



*Owatonna Public Schools will inspire all learners to excel
in a dynamic society by creating a world class education
within an innovative learning community.*

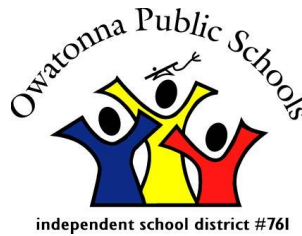
2013-14 PRELIMINARY BUDGET

**PRESENTED TO THE
BOARD OF EDUCATION**

JUNE 11, 2013

Table of Contents

Letter of Introduction.....	2
Definitions.....	3
Finance Terms.....	4
Chapter One: District Overview	7
• Demographics	
• Enrollment	
Chapter Two: Budget Overview.....	12
Chapter Three: Elementary School Report.....	23
• Lincoln	
• McKinley	
• Washington	
• Wilson	
Chapter Four: Intermediate School Report.....	38
• Willow Creek	
• Owatonna Junior High School	
Chapter Five: Secondary School Report	45
• Owatonna Senior High School	
• Owatonna Alternative Learning Center	
Chapter Six: Activities Program Report	55
Chapter Seven: Special Services and Special Education Report.....	63
Chapter Eight: Food & Nutrition and Community Education Report	71
Chapter Nine: Capital Budget Overview	81
Chapter Ten: Strategic Plan and Student Achievement	84
Chapter Eleven: District Benchmarks	111



Peter Grant
Superintendent of Schools

To: Members of the School Board
From: Peter Grant, Superintendent
Re: Preliminary Budget for the 2013-2014 School Year
Date: June 2013

Contained within this report entitled, "Preliminary Budget for the 2013-14 School Year" is a comprehensive analysis of our budget and related activities of our school District for the past school year. This report of our finances and the many activities that have taken place at our various school sites is intended to provide you a broad overview of how our resources have been utilized this past year, as well as lay the foundation for the development of the budget for the 2013-14 school year. By law, you are required to pass a preliminary budget prior to July 1 in any given year. As a practice, we subsequently request you pass a final budget in the late fall; following the completion of the audit. We will ask you to pass a revised final budget within the January-February timeframe.

The Preliminary Budget is shown in this document. We are requesting your approval of this budget for the coming year. It is anticipated this will be a balanced budget providing no unexpected expenditures occur. This will be the first year in four successive years in which a balanced budget will be presented to the Board for approval. As noted in 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.

I would like to thank Tom Sager, Amanda Heilman, Stephanie Danielson and Sarah Hoffman 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

ALC	Area Learning Center
ARRA	American Recovery and Investment Act
AYP	Adequate Yearly Progress
COMPASS	Continuous Opportunities for Modeling Professionalism and Academic Strategies in Schools
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
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.

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 Coca-Cola contract.

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

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

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

CHAPTER ONE - DISTRICT OVERVIEW

The Owatonna School District is one of the five (5) largest employers in Owatonna. We employ approximately 650 people and maintain a total budget in excess of \$55,000,000. Our student enrollment in our PreK-12 programs is approximately 4860. 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 (81%), Hispanic (10%), Black (7%), Asian (1%), and American Indian (<1%) students. Statewide averages in these categories are 74 %, 10%, 7%, 7%, and 2% respectively. Approximately 39% 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/middle schools: Willow Creek, Owatonna Junior High, and one (1) of two (2) high 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 4854 over the past four years. The table below shows the enrollment by grade over this period of time.

	3/1/2010			2/28/2011			2/27/2012			2/25/2013	
	Average Enrollment	09-10 ADM Final	%	Average Enrollment	10-11 ADM Final	%	Average Enrollment	11-12 ADM Final	%	Average Enrollment	12-13 ADM Estimated
Pre-K	120	48.78	0.4065	172	61.46	0.3573	156	54.55	0.3497	165	59.95
HK	15	17.57	1.1713	15	22.62	1.5080	15	28.28	1.8853	15	24.44
K	348	334.63	0.9616	294	269.46	0.9165	319	293.68	0.9206	326	302.39
1	368	365.83	0.9941	407	402.74	0.9895	332	331.53	0.9986	379	377.09
2	307	307.01	1.0000	348	346.46	0.9956	403	401.19	0.9955	326	324.84
3	361	359.69	0.9964	305	301.78	0.9894	356	351.37	0.9870	401	396.83
4	378	376.96	0.9972	358	355.76	0.9937	314	313.23	0.9975	358	356.69
5	353	347.69	0.9850	378	374.40	0.9905	359	353.76	0.9854	320	315.79
6	359	358.20	0.9978	351	343.94	0.9799	384	378.53	0.9858	364	359.05
7	342	333.92	0.9764	356	351.34	0.9869	347	335.95	0.9682	375	365.78
8	386	378.28	0.9800	336	331.92	0.9879	345	346.40	1.0041	339	337.10
9	405	406.99	1.0049	416	411.07	0.9881	374	376.22	1.0059	380	380.15
10	403	400.10	0.9928	396	390.70	0.9866	402	397.95	0.9899	370	366.12
11	401	391.36	0.9760	390	377.49	0.9679	366	368.66	1.0073	392	387.77
12	382	351.29	0.9196	395	378.33	0.9578	365	356.93	0.9779	369	354.32
PreK-12 TOTAL	4928	4778.3	0.9696	4917	4719.47		4837	4688.23		4879	4708.31
ALC	122	151.94	1.2454	111	138.85	1.25	94	131.67	1.40	74	98.03
PreK-12 ALC TOTAL	5050	4930.24	0.9763	5028	4858.32	0.97	4931	4819.90	0.98	4953	4806.34 ¹

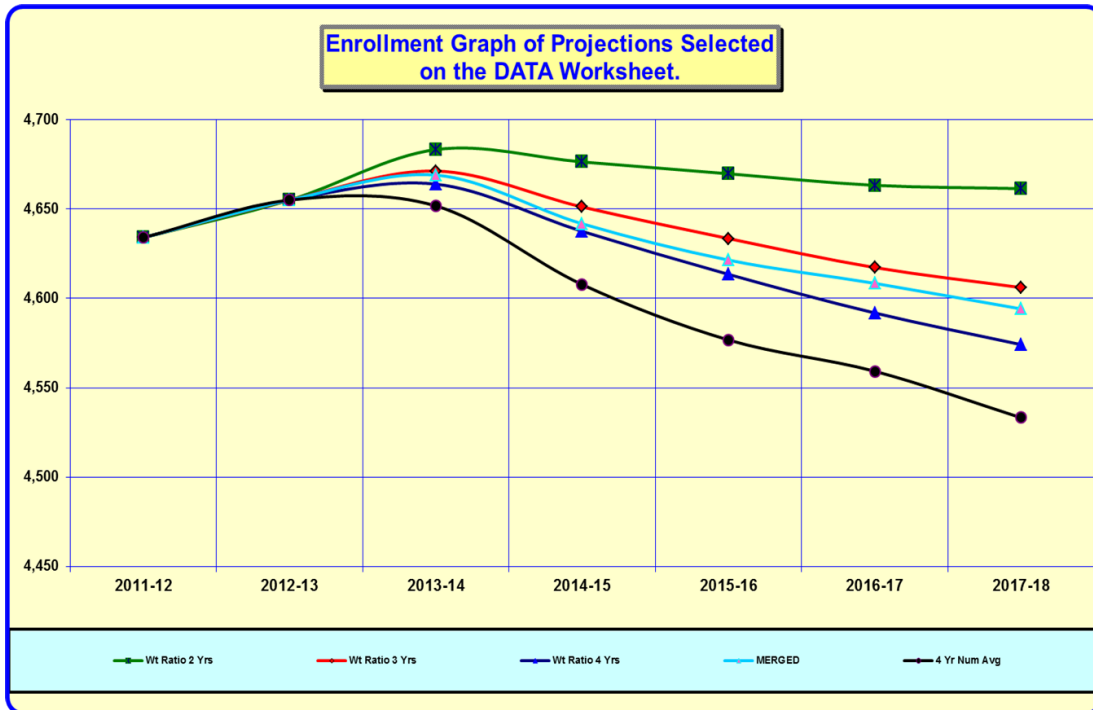
¹ The estimated ADM Final PreK-12 ALC Total does not include Extended Time (about 75/year).

12-13 PreK-12 Budget	4604.9
12-13 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 forecast will increase slightly in FY 14, and begin to decline after that.

		Est. 2013-14	Est. 2014-15	Est. 2015-16	Est. 2016-17	Est. 2017-18
Grade	K	331.0	306.0	281.0	296.0	285.0
	1	373.9	379.5	353.0	326.5	342.4
	2	370.8	366.6	372.2	345.9	319.6
	3	323.9	368.3	364.0	369.6	343.4
	4	403.0	327.3	371.9	367.6	373.2
	5	358.7	407.1	331.0	375.8	371.6
	6	321.0	361.4	410.0	333.6	378.6
	7	350.2	311.8	351.7	399.8	324.2
	8	367.2	350.4	312.0	351.9	400.0
	9	376.4	407.3	389.8	349.7	391.4
	10	371.2	365.4	395.9	378.6	339.0
	11	352.7	356.6	351.0	381.0	364.0
	12	369.0	334.1	337.9	332.4	361.8
Total K-12		4669.0	4641.8	4621.4	4608.4	4594.1
Change		14.0	-27.2	-20.3	-13.0	-14.3
ALC		130.0	130.0	130.0	130.0	130.0
Total K-12		4799.0	4771.8	4751.4	4738.4	4724.1
Pre-K		56.5	52.3	48.0	50.6	48.7
Total Pre-K - 12		4855.5	4824.0	4799.4	4789.0	4772.8

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.

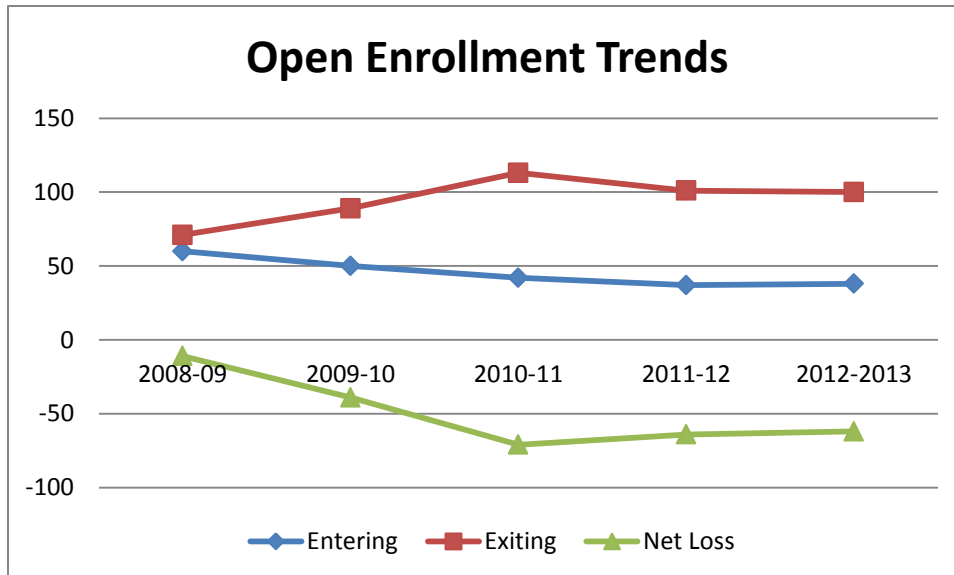


In the fall of 2005, the District School Board examined existing attendance boundaries for its four (4) elementary schools and established class size ‘targets’ for each grade level. Those targets are shown below. Overall, enrollment is forecasted to decline by 0.40 percent per year over the next four years. 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 25, 2013)			
Grade	Total Average Class Size	Actual Average Class Size	Variance
K	19.00	21.19	2.19
1	20.00	21.29	1.29
2	23.00	24.08	1.08
3	23.00	27.43	4.43
4	28.00	29.33	1.33
5	28.00	25.17	-2.83
6	28.00	30.08	2.08

Our schools are governed by state laws and regulations. One law that impacts our enrollment trends is “Open Enrollment.” As shown in the table below, in 2012-13 Owatonna had a net loss of students enrolling under the provisions of this law.

	Attending Owatonna	Attending Other Districts	Net Gain/(Loss)
Albert Lea	1	0	1
Blooming Prairie	0	11	(11)
Brooklyn Center	0	6	(6)
Byron	0	4	(4)
Faribault	4	3	1
Fergus Falls	0	2	(2)
Kenyon-Wanamingo	1	0	1
Houston	0	10	(10)
Leroy	1	0	1
Medford	9	56	(47)
NRHEG	7	0	7
New Prague	3	0	3
Northfield	0	3	(3)
Osseo	0	1	(1)
Rochester	0	1	(1)
Rosemount/AV/Eagan	0	1	(1)
Triton	1	2	(1)
Waseca	7	1	6
WEM	4	0	4
TOTAL	38	101	(63)



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
Faribault										1	2		1	4
Kenyon-Wan.												1		1
Leroy													1	1
Medford	2	1						2			1	3		9
NRHEG	4	1								1	1			7
New Prague		1		1				1						3
Triton	1													1
Waseca			1			1	1			2	2			7
WEM		1									2		1	4
TOTAL	7	4	1	1	1	1	1	3	0	4	8	4	3	38

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		2			1		1	1	3		1	1	1		11
Brooklyn Center												2	1	3	6
Byron		1		1	1		1								4
Faribault		1										1		1	3
Fergus Falls												2			2
Houston		1		1			1				2	1	3	1	10
Medford		19	5	2	3	2	3	2	5	4	2	1	6	2	56
Northfield			1								1			1	3
Osseo												1			1
Rochester								1							1
RAVE												1			1
Triton				1					1						2
Waseca	1														1
TOTAL	1	24	6	5	5	2	6	4	9	4	6	10	11	8	101

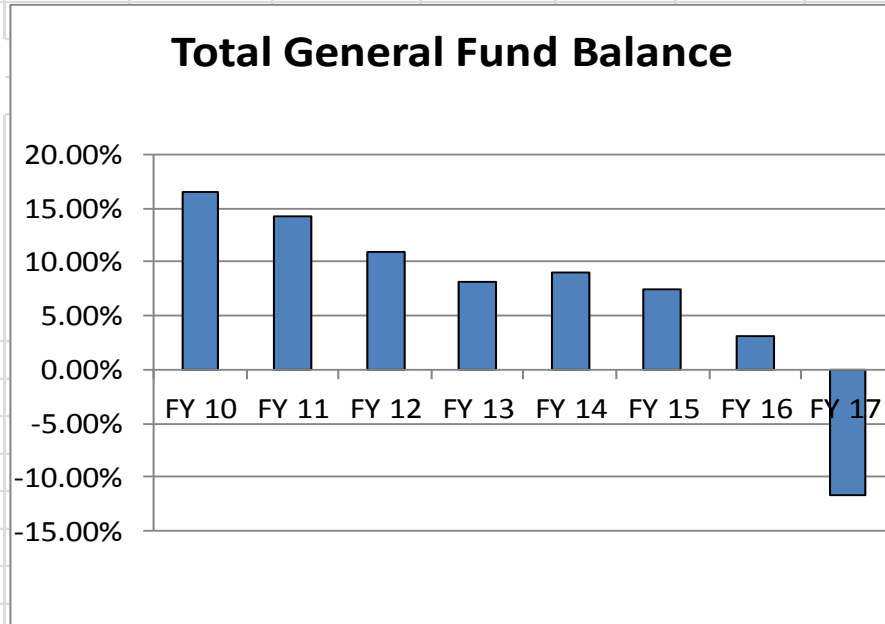
These numbers pose two concerns for our District. The exodus of students to Medford and to Kids Korner for the all-day Kindergarten does translate into an annual loss in revenue. The long term revenue impact is greater in Medford, as most of the Kids Korner students return to the district for grade 1. The general education aid revenue for every full time student in grades 1 through 12 is approximately \$7,400. This means that in the case of Medford, the district is losing roughly \$274,000 in revenue. Using current district staffing ratios, the expense related to educating these students would be roughly \$174,000. Therefore, it is reasonable to conclude the net loss to open enrolled students to Medford in grades 1 through 12 is \$100,000, or approximately \$2,700 net loss per student. Applying this net revenue loss value to the total open enrolled (both in and out) for grades 1 through 12, the net revenue loss to the Owatonna Public Schools to open enrollment is estimated to be \$120,000 for FY 12. The financial impact of losing students to all day Kg programs really comes in the subsequent years when some (about 15 percent) of those students decide to stay in the other district for grades 1 through 12. Through FY 14, the net revenue loss due to Kg students alone is not as great because the financial value of Kg students is only 62 percent of the general education aid. This will change in FY 15, when Kg will be “weighted” at 100 percent. When this occurs, the financial impact of losing Kg students will be similar to students in the other grades, and the total net loss will therefore be even greater than what is described above.

CHAPTER TWO – BUDGET OVERVIEW

The Owatonna School District has a total annual budget of \$55,759,181 for the 2013-14 school year. As of June 5, 2013, the district anticipates deficit spending by \$1,307,000 from the general fund in FY '13. The FY '14 budget will create a surplus of \$348,407. This will place the district's total general fund balance at 9.04 percent.

