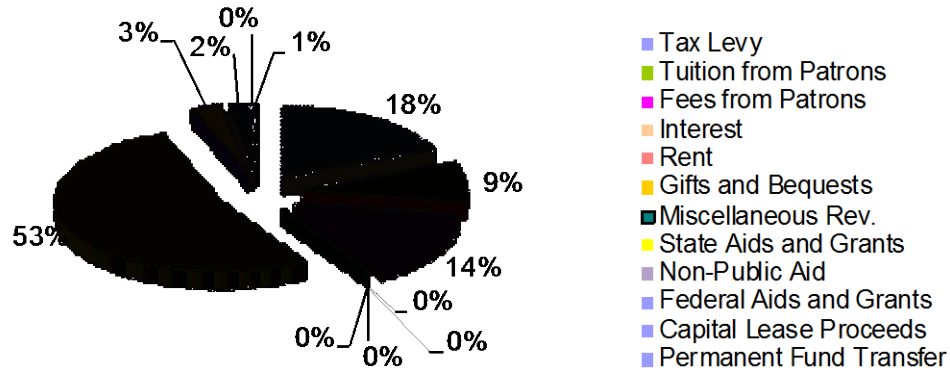
The projected revenue for 2011-12 and 2012-13 as shown in the table below shows a slight increase. An increase in state aids and grants is anticipated for FY 13. Owatonna participates in an Adult Basic Education Consortium where Owatonna is the fiscal host. The consortium includes Albert Lea and Austin Public Schools. FY 13 will be the second year for ABE where Owatonna has served as the fiscal host. This consortium now includes a much larger geographic region than it initially started with. 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	2009-10 Actual	2010-11 Budget	2011-12 Budget	2012-13 Budget	Change %	Change Amount
Tax Levy	\$ 288,495	\$ 284,847	\$ 460,231	\$ 463,465	0.70%	\$ 3,234
Tuition from Patrons	221,926	202,500	232,500	235,500	1.29%	3,000
Fees from Patrons	374,295	372,700	360,000	340,000	-5.56%	(20,000)
Interest	1,490	-	321	321	0.00%	-
Rent	2,277	-	-	500	0.00%	500
Gifts and Bequests	240	-	19,090	350	-98.17%	(18,740)
Miscellaneous Rev.	12,787	9,135	6,700	3,400	-49.25%	(3,300)
State Aids and Grants	798,095	790,532	1,249,425	1,333,182	6.70%	83,757
Non-Public Aid	64,338	64,429	64,429	75,064	16.51%	10,635
Federal Aids and Grants	33,789	26,481	50,147	51,733	3.16%	1,586
Capital Lease Proceeds	-	-	-	-	0.00%	-
Permanent Fund Transfer	15,219	28,000	45,968	14,000	-69.54%	(31,968)
	\$ 1,812,951	\$ 1,778,624	\$ 2,488,811	\$ 2,517,515	1.15%	\$ 28,704

The largest source of funds is state aid and grants (53%). However, a substantial amount of funding comes from fees from patrons (14%) and local tax levy (18%) as shown in the following pie chart.

2012-13 Community Service Revenue Budget



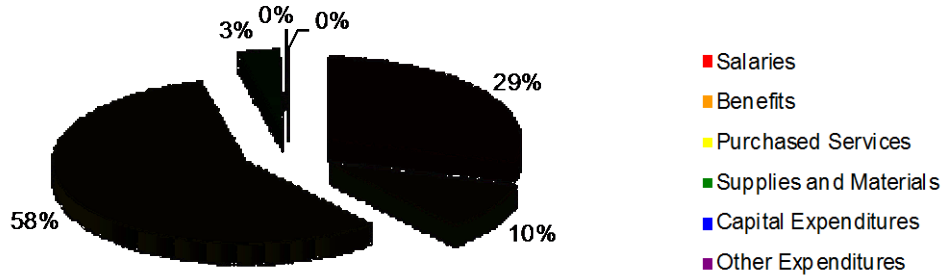
Expenditure decreases from 2011-12 to 2012-13, as shown below, are in response to the reduction in revenues and maintaining fund balances in each community education program. Each community education program is considered on its own, so programs are offered based on the revenues coming in for the program and the anticipated fund balance.

Community Service Expenditures

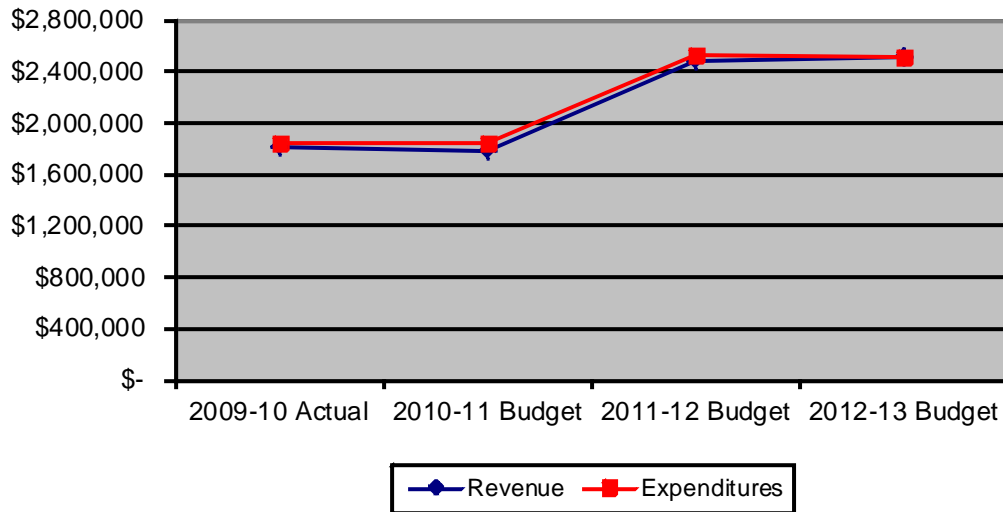
Description	2009-10 Actual	2010-11 Budget	2011-12 Budget	2012-13 Budget	Change %	Change Amount
Salaries	\$ 774,792	\$ 813,730	\$ 778,191	\$ 740,242	-4.88%	\$ (37,94)
Benefits	260,372	261,238	267,977	238,633	-10.95%	(29,34)
Purchased Services	700,709	687,873	1,350,020	1,446,868	7.17%	96,84
Supplies and Materials	77,042	66,669	113,680	86,160	-24.21%	(27,52)
Capital Expenditures	26,186	8,179	7,979	5,417	-32.11%	(2,56)
Other Expenditures	1,878	1,925	2,200	1,950	-11.36%	(25)
	\$ 1,840,979	\$ 1,839,614	\$ 2,520,047	\$ 2,519,270	-0.03%	\$ (77)

As with other programs in a school district, salaries and benefits comprise the majority portion of expenditures (39%). However, purchased services are another large area (58%). Of the \$1,446,868 budgeted for purchased services, \$1,035,769 is Adult Basic Education money passed on to the other districts and \$82,950 is for the use of Roosevelt.

2012-13 Community Service Expenditure Budget



For the last two years, expenditures continue to exceed 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 \$1,400,000 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 2012-13**

Projected Beginning Balance \$ 336,825

Revenue

Operating Capital - Aid	644,906	
Operating Capital - Levy	528,467	
Lease Levy	37,562	
Advanced Recognition - Lease Levy	252,972	
Total Revenue		<u>1,463,907</u>

Expenditures

Fixed

Taxes/Assessments	21,419	
Four Seasons Lease	45,106	
Gymnastic's Lease	4,600	
Actions Lease - EBD Program	47,000	
ALC Lease	201,272	
COP - Roof Project	261,838	
Copiers		
- District wide	57,722	
- Lincoln	4,890	
- McKinley	4,890	
- Washington	4,890	
- Wilson	4,890	
- Willow Creek	4,890	
- OJHS	9,741	
- OHS	27,676	
- ALC	2,729	
- Special Services	2,729	
Postage Machine	3,516	
District Van	4,680	
Total Fixed Expense		<u>714,477</u>

Operating Capital Allocation

OHS	\$ 15.00	1,872.00	28,080
OJHS	\$ 15.00	923.00	13,845
All Elementary Specialists			3,600
Grade 6			5,083
K-5			27,537
ALC	\$ 15.00	180.79	2,712
Total Building Operating Capital Allocations			<u>80,857</u>

Program Operating Capital Allocations

Athletics	16,000	
Curriculum	155,000	
District Administration	10,000	
Finance System	11,035	
Operations & Maintenance	20,000	
K-8 Explorations	330,000	
Special Services	3,000	
Technology - LCM	425,000	
Technology - Instructional Software	33,000	
Total Program Operating Capital Allocations		<u>1,003,035</u>

Total Expenditures 1,798,369

**Health and Safety, Deferred Maintenance, and Capital Budgets for 2012-13
Buildings and Grounds 12-13 Plans**

Health and Safety			
Resources Available:	\$386,381.50	Projects:	Expenses:
		Playground Resurfacing and other hazards	\$10,700.00
		Mechanical & Power Equipment - Safety Modifications	\$17,000.00
		OSHA Physical and Electrical Hazard Violation Corrections	\$37,400.00
		Food Code Safety - MDH Health Code Requirements	\$7,170.50
		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
		Radon - Detection & Mitigation	\$4,657.00
		Boiler - Main Supply Backflow Preventor and	\$3,500.00
		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	
		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	\$9,000.00
		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	\$0.00
		Three Year Fire Inspection	\$4,500.00
		Lighting - Emergency and Egress	\$8,500.00
		Unexpected Needs	\$0.00
		TOTAL	\$386,381.50
Deferred Maintenance			
Resources Available:	\$338,021.00	Projects:	Expenses:
		Track	\$69,000.00
		OHS Auditorium	\$131,379.00
		Concrete work - District Wide	\$30,538.00
		Asphalt Path - Lincoln	\$16,630.00
		OHS Bathrooms	\$10,000.00
		Water Proofing Brick - Willow Creek	\$21,000.00
		Unexpected Needs	\$59,474.00
		TOTAL	\$338,021.00
Capital			
Resources Available:	\$220,000.00	Projects:	Expenses:
		K-8 Explorations	\$200,000.00
		Unexpected Needs/On-going Maintenance	\$20,000.00
		TOTAL	\$220,000.00

The majority of the Buildings and Grounds work in FY 13 will occur in health and safety (\$386,382) and deferred maintenance (\$338,021). These expenses are met through the board approved levy certification process.

**Anticipated Capital Needs
2012-16**

CAPITAL & MAINTENANCE	APPROX COSTS	2012	2013	2014	2015	2016
District Wide	155,000.00	0.00	100,000.00	55,000.00	0.00	0.00
Lincoln	2,835,005.00	0.00	257,670.00	871,588.00	1,705,747.00	0.00
McKinley	3,797,229.00	135,675.00	103,259.00	995,342.00	2,562,953.00	0.00
Washington	2,982,903.00	339,890.00	404,497.00	1,784,581.00	453,935.00	0.00
Wilson	3,283,744.00	0.00	0.00	182,248.00	3,101,496.00	0.00
Willow Creek	419,710.00	79,776.00	0.00	20,000.00	124,540.00	195,394.00
OJHS	6,719,603.00	168,878.00	562,363.00	1,993,492.00	3,994,870.00	0.00
OHS	22,345,683.93	1,134,036.00	2,277,335.93	11,243,272.00	7,691,040.00	0.00
Roosevelt	1,096,535.00	0.00	3,500.00	78,877.00	114,158.00	900,000.00
District Office	772,814.00	301,778.00	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	209,664.00	0.00	0.00	0.00	38,315.00	171,349.00
Total Capital	44,617,890.93	2,160,033.00	3,721,624.93	17,490,749.00	19,978,741.00	1,266,743.00

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. This chapter contains an overview of the District's student achievement based on the results from the 2011 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 2012 state assessments.

Owatonna Public Schools

Strategic Roadmap

February 2009

<p>Mission Statement <i>(Our Core Purpose)</i></p> <p>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...”

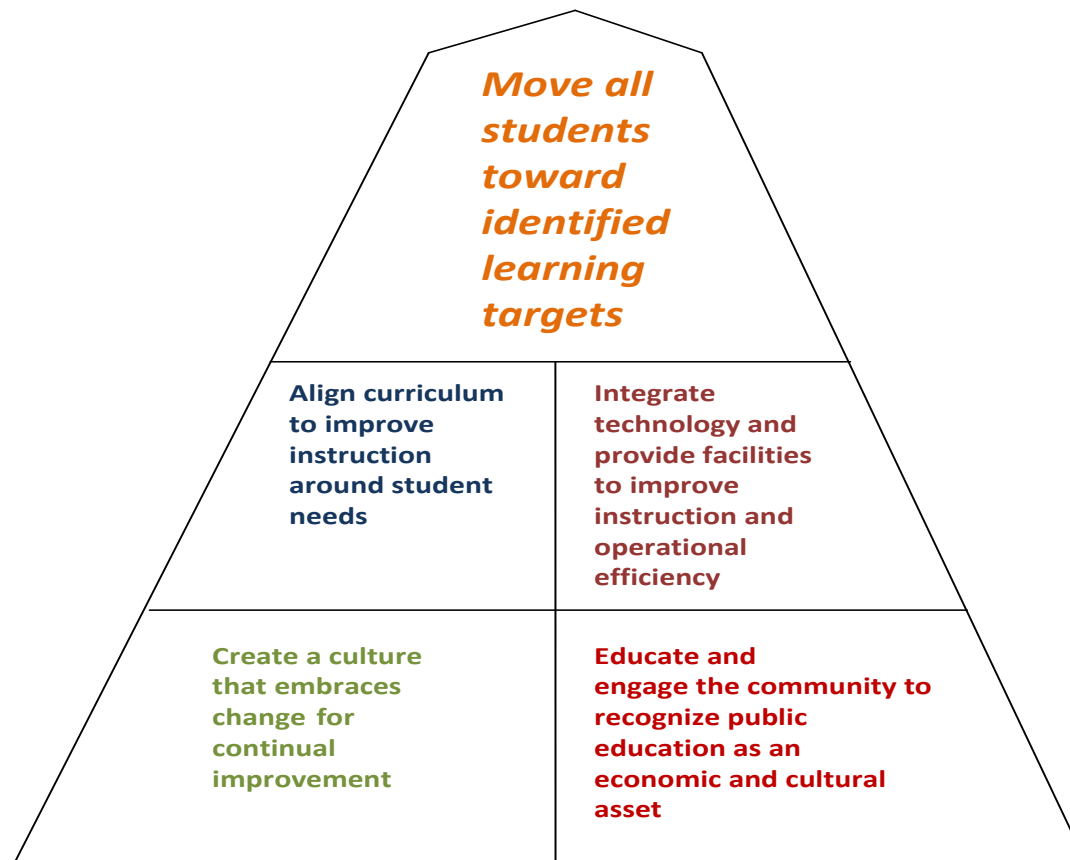
**Owatonna Public Schools
VISION-2012 DRAFT 01**

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



Vision Car Results 2010-2011

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

Measures	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	< 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 2010-11: 87%	90-94% of all students meet expected growth or proficiency in RIT targets	>95% of all students meet expected growth or proficiency in RIT targets
NWEA MAP Reading Students meet growth or proficiency target	< 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 2010-11: 79%	80-89% of all students meet expected growth or proficiency in RIT targets	90-94% of all students meet expected growth or proficiency in RIT targets	>95% of all students meet expected growth or proficiency in RIT targets
Curriculum- based Measures – Oral Reading Fluency	< 65 % of all students meet/exceed grade level target	65-71% of all students meet/exceed grade level target 2010-11: 69%	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	< 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 08-09: 73% 09-10: 74% 2010-11: 74%	79-85% of all students meet/exceed expected proficiency	> 85% of all students meet/exceed expected proficiency

Measures	Intervene (1.0 – 1.9)	Concern (2.0 – 2.9)	Baseline (3.0 – 3.9)	Progress (4.0-4.9)	Vision (5.0)
MCA-II Math Scores	< 65 % of all students meet/exceed expected proficiency 2010-11: 59%	65-71% of all students meet/exceed expected proficiency 08-09: 68% 09-10: 70%	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	25% or greater difference 08-09: 38% 09-10: 34% 2010-11: 29%	20 – 24% difference	14 – 19% difference	10 – 13% difference	< 10% difference
Difference across all subgroups in MCA Math	25% or greater difference 2010-11: 41% 08-09: 27% 09-10: 26%	20 – 24% difference	14 – 19% difference	10 – 13% difference	< 10% difference
% of grades 9-11 students on-track to graduate per year	< 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 2010-11: 95.87%
MN graduation tests grades 9 writing	< 80% passage	81-89% passage	90-94% passage or State Average 09-10: 93.7% 2010-11: 93.9% 08-09: 94.4%	95-97% passage	>97% passage

Measures	Intervene (1.0 – 1.9)	Concern (2.0 – 2.9)	Baseline (3.0 – 3.9)	Progress (4.0-4.9)	Vision (5.0)
MN graduation tests grades 10 reading	< 50% passage	51-70% passage or State Average	71-85% passage 2010-11: 77.6% 08-09: 81.9% 09-10: 85.5%	86-95% passage	>95% passage
MN graduation tests grades 11 math	< 40% passage	41-59% passage or State Average 08-09: 59.1%	60-80% passage 09-10: 63.4% 2010-11: 67.3%	81-90% passage	>90% passage
Graduation Rate (#Note: MDE is changing Graduation Rate calculation – revise metrics to match)	< 90% graduation rate # 82%	90 – 92% graduation rate	93 – 95% graduation rate 09-10: 93% 2010-11: 94.3% 08-09: 95.5%	96 – 98% graduation rate	> 98% graduation rate
ACT - Composite Score.	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 08-09: 23.1 09-10: 23.3 2010-11: 23.6	The average composite score of 24 or greater
Average Daily Attendance Rate *Based on full day attendance – calculation from MDE (Avg. Daily Attendance/ ADM)	< 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 08-09: 95.4% 2010-11: 95.88% 09-10: 96.4%

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

	Measures	Intervene (1.0 – 1.9)	Concern (2.0 – 2.9)	Baseline (3.0 – 3.9)	Progress (4.0-4.9)	Vision (5.0)
3	Instruction that uses technology to enhance student learning	< 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 2010-11: 75%	> 75 % of instruction that integrates technology in student learning
D C	District space and facilities serve as an asset in meeting program goals and District vision*	< 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)	> 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 2010-11: 3.9	3:1 or less ratio across all schools
3	Percent of targeted energy savings achieved, as defined by ESG annual verified measurement process	70-79% guaranteed ESG savings achieved	80-89% guaranteed ESG savings achieved	90-100% guaranteed ESG savings achieved	101-110% guaranteed ESG savings achieved 2010-11: 102%	111-120% guaranteed ESG savings achieved

*As measured by Vision Card survey

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

	Measures	Intervene (1.0 – 1.9)	Concern (2.0 – 2.9)	Baseline (3.0 – 3.9)	Progress (4.0-4.9)	Vision (5.0)
3	E – 12 core curriculum maps and pacing guides are developed for all subject areas Based upon total of 10 curriculum areas: Music, Art Math – partially Reading – in progress	< 50% of E-12 core curriculum maps and pacing guides are developed for all subject areas. 2010-11: 30%	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.
3	Faculty uses strategies to differentiate instruction for student learning **	< 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.
3	Professional Learning Communities (PLC’s) use data to monitor student progress and improve learning (Measured by Willow Creek, Lincoln, and McKinley)	< 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 2010-11: 95.97%
	Students are actively engaged in learning **	<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	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 active members in PLC's (Measured by OHS, OJHS, Willow Creek, McKinley, and Lincoln)	< 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 – 89% of faculty are active members of a PLC 2010-11: 87%	> 90% of faculty are active members of a PLC
	Faculty reports utilization of at least three strategies / practices gained from involvement in PLC's submitted through an annual PLC reflection	< 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 - 89 % 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
	Staff provides evidence of practices gained through professional development submitted through annual goal setting process	< 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	85-89 % 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 (Measurement – Goal Attainment)	< 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 2010-11: 96%
1	Community recognition of, and satisfaction with, attainment of our mission and vision*	< 60% of community members surveyed indicate moderate to high satisfaction with attainment of our mission and vision	61-69% of community members surveyed indicate moderate to high satisfaction with attainment of our mission and vision	70-79 % of community members surveyed indicate moderate to high satisfaction with attainment of our mission and vision	80-89 % of community members surveyed indicate moderate to high satisfaction with attainment of our mission and vision	> 90 % of community members surveyed indicate moderate to high satisfaction with attainment of our mission and vision

	Measures	Intervene (1.0 – 1.9)	Concern (2.0 – 2.9)	Baseline (3.0 – 3.9)	Progress (4.0-4.9)	Vision (5.0)
2	All students will experience a safe learning environment (Measurement: Climate Survey grades 3 – 12, May 2011)	<75% of parents of students surveyed indicate they experience a safe learning environment	75-79% of parents of students surveyed indicate they experience a safe learning environment	80-84% of parents of students surveyed indicate they experience a safe learning environment 2010-11: 83%	85-90% of parents of students surveyed indicate they experience a safe learning environment	>90% of parents of students surveyed indicate they experience a safe learning environment

*As measured by Vision Card survey

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

	Measures	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	<50% of MN State average	50-75% of MN State average	76-100% of MN State average 2010-11: 83%	101-125% of MN State average	>125+% of MN State average
	Partnerships in place to support District funding	< .1 % of annual operating budget through grants and partnerships	.1 – .24 % of annual operating budget through grants and partnerships 2010-11: .23%	.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
	District’s impact on employer’s ability to recruit and retain employees*	> 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

	Measures	Intervene (1.0 – 1.9)	Concern (2.0 – 2.9)	Baseline (3.0 – 3.9)	Progress (4.0-4.9)	Vision (5.0)
2	Hours community members/parents volunteer within our schools annually (Measure: based upon hours calculated with Volunteer Coordinators and Grandparents for Education Program)	<4500 hours	4500 – 4999 hours	5000 – 5500 hours	5501 – 6000 hours 2010-11: 5902	>6000 hours
2	Activities, events, or meetings conducted to engage our culturally diverse student body and community	<15 annually	16 – 20 annually	21 – 29 annually	30 – 39 annually	>39 annually 2010-11: 45

*As measured by Vision Card survey

Student Achievement Assessment Instruments

Owatonna Public Schools (OPS) utilizes primarily two summative 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, and MCA-III 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.

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-II and MCA-III results have been 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.

Even though Adequate Yearly Progress will continue to be reported, it will not be the predominant accountability system in Minnesota. The 2011 MCA results will become the baseline for the Multiple Measurement Rating system, which was enacted with the Federal Waiver of NCLB in February, 2012. The MCA-II and MCA-III results reported in this chapter are from the 2011 administration of the math and reading assessments and 2012 results will not be available to districts until late August, 2012.

Owatonna Public Schools also utilizes 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 gauge student achievement improvements in mathematics and reading. A number of figures in this section compare Owatonna MCA-II and MCA-III 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%.

Results

Below, *Figure 1* shows the comparative performance of all of our students from 2006 through 2011 in the area of reading. You can see from these results that our overall performance in the past four years has been somewhat flat with slight growth. This trend has been slightly ahead of the state average up until 2011 where there was a one percent differential.

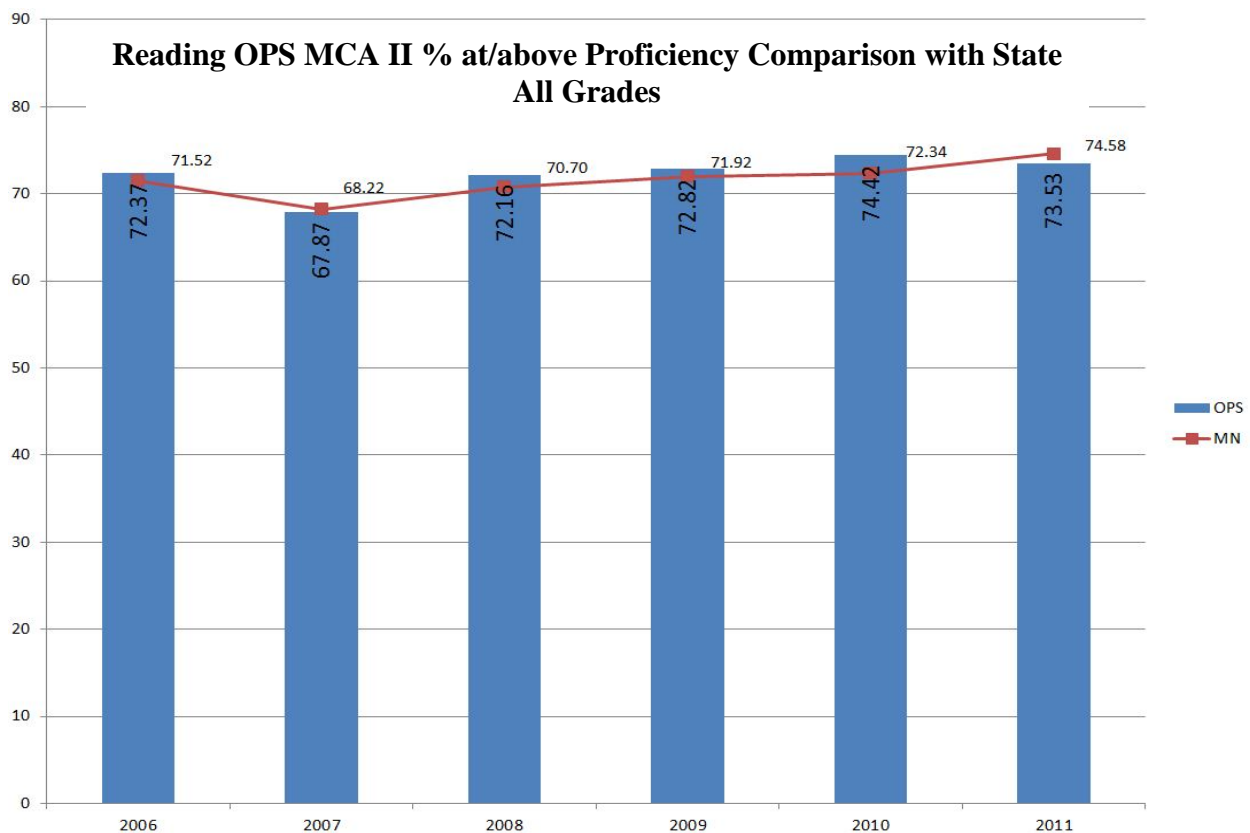


Figure 1

Figure 2 below shows the 2011 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 in all grade levels except for grade 3 and 4, although these two grade level had three and four percent increases when compared with the previous year . Overall, the results are very positive.

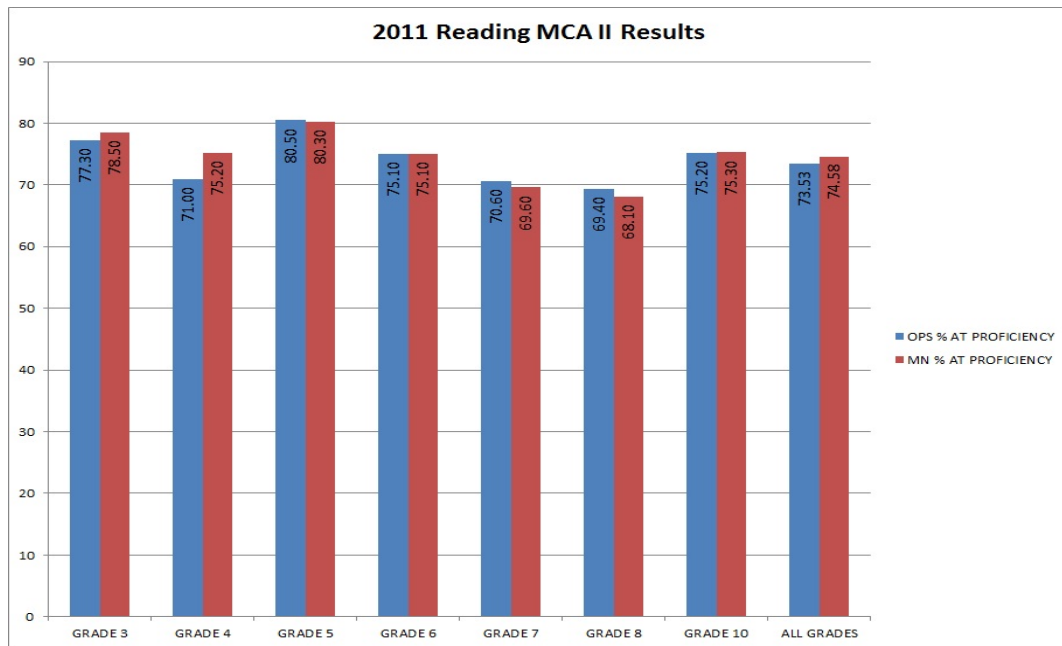


Figure 2

The percent of students performing at proficiency of all grade levels in Owatonna and in the state from 2006 – 2011 are displayed in Figure 3 below. The percent of Owatonna students meeting and exceeding proficiency has been higher than the state for the past five years. The MCA-III was a new assessment introduced in 2011 and reflected updated Academic Standards in math. This resulted in a dip in the percentage meeting and exceeding proficiency at both our local and state level.