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	\$46.325	\$46.883	\$47.515	\$47.955	\$47.955	\$43.96
Total Expenditures	\$46.754	\$47.939	\$47.943	\$48.190	\$47.167	\$48.582	\$50.039	\$51.54
Fund Balance Change	-\$0.535	-\$0.860	-\$1.618	-\$1.307	\$0.348	-\$0.627	-\$2.084	-\$7.59
Fund Balance	\$7.703	\$6.843	\$5.225	\$3.918	\$4.266	\$3.639	\$1.555	-\$6.03
Percent	16.48%	14.27%	10.90%	8.13%	9.04%	7.49%	3.11%	-11.70%



Overview and assumptions

1. The above values represent adjustments made to FY 13 revised final budget.
2. District is forecasting a slight increase in enrollment for FY 14, and declining enrollment after that. Overall assumption used is flat enrollment for next 4 years.
3. Increase in revenue starting in FY 14 is a result of a 1.5 % increase to basic funding but not categoricals.
4. Growth rate of 3.0 percent applied to all expenditures. Actual Expenses from FY 06 to FY 12 was 2.78 percent. Total expense coded to employee salaries and benefits (80 % of budget) have increased by 3.0 percent during same period.
5. FY 13 expense reflects a 1.5 % increase in salary only for 6 of the 8 non-teaching groups and hard freeze for same groups in FY 14.
6. Referring to # 3 above, the district estimates an additional \$170,000 in revenue being added to the final budget in December.
7. The average cost of 1.0 FTE is approximately \$79,176.

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 2012-13 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)
2013-14 PRELIMINARY BUDGET**

GENERAL FUND REVENUE (Funds 1, 10, and 11)	2012-13 Revised Final Budget	2013-14 Preliminary Budget	Difference
Tax Levy	\$ 5,060,964	\$ 5,241,257	\$ 180,293
Delinquent Taxes	45,000	50,000	5,000
County Apportionment	82,000	90,000	8,000
Miscellaneous County Tax Revenue	17,000	15,000	(2,000)
Revenue from Other MN ISD's for Special Ed.	95,000	95,000	-
Tuition from Patrons	50,000	50,000	-
Fees from Patrons	173,774	193,774	20,000
Admissions/Student Activity Revenue	152,225	152,225	-
Medical Assistance Reimbursement	300,000	300,000	-
Interest Earnings	6,000	6,000	-
Rent	13,130	13,130	-
Gifts and Bequests	211,633	117,243	(94,390)
Miscellaneous Revenue	189,039	174,077	(14,962)
Endowment	140,044	132,050	(7,994)
General Education Aid	33,748,615	34,837,405	1,088,790
Literacy Aid	254,751	250,000	(4,751)
Shared Time	97,789	84,106	(13,683)
Abatement Aid	1,253	1,253	-
Disparity Reduction Aid	12,153	12,153	-
Homestead/Ag Market Value Credit	9,194	9,194	-
Other State Credits	-	-	-
State Aids and Grants	212,386	256,095	43,709
Special Education	3,626,827	3,820,532	193,705
Miscellaneous Revenue from MDE	15,000	-	(15,000)
Federal Aids and Grants	2,194,188	1,614,973	(579,215)
Sale of Equipment	-	-	-
Judgments for District	-	-	-
TOTAL GENERAL FUND REVENUES	<u>\$46,707,965</u>	<u>\$47,515,467</u>	<u>\$ 807,502</u>

It should be noted we have projected an increase in revenue for 2013-14. The increase in general education aid of \$1,088,790 is due to the addition of \$78ppu, increased enrollment, and compensatory funding. The federal funding decrease is due to the new allocation process of sequestration. Under this process, approximately 10 percent of federal funding was reduced. 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.

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. The above revenue values represent the 1.5% increase to the basic funding amount per pupil. Due to the timing of the ending of the legislative session, these values do not reflect the additional increases in the funding formula related to compensatory, special education, and other categoricals. These updates will be included in the final budget presented in December. At this time the District estimates an additional \$170,000 in revenue from these sources.

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 breakfast meal prices by .10 cents for 2013-14.** The primary reason for the drop in revenue is an anticipated reduction in the meal sales to pupils. 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)
2013-14 PRELIMINARY BUDGET**

FOOD SERVICE FUND REVENUE (Fund 2)	2012-13 Revised Final Budget	2013-14 Preliminary Budget	Difference
Interest Earnings	\$ 155	\$ 155	\$ -
Miscellaneous Revenue	6,000	4,500	(1,500)
State Aids and Grants	135,938	128,987	(6,951)
School Lunch Program	74,575	83,873	9,298
Special Assistance	671,476	728,174	56,698
Commodity Rebates	5,000	-	(5,000)
Commodity Distribution	147,700	136,893	(10,807)
Special Milk Program	6,786	4,785	(2,001)
School Breakfast Program	251,665	268,473	16,808
Summer School	25,000	25,000	-
Sales to Pupils	1,258,765	1,145,722	(113,043)
Sales to Adults	26,162	23,840	(2,322)
Special Function Food Sales	10,000	8,000	(2,000)
TOTAL FOOD SERVICE FUND REVENUES	<u>\$ 2,619,222</u>	<u>\$ 2,558,402</u>	<u>\$ (60,820)</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)
2013-14 PRELIMINARY BUDGET**

COMMUNITY SERVICE FUND REVENUE (Fund 4)	2012-13 Revised Final Budget	2013-14 Preliminary Budget	Difference
Tax Levy	\$ 316,930	\$ 318,573	\$ 1,643
Delinquent Taxes	-	3,000	\$ 3,000
Miscellaneous County Tax Revenue	-	-	
Tuition from Patrons	235,500	234,000	(1,500)
Fees from Patrons	340,000	340,000	-
Interest Earnings	321	700	379
Rent	500	-	(500)
Gifts and Bequests	350	350	-
Miscellaneous Revenue	257,100	2,050	(255,050)
Abatement Aid	28	-	(28)
Disparity Reduction Aid	2,309	2,309	-
Homestead/Ag Market Value Credit	1,747	1,747	-
State Aids and Grants	1,470,408	1,466,185	(4,223)
Non-Public Aid	75,754	75,754	-
Federal Aids and Grants	34,956	34,956	-
Permanent Fund Transfer	14,000	14,000	-
TOTAL COMMUNITY SERVICE FUND REVENUES	<u>\$ 2,749,903</u>	<u>\$ 2,493,624</u>	<u>\$ (256,279)</u>

Projected revenues for the coming year are anticipated to decrease for the Community Education programs. The decrease comes in the area of miscellaneous revenue due to the District receiving a \$250,000 grant in FY 13. The District is a member of a consortium that includes Albert Lea, Faribault, Winona, Caledonia Adult Pathways, and Austin for ABE. We continue to act as fiscal host.

Below are the revenue sources for the Debt Service Fund.

**OWATONNA PUBLIC SCHOOLS, ISD #761
DEBT SERVICE FUND REVENUE (Fund 7)
2013-14 PRELIMINARY BUDGET**

DEBT SERVICE FUND REVENUE (Fund 7)	2012-13 Revised Final Budget	2013-14 Preliminary Budget	Difference
Tax Levy	\$ 2,637,371	\$ 2,200,728	\$ (436,643)
Delinquent Taxes	15,000	30,000	15,000
Miscellaneous County Tax Revenue	5,000	3,600	(1,400)
Interest Earnings	1,328	1,328	-
Disparity Reduction Aid	19,516	19,516	-
Homestead/Ag Market Value Credit	14,765	14,765	-
Other Property Tax Credit	-	-	-
Sale of Bonds	8,783,014	-	-
TOTAL DEBT SERVICE FUND REVENUES	<u>\$ 11,475,994</u>	<u>\$ 2,269,937</u>	<u>\$ (423,043)</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 one bond issue. If no other bonds are approved in the future, the final payment of the existing bonds would be in 2017.

Total revenue for the operating funds is shown in the table below. The increase of approximately \$490,403 represents an overall increase of approximately 0.9% from FY 13.

<u>Fund Name</u>	<u>2012-13 Revised Final Budget</u>	<u>2013-14 Preliminary Budget</u>	<u>Difference</u>
<u>Total Operating Funds Revenue:</u>			
General Fund (Funds 1, 10, and 11)	\$46,707,965	\$47,515,467	\$ 807,502
Food Service Fund (Fund 2)	2,619,222	2,558,402	(60,820)
Community Service Fund (Fund 4)	2,749,903	2,493,624	(256,279)
Total Operating Funds Revenue	<u>\$52,077,090</u>	<u>\$52,567,493</u>	<u>\$ 490,403</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)	\$ 11,475,994	\$ 2,269,937	\$ (9,206,057)
Total Non-Operating Funds Revenue	<u>\$ 11,475,994</u>	<u>\$ 2,269,937</u>	<u>\$ (9,206,057)</u>
TOTAL REVENUE	<u><u>\$63,553,084</u></u>	<u><u>\$54,837,430</u></u>	<u><u>\$ (8,715,654)</u></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 5 of this budget document.

GENERAL FUND EXPENDITURES (Funds 1, 10, and 11)	2012-13 Revised Final Budget	2013-14 Preliminary Budget	Difference
<u>Administrative and District Support Services</u>			
Salaries	\$ 2,310,457	\$ 2,287,979	\$ (22,478)
Benefits	846,864	792,157	(54,707)
Purchased Services	351,781	387,642	35,861
Supplies and Materials	112,490	120,061	7,571
Capital Expenditures	890,662	710,362	(180,300)
Other Expenditures	(20,610)	(24,786)	(4,176)
Total Administrative and District Support Services	\$ 4,491,644	\$ 4,273,415	\$ (218,229)
<u>Instructional</u>			
Salaries	\$ 22,128,277	\$ 21,767,719	\$ (360,558)
Benefits	8,022,416	7,861,551	(160,865)
Purchased Services	1,383,141	1,345,018	(38,123)
Supplies and Materials	932,649	669,345	(263,304)
Capital Expenditures	264,203	246,119	(18,084)
Other Expenditures	68,848	99,515	30,667
Total Instructional	\$ 32,799,534	\$ 31,989,267	\$ (810,267)
<u>Instructional and Pupil Support</u>			
Salaries	\$ 2,252,837	\$ 2,170,716	\$ (82,121)
Benefits	739,011	660,305	(78,706)
Purchased Services	2,817,664	2,773,885	(43,779)
Supplies and Materials	273,413	293,147	19,734
Capital Expenditures	120,628	19,849	(100,779)
Other Expenditures	87,590	10,010	(77,580)
Total Instructional and Pupil Support	\$ 6,291,143	\$ 5,927,912	\$ (363,231)
<u>Operations, Maintenance, and Fixed</u>			
Salaries	\$ 1,331,359	\$ 1,321,987	\$ (9,372)
Benefits	656,743	689,272	32,529
Purchased Services	1,989,882	1,917,559	(72,323)
Supplies and Materials	597,555	592,937	(4,618)
Capital Expenditures	464,338	406,831	(57,507)
Other Expenditures	36,030	47,880	11,850
Total Operations, Maintenance, and Fixed	\$ 5,075,907	\$ 4,976,466	\$ (99,441)
TOTAL GENERAL FUND EXPENDITURES	\$ 48,658,228	\$ 47,167,060	\$ (1,491,168)

Overall, the district is planning to decrease its general fund expenditures in FY 14 as a result of several factors. Most notably, in the spring of 2013 the district identified \$2.9 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 this detailed plan on March 25, 2013. Note: The \$2.9 million reduction target was based on a 3 percent growth in the FY 13 budget, and not a \$2.9 million reduction from the current FY 13 budget. This explains why the above decrease of \$1.49 million is not equal to the \$2.9 million target.

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

FOOD SERVICE FUND EXPENDITURES (Fund 2)	2012-13 Revised Final Budget	2013-14 Preliminary Budget	Difference
Salaries	\$ 893,744	\$ 824,942	\$ (68,802)
Benefits	325,669	283,524	(42,145)
Purchased Services	73,886	76,892	3,006
Supplies and Materials	1,348,762	1,386,322	37,560
Capital Expenditures	143,908	73,390	(70,518)
Other Expenditures	1,000	1,000	-
TOTAL FOOD SERVICE EXPENDITURES	\$ 2,786,969	\$ 2,646,070	\$ (140,899)

The decrease in salaries and benefits is due to changes in the employee's contracts and employees taking benefits. Purchased services are increasing due to repair and maintenance costs anticipated for FY 14. Supplies and materials are increasing due to higher prices for commodities. The decrease in capital expenditures is due to purchasing less equipment in FY 14 as compared to FY 13.

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

COMMUNITY SERVICE FUND EXPENDITURES (Fund 4)	2012-13 Revised Final Budget	2013-14 Preliminary Budget	Difference
Salaries	\$ 791,062	\$ 789,644	\$ (1,418)
Benefits	259,668	315,381	55,713
Purchased Services	1,547,345	1,503,046	(44,299)
Supplies and Materials	108,768	96,753	(12,015)
Capital Expenditures	5,417	17,297	11,880
Other Expenditures	1,950	1,820	(130)
TOTAL COMMUNITY SERVICE EXPENDITURES	\$ 2,714,210	\$ 2,723,941	\$ 9,731

The community service expenditures are remaining relatively the same in comparison to FY 13. 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.

The Building Construction Fund, as shown below, is used to record the construction and the acquisition of equipment for projects within the District. In FY 14 the District will be installing new phone and technology infrastructure systems. Proceeds from capital equipment notes issued in FY 13 were placed in this fund to be used for the construction and acquisition of these systems in FY 14.

BUILDING CONSTRUCTION FUND (Fund 6)	2012-13 Revised Final Budget	2013-14 Preliminary Budget	Difference
Building Construction	\$ -	\$ 750,155	\$ 750,155
TOTAL BUILDING CONSTRUCTION EXPENDITURES	\$ -	\$ 750,155	\$ 750,155

The Debt Service Fund, as shown below, is calculated based upon the outstanding principal and interest payments due during the year. The District has one bond remaining to be paid which will mature in 2017. Assuming no further debt is issued, the District will retire all existing debt in 2017. 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)	2012-13 Revised Final Budget	2013-14 Preliminary Budget	Difference
Bond Principal	\$ 2,320,000	\$ 2,350,000	\$ 30,000
Bond Interest	390,853	117,118	(273,735)
Other Debt Service Expenditures	90,440	3,000	(87,440)
Bond Refunding	8,690,000		
TOTAL DEBT SERVICE EXPENDITURES	\$ 11,491,293	\$ 2,470,118	\$ (331,175)

Total expenditures for all operating funds are shown in the table below. The decrease of \$1,622,336 represents an overall decrease of approximately 3% from FY 13.

Fund Name	2012-13 Revised Final Budget	2013-14 Preliminary Budget	Difference
Total Operating Funds Expenditures:			
General Fund (Funds 1, 10, and 11)	\$ 48,658,228	\$ 47,167,060	\$ (1,491,168)
Food Service Fund (Fund 2)	2,786,969	2,646,070	(140,899)
Community Service Fund (Fund 4)	2,714,210	2,723,941	9,731
Total Operating Funds Expenditures	\$ 54,159,407	\$ 52,537,071	\$ (1,622,336)

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

Total Non-Operating Funds Expenditures:			
Debt Service Fund (Fund 7)	\$ 11,491,293	\$ 2,470,118	\$ (9,021,175)
Building Construction Fund (Fund 6)	-	750,155	750,155
Total Non-Operating Funds Expenditures	\$ 11,491,293	\$ 3,220,273	\$ (8,271,020)
TOTAL EXPENDITURES	\$ 65,650,700	\$ 55,757,344	\$ (9,893,356)

The budget proposed for Board passage for 2013-2014 is shown in the summary on page 22. Total operating revenue for FY 14 is projected to be \$52,567,493. Total operating expenditures for FY 14 is projected to be \$52,537,071. The net difference is an operating surplus of \$30,422 for FY 14.

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 \$47,515,467 and total expenditures are projected to be \$47,167,060. The net difference is a surplus of \$348,407 for FY 14.

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>	2012-13 Revised Final Budget	2013-14 Preliminary Budget	Difference
<u>Includes General Fund, Food Service Fund, and Community Service Fund:</u>			
Total Operating Revenues	\$ 52,077,090	\$ 52,567,493	\$ 490,403
Total Operating Expenditures	54,159,407	52,537,071	(1,622,336)
Total Revenues less Expenditures	<u>\$ (2,082,317)</u>	<u>\$ 30,422</u>	<u>\$ 2,112,739</u>

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

<u>Category</u>	2012-13 Revised Final Budget	2013-14 Preliminary Budget	Difference
<u>Includes General Fund Only:</u>			
Total Revenues	\$ 46,707,965	\$ 47,515,467	\$ 807,502
Total Expenditures	48,658,228	47,167,060	(1,491,168)
Total Revenues less Expenditures	<u>\$ (1,950,263)</u>	<u>\$ 348,407</u>	<u>\$ 2,298,670</u>

Below is the table that contains the proposed budget for the 2013-14 school year. This is the budget the Board is being asked to approve for fiscal year 2014. Included in this proposal is a .10 cent increase to breakfast meal prices in the Food Service budget in addition to an activities fee increase of \$20 for the 2013-14 school year. Approval of this budget approves the food service price and activity fee increase.