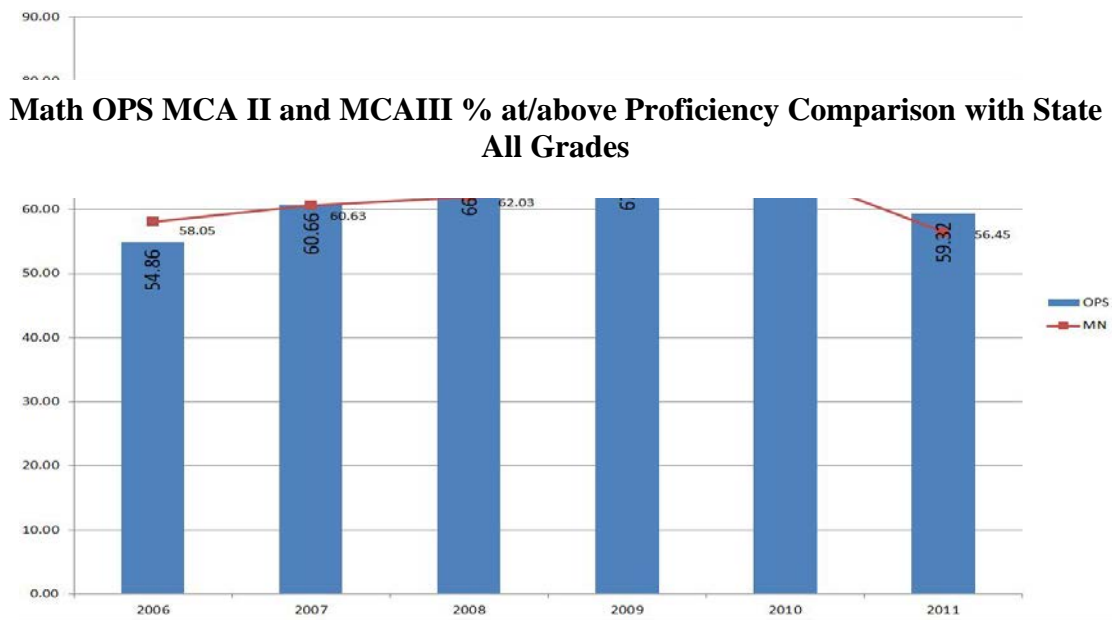


Figure 3

The comparative performance by grade level of the percent of Owatonna students demonstrating proficiency on the MCA-II and MCA-III in math with the state is illustrated in *Figure 4*. The implementation of MCA-III occurred at grades 3 – 8 while the MCA-II continued for grade 11. You can see from these results that the percent of students achieving proficiency was above the state at each of the grade levels, except at grade 4 and 5 with those percentages being extremely close. The high percentage of students meeting and exceeding proficiency at grade 8 is encouraging both because of the more rigorous assessment and due to Algebra being included at this level for the first time.

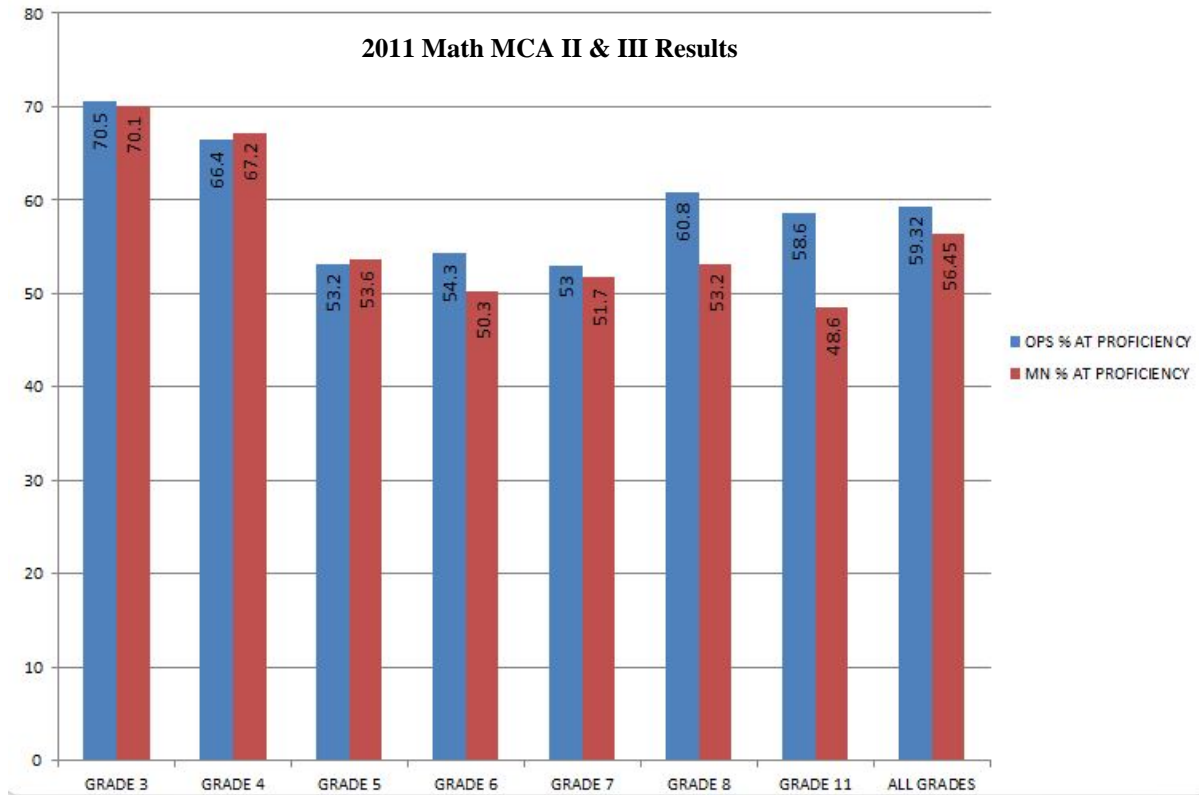


Figure 4

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*, *Figure 8*, and *Figure 9* show our comparative performance to our Big 9 colleagues over a five-year period from 2007 to 2011 in the area of reading. The comparative performance to our Big 9 colleagues during the 2007 to 2011 testing cycles in mathematics is illustrated in *Figure 10*, *Figure 11*, *Figure 12*, *Figure 13*, and *Figure 14*. While we ranked above or even with the state in reading since 2008, we lagged behind Rochester and Mankato on both tests. Owatonna students demonstrate higher proficiency levels than the state in math and are similar in results to Mankato, yet Rochester has experienced higher percentages meeting or exceeding proficiency.

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

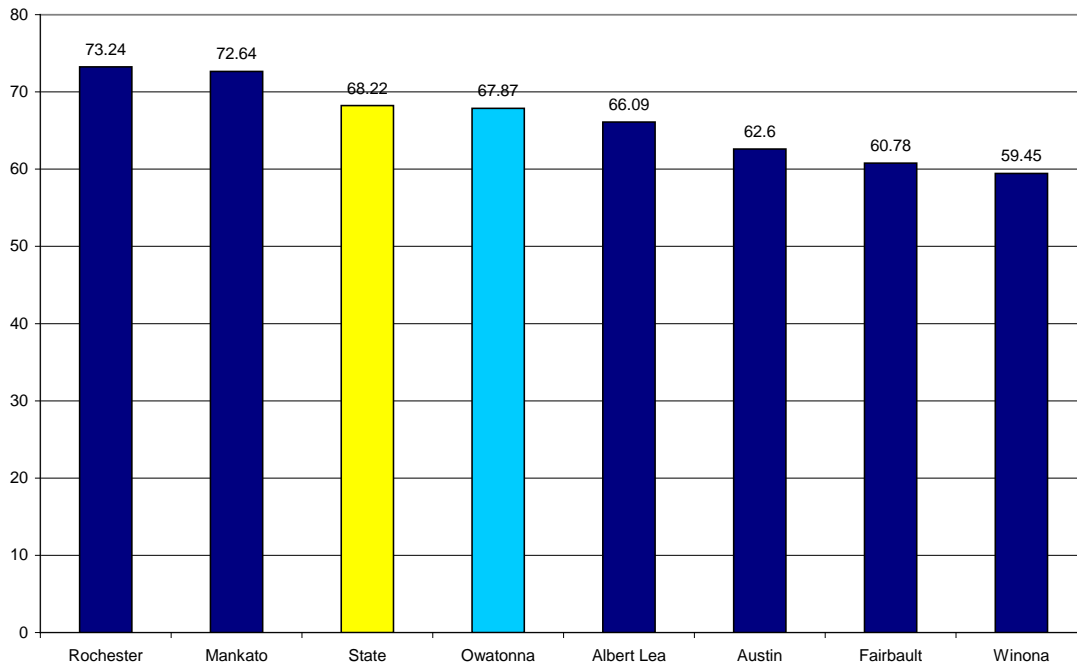


Figure 5

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

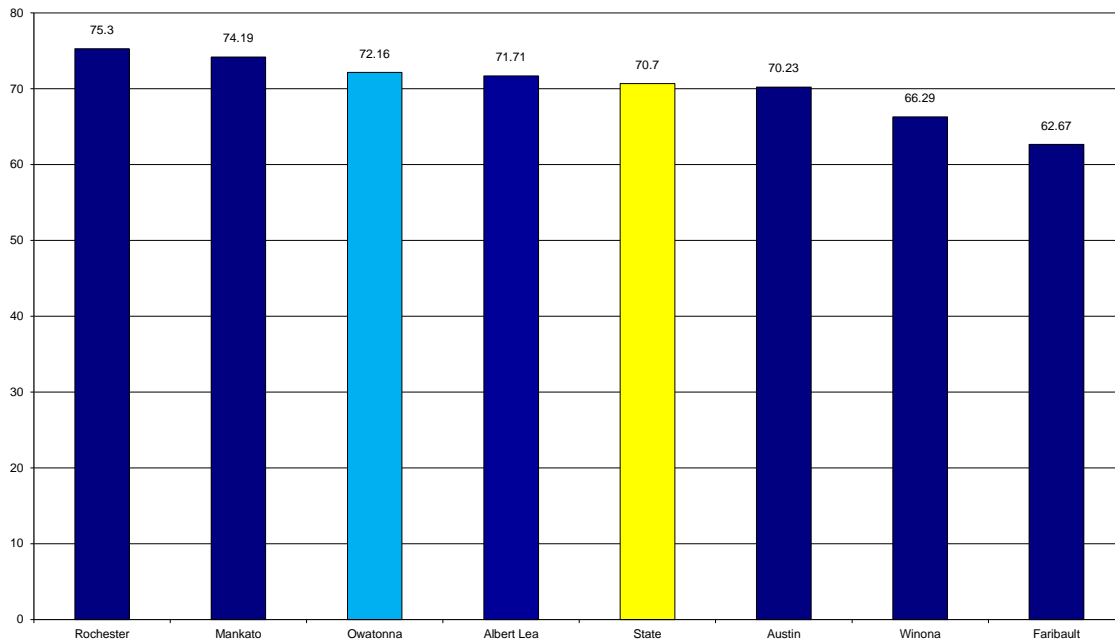


Figure 6

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

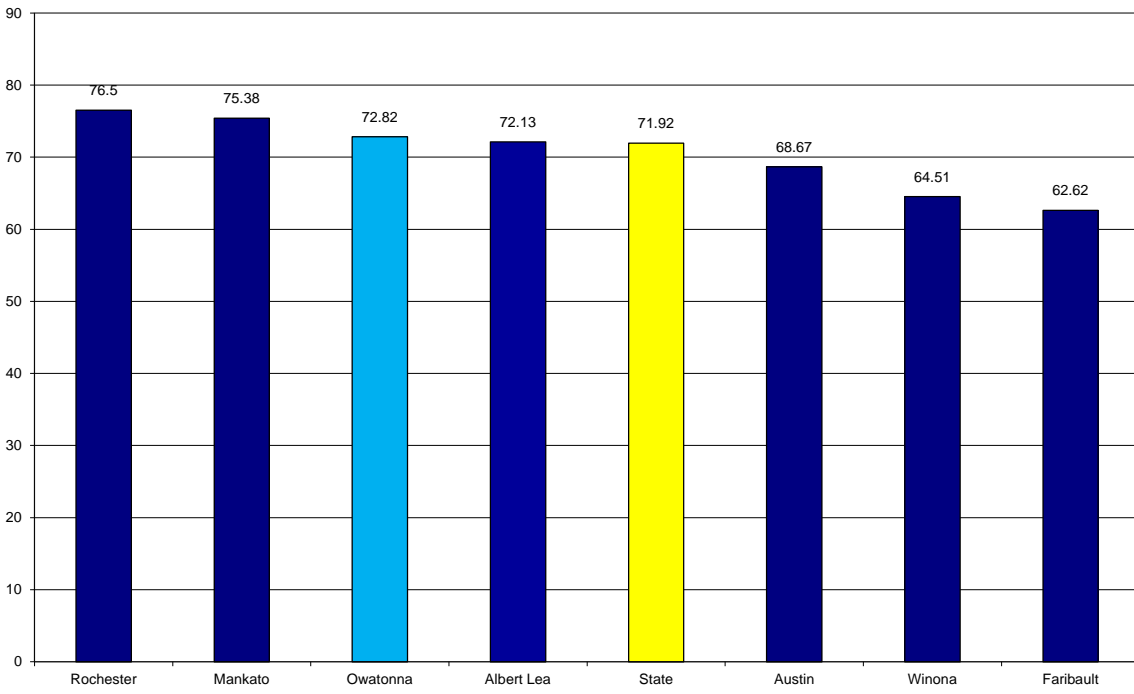


Figure 7

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

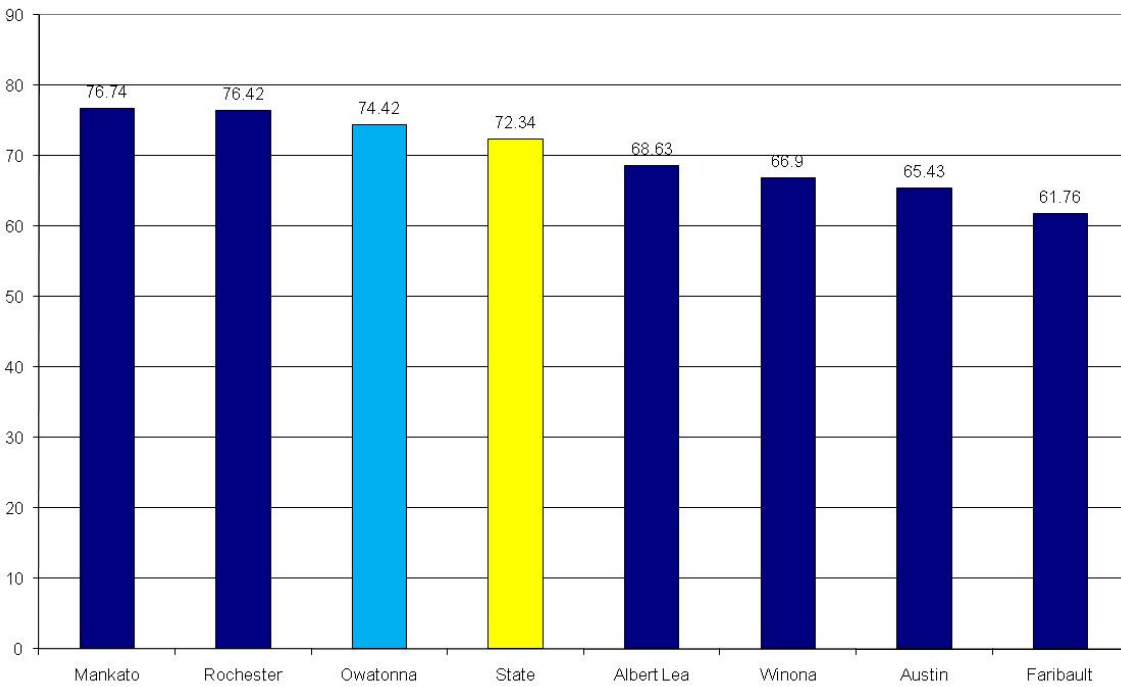


Figure 8

OPS and Big 9 Districts: Overall Performance Percent at Proficiency, 2011 MCA-II Reading

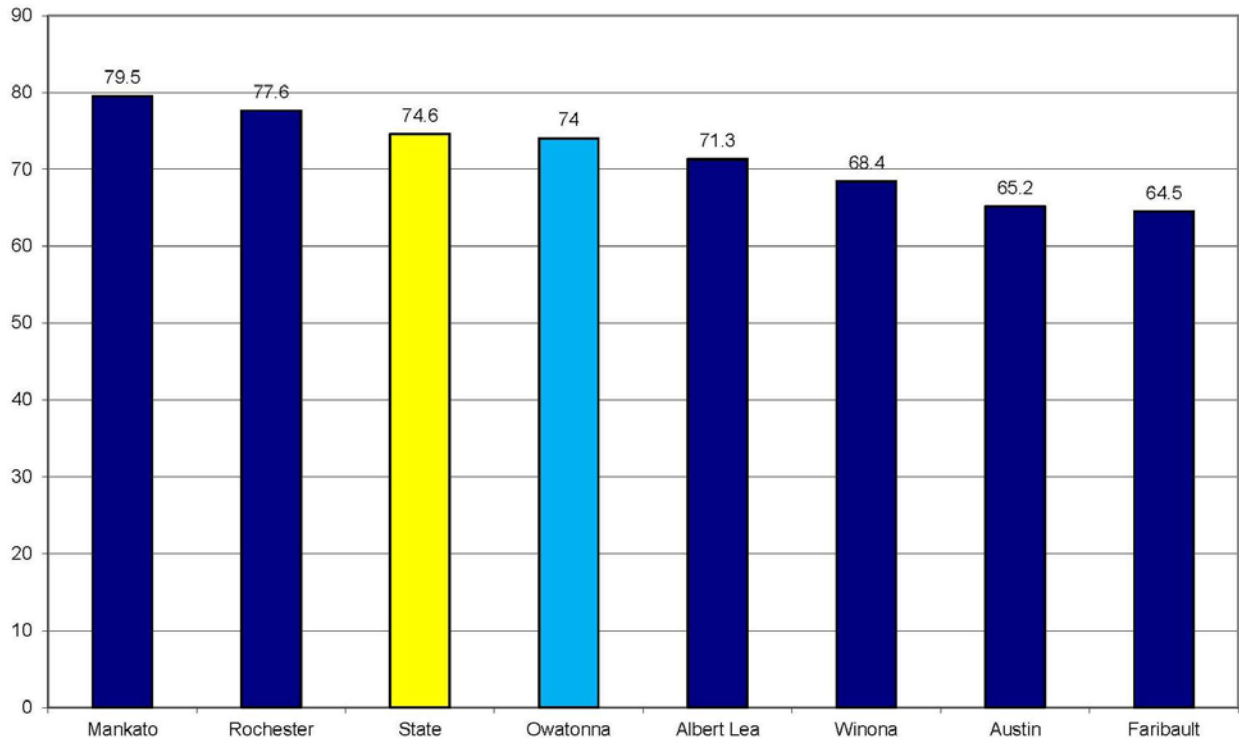


Figure 9

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

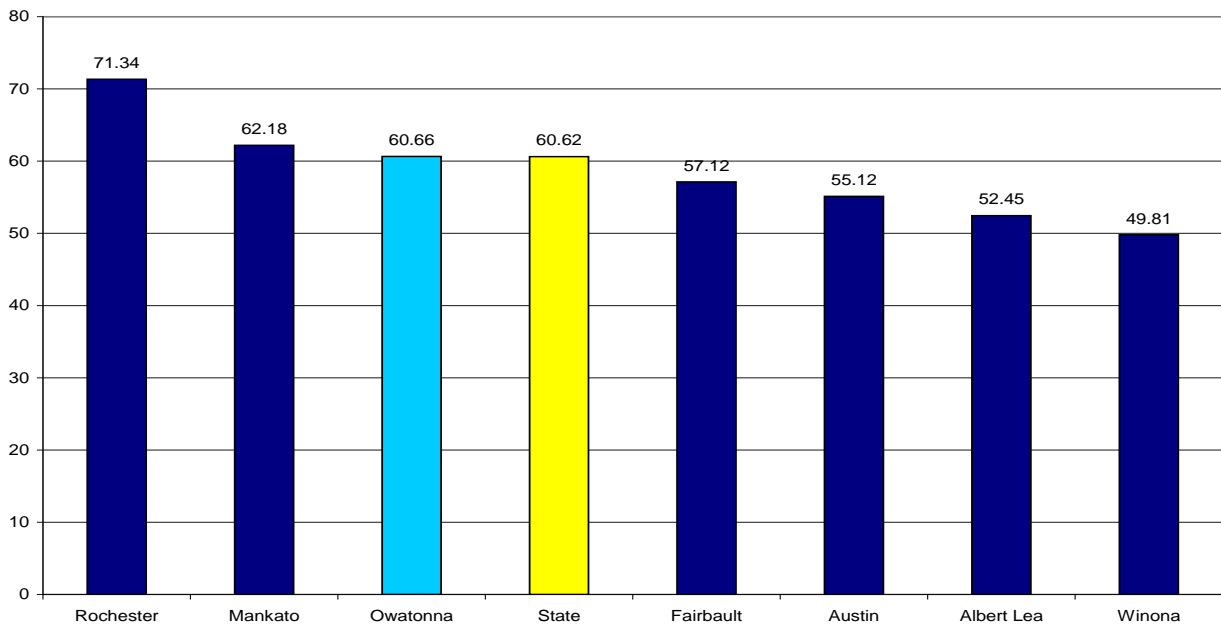


Figure 10

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

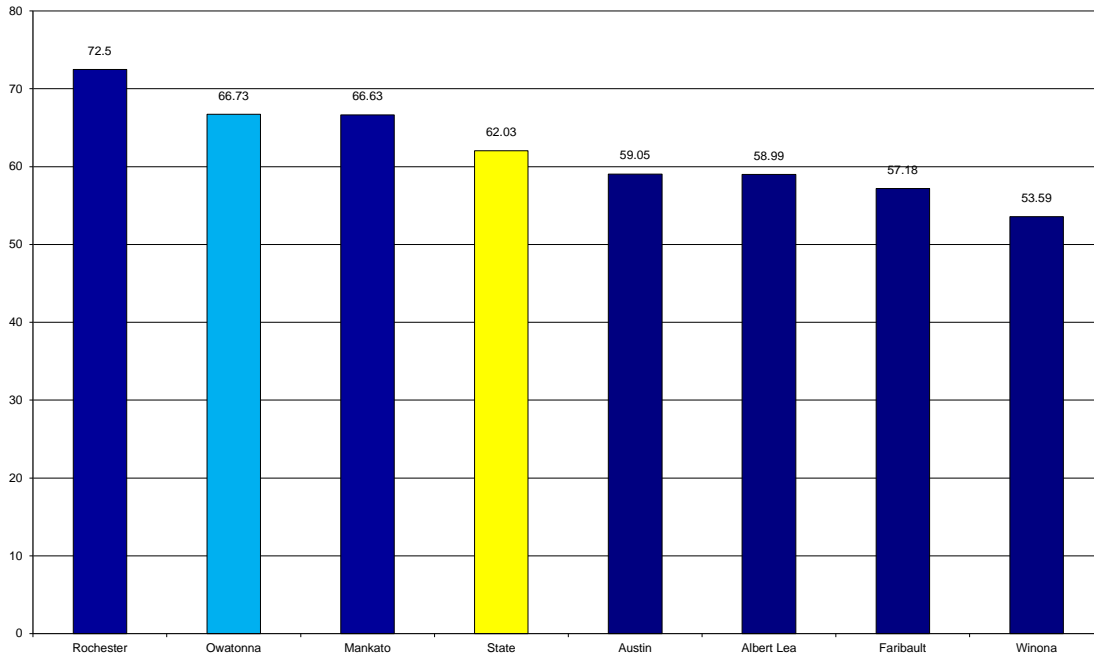


Figure 11

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

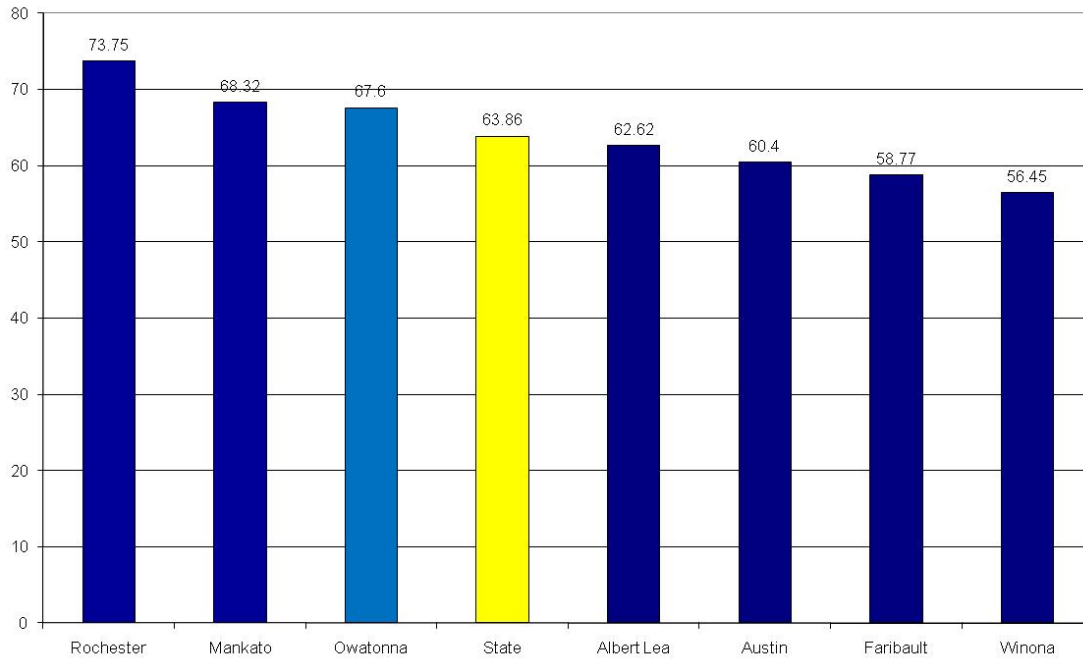


Figure 12

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

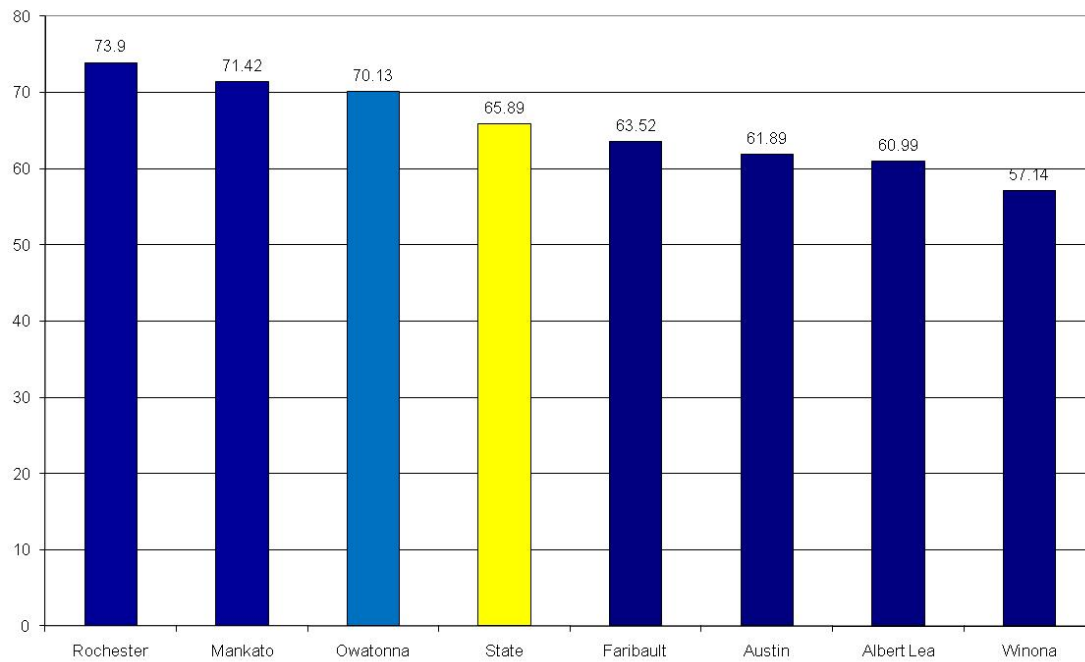


Figure 13

OPS and Big 9 Districts: Overall Performance Percent at Proficiency, 2011 MCA-III & II Math

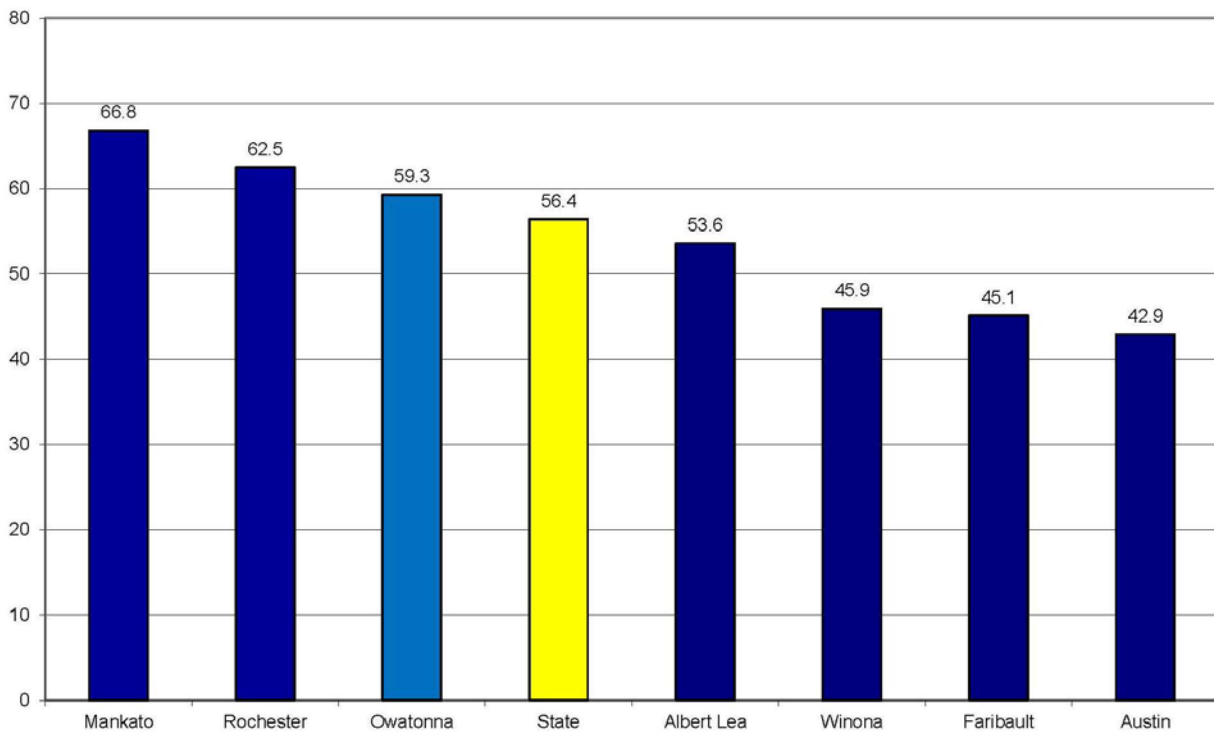


Figure 14

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 2008-2009 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 31%. Demographic data for comparison districts has not been updated on the MDE website yet we know that the percentage of FRLP for Owatonna has increased to 36.5% as of October 1, 2011.