JUNE 30, 2013 PROJECTED ENDING FUND BALANCES

Fund	6/30/2012 Balance	2012-13 Revenues	2012-13 Expenditures	6/30/2013 Balance
General - Unreserved	4,826,823	38,182,391	39,909,097	3,100,117
General - Restricted/Reserved	274,223	8,525,574	8,749,131	50,666
General - Nonspendable	125,661	-	-	125,661
Food Service	554,059	2,619,222	2,786,969	386,312
Community Service	309,718	2,749,903	2,714,210	345,411
Building Construction	-	-	-	-
Debt Service	629,550	11,475,994	11,491,293	614,251
Trust	5,407	1,002	1,002	5,407
Internal Service	251,861	188	-	252,049
Total	6,977,302	63,554,274	65,651,702	4,879,874

JUNE 30, 2014 PROJECTED ENDING FUND BALANCES

Fund	6/30/2013 Balance	2013-14 Revenues	2013-14 Expenditures	6/30/2014 Balance
General - Unreserved	3,100,117	40,599,918	40,422,818	3,277,217
General - Restricted/Reserved	50,666	6,915,549	6,744,242	221,973
General - Nonspendable	125,661	-	-	125,661
Food Service	386,312	2,558,402	2,646,070	298,644
Community Service	345,411	2,493,624	2,723,941	115,094
Building Construction	-	-	750,155	(750,155)
Debt Service	614,251	2,269,937	2,470,118	414,070
Trust	5,407	1,202	1,837	4,772
Internal Service	252,049	188	-	252,237
Total	4,879,874	54,838,820	55,759,181	3,959,513

JUNE 30, 2014 FUND BALANCE COMPARISON PROJECTION

Fund	6/30/2013 Balance	6/30/2014 Balance	Difference
General - Unreserved	3,100,117	3,277,217	177,100
General - Designated	50,666	221,973	171,307
General - Reserved	125,661	125,661	-
Food Service	386,312	298,644	(87,668)
Community Service	345,411	115,094	(230,317)
Building Construction	-	(750,155)	(750,155)
Debt Service	614,251	414,070	(200,181)
Trust	5,407	4,772	(635)
Internal Service	252,049	252,237	188
Total	4,879,874	3,959,513	(920,361)

2013-14 REVENUE/EXPENDITURE COMPARISON

Fund	Revenues			Expenditures		
	6/30/2013 Rev. Final	6/30/2014 Preliminary	Difference	6/30/2013 Rev. Final	6/30/2014 Preliminary	Difference
General - Unreserved	38,182,391	40,599,918	2,417,527	39,909,097	40,422,818	513,721
General - Designated	8,525,574	6,915,549	(1,610,025)	8,749,131	6,744,242	(2,004,889)
General - Reserved	-	-	-	-	-	-
Food Service	2,619,222	2,558,402	(60,820)	2,786,969	2,646,070	(140,899)
Community Service	2,749,903	2,493,624	(256,279)	2,714,210	2,723,941	9,731
Building Construction	-	-	-	-	750,155	750,155
Debt Service	11,475,994	2,269,937	(9,206,057)	11,491,293	2,470,118	(9,021,175)
Trust	1,002	1,202	200	1,002	1,837	835
Internal Service	188	188	-	-	-	-
Total	63,554,274	54,838,820	(8,715,454)	65,651,702	55,759,181	(9,892,521)

The FY '13 auditing process will validate the actual financial performance of the District and those results could change the listed ending fund balances for FY '13. As always, any such adjustments will be used in the FY '14 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.

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 2012-2013 school year has held steady throughout the year with a student enrollment of 535 at the start of the year and 531 at the end of April. Enrollment at the conclusion of the 2012-2013 school year was 530.

Lincoln's licensed staff of thirty-seven (37) 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-seven (27) includes educational assistants, media assistant, secretaries, school nurse, paraprofessionals, noon supervisors, custodians, and food service.

Demographic data from 2011-2012 to current year 2012-2013 shows that Lincoln's percentage of students qualifying for free/reduced lunch has remained steady at 30.63%. The percentage of students receiving English Language Learner services has decreased to 2.2% from 2.8%. The percentage of students qualifying for Special Education services this school year has increased to 10.6% from 8.3%.

One of the strategic roadmap implementation focuses for Lincoln Elementary has been in the area of establishing our leadership foundation. 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 ties directly into the work 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.

Utilizing our district's late starts, common planning times, and some extended staff development time have been an integral part to the RTI process on improving student learning. During these times teachers have been 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 with these questions as our end in mind, teams focus on student learning (responsive teaching) 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.

Another important area of focus for our teaching staff has been in the area of the Gradual Release of Responsibility approach to teaching and learning. This philosophy of teaching can be utilized within reading, writing and language arts (a focus for 2012-2013) and other subject area/disciplines as well. The purposeful steps involved with Gradual Release entail “big rocks” such as modeling, guided practice, collaboration and independent practice. These purposeful steps help us to accomplish our mission of moving students from dependent learners over to independent learners.

As we look to the future, we will be continuing to integrate the inquiry process into all content areas. Inquiry, along with leadership, will serve as the foundations for 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

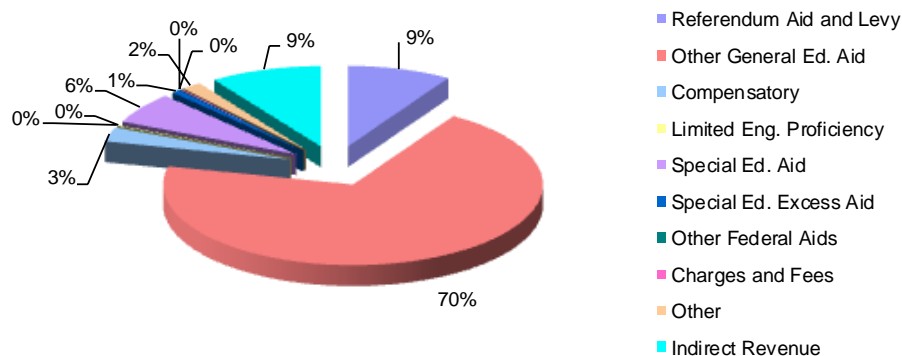
The table below identifies projected changes in our overall revenue picture for Lincoln in the 2013-2014 school year. Revenue will increase by 9.8%. Lincoln will have about 31 more students in 2013-14. This creates the increase in total revenue. Lincoln is seeing an increase in compensatory aid, which is funded based on the number of students on free and reduced lunch. There will also be increased needs in special education for FY 14.

Lincoln Revenues

Description	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget	Change Percent	Change Amount
Referendum Aid and Levy	\$ 385,083	\$ 369,382	\$ 361,885	\$ 378,192	4.5%	\$ 16,307
Other General Ed. Aid	2,446,664	2,765,659	2,735,715	2,974,679	8.7%	238,964
Compensatory	62,488	92,039	118,109	122,437	3.7%	4,328
Limited Eng. Proficiency	5,693	6,435	4,696	4,842	3.1%	146
Title I	-	-	-	-	0.0%	-
Special Ed. Aid	206,105	189,282	188,554	267,779	42.0%	79,225
Special Ed. Excess Aid	25,104	23,850	23,758	33,740	42.0%	9,982
Other Federal Aids	512,991	-	-	-	0.0%	-
Charges and Fees	1,219	4,020	1,452	2,821	94.3%	1,369
Other	12,799	72,485	9,935	73,494	639.7%	63,559
Indirect Revenue	332,157	384,173	438,800	406,054	-7.5%	(32,746)
Total	\$ 3,990,303	\$ 3,907,325	\$ 3,882,904	\$ 4,264,038	9.8%	\$ 381,134

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.

2013-14 Lincoln Revenue Budget



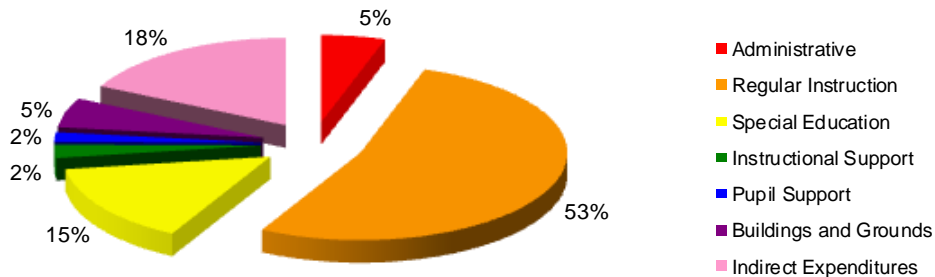
A table of Lincoln's expenditures follows. Lincoln will also see an increase in expenditures. Most of it is in indirect expenditures which relate to the number of students at your site. The increase in special education is due to the RTI funded program being in place for next year.

Lincoln Expenditures

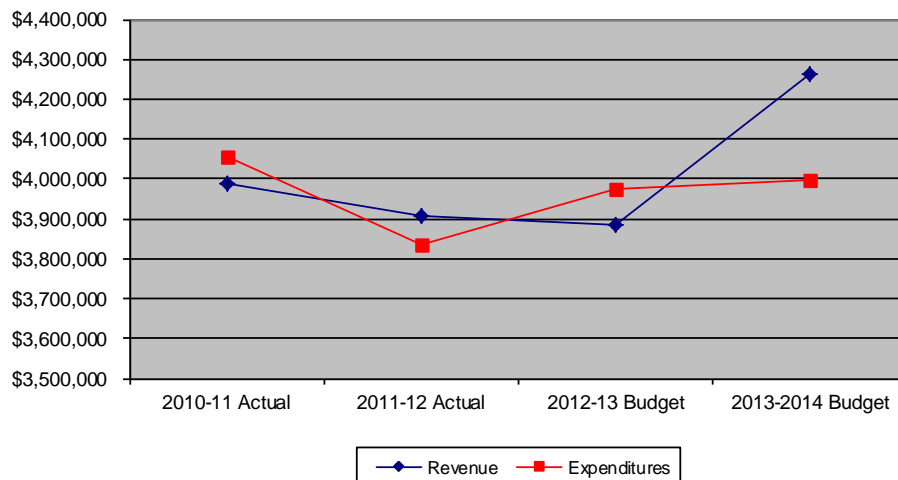
Description	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget	Change Percent	Change Amount
Administrative	\$ 187,984	\$ 187,399	\$ 186,883	\$ 200,963	7.5%	\$ 14,080
Regular Instruction	2,231,394	1,996,615	2,295,964	2,111,140	-8.0%	(184,824)
Special Education	471,371	459,675	425,198	591,742	39.2%	166,544
Instructional Support	161,223	45,395	116,840	98,313	-15.9%	(18,527)
Pupil Support	68,518	46,045	66,716	70,225	5.3%	3,509
Buildings and Grounds	268,930	247,071	238,071	219,008	-8.0%	(19,063)
Indirect Expenditures	668,174	854,584	643,650	703,955	9.4%	60,305
Total	\$ 4,057,594	\$ 3,836,784	\$ 3,973,322	\$ 3,995,346	0.6%	\$ 22,024

Graphically, the expenditure budget for Lincoln is illustrated below. Administrative costs for Lincoln, as well as our other sites remain relatively constant at 6% 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.

2013-14 Lincoln Expenditure Budget



The average revenue per student allocated to Lincoln is \$7,940. The expenditure per student at Lincoln is \$7,440. The relationship between revenues and expenditures over the last three years are shown in the table below.



McKinley Elementary STEM School serves approximately 510 students, K-5, in the northeast sector of Owatonna. The make-up of the students is: 12% Hispanic; 22% Black not Hispanic; 1% Asian/Pacific Islander and 65% Caucasian. 55% of our students receive free or reduced lunch, 13% of McKinley's students receive Special Education services and approximately 22% 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.

New to our school in 2012-13 was the addition of a STEM focus. Our entire school is now a Science, Technology, Engineering and Math focus school. We have worked very closely with Hamline University to become the school we currently are. Our staff has attended multiple staff development trainings throughout the summer and school year. Even though we have made great gains, we are just in the beginning phases of STEM and will continue to need staff development and monetary support from our capital budget to become a first class program.

During the first year of STEM implementation, we focused our attention on learning and instruction. Our staff learned how to take what they currently teach and turn their traditional lessons into STEM lessons. During our first year, we decided not to purchase as many supplies. We wanted to make sure we were not buying things just to buy them.

In year two we are planning on purchasing supplies that we found we actually need. We also plan on STEMifying our school and the outside grounds to make McKinley look and feel like a STEM school from the outside.

Below you can see some of the areas McKinley STEM has deemed critical for the success of our STEM school program:

1. Paradigm/Belief shift that **ALL** students can learn through STEM. Continue with technical shift of STEMifying lessons in all curricular areas.
2. Develop integrated & directional instructional support:
 - Science & Engineering
 - Technology integration and student use
 - STEM Literacy
 - Math integration and application
 - Integration of Art, Design and Creativity
3. Develop an organized, mapped & focused curricular shift that is responsive and sustainable with changes in student and society needs.
4. Professional development needs, schedules and learning goals for teachers, EA's & paras.
5. Necessary financial support from all stakeholders: District, State & Federal funding, grants & corporate sponsors.
6. Build greater community partnerships and support pipelines.

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 5th 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, McKinley has continued the instructional coach position. 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 led our building's professional development throughout the years. This past year the instructional coach has collaborated with the STEM coordinator to develop our current model of STEM instruction throughout all curriculum areas.

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 \$78ppu, increased enrollment, and compensatory funding. The general education basic aid for 2013-14 is calculated at a rate of \$5,302 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. These "weightings" will change in FY 15 due to legislative changes.

In the following table, the amount of state aid that we anticipate to receive for 2013-14 based upon our student enrollment at McKinley is \$2,735,979. Other additional revenue is also listed. The next largest revenue amount that we anticipate to be received is \$472,629. This amount has been generated as a result of free and reduced meal counts.

McKinley Revenues

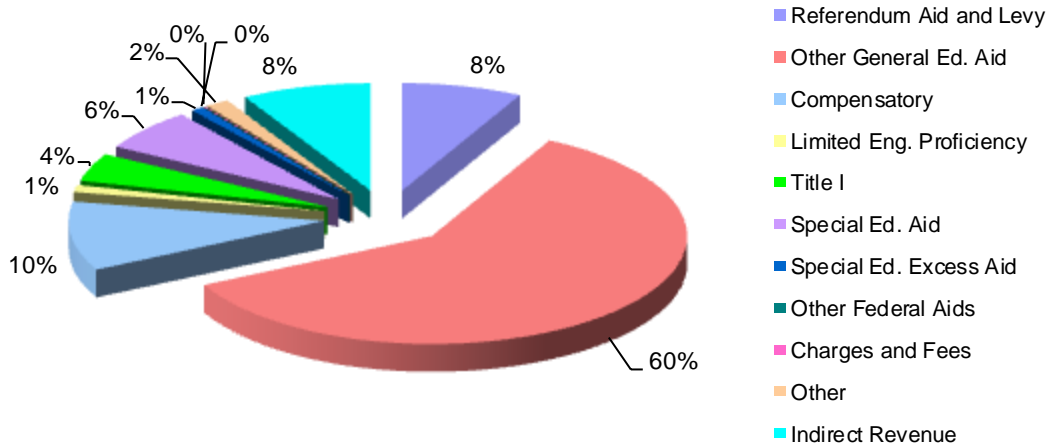
Description	2010-11	2011-12	2012-13	2013-14	Change	Change
	Actual	Actual	Budget	Budget	Percent	Amount
Referendum Aid and Levy	\$ 357,399	\$ 341,173	\$ 325,047	\$ 349,167	7.4%	\$ 24,120
Other General Ed. Aid	2,525,934	2,524,423	2,457,229	2,735,979	11.3%	278,750
Compensatory	402,149	295,348	487,440	472,629	-3.0%	(14,811)
Limited Eng. Proficiency	64,904	64,819	37,926	48,904	28.9%	10,978
Title I	119,038	147,438	135,992	192,534	41.6%	56,542
Special Ed. Aid	247,909	313,937	276,141	287,765	4.2%	11,624
Special Ed. Excess Aid	31,236	39,556	34,794	36,258	4.2%	1,464
Other Federal Aids	-	-	-	-	0.0%	-
Charges and Fees	1,142	1,356	1,304	2,605	99.8%	1,301
Other	9,063	7,793	9,226	69,115	649.1%	59,889
Indirect Revenue	479,076	253,415	394,131	374,888	-4.9%	(19,243)
Total	\$ 4,237,850	\$ 3,989,258	\$ 4,159,230	\$ 4,569,844	9.9%	\$ 410,614

The table above identifies projected changes in our overall revenue picture for McKinley in the 2013-14 school year. Revenue will increase by about 9.9%. One part of this increase for McKinley is in general education aid. McKinley is projected to increase 26 students in FY 14. McKinley will receive \$472,629 in compensatory revenue, which is a decrease of \$14,811. Compensatory revenue is a categorical aid that is intended to provide additional funding for students eligible for the free and reduced lunch program. 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 \$78ppu, 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 60% of its revenue from the general education aid formula. Indirect revenue is 8%. Of equal interest is the 10% allocation received as a result of compensatory.

2013-14 McKinley Revenue Budget



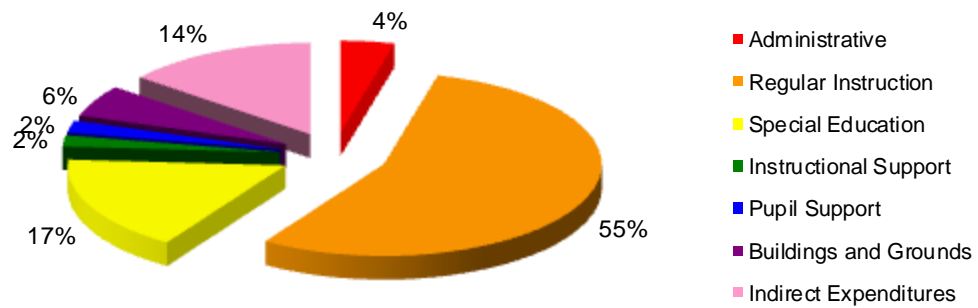
McKinley's proposed expenditure budget for the coming year is below the allocated revenue amount. McKinley's expenditure budget is to decrease by 0.6%. The largest decrease will be in buildings and grounds, where in FY 13 the district upgraded classroom space. Anticipated special education needs will also increase at McKinley.