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 2011 testing cycles for reading are displayed in *Figure 14*, *Figure 15*, *Figure 16*, *Figure 17*, and *Figure 18* below. The similar districts and comparative results for the 2007 through 2011 testing cycles for mathematics are displayed in *Figure 19*, *Figure 20*, *Figure 21*, *Figure 22*, and *Figure 23* 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, yet Spring Lake Park was also slightly higher in 2011. Owatonna has remained in the top position in the overall percent of students achieving proficiency in math since 2009.

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

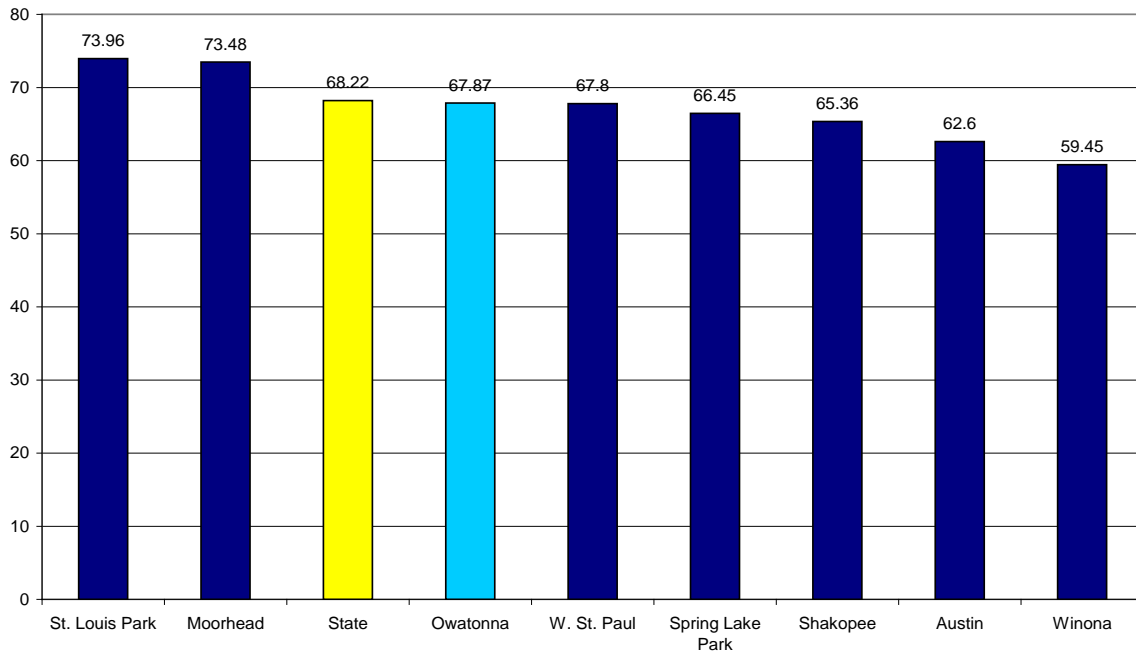


Figure 14

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

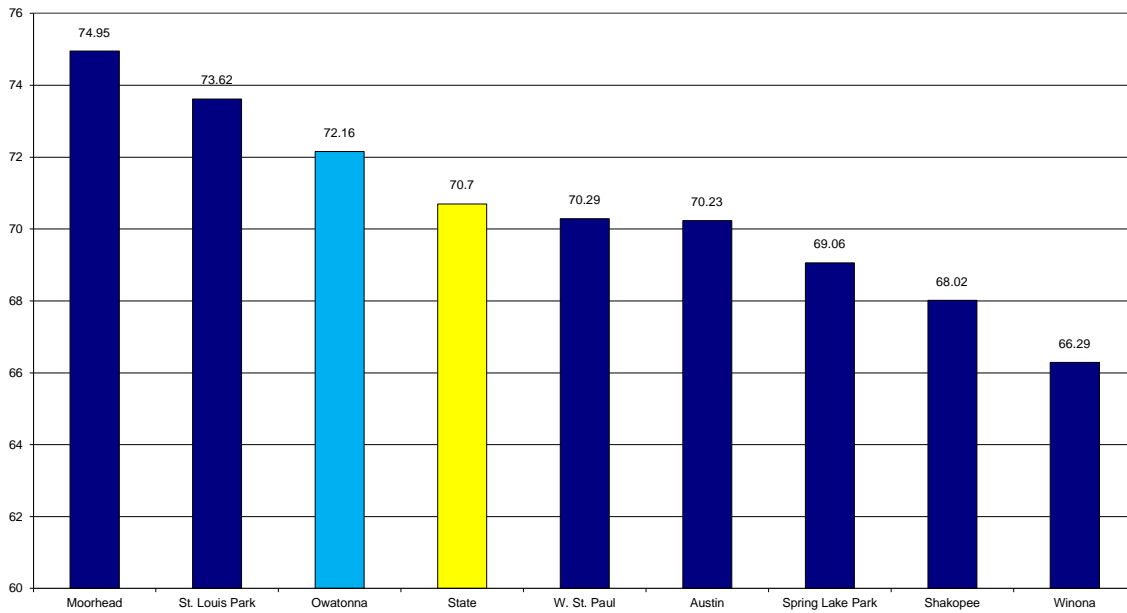


Figure 15

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

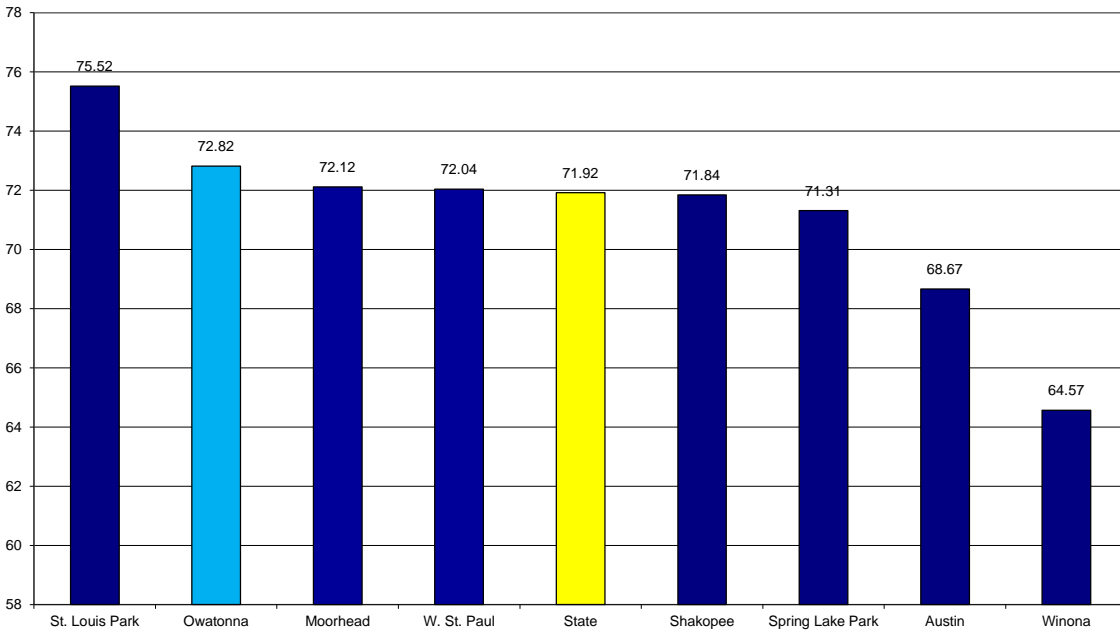


Figure 16

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

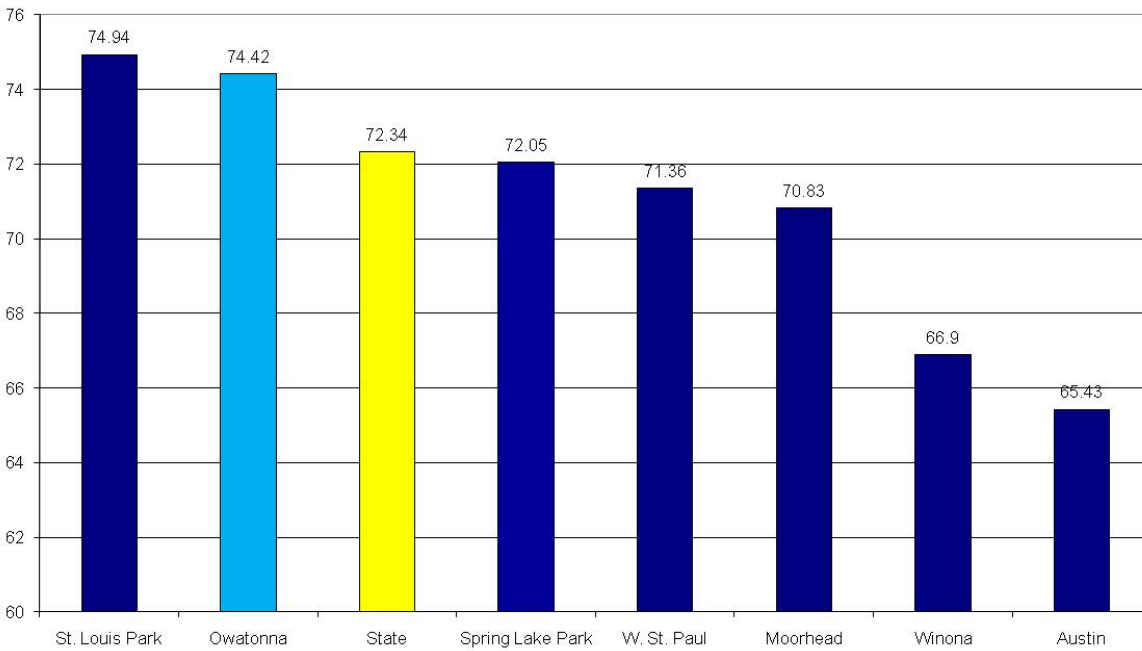


Figure 17

**OPS and Comparison Districts: Overall Performance
Percent at Proficiency, 2011 MCA-II Reading**

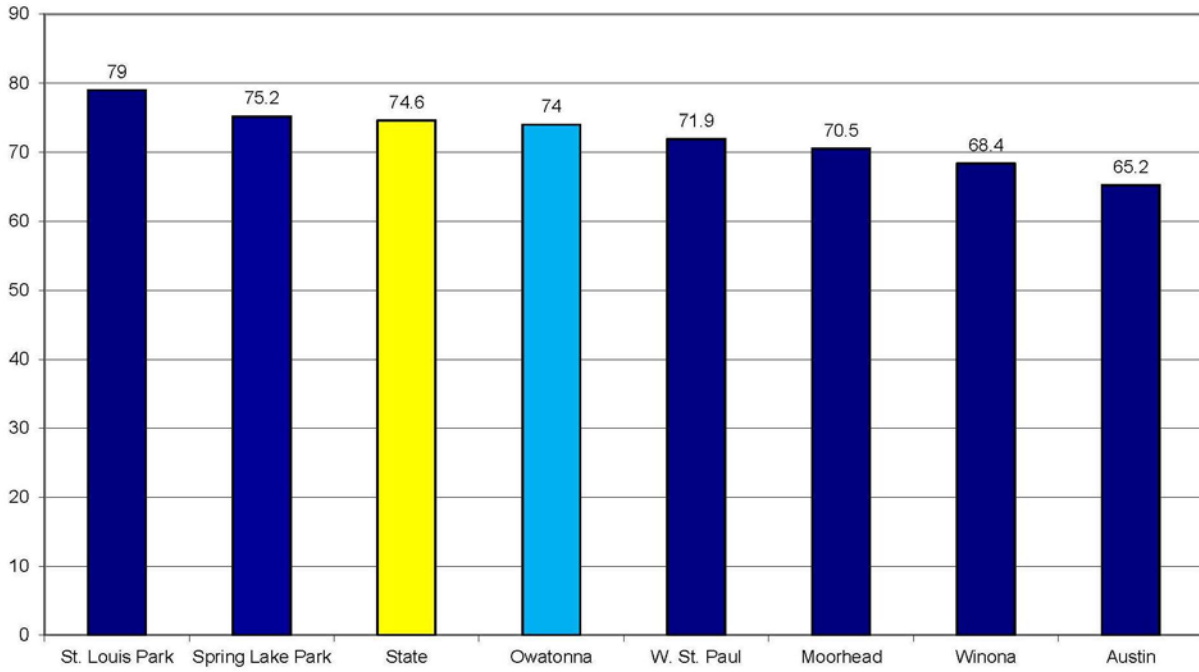


Figure 18

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

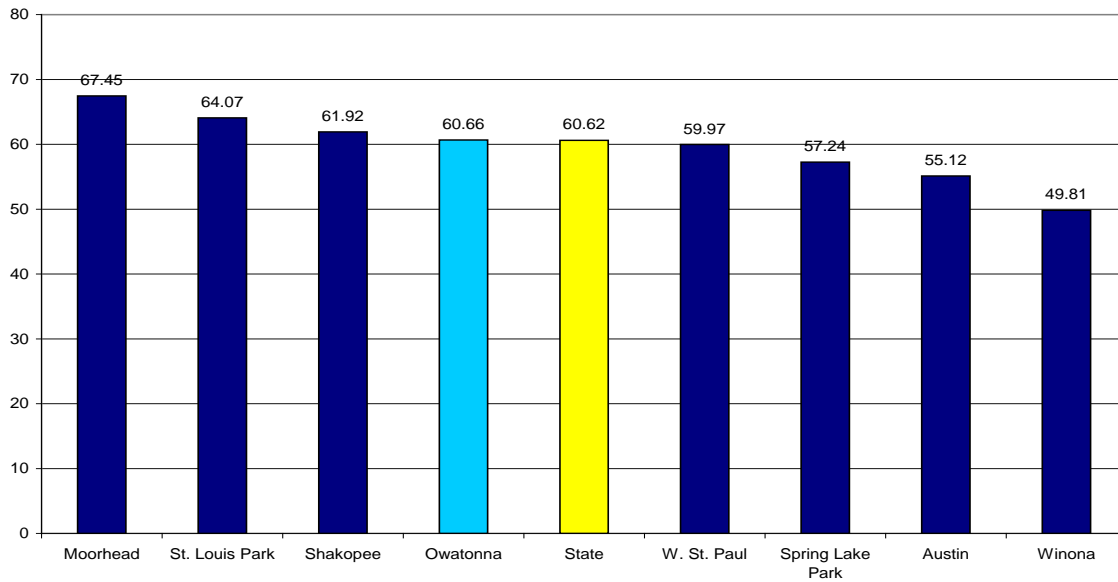


Figure 19

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

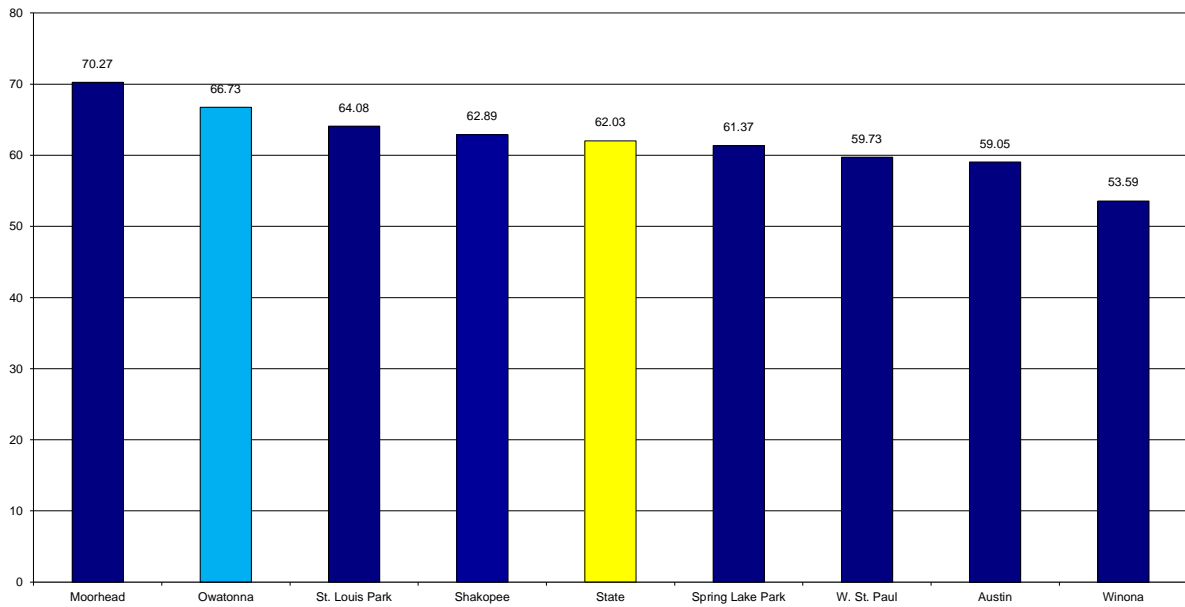


Figure 20

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

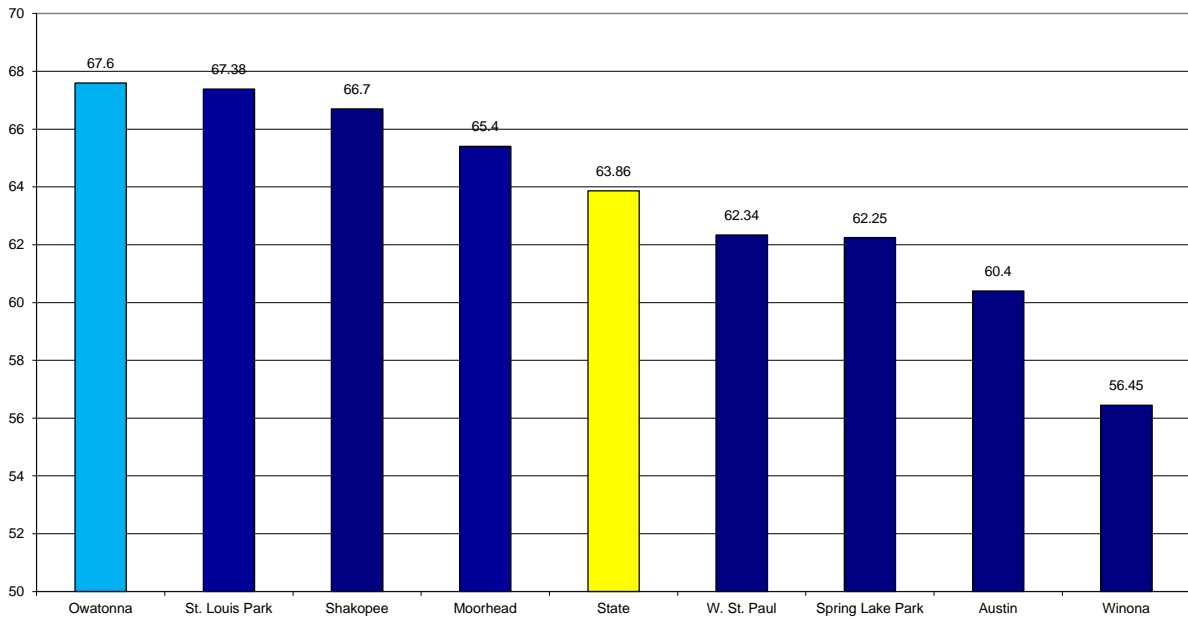


Figure 21

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

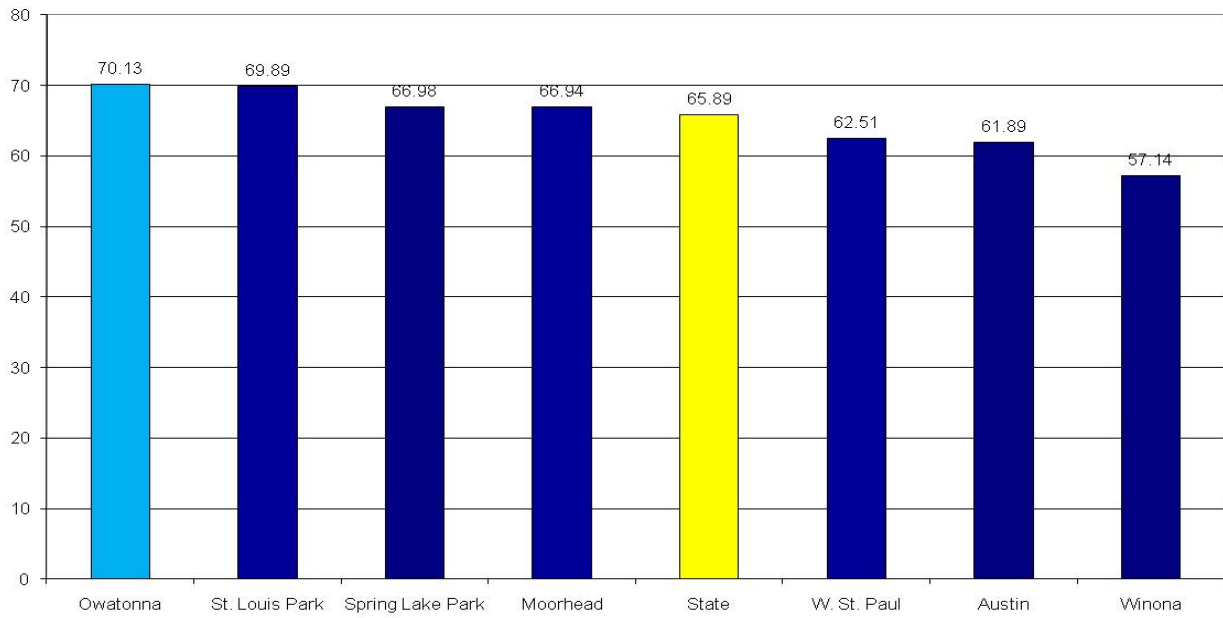


Figure 22

**OPS and Comparison Districts: Overall Performance
Percent at Proficiency, 2011 MCA-III & II Math**

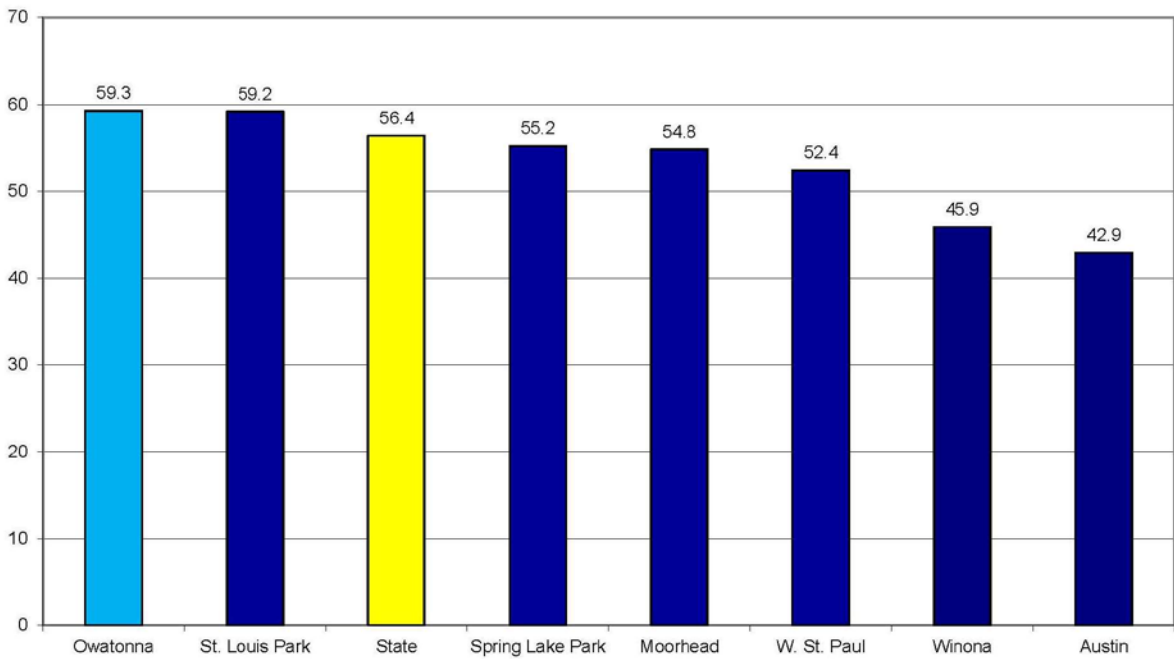


Figure 23

AYP Results

Owatonna Public School District students' results on the 2011 Minnesota Comprehensive Assessments showed improvements from the previous year, as well as having a higher percentage of students meet or exceed proficiency than the State in multiple grade levels. Yet, the District and various schools did not meet the state and federal government adequate yearly progress (AYP) targets in eight of the eighteen proficiency categories. The Owatonna Public School District did meet AYP in all eighteen categories of participation rate.

Determining AYP involves a formula, which varies each year as performance targets grow higher. In order for a school and district to make AYP, students in nine different subgroups (including such categories as Special Education, Free and Reduced price lunch, and ethnicity) must reach a designated proficiency level on math and reading tests. The school must also meet state goals in test participation, attendance and graduation rates.

Reading was a subject that showed improvements for Owatonna Public Schools from last year, both in percentage at/above proficiency in four of the seven grade levels tests and in meeting AYP targets in more categories. Owatonna Public Schools met AYP targets in six categories this year as compared with three in 2010. Three categories show the most challenge in not meeting AYP; all students, Special Education, and Free/Reduced Price Lunch.

With the AYP targets moving higher each year and those targets being set based upon a school or district's previous results along with moving toward the 100% at proficiency by 2014, different schools were cited as not meeting AYP this year as compared with last year. Schools not meeting AYP in reading this year were OHS – Special Education; Lincoln – Special Education; Washington – all students, Special Education, and Free/Reduced Price Lunch; Wilson – Special Education; and ALC – all students. School Districts as a whole can meet or not meet AYP targets based upon all of the students' and schools' results combined. The Owatonna Public School District did not meet AYP in the categories of all students, Special Education, and Free/Reduced Price Lunch, which matches the areas our schools were challenged in.