McKinley Expenditures

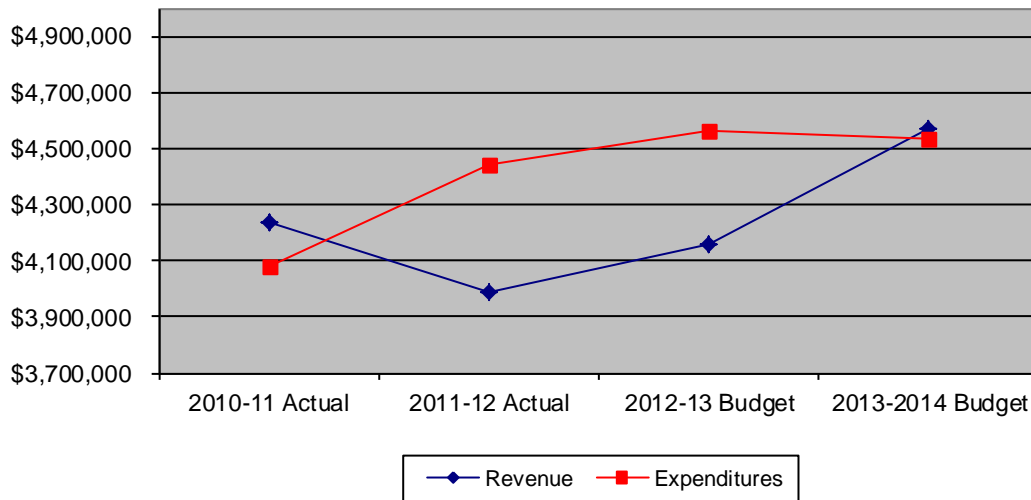
Description	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget	Change Percent	Change Amount
Administrative	\$ 178,047	\$ 179,202	\$ 180,963	\$ 180,392	-0.3%	\$ (571)
Regular Instruction	2,300,319	2,455,957	2,407,793	2,501,252	3.9%	93,459
Special Education	550,354	696,644	734,896	764,276	4.0%	29,380
Instructional Support	141,931	143,252	154,298	88,628	-42.6%	(65,670)
Pupil Support	90,814	91,647	79,332	96,319	21.4%	16,987
Buildings and Grounds	234,413	258,595	390,567	253,800	-35.0%	(136,767)
Indirect Expenditures	584,769	617,753	614,710	649,927	5.7%	35,217
Total	\$ 4,080,647	\$ 4,443,050	\$ 4,562,559	\$ 4,534,594	-0.6%	\$ (27,965)

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.

2013-14 McKinley Expenditure Budget



The average revenue per student allocated to McKinley is \$9,288. The expenditure per student at McKinley is \$9,217. The relationship between revenues and expenditures over the last three years can be shown in the table below.



Washington Elementary School, located in the center of Owatonna, serves 544 students in grade Kindergarten through fifth 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 District's Montessori program. During the 2012-13 school year, this program operated two E-1 classrooms (grades 1-3) and one E-2 classroom (grades 4-6). Our Montessori teachers are passionate about serving students using the Montessori curriculum while also demonstrating commitment to the district initiatives of Leader in Me and inquiry-based learning.

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. In addition, Washington Elementary built inquiry learning into their daily routine through the use of "I wonder" questions, questions of the day and the ability for students to select from a variety of final product/evaluation/assessment offerings.

In addition, we have worked diligently to transform our reading blocks utilizing Stephanie Harvey's Comprehension Toolkit. Our teachers have evaluated and improved the use of whole group instruction, guided group best practice and the use of independent time. Through the use of enhanced non-fiction reading material, our students have shown a heightened level of interest in reading and time in text.

The Washington staff is proud of their accomplishments in the 2012-13 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

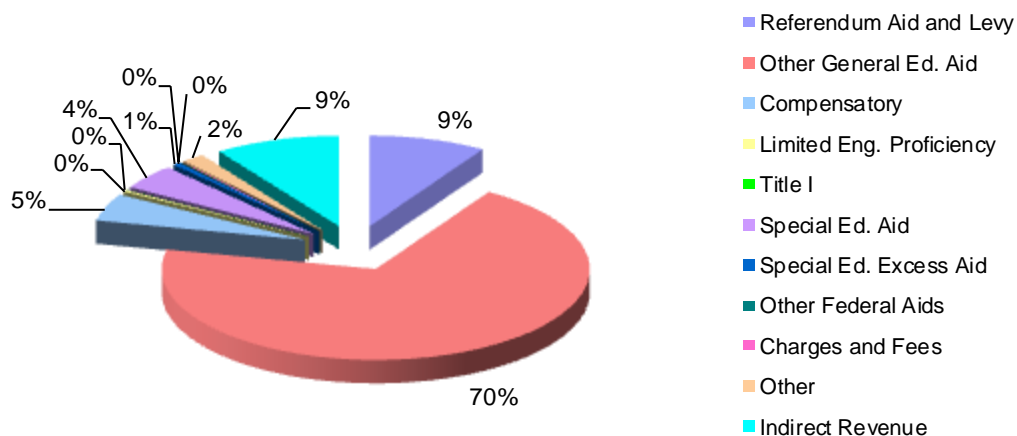
Washington's revenue for the coming year will be increasing. This is a result of increased general ed and compensatory aid, like the other sites.

Washington Revenues

Description	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget	Change Percent	Change Amount
Referendum Aid and Levy	\$ 403,901	\$ 394,900	\$ 380,270	\$ 385,483	1.4%	\$ 5,213
Other General Ed. Aid	2,854,590	2,921,968	2,874,699	3,027,615	5.3%	152,916
Compensatory	158,317	170,513	150,233	210,875	40.4%	60,642
Limited Eng. Proficiency	17,849	17,825	12,281	12,589	2.5%	308
Title I	97,468	132,502	122,216	-	-100.0%	(122,216)
Special Ed. Aid	234,750	247,390	236,628	195,118	-17.5%	(41,510)
Special Ed. Excess Aid	29,579	31,171	29,815	24,585	-17.5%	(5,230)
Other Federal Aids	-	-	-	-	0.0%	-
Charges and Fees	1,290	1,570	1,526	2,876	88.5%	1,350
Other	10,468	9,705	11,614	77,257	565.2%	65,643
Indirect Revenue	541,410	293,322	461,094	413,880	-10.2%	(47,214)
Total	\$ 4,349,622	\$ 4,220,866	\$ 4,280,376	\$ 4,350,278	1.6%	\$ 69,902

Graphically, the revenues received by Washington Elementary are shown in the chart below. Washington's 5% allocation for compensatory aid is consistent with Lincoln's allocation. Wilson's and McKinley's total percent allocations of 13% and 10%, respectively, 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.

2013-14 Washington Revenue Budget



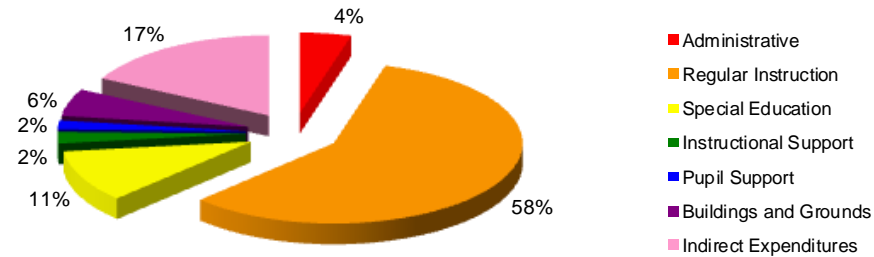
Washington's expenditures are listed in the following table. Washington's overall expenditure budget decreased. Regular instruction increased slightly due to the use of compensatory funds in FY 14. Special education decreased due to needs at the school.

Washington Expenditures

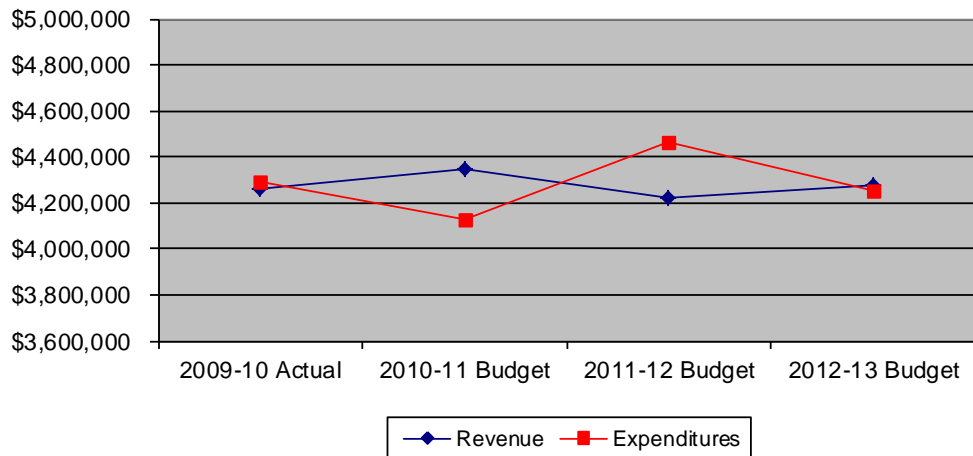
Description	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget	Change Percent	Change Amount
Administrative	\$ 174,112	\$ 166,991	\$ 174,147	\$ 182,030	4.5%	\$ 7,883
Regular Instruction	2,298,529	2,506,443	2,348,528	2,406,084	2.5%	57,556
Special Education	521,037	533,521	553,471	435,715	-21.3%	(117,756)
Instructional Support	161,105	157,478	116,540	95,513	-18.0%	(21,027)
Pupil Support	86,506	84,952	75,131	73,590	-2.1%	(1,541)
Buildings and Grounds	227,116	300,934	263,080	227,937	-13.4%	(35,143)
Indirect Expenditures	660,855	715,036	719,146	717,525	-0.2%	(1,621)
Total	\$ 4,129,260	\$ 4,465,355	\$ 4,250,043	\$ 4,138,394	-2.6%	\$ (111,649)

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

2013-14 Washington Expenditure Budget



The average revenue per student allocated to Washington is \$8,101. The expenditure per student at Washington is \$7,707. 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 550 students during the 2012-2013 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 65% 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. This past year, the state moved to its new structure using MMR, multiple measures rating. Overall, we were happy with most of the results. Closing the achievement gap remains one of our top priorities; this spring we really focused our efforts on bridging the information and communication with our Hispanic families. Over 400 Hispanic parents and students attended our event, where we shared the data that speaks to their academic success/progress. We hope to build on this in the fall and enhance skills parents can use at home to support their children's academic careers.

Staff development came through two primary venues: professional development through COMPASS in after school sessions and at late starts and subouts. Monthly half-day subouts during the year allowed teachers to analyze data and plan together formative assessments. In March, we actually used full-day subouts by combining March and April subouts. This was a very valuable experience in that our teachers went out into their colleagues' classrooms to observe reading instruction—guided reading groups and independent work. These two areas were the focus of the professional development offered throughout the school year. After observing their colleagues, grade-level teams noted their observations of the grade level below and above them. This information was then used at a staff meeting where we looked at all of the different instructional strategies used in various classrooms to help our students gain the reading skills they need. The professional development of this year was very focused and very much appreciated by the staff.

Leadership continues to be a strong piece of our foundation while teachers are working on ways to incorporate inquiry into their everyday lessons. One of our big initiatives of this year was the health/fitness through the \$10,000 Allina grant we received in the fall. This money and award opened a number of doors for our staff and students. We implemented after school exercise programs (yoga and zumba) that were a huge hit with the kids with over 100 students signed up for zumba this spring. Every opportunity we can offer our students to live a healthy lifestyle is a step in the right direction. In addition, we were able to purchase a number of things with this money, including two filtered water stations and two new basketball hoops for our playground. We also used some dollars to bring in a dental hygienist to speak to each of our classrooms. Students helped determine how \$1,000 of the money would be spent, and they voted to purchase additional exercise equipment for the school, including stability balls, trampolines, and exercise pedals. Allina also provided a Family Fitness Fair in January that was a huge success. Over 350 people attended this evening that included exercise opportunities, a healthy supper, information sessions, and general health check-ups for our adults. We hope to continue a number of these initiatives in the future years!

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.

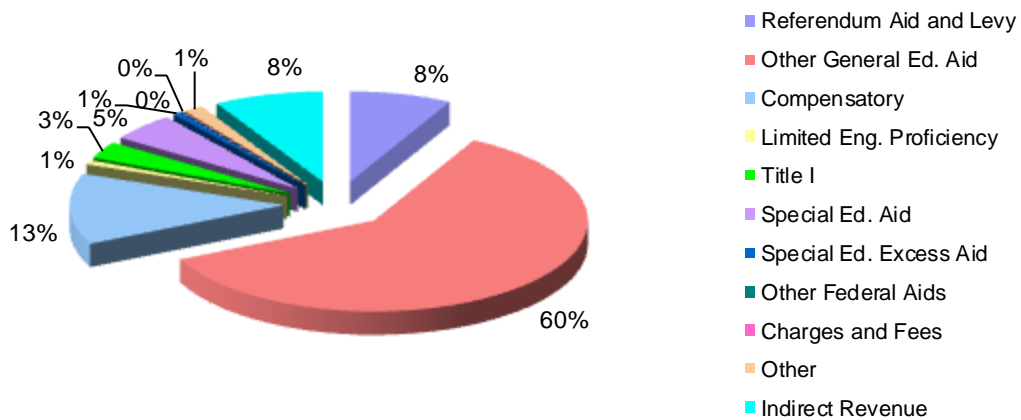
Wilson Revenues

Description	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget	Change %	Change Amount
Referendum Aid and Levy	\$ 373,485	\$ 376,568	\$ 398,893	\$ 412,062	3.3%	\$ 13,169
Other General Ed. Aid	2,639,623	2,786,325	3,015,481	3,211,540	6.5%	196,059
Compensatory	429,225	415,240	619,736	673,549	8.7%	53,813
Limited Eng. Proficiency	63,281	63,198	31,064	42,125	35.6%	11,061
Title I	135,951	142,682	131,606	162,183	23.2%	30,577
Special Ed. Aid	287,508	288,059	269,707	267,360	-0.9%	(2,347)
Special Ed. Excess Aid	36,226	36,295	33,983	33,687	-0.9%	(296)
Other Federal Aids	-	-	-	-	0.0%	-
Charges and Fees	1,193	1,497	1,601	3,074	92.0%	1,473
Other	9,141	8,742	11,200	81,874	631.0%	70,674
Indirect Revenue	500,638	279,708	483,673	442,417	-8.5%	(41,256)
Total	\$ 4,476,271	\$ 4,398,314	\$ 4,996,944	\$ 5,329,871	6.7%	\$ 332,927

Wilson will see an increase in total revenue due to increased enrollment and compensatory. In addition, Wilson will see a decrease 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.

2013-14 Wilson Revenue Budget



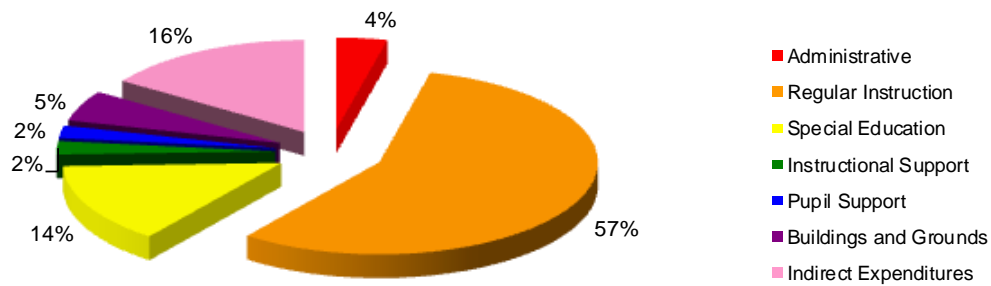
Wilson's expenditures are listed in the following table. Wilson's expenditures will decrease by 5.4% for the coming year. The decrease is due in part to the budget reduction process.

Wilson Expenditures

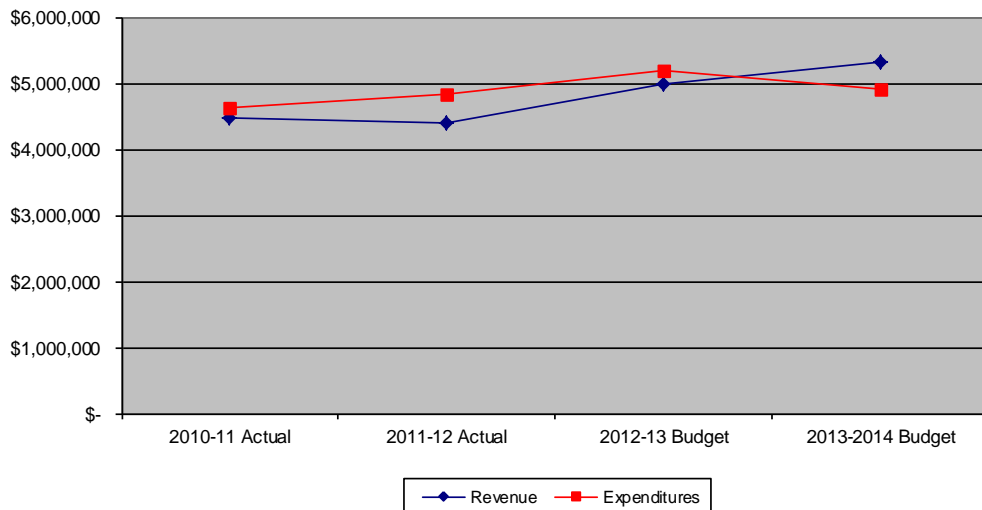
Description	2010-11	2011-12	2012-13	2013-14	Change %	Change Amount
	Actual	Actual	Budget	Budget		
Administrative	\$ 185,222	\$ 181,006	\$ 189,455	\$ 184,513	-2.6%	\$ (4,942)
Regular Instruction	2,693,040	2,865,129	3,085,456	2,774,491	-10.1%	\$ (310,965)
Special Education	581,711	584,112	670,365	694,527	3.6%	\$ 24,162
Instructional Support	151,684	150,374	139,527	114,838	-17.7%	\$ (24,689)
Pupil Support	108,295	97,799	105,399	105,704	0.3%	\$ 305
Buildings and Grounds	291,952	279,030	242,258	265,603	9.6%	\$ 23,345
Indirect Expenditures	611,088	681,843	754,365	766,999	1.7%	\$ 12,634
Total	\$ 4,622,992	\$ 4,839,293	\$ 5,186,825	\$ 4,906,675	-5.4%	\$ (280,150)

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

2013-14 Wilson Expenditure Budget



The average revenue per student allocated to Wilson is \$9,034. The expenditure per student at Wilson is \$8,316. 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. (The enrollment, for 2013-2014 is anticipated to drop for one year to be approximately 320 students.) 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 2012-13 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; other initiatives included the training of staff for the successful implementation of eSTEM and Leadership Foundation programs. 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. 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. In addition, one math educator researched and implemented flipped classroom strategies as a pilot project. 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 professional development which focused upon research-based reading instruction, weaving learning back into practice, and emphasizing balanced literacy instruction. 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.

As we prepare for the 2013-14 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 continue to be offered an instructional choice to be part of a team focused on either Environmental STEM or Leadership Foundation. 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

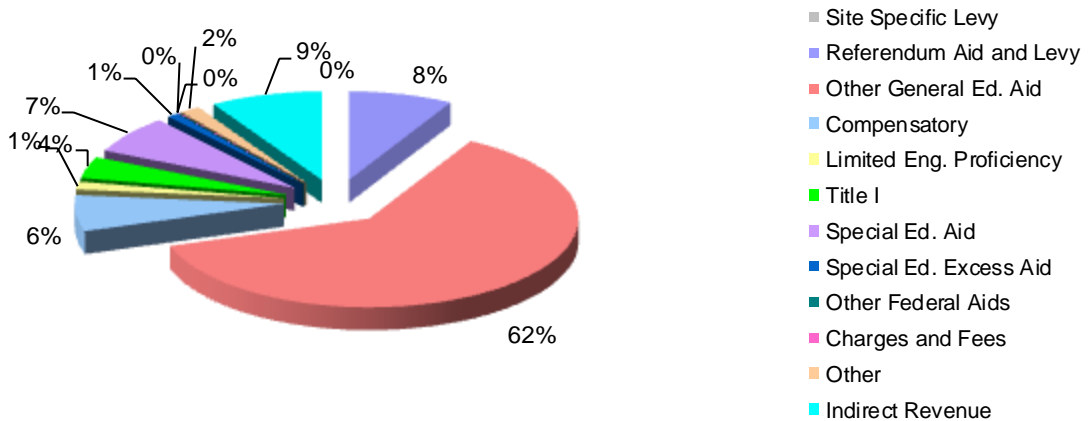
Even though Willow Creek is considered to be a part of our 'Intermediate' level program, we continue to receive a base amount of general education revenue calculated at \$5,302 per pupil. Willow Creek will experience a decrease in revenue. This increase is mainly due to a decrease in student enrollment.

Willow Creek Revenues

Description	2010-11	2011-12	2012-13	2013-14	Change %	Change Amount
	Actual	Actual	Budget	Budget		
Site Specific Levy	\$ 25,416	\$ -	\$ -	\$ -	0.0%	\$ -
Referendum Aid and Levy	258,866	273,443	259,306	235,133	-9.3%	(24,173)
Other General Ed. Aid	1,829,551	2,023,275	1,960,254	1,804,059	-8.0%	(156,195)
Compensatory	140,517	113,157	207,076	191,879	-7.3%	(15,197)
Limited Eng. Proficiency	8,924	8,913	14,448	41,501	187.2%	27,053
Title I	237,636	247,885	228,641	114,295	-50.0%	(114,346)
Special Ed. Aid	200,788	198,663	224,591	200,722	-10.6%	(23,869)
Special Ed. Excess Aid	25,299	25,032	28,299	25,291	-10.6%	(3,008)
Other Federal Aids	-	-	-	-	0.0%	-
Charges and Fees	827	1,087	1,041	1,754	68.5%	713
Other	6,456	6,104	7,190	46,299	543.9%	39,109
Indirect Revenue	346,998	203,106	314,418	252,454	-19.7%	(61,964)
Total	\$ 3,081,278	\$ 3,100,665	\$ 3,245,264	\$ 2,913,387	-10.2%	\$ (331,877)

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.

2013-14 Willow Creek Revenue Budget



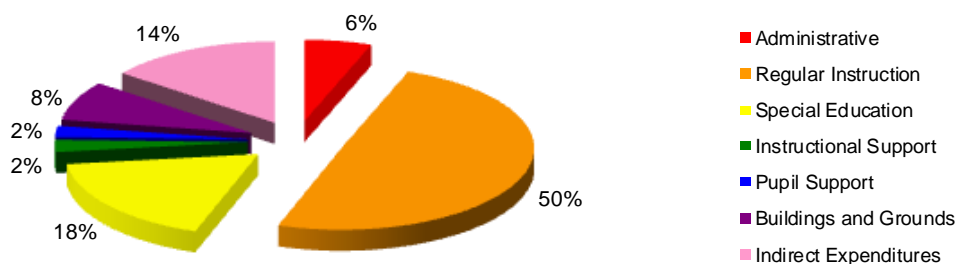
Expenditures are projected to decrease by 5.3%. The largest decrease will be in the areas of indirect expenditures, instruction support, and regular instruction.

Willow Creek Expenditures

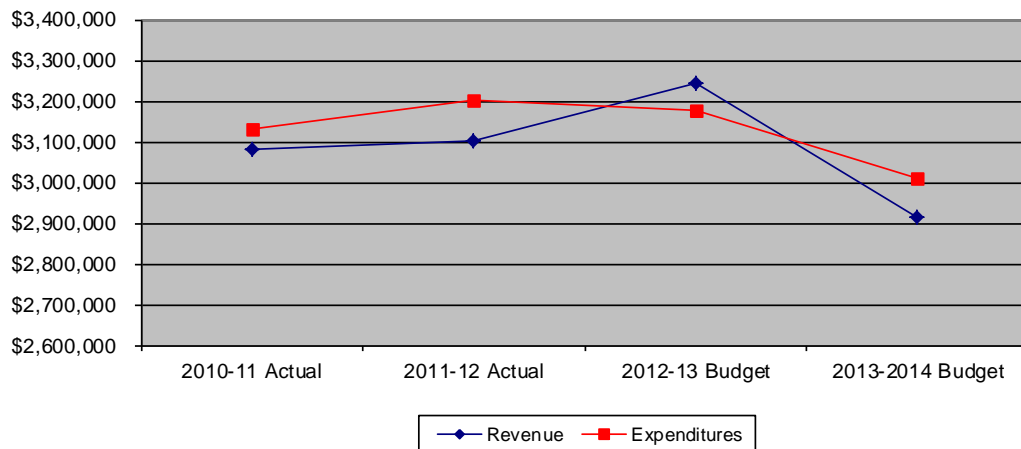
Description	2010-11	2011-12	2012-13	2013-14	Change %	Change Amount
	Actual	Actual	Budget	Budget		
Administrative	\$ 163,916	\$ 168,894	\$ 174,784	\$ 169,763	-2.9%	\$ (5,021)
Regular Instruction	1,666,286	1,760,489	1,580,038	1,494,471	-5.4%	(85,567)
Special Education	414,964	380,278	543,184	534,180	-1.7%	(9,004)
Instructional Support	123,746	109,608	97,353	72,943	-25.1%	(24,410)
Pupil Support	63,663	58,232	67,049	64,918	-3.2%	(2,131)
Buildings and Grounds	275,878	228,806	224,182	235,799	5.2%	11,617
Indirect Expenditures	423,552	495,117	490,385	437,669	-10.7%	(52,716)
Total	\$ 3,132,005	\$ 3,201,424	\$ 3,176,975	\$ 3,009,743	-5.3%	\$ (167,232)

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

2013-14 Willow Creek Expenditure Budget



The total amount of revenue allocated per pupil at Willow Creek totals \$9,076. The total expenditures per pupil are \$9,376. This relationship over the past three years is shown in the following graph.



Owatonna Junior High School will be home to approximately 730 7th and 8th grade students and over seventy (70) staff for the 13-14 school year. The building demographics reflect a free and reduced population of approximately 43.4%, an LEP population of approximately 9%, and a special education population of 13%. During the 2013-2014 school year, OJHS will see a number of changes as we will be moving from a 7 period day to a 6 period day in order to help balance the books. While there are some drawbacks to this (such as larger class sizes and not as many options for students), there are also some benefits. Study halls will cease to exist, most of the programs that we currently offer will still be offered and the number of minutes with particular subjects will be increased.

The 2012-2013 school year was a year of great transition and foundation building. OJHS got a new principal, and just recently the board approved a new assistant principal. The staff has worked extensively on the development of curriculum, creating enduring understandings and learning targets for every course. It was the first full year of the ESTEM program, which has taken off in great ways and it has been a learning year for our 8th grade team that will be teaching ESTEM next year. We have focused our priorities on curriculum, instruction and literacy and have put into place some great things for next year. In addition to this, there has been a strong push for leadership, with the capstone being the development of the Kyle DeKam Leadership Award. This has motivated students and staff alike and has set the bar for leadership at the school.

As next year rolls around, we have a lot of work ahead of us. This will be the year of integration of our curriculum work, our first year of an 8th grade ESTEM team, strong development in literacy and trying to adjust to a 6 period day. Yet, we are a resilient staff and we are sure it will be an excellent year.

Owatonna Junior High’s Economic Outlook

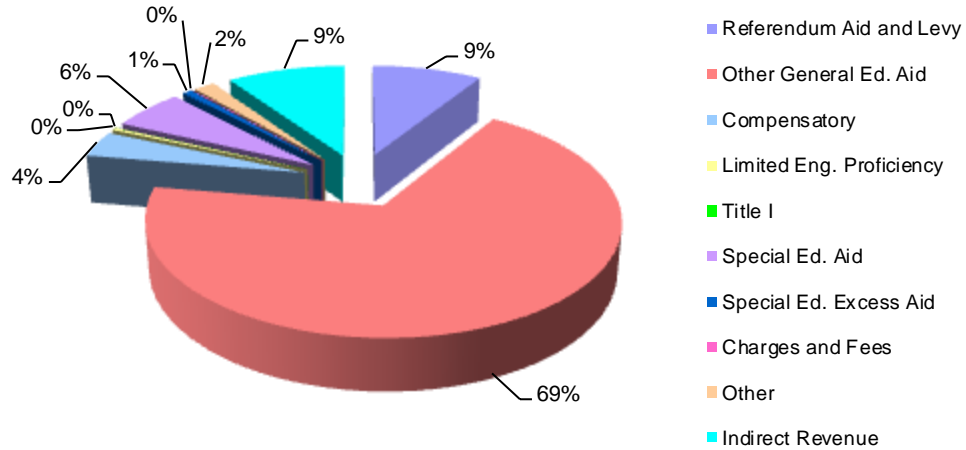
The general education aid per pupil increased to \$5,302 for 2013-14. The District receives a ‘weighted’ value for each student. Grades 7-12 are weighted at 1.30. This increase in the weighted value is intended to represent additional costs needed to instruct our older students in subject areas such as industrial technology, science, and family consumer science. For 2013-14, there is a 1.3% 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 7 students. Like other schools, OJHS will see a slight increase in compensatory revenue.

OJHS Revenues

Description	2010-11	2011-12	2012-13	2013-14	Change	Change
	Actual	Actual	Budget	Budget	%	Amount
Referendum Aid and Levy	\$ 616,269	\$ 618,336	\$ 636,932	\$ 644,118	1.1%	\$ 7,186
Other General Ed. Aid	4,355,516	4,575,222	4,814,961	4,941,994	2.6%	127,033
Compensatory	215,719	207,667	254,108	274,834	8.2%	20,726
Limited Eng. Proficiency	13,792	13,774	21,311	29,536	38.6%	8,225
Title I	-	-	-	-	0.0%	-
Special Ed. Aid	418,234	474,878	506,923	428,603	-15.5%	(78,320)
Special Ed. Excess Aid	52,697	59,835	63,872	54,004	-15.4%	(9,868)
Charges and Fees	6,000	5,500	5,500	4,805	-12.6%	(695)
Other	25,496	24,201	27,200	124,365	357.2%	97,165
Indirect Revenue	826,079	459,285	772,304	691,570	-10.5%	(80,734)
Total	\$ 6,529,802	\$ 6,438,698	\$ 7,103,111	\$ 7,193,829	1.3%	\$ 90,718

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 9% of the revenue used to support our junior high programs.

2013-14 OJHS Revenue Budget



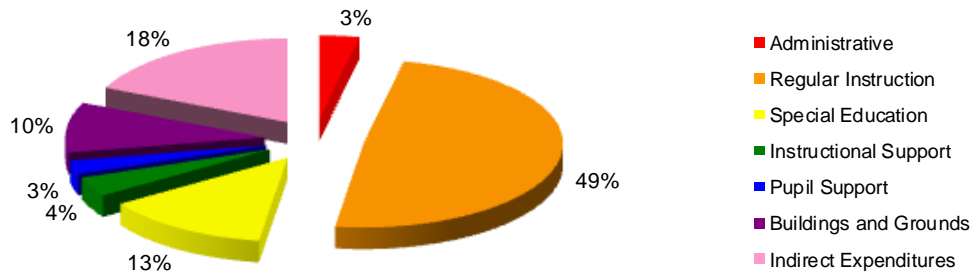
The table below shows how the revenue is allocated across the various expenditure categories. There is an anticipated decrease of 2.1%. The largest decrease is in special education due to the changing needs of students at the School. The decreases in regular instruction, instructional support and pupil support are mainly due to the budget reduction process.

OJHS Expenditures

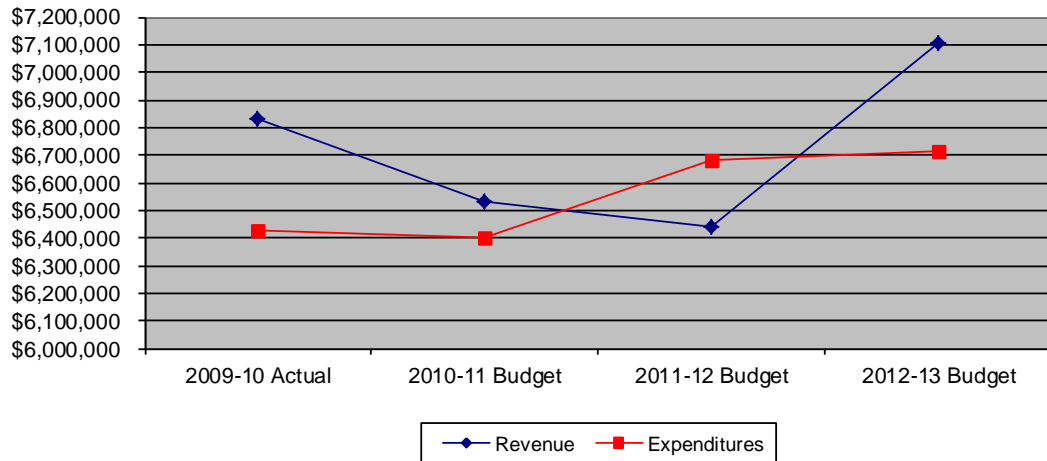
Description	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget	Change %	Change Amount
Administrative	\$ 196,736	\$ 195,889	\$ 200,507	\$ 212,210	5.8%	\$ 11,703
Regular Instruction	3,064,470	3,262,665	3,261,753	3,224,026	-1.2%	(37,727)
Special Education	901,779	1,003,726	1,039,812	883,829	-15.0%	(155,983)
Instructional Support	367,735	296,713	269,330	247,568	-8.1%	(21,762)
Pupil Support	187,710	180,606	184,388	168,874	-8.4%	(15,514)
Buildings and Grounds	675,936	623,184	553,692	636,044	14.9%	82,352
Indirect Expenditures	1,008,328	1,119,605	1,204,530	1,198,941	-0.5%	(5,589)
Total	\$ 6,402,694	\$ 6,682,388	\$ 6,714,012	\$ 6,571,492	-2.1%	\$ (142,520)

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 69% of the operating budget.

2013-14 OJHS Expenditure Budget



The total amount of revenue allocated per pupil at Owatonna Junior High School totals \$10,033. The total expenditures per pupil are \$9,165. 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: 83.3% Caucasian, 8.6% Hispanic, 6.5% African-American and 1.5% Asian descent. Approximately 10% of our students receive special education services and 30.9% receive assistance through our free and reduced lunch program. Almost four percent of our students are learning English as their second language. Our average daily attendance rate is just over 96% and almost 90% of our students leave with a high school diploma.

Our high school consists of 139 staff members, 86 of whom are classroom teachers, three guidance counselors, one social worker, 2 assistant principals, and 1 principal. Seventy-two percent of our professional staff holds a Master's degree and over 79 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. Our progress is measured by our student successes and 3 core values; 1.) High student achievement, 2.) College and career readiness, and 3.) Safe and engaging environment. Over the past eight 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, and the Air Force Academy at Colorado Springs. 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), Student Council, and BPA (Business Professionals of America). Our music programs (band, choir and orchestra) are consistently rated as top programs in the state. 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 have 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. We have implemented research-based programs in Special Education and ESL and consistently are using data to drive instruction and to determine the effectiveness of our programs.

Owatonna Options, geared to the ever-increasing needs of our students has now been in existence for three 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. This past year, the main focus has been on creating enduring understandings, learning targets and common assessments.