McKinley Elementary and Willow Creek results increased in the percentage of students meeting or exceeding proficiency in reading to meet AYP targets set for the school in all categories as compared with previous years. Owatonna Junior High School continued to meet AYP targets again this year.

When looking only at the percentage of students meeting or exceeding proficiency, Owatonna Public School District students' reading results showed improvement or held steady as compared with 2010. The highest increase in proficiency percentages were at the third and fourth grade. Third grade is the first year that students take the MCA tests.

As mentioned previously, the state of Minnesota is moving from a strictly proficiency level accountability system to one that also includes growth, achievement gap reduction, and graduation rate. This system is called Multiple Measurement Rating (MMR) and 2011 results serve as a starting baseline. The overarching goal of MDE is to reduce the achievement gap by 50% within six year. Schools gain points in each area; proficiency, growth, achievement gap reduction, and graduation rate and these points are translated into an overall percentage. Based upon the Initial MMR percentage, Title I schools are designated at Priority Schools (lowest 5% in the state), Focus Schools (next lowest 10% in state), or Reward Schools (top 15% in state). Figure 24 shows the Initial MMR percentages for schools within the Owatonna Public School District along with an indication that our schools were like 70% of the overall Title I schools in the state who were not in any of those designations.

District Name	School Name	Title I School	SIG School	Overall Rating	Achievement Gap Rating	MMR Designation
OWATONNA PUBLIC SCHOOL DISTRICT	OWATONNA SENIOR HIGH	N	N	88.67%	79.57%	
OWATONNA PUBLIC SCHOOL DISTRICT	OWATONNA JUNIOR HIGH	N	N	56.56%	58.54%	
OWATONNA PUBLIC SCHOOL DISTRICT	ACTIONS SCHOOL	N	N			
OWATONNA PUBLIC SCHOOL DISTRICT	OWATONNA SUMMER SCHOOL 9-12	N	N			
OWATONNA PUBLIC SCHOOL DISTRICT	OWATONNA ALC 6-8	N	N	87.10%	89.29%	
OWATONNA PUBLIC SCHOOL DISTRICT	OWATONNA ALC 9-12	N	N			
OWATONNA PUBLIC SCHOOL DISTRICT	OWATONNA SUMMER SCHOOL 7-8	N	N			
OWATONNA PUBLIC SCHOOL DISTRICT	LINCOLN ELEMENTARY	N	N	70.74%	73.78%	
OWATONNA PUBLIC SCHOOL DISTRICT	MCKINLEY ELEMENTARY	Y	N	39.30%	43.86%	
OWATONNA PUBLIC SCHOOL DISTRICT	WASHINGTON ELEMENTARY	Y	N	42.44%	50.11%	
OWATONNA PUBLIC SCHOOL DISTRICT	WILSON ELEMENTARY	Y	N	42.88%	58.57%	
OWATONNA PUBLIC SCHOOL DISTRICT	WILLOW CREEK INTR. ELEMENTARY	Y	N	44.13%	50.18%	

Approach

While the overall results from the 2011 state assessments were encouraging, our District continues to strive for improvements. With this in mind our schools and District worked on improving student learning through initiatives in curriculum, instruction, assessment and school climate.

As a part of being identified as a District not meeting AYP, the District was required by the state to submit a plan focused on improving student achievement. In addition to the district plan, Wilson Elementary, McKinley Elementary and Willow Creek Intermediate were required to develop and submit building level AYP plans to the Minnesota Department of Education for approval. As a part of these plans, district wide goals were developed, communicated with stakeholders and implemented throughout the year.