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

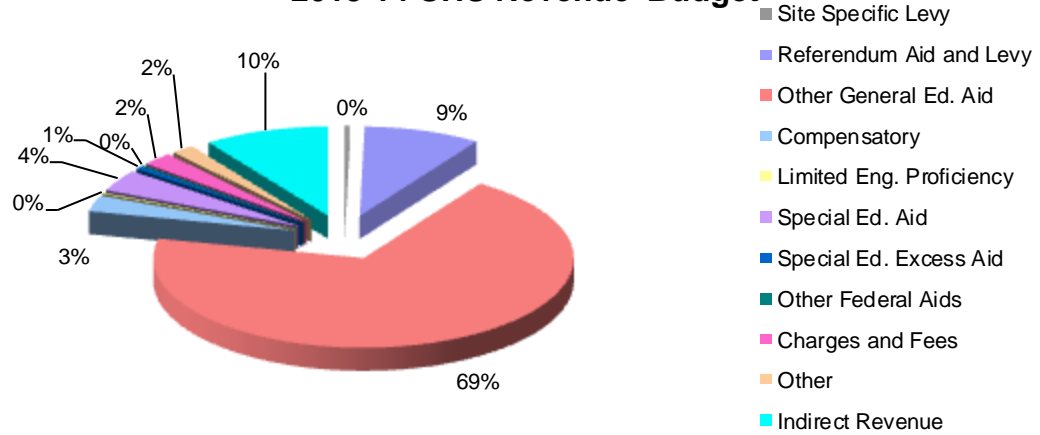
Revenue from the state's general education aid formula is calculated at a rate of 1.30 of the basic student count times \$5,302. The revenue for the High School will be increased by approximately 2.2%. OHS will see an increase in compensatory aid of about \$90,000. The general education aid and referendum levy is increasing as a result of forecasted increase in student enrollment. As with the other schools, indirect revenue shows a decrease which is a reflection of the of the tax shift.

OHS Revenues

Description	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget	Change %	Change Amount
Site Specific Levy	\$ 155,349	\$ 161,766	\$ 164,919	\$ 52,800	-68.0%	\$ (112,119)
Referendum Aid and Levy	1,414,455	1,348,247	1,284,643	1,310,696	2.0%	26,053
Other General Ed. Aid	9,996,734	9,976,019	9,711,416	10,056,303	3.6%	344,887
Compensatory	279,244	278,914	328,984	419,297	27.5%	90,313
Limited Eng. Proficiency	27,584	27,548	16,615	28,568	71.9%	11,953
Special Ed. Aid	690,714	698,073	590,512	568,267	-3.8%	(22,245)
Special Ed. Excess Aid	87,030	87,957	74,404	71,602	-3.8%	(2,802)
Other Federal Aids	37,721	33,950	29,500	34,000	15.3%	4,500
Charges and Fees	335,107	341,075	362,800	345,999	-4.6%	(16,801)
Other	138,052	133,450	114,989	258,477	124.8%	143,488
Indirect Revenue	1,896,008	1,001,445	1,557,680	1,407,252	-9.7%	(150,428)
Total	\$15,057,998	\$14,088,444	\$14,236,462	\$14,553,261	2.2%	\$ 316,799

A graphic illustration of the projected revenues in the High School is shown in the following chart. Approximately 69% 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.

2013-14 OHS Revenue Budget



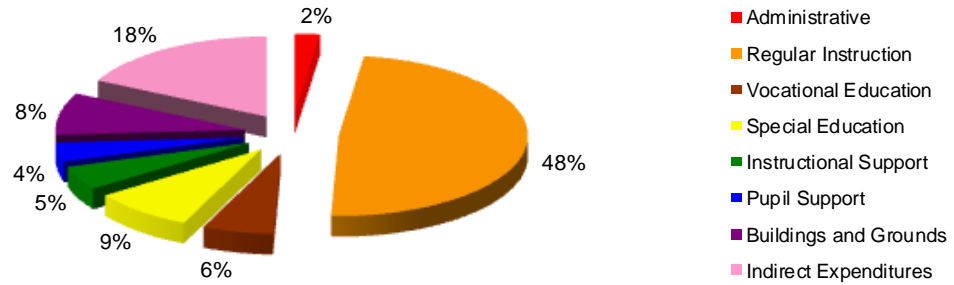
The OHS expenditure budget represents the largest site budget in the District. For the 2013-14 school year, the projected decrease in expenditures will be 2.4%. The largest areas of decrease are instructional support and buildings and grounds. The decrease in instructional support is in relation to the budget reduction process. Buildings and grounds is decreasing due to the completion of such projects as auditorium and track improvements in FY 13.

OHS Expenditures

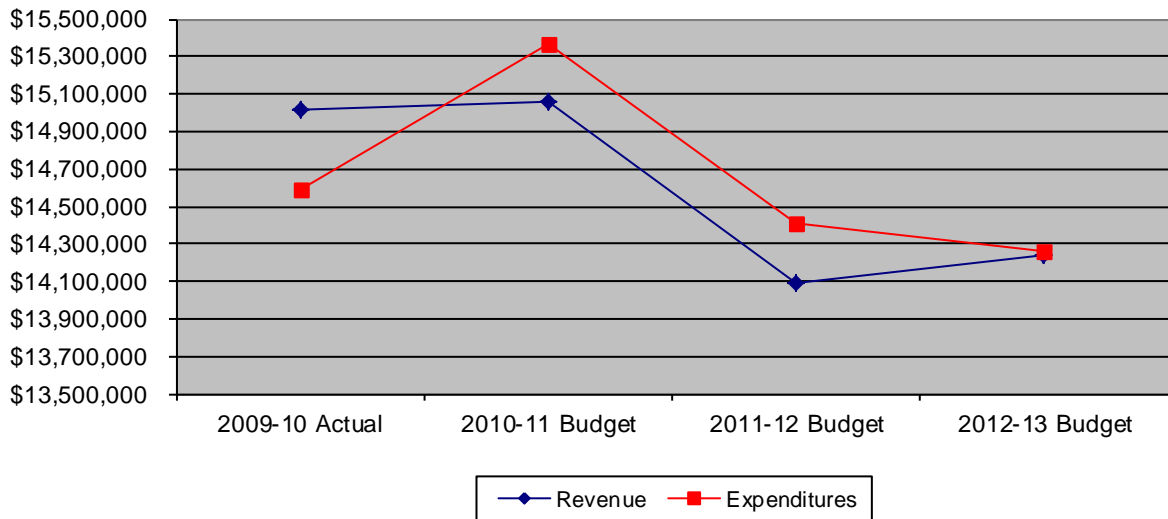
Description	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget	Change %	Change Amount
Administrative	\$ 253,107	\$ 258,508	\$ 295,359	\$ 300,495	1.7%	\$ 5,136
Regular Instruction	7,210,681	6,552,070	6,548,129	6,749,216	3.1%	201,087
Vocational Education	1,043,635	889,253	939,288	840,917	-10.5%	(98,371)
Special Education	1,431,988	1,502,475	1,282,785	1,206,048	-6.0%	(76,737)
Instructional Support	789,606	759,373	798,497	670,777	-16.0%	(127,720)
Pupil Support	674,609	664,061	548,388	534,394	-2.6%	(13,994)
Buildings and Grounds	1,649,128	1,337,385	1,419,715	1,180,819	-16.8%	(238,896)
Indirect Expenditures	2,314,304	2,441,238	2,429,447	2,439,686	0.4%	10,239
Total	\$15,367,058	\$14,404,363	\$14,261,608	\$13,922,352	-2.4%	\$ (339,256)

Shown graphically, a relatively large portion of the overall expenditure budget has been dedicated to indirect services (18%). These services include the school's share, based on pupil units, of expenditures for the school board, superintendent, district support staff including directors, staff development expenditures, and indirect buildings and grounds costs. The total percent of the budget dedicated to various instructional programs (regular, vocational, special education, instructional support, and pupil support) approaches 72%.

2013-14 OHS Expenditure Budget



The total revenue per pupil allocated to the senior high school is \$9,975 while the total expenditure is \$9,542. 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 2012-2013 school year we provided educational services to 126 students at Vine Street, 547 students during K-12 summer school, 625 students during extended day K-8, and 80 students in our Studio program at the OJHS. The percentage of ALC students served at Vine Street who were eligible to participate in free and reduced lunch was 72%. About 35% of the ALC students at Vine St. are Hispanic, 7% Black, and 58% Caucasian. During the 2012-2013 school year we plan to graduate 10 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 continued to teach our students the 7 Habits and to focus on creating leadership capacity in all of our students.

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, and a variety of student led activities. Our students are very involved in building electric cars. This project has encouraged our students to use problem solving skills and science and technical expertise to develop and improve their cars each year. This is a very innovative project that brings the classroom into the real world. We have introduced a new robot building class, allowing our student to explore a technical career option.

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 a scholarship from the Morning Rotary to 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. We are looking for ways to restructure our online curriculum opportunities to meet more individual student needs. We plan to continue to use the Gradual Release of Learning Model as well as to improve our formative assessments.

Alternative Learning Center (ALC) Economic Outlook

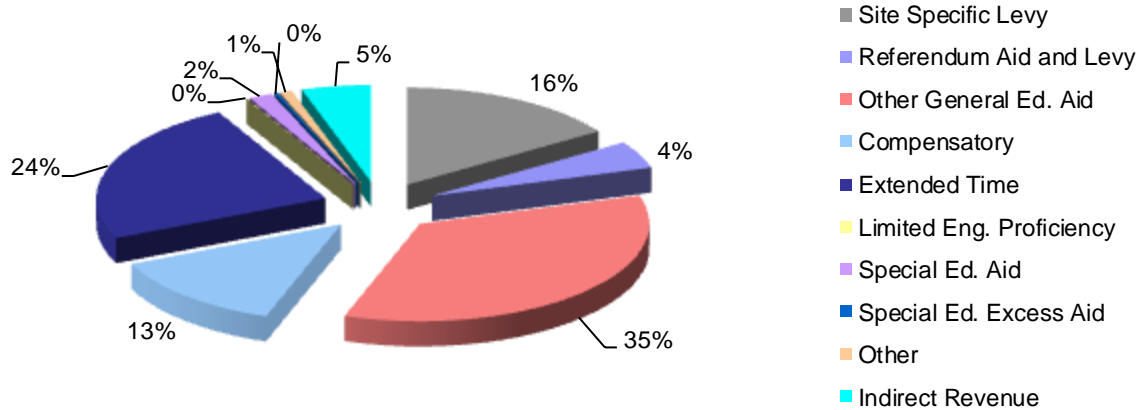
Revenue sources for the Area Learning Center (ALC) works differently than for our 'regular' education program sites. While the school receives the same funding per pupil as OJHS and OHS (\$5,302 times 1.30), ALC funding is based upon membership hours and average daily enrollment. This level of accounting 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 \$5,302 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	2010-11	2011-12	2012-13	2013-14	Change	Change
	Actual	Actual	Budget	Budget	%	Amount
Site Specific Levy	\$ -	\$ 201,272	\$ 201,272	\$ 201,272	0.0%	\$ -
Referendum Aid and Levy	59,689	66,875	71,239	58,393	-18.0%	(12,846)
Other General Ed. Aid	458,751	472,645	538,542	448,019	-16.8%	(90,523)
Compensatory	88,623	113,251	124,169	166,247	33.9%	42,078
Extended Time	388,324	383,861	306,887	306,887	0.0%	-
Limited Eng. Proficiency	813	811	811	506	-37.6%	(305)
Special Ed. Aid	45,626	38,318	35,721	21,462	-39.9%	(14,259)
Special Ed. Excess Aid	5,557	4,828	4,501	2,704	-39.9%	(1,797)
Other	1,160	1,358	1,857	11,460	517.1%	9,603
Indirect Revenue	51,485	89,643	86,380	62,695	-27.4%	(23,685)
Total	\$ 1,100,028	\$ 1,372,862	\$ 1,371,379	\$ 1,279,645	-6.7%	\$ (91,734)

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 59%.

2013-14 ALC Revenue Budget



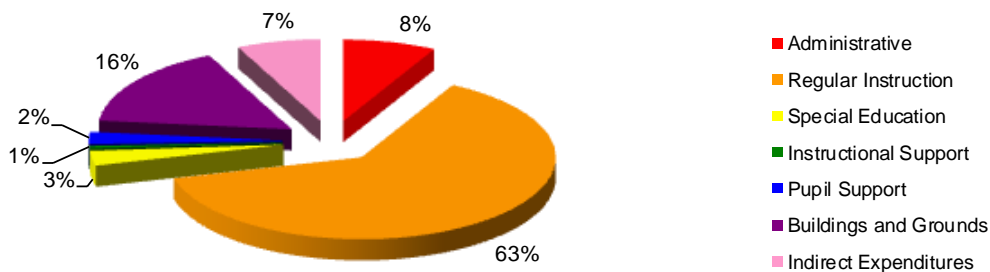
The following expenditure budget projects an increase of 3.0% for the coming year. This increase is primarily due to an increase in regular instruction. The increase in regular instruction is a result of the use compensatory funds. See the expenditure detail below.

ALC Expenditures

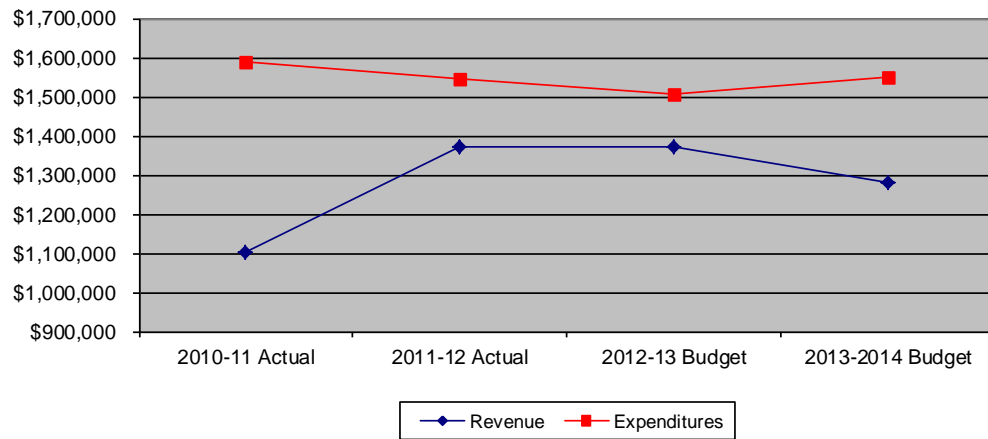
Description	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget	Change %	Change Amount
Administrative	\$ 98,826	\$ 110,619	\$ 120,789	\$ 120,673	-0.1%	\$ (116)
Regular Instruction	1,004,291	926,531	859,326	977,234	13.7%	117,908
Special Education	91,447	78,038	73,394	45,724	-37.7%	(27,670)
Instructional Support	23,709	27,659	27,427	7,887	-71.2%	(19,540)
Pupil Support	48,011	45,884	37,159	37,036	-0.3%	(123)
Buildings and Grounds	220,485	248,839	252,252	252,290	0.0%	38
Indirect Expenditures	103,568	109,420	134,724	108,691	-19.3%	(26,033)
Total	\$ 1,590,337	\$ 1,546,990	\$ 1,505,071	\$ 1,549,535	3.0%	44,464

Based on the graph below, the ALC spends approximately 69% 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.

2013-14 ALC Expenditure Budget



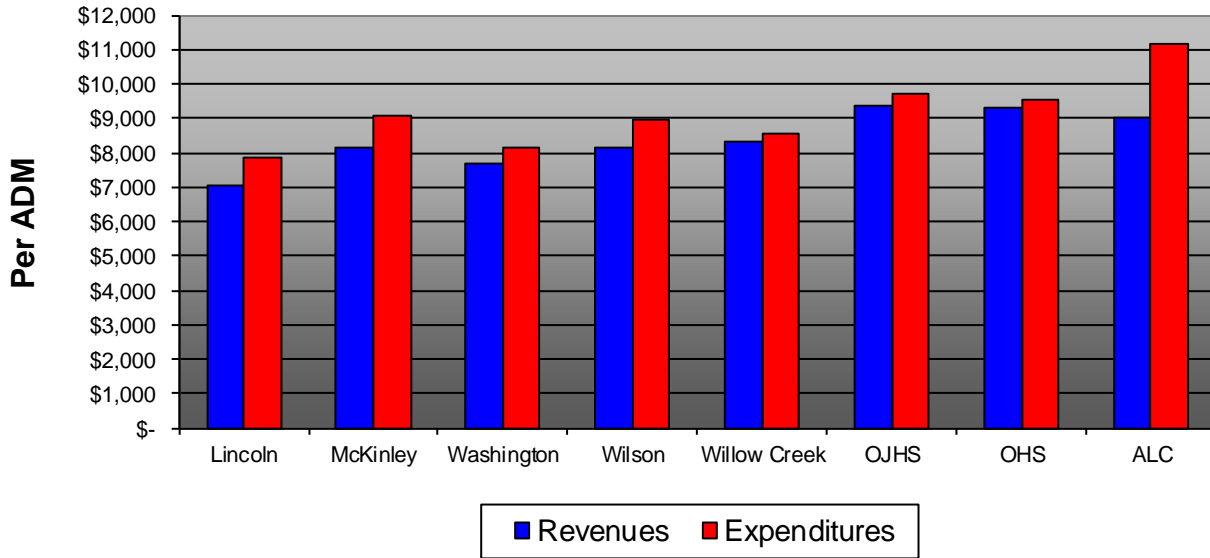
The total revenue per pupil allocated to the Area Learning Center is \$9,843 while the total expenditure per pupil is \$10,176. The relationship between revenues and expenditures over the last three years can be shown in the table below.



K-12 Summary Cost Comparison

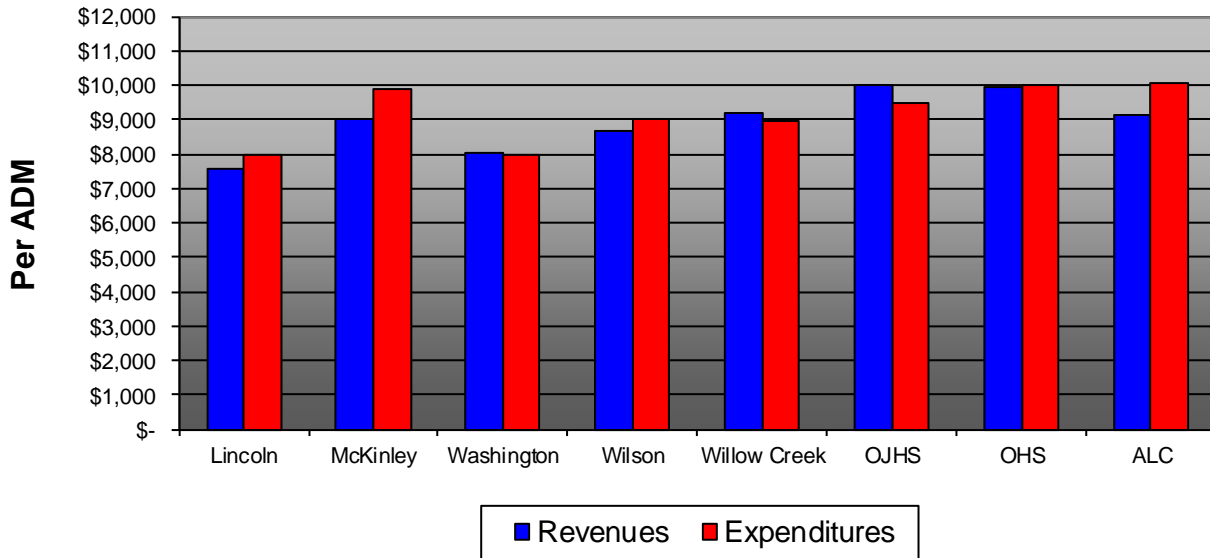
When looking at each building site collectively, the comparison between revenues and expenditures per adjusted daily membership (ADM) in 2011-12 can be seen in the graph below. The 'gaps' represent a redistribution of revenue across the District in order to balance learning expectations, such as elementary class sizes and student needs.

2011-12 Preliminary Budget per ADM



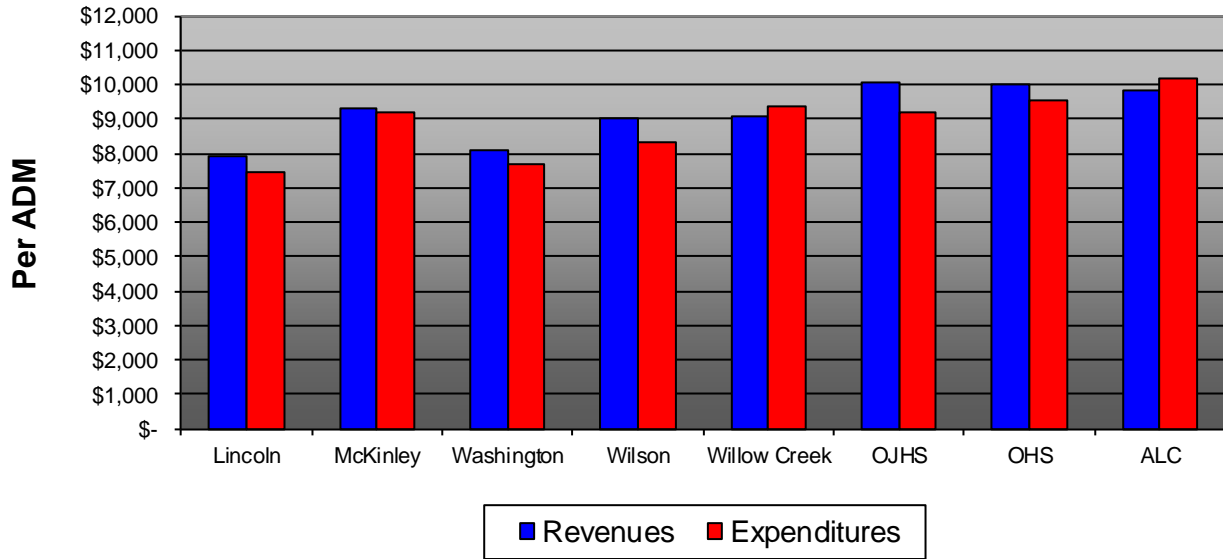
The graph below shows the same comparison between revenues and expenditures per ADM for 2012-13.

2012-13 Preliminary Budget per ADM



The graph below shows the same comparison as the above graphs between revenues and expenditures per ADM for 2013-14.

2013-14 Preliminary Budget per ADM



CHAPTER SIX - ACTIVITIES PROGRAM REPORT

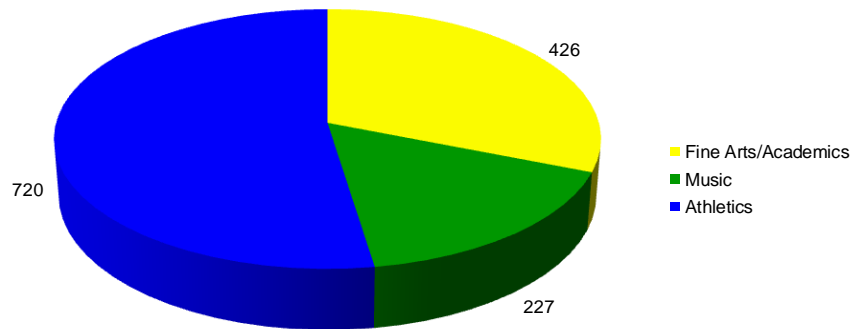
The Owatonna School District has an extensive array of activities designed to complement and enhance the learning experience for our senior high students. The tradition of excellence in arts and activities is one of the benchmarks against which our school district is measured.

Activities Overview

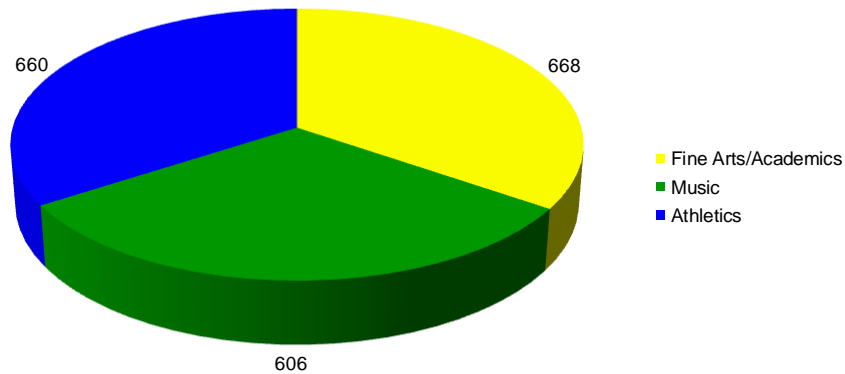
The breadth in curricular opportunities is important to our ability to provide a wide range of opportunities for students in Owatonna High School's extra-curricular program; helping them to cultivate and expand upon their personal growth and development. This past year, students could choose to participate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

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

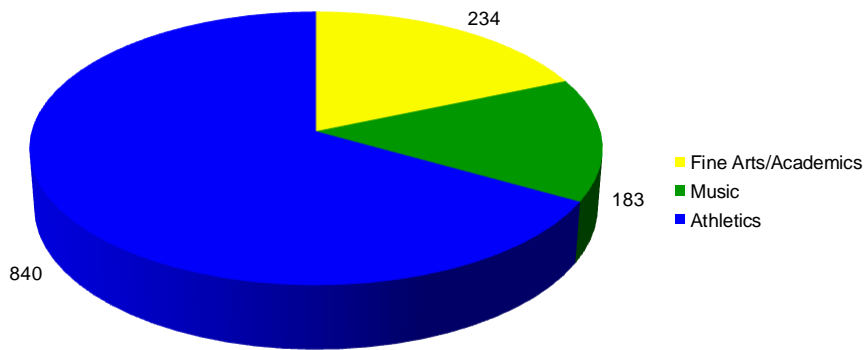
2010-11 Number of Students in Extra-Curricular Activities



2011-12 Number of Students in Extra-Curricular Activities



2012-13 Number of Students in Extra-Curricular Activities



The graph suggests that approximately 1,257 students took part in our programs as a means of enriching their school experience. The apparent decline in music participation is related to how students are being counted. In the past, the number reflects all students registered for a band, orchestra, or choir class. The new number represents only students who are truly participating in a music related extra-curricular such as Carolers, Marching, Pep Band, etc.

The actual expenditures for 2010-11 and 2011-12 and the budgeted expenditures for 2012-13 and 2013-14 are shown in the table on the next page.

OHS Activities Expenditure Budget

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget
Adaptive Athletics	14,768	11,806	10,720	11,133
<u>Boys Athletics</u>				
Baseball	23,445	28,378	21,587	22,291
Basketball *	38,119	40,646	41,397	42,337
Cross Country	11,519	11,575	11,317	12,320
Football *	63,187	62,260	66,724	63,910
Soccer	22,670	25,062	24,224	24,878
Golf	9,817	14,033	9,578	10,063
Hockey *	26,745	30,301	26,083	27,352
Swimming *	21,851	20,516	22,068	21,246
Tennis	10,419	9,463	9,403	9,907
Track	22,628	23,795	18,017	18,642
Wrestling *	31,362	19,967	27,440	28,131
Operating Capital	5,373	6,088	5,500	5,500
Total Boys Athletics	287,135	292,084	283,338	286,577
<u>Girls Athletics</u>				
Basketball *	33,141	34,104	40,055	41,027
Cross Country	9,981	11,679	11,247	11,849
Soccer	23,106	23,370	25,157	26,358
Golf	8,992	10,967	9,628	10,113
Hockey *	20,375	21,128	24,489	24,767
Swimming *	22,557	20,279	22,348	21,532
Tennis	11,469	11,324	9,994	10,498
Track	19,831	18,271	19,742	20,365
Softball	20,406	20,933	21,508	21,707
Gymnastics *	15,001	15,076	15,173	15,431
Volleyball *	26,788	28,641	25,580	26,818
Cheerleading	15,585	15,069	15,782	16,759
Operating Capital	3,431	1,500	1,500	1,500
Total Girls Athletics	230,663	232,341	242,203	248,724
<u>Activities</u>				
Extra-Curricular Publication	4,072	4,704	5,553	5,674
Link Crew	646	2,100	1,821	1,861
Magnet (Newspaper)	15,151	13,931	15,638	15,761
Photography	-	-	-	-
Yearbook	5,679	5,728	5,837	5,960
Speech	10,150	11,030	8,692	8,802
Drama *	34,080	33,409	34,478	34,451
Other	8,640	5,501	13,787	4,940
Total Activities	78,418	76,403	85,806	77,449
<u>Other</u>				
Auditorium Management	-	624	99	99
Athletic Training	9,558	8,627	9,000	9,450
Operating Capital	5,241	9,000	9,000	9,000
Activities Admin., Office Support, Etc.	235,828	247,928	234,905	214,283
Total Other	250,627	266,179	253,004	232,832
TOTAL ACTIVITIES BUDGET	861,611	878,813	875,071	856,715

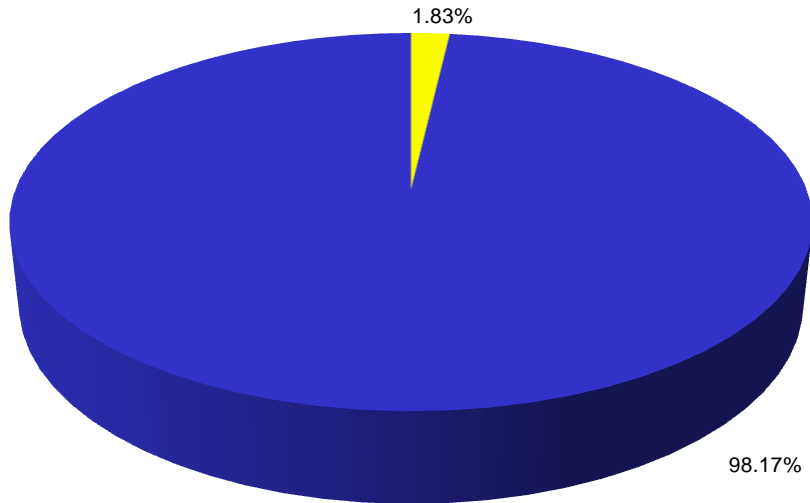
* Revenue generating activities

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

The projected decrease is a result of the FY 14 budget reduction planning and is absorbed mostly in the administrative and office support area.

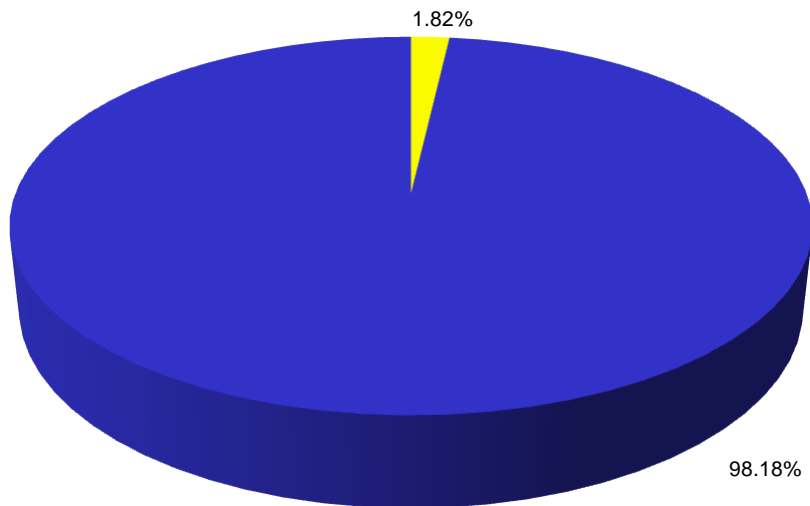
The activities expenditure budget was approximately \$875,000 for the 2012-13 school year and \$856,000 for the 2013-14 school year. The graphs below illustrate the size of these budgets when compared to the total general fund budget. Information has been provided for three years. The activities budget does not reflect funds from revenue.

2011-12 Actual Activities/General Fund Comparison



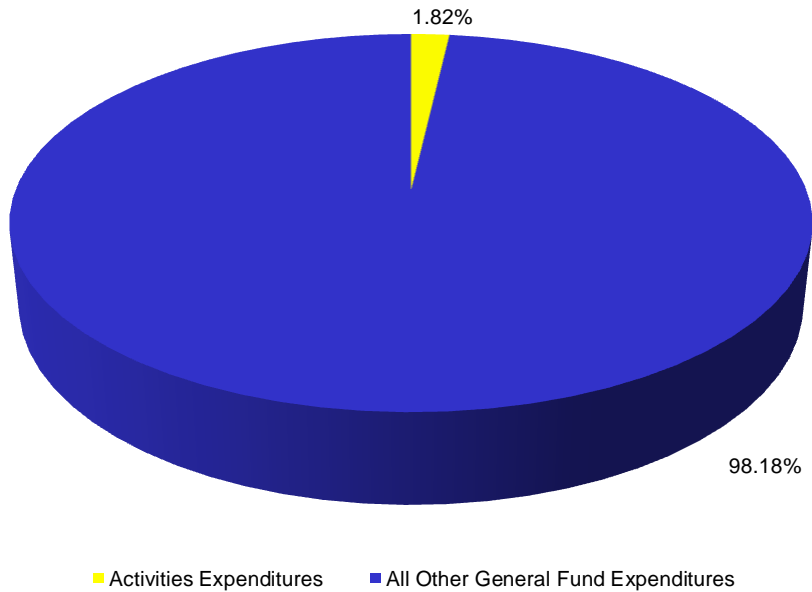
■ Activities Expenditures ■ All Other General Fund Expenditures

2012-13 Budgeted Activities/General Fund Comparison



■ Activities Expenditures ■ All Other General Fund Expenditures

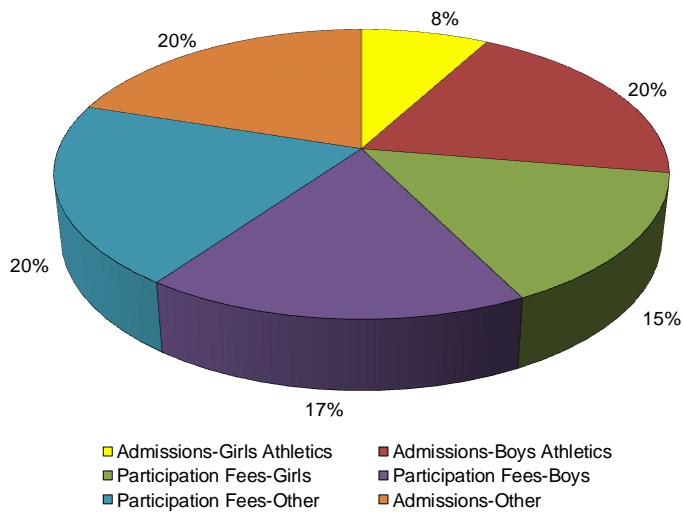
2013-14 Budgeted Activities/General Fund Comparison



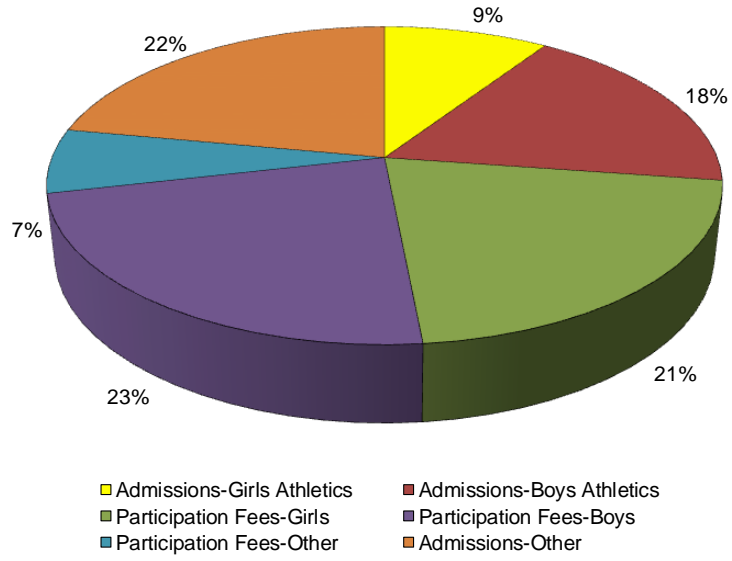
These costs in relation to the overall budget have remained fairly consistent over the past several years and are projected to remain with little change in the upcoming year.