The District mission and strategic roadmap were also used as a guide to address needs in all core curricular areas. The following key initiatives were implemented at the district and/or site level.

- Revised the District Student Achievement Curricular Review Process and schedule
- Developed and communicated Big Rocks for Curriculum and Instruction including a focus graphic
- Developed District Literacy Plan to meet Read Well by 3rd Grade state legislative requirements
- Implemented K-12 district curricular review committees for language arts, social studies and world languages
- Implemented K-12 district curricular work teams for math, science and elementary music
- Began development of Enduring Understandings for language arts, math, and science
- Developed K-6 reading curriculum maps aligned to research based best practices and balanced literacy instructional approach including literacy block framework and guidelines
- Implemented guided reading and professional development resources to support instructional approach

- Embedded new English Language Arts (ELA) standards into 7-12 language arts courses and 7-12 social studies, science and other technical area courses
- Adapted courses, revised curriculum maps, identified instructional strategies, updated resources and infused technology into world language courses
- Reviewed best practices and prepared for implementation of new social studies standards
- Updated district common assessments in math to reflect rigor of MCAIII assessments in grades 3-6
- Professional development for all K-6 teachers of math in math fact acquisition strategies
- Mapped and embedded science standards K-12
- Conducted curriculum resource adoption process for K-6 science
- Continued curriculum mapping for K-6 classroom music
- Established elementary gifted and talented clustering process
- Provided professional development K-12 in formative assessment
- Provided professional development in the 7 Habits of Highly Effective People and implemented a leadership foundation in K-8
- Provided professional development K-8 to support planning and implementation of inquiry based instruction
- Created and communicated common systems for data analysis of MCA and NWEA results
- Integrated technology into instruction through learning management systems within small group instruction and Hybrid courses

Adequate Yearly Progress

Even though the Federal Waiver was approved in February, 2012 and has changed the accountability system in the state of Minnesota; NCLB Adequate Yearly Progress was still in place in full form for the start of the 2011-2012 school year. AYP reports will continue to be reported moving forward but the sanctions associated with needs improvement have been removed.

Reading that showed improvements for Owatonna Public Schools from last year, both in percentage at/above proficiency in four of the seven grade levels tests and in meeting AYP targets in more categories. Owatonna Public Schools met AYP targets in six categories this year as compared with three in 2010. Three categories show the most challenge in not meeting AYP; all students, Special Education, and Free/Reduced Price Lunch.

With the AYP targets moving higher each year and those targets being set based upon a school or district's previous results along with moving toward the 100% at proficiency by 2014, different schools were cited as not meeting AYP in 2011 as compared with 2010. Schools not meeting AYP in reading this year were OHS – Special Education; Lincoln – Special Education; Washington – all students, Special Education, and Free/Reduced Price Lunch; Wilson – Special Education; and ALC – all students. School Districts as a whole can meet or not meet AYP targets based upon all of the students' and schools' results combined. The Owatonna Public School District did not meet AYP in the categories of all students, Special Education, and Free/Reduced Price Lunch, which matches the areas our schools were challenged in.

McKinley Elementary and Willow Creek results increased in the percentage of students meeting or exceeding proficiency in reading to meet AYP targets set for the school in all categories as compared with previous years. Owatonna Junior High School continued to meet AYP targets again this year.

The percentage of students meeting or exceeding proficiency in the 2011 math tests for grades 3 – 8 showed a drop both in Owatonna Public Schools and throughout the state of Minnesota. These were the grade levels that were the first to take the MCA III assessment in math with revised standards and higher levels of difficulty and students needing to demonstrate an application of their learning rather than one step answers.

With this drop in proficiency percentage, there was an increase in the number of categories that the Owatonna Public Schools did not meet AYP targets. The District and schools met AYP in

four of the nine categories as compared with seven of the nine in 2010. Categories and schools that did not meet AYP in math were; All students – ALC, Hispanic – District and OJHS, Black – District and McKinley, Limited English Proficiency – District, McKinley and Wilson, and Special Education – District and OJHS. This was the first year the state did not provide an accommodated math test for students with Limited English Proficiency needs.

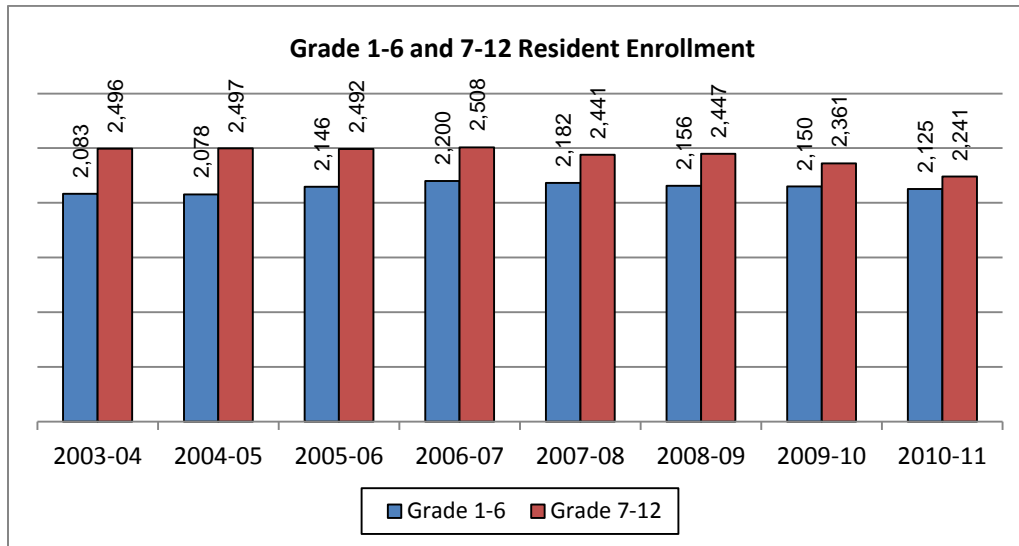
CHAPTER ELEVEN - DISTRICT BENCHMARKS

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.

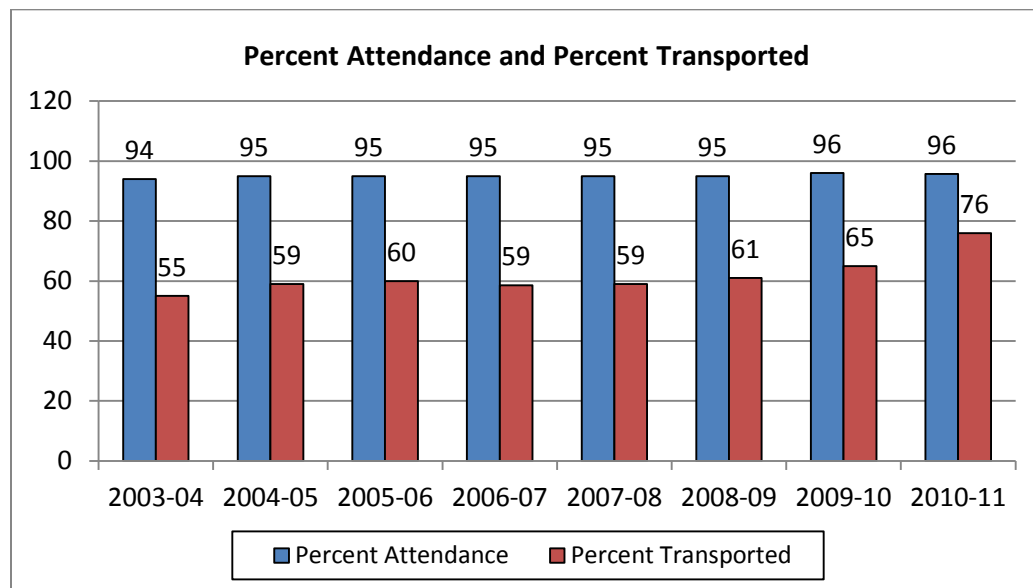
Working to Improve-

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.

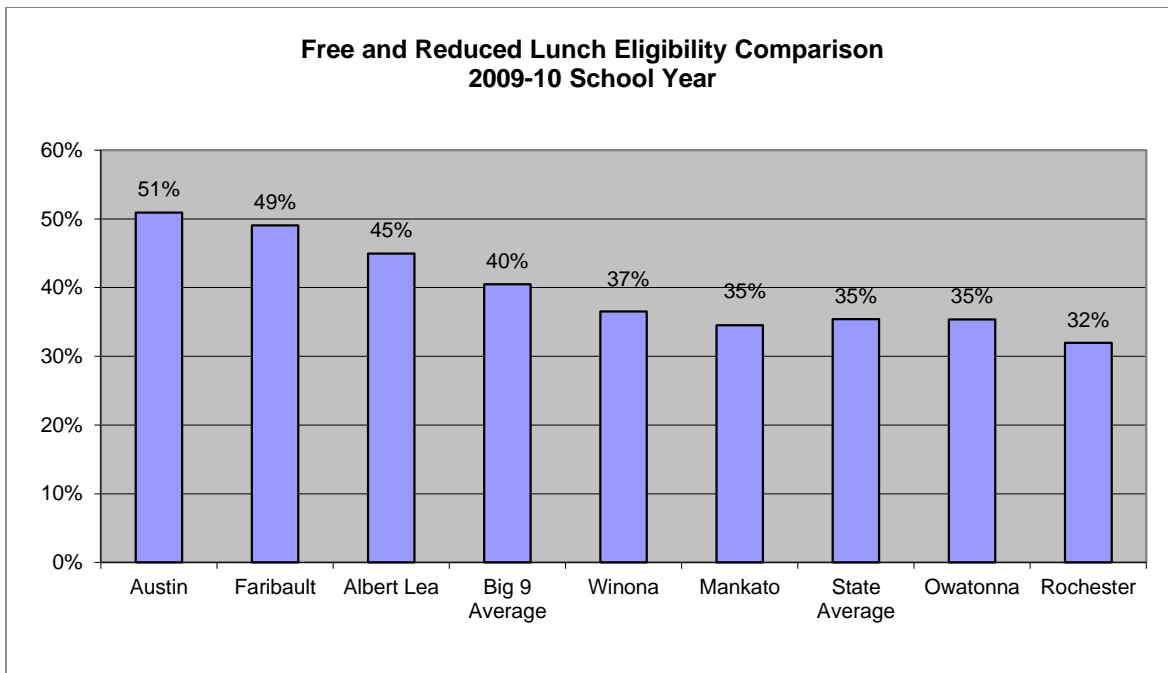
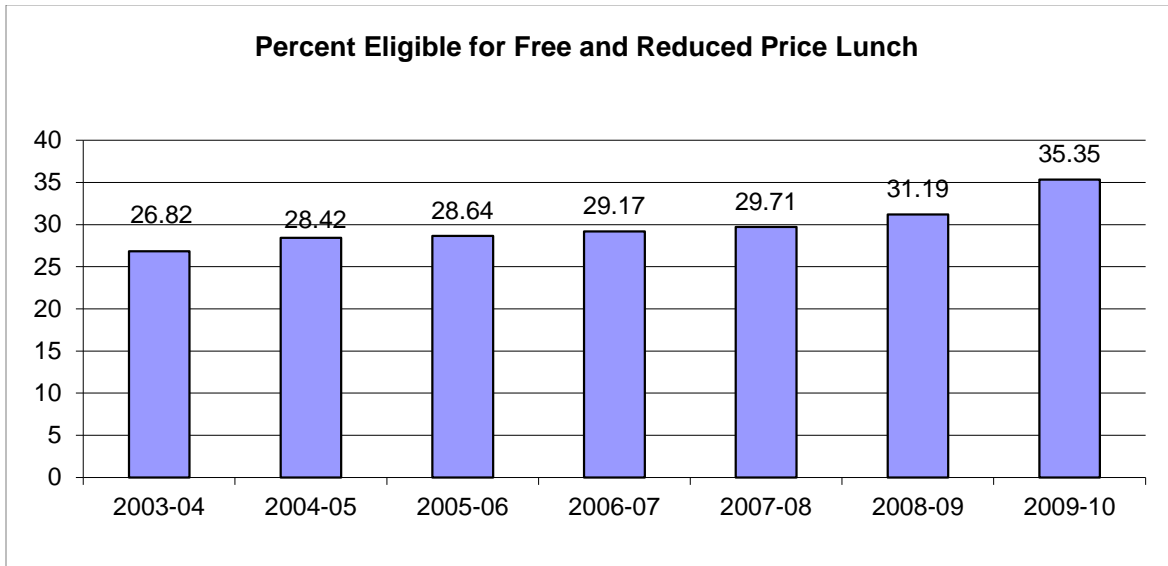
The graph below suggests that there is a difference between those students who reside in Owatonna and those who attend the Owatonna Public Schools. Certainly a large share of that disparity can be attributed to the existence of private schools and other educational alternatives such as home schooling.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

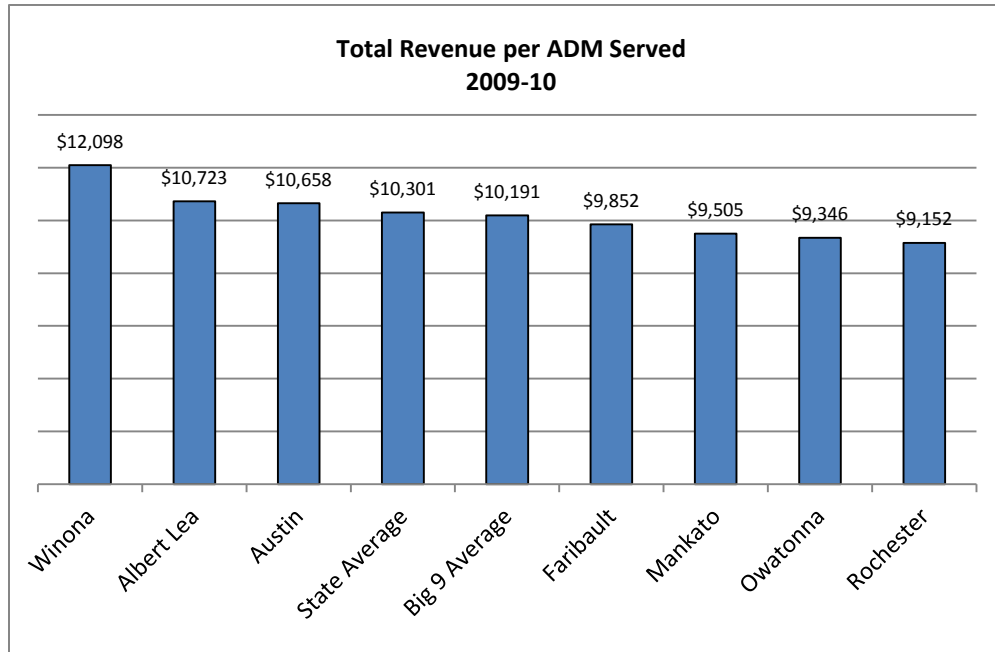


The graphs on this page illustrate the trend in the number of students attending the Owatonna Public Schools and eligible for free and/or reduced lunch and how Owatonna compares with the other Big 9 schools.

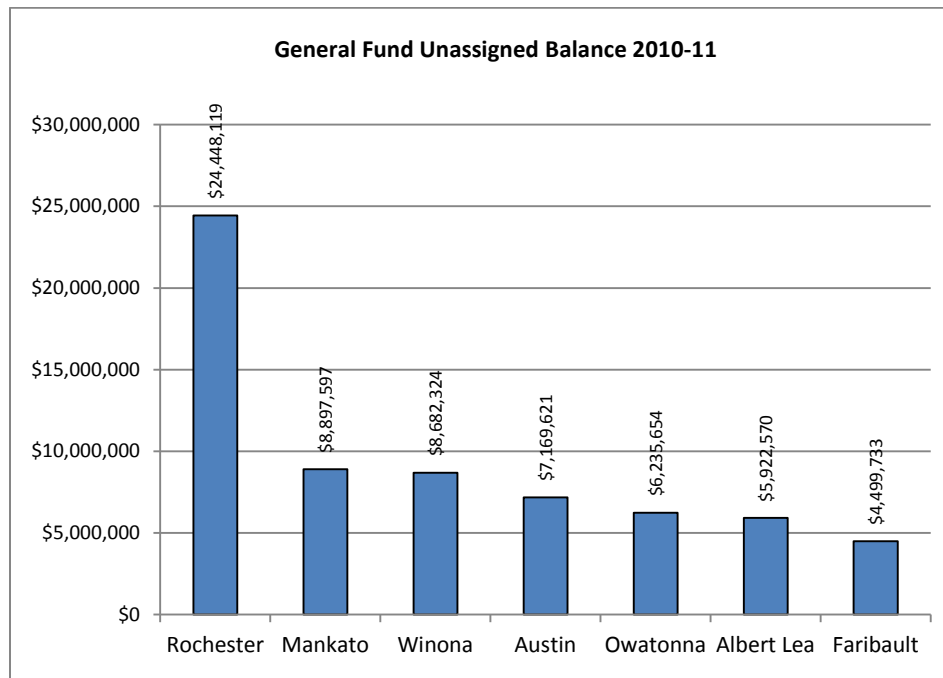


From the graph below, it can be shown that the revenue generated through state and federal aid, along with the local referendum, is relatively low when compared to other school districts in the Big 9. Winona's high ranking is because of their operating levy, which is \$1,550 per pupil as compared to Owatonna's \$691 per pupil.

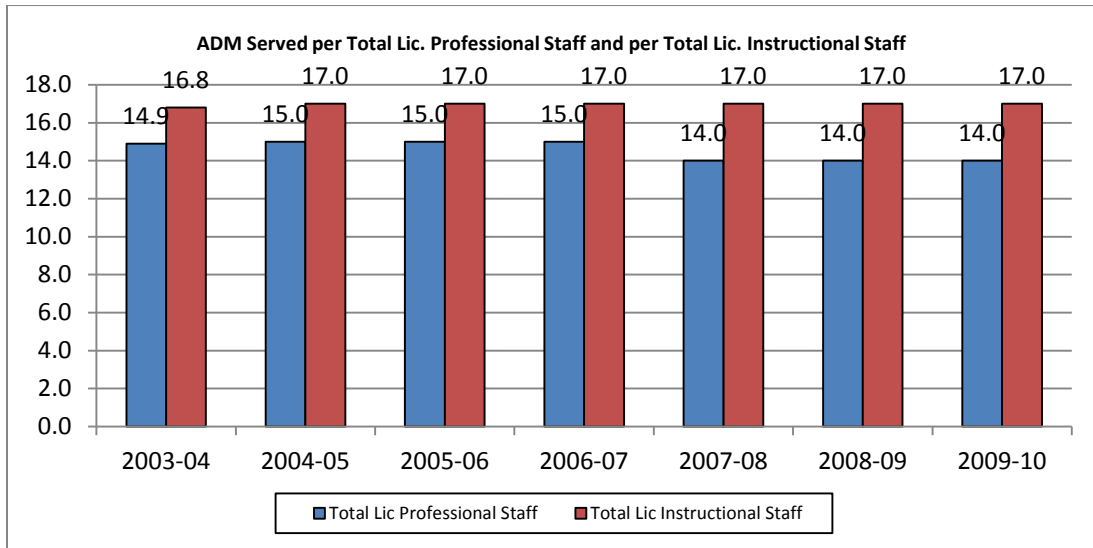
Historically, Owatonna's relatively lower revenue per ADM is also a result of lower compensatory aid, as well as special education funding.



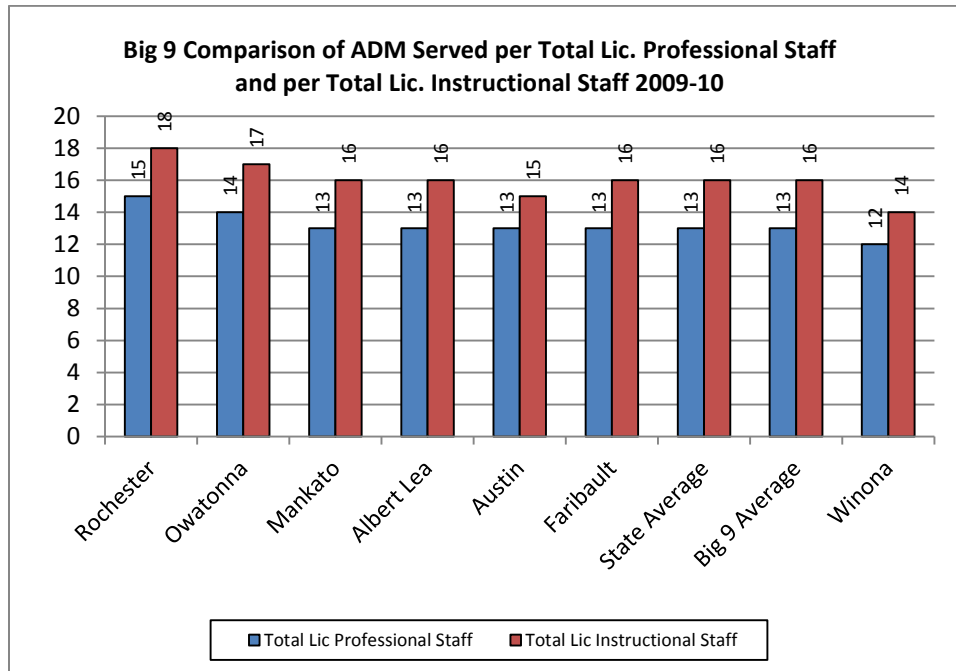
The size of our 'unassigned' fund balance, when compared to other Big 9 schools is comparable.



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



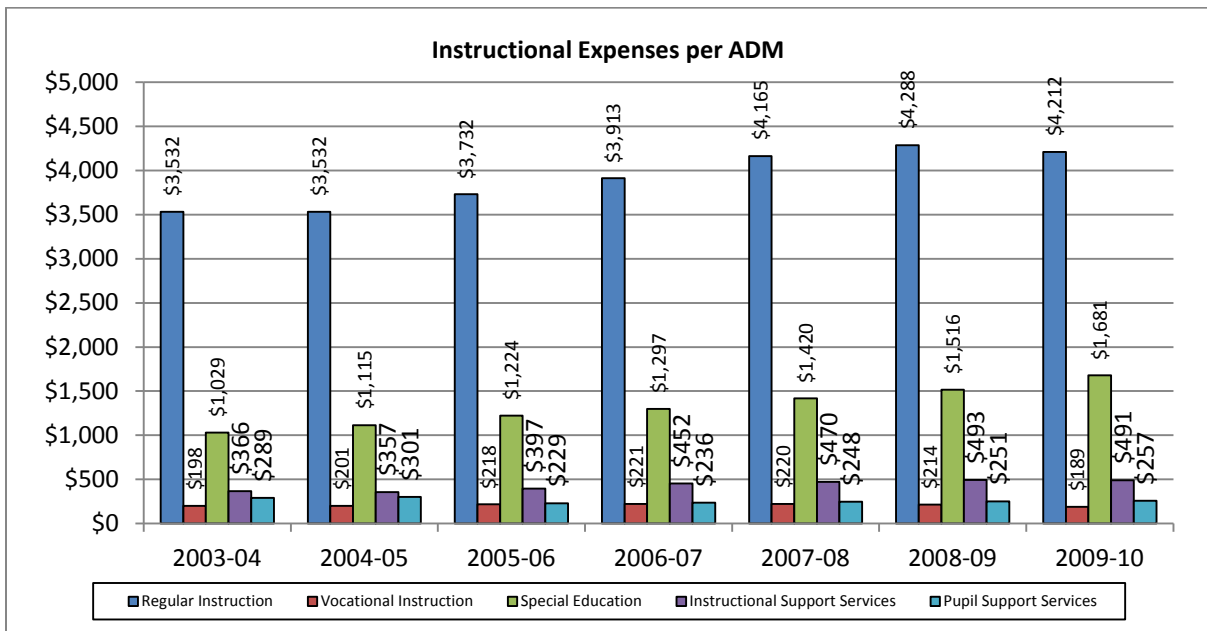
The graph suggests that little real change has occurred over the past several years, although fewer students were served (14) in FY 08, as compared to 15 students in recent years past. The graph below is a comparison of Big 9 schools.



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

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

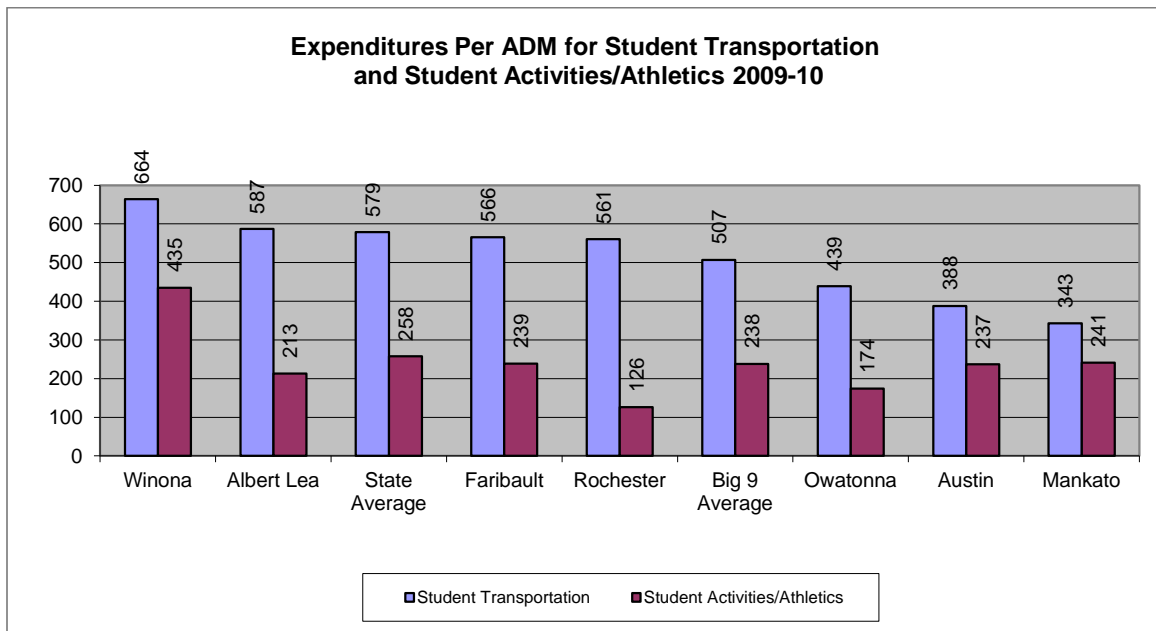
Below, it can be seen that over the past several years there has been little or no change in the relationship between budget allocations to various instructional areas. Although, regular instruction has increased on average 3.2 percent per year. Special education has increased by 10.6 percent per year.



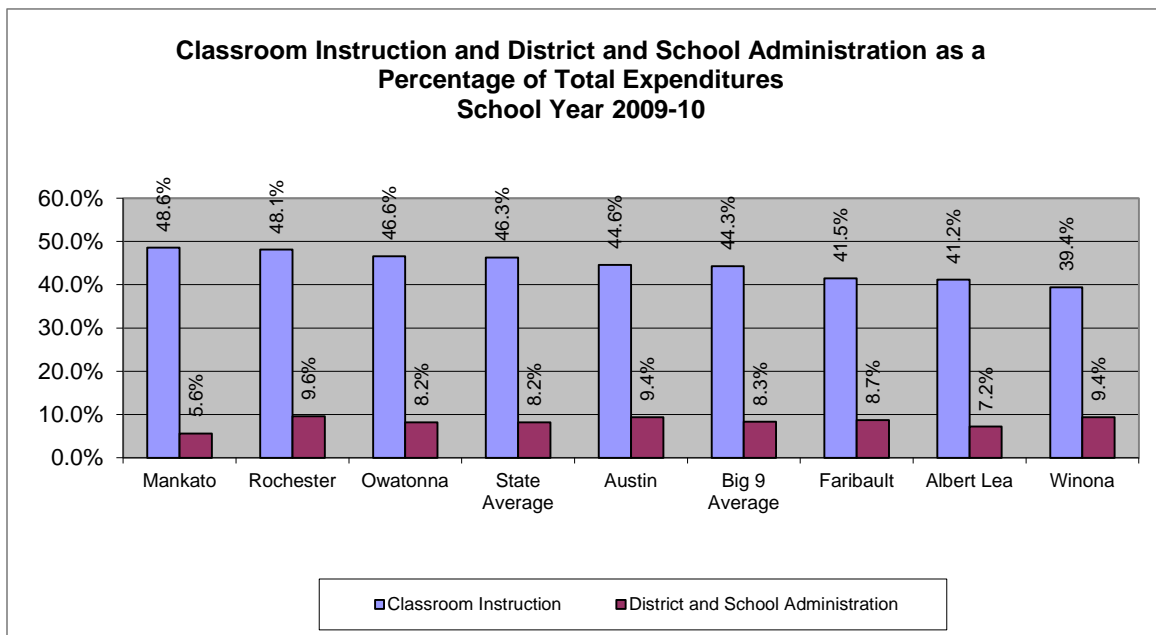
Critical data such as this is important to maintain as decisions are made related to budget development. The information provided suggests that no dramatic shifts in program have taken place in the District over the last six years. It also indicates that the current level of allocation across various 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.

2009-10	Total PPU	District & School Administration	Student Instruction (Includes Sp. Ed.)	Special Education	Regular / Technical Instruction
Mankato	10,567	591	7,428	2,286	5,142
Albert Lea	10,195	736	6,669	2,468	4,201
Austin	10,184	957	6,407	1,873	4,534
Rochester	9,179	883	5,823	1,406	4,417
Faribault	9,548	834	6,028	2,063	3,965
Owatonna	9,453	773	6,082	1,681	4,401
Winona	11,208	1,061	6,790	2,382	4,408
Big 9 Average	10,048	834	6,461	2,023	4,438
State Average	10,251	842	6,562	1,811	4,751

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 at or below average, as compared to state and Big 9 counterparts. In classroom instruction we rank above state average and 3rd highest in the Big 9 and well above the Big 9 average on classroom instruction.



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