The impact of the activities program on the budget reduces slightly when considering the revenue that is generated from various sources. As part of the FY 14 budget, activity fee will be increased by \$20 per activity. A breakout of those sources is shown in the graphs below.

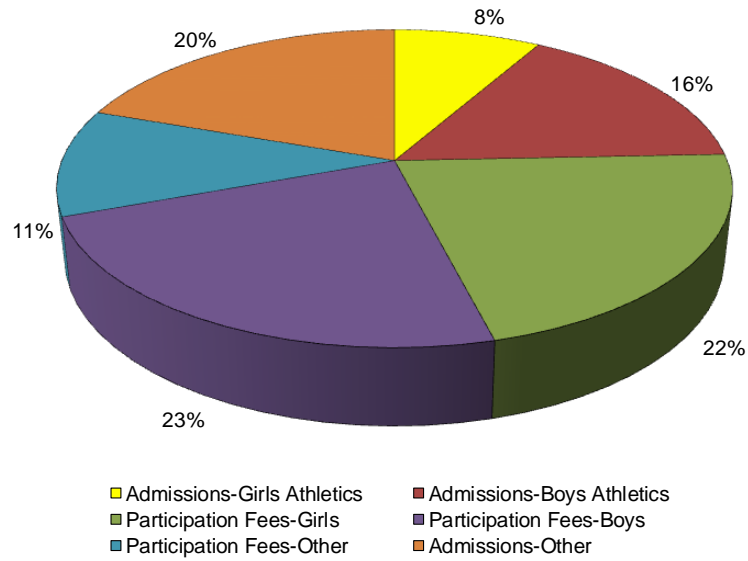
2011-12 Actual Activities Revenue Sources



2012-13 Budgeted Activities Revenue Sources

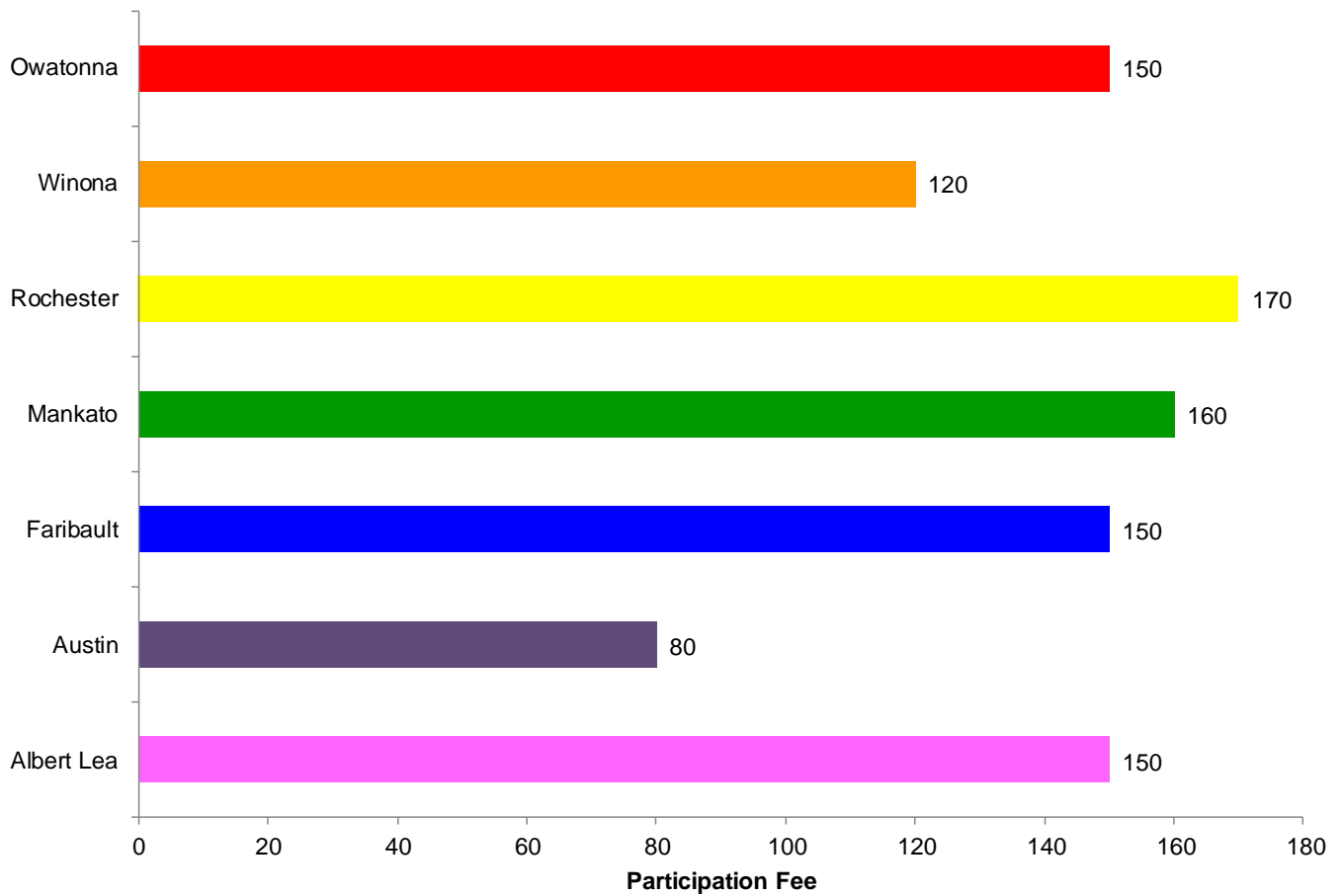


2013-14 Budgeted Activities Revenue Sources



While student fees have remained relatively stable over the past several years, they continue to serve as one of the primary sources of income for the program (approximately 44%).

2012-13 Participation Fees by District



*Owatonna's fee includes a \$20 increase for FY 14. The remaining school data is based on 2012-13 numbers.

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 initial 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 put in much effort this year to meet our compliance requirements. We are very close to meet our 100" compliant status.

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 have continued our collaborative partnership with a local child care facility. The emphasis of the collaboration is 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. A positive result of this collaboration is that we have been able to increase the community based options for our Special Education Early Childhood students by providing services and supports within their natural pre-school environment.

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 and related services to Medford during the 2013-2014 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, Occupational Therapist, and Teacher of the Visually 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.

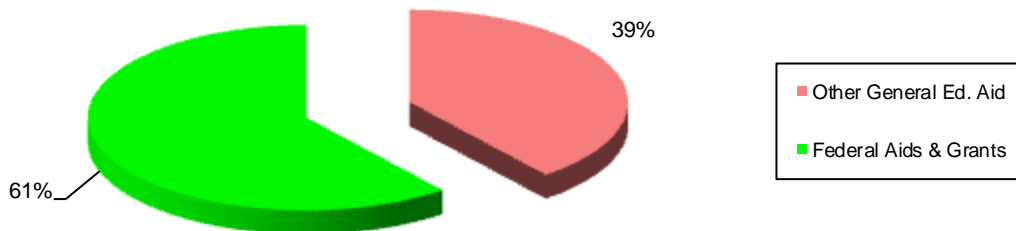
Special Services Revenues by Source

Source	Description	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget	Change %	Change Amount
099	Miscellaneous	\$ -	\$ -	\$ -	\$ -	0.0%	\$ -
211	Other General Ed. Aid	291,108	422,215	376,737	422,853	12.2%	46,116
400	Federal Aids & Grants	788,940	790,954	863,836	652,904	-24.4%	(210,932)
Special Services Totals		\$1,080,048	\$1,213,169	\$1,240,573	\$1,075,757	-13.3%	\$ (164,816)

In the above table, the general education aid includes State funding for the ELL programs and Targeted Services. The increase 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.

2013-14 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.

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

Special Services Expenditures by Program

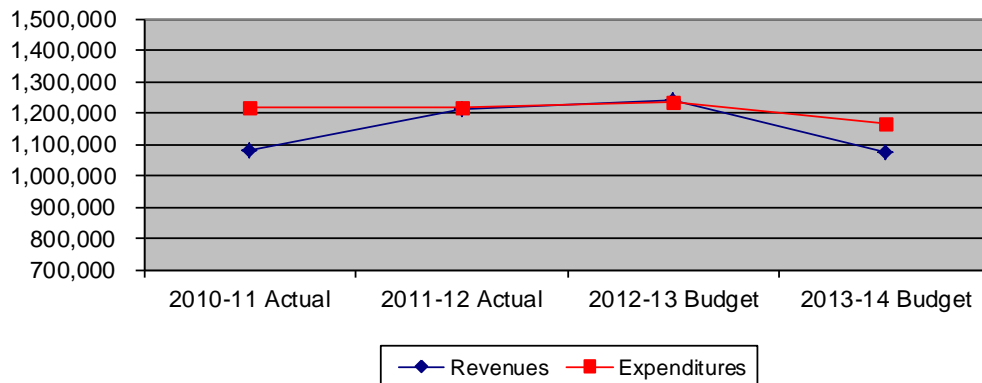
Program	Description	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget	Change %	Change Amount
201	Elem Ed - Kindergarten	\$ 31,764	\$ 2,447	\$ 39,117	\$ 3,466	-91.1%	\$ (35,651)
203	Elem Ed Grades 1-6	218,279	248,224	192,199	302,849	57.6%	110,650
204	Title II, Part A	173,688	181,295	180,406	121,953	-32.4%	(58,453)
205	Title III, Part A	38,427	32,354	43,580	42,916	-1.5%	(664)
206	Title IV	-	-	-	-	#DIV/0!	-
207	Title V	-	991	-	-	0.0%	-
210	Title II, Part D	-	-	-	-	0.0%	-
211	Secondary Ed. - General	8,872	11,632	-	-	0.0%	-
216	Title I	597,485	555,684	639,850	506,940	-20.8%	(132,910)
219	Limited Eng. Proficiency	150,062	186,271	139,152	185,955	33.6%	46,803
Special Services Total		\$ 1,218,577	\$ 1,218,898	\$ 1,234,304	\$ 1,164,079	-5.7%	\$ (70,225)

Based on the above, Title I is the largest expenditure program in special services. This accounts for over 43% 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 2013-14.

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget
Revenues	1,080,048	1,213,169	1,240,573	1,075,757
Expenditures	1,218,577	1,218,898	1,234,304	1,164,079

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.

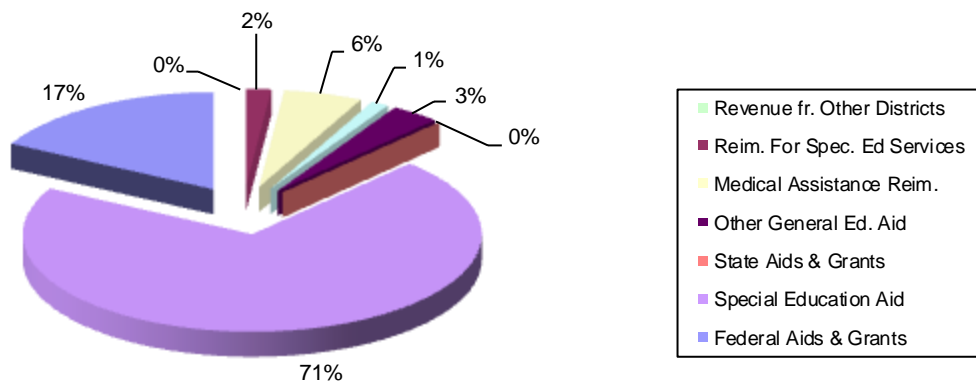
Special Education Revenues by Source

Source	Description	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget	Change %	Change Amount
021	Revenue fr. Other Districts	\$ 9,321	\$ 3,503	\$ -	\$ -		\$ -
022	Reim. For Spec. Ed Services	79,009	119,178	95,000	95,000	0.0%	-
071	Medical Assistance Reim.	139,726	181,186	300,000	300,000	0.0%	-
099	Miscellaneous	26,000	76,000	67,600	67,600	0.0%	-
211	Other General Ed. Aid	110,789	75,673	151,202	187,097	23.7%	35,895
300	State Aids & Grants	-	-	-	-	0.0%	-
360	Special Education Aid	4,172,161	3,811,320	3,626,827	3,820,532	5.3%	193,705
400	Federal Aids & Grants	1,876,329	1,078,201	1,136,141	928,069	-18.3%	(208,072)
Special Education Totals		\$ 6,413,335	\$ 5,345,061	\$ 5,376,770	\$ 5,398,298	0.40%	\$ 21,528

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.

2013-14 Special Education Revenue



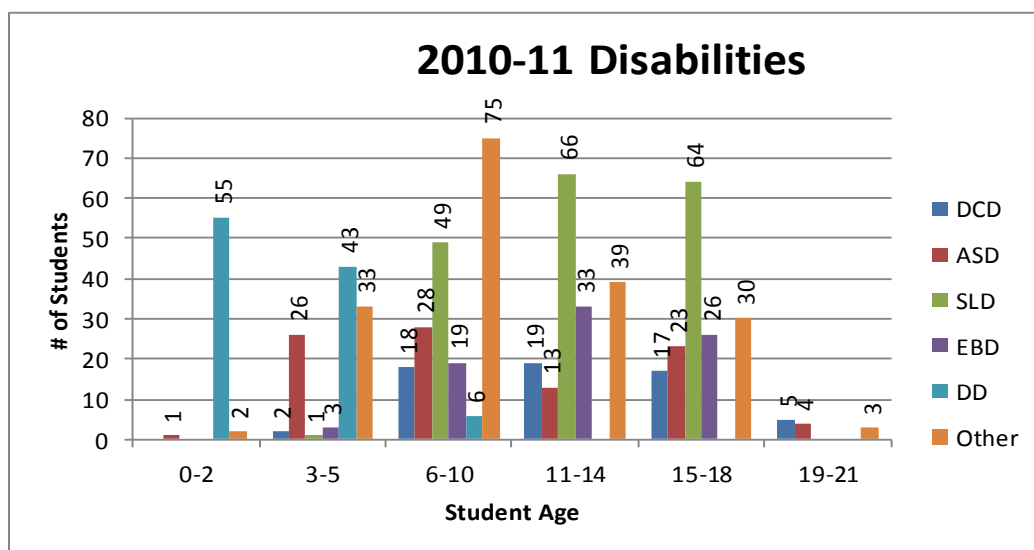
From this graph, it is evident that the largest portion of revenue received for our special education program comes from the state reimbursement formula. Currently, the State provides reimbursement for up to 68% of all expenditures related to teacher and support staff compensation. However, the costs 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.

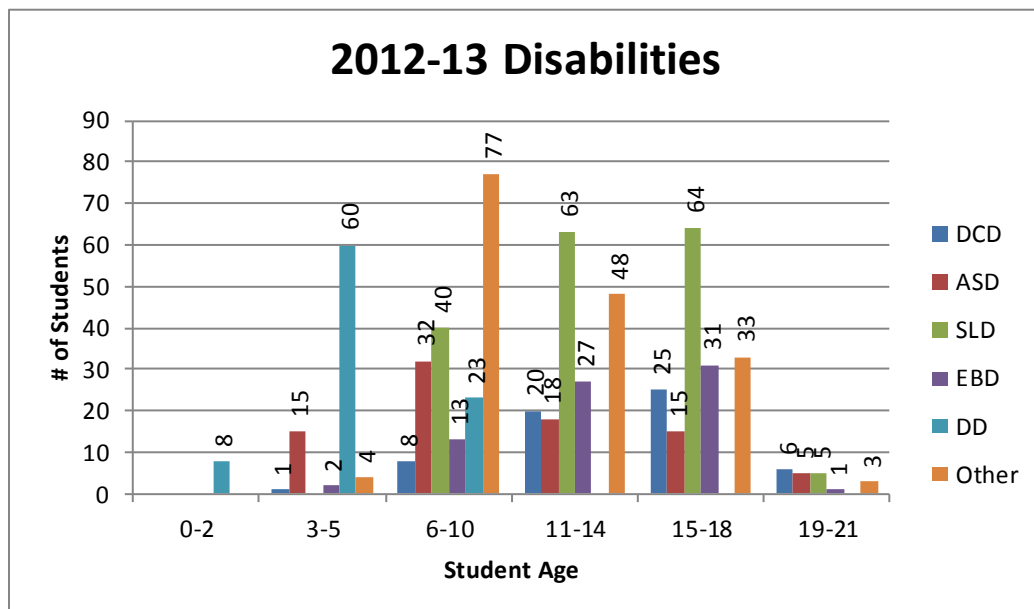
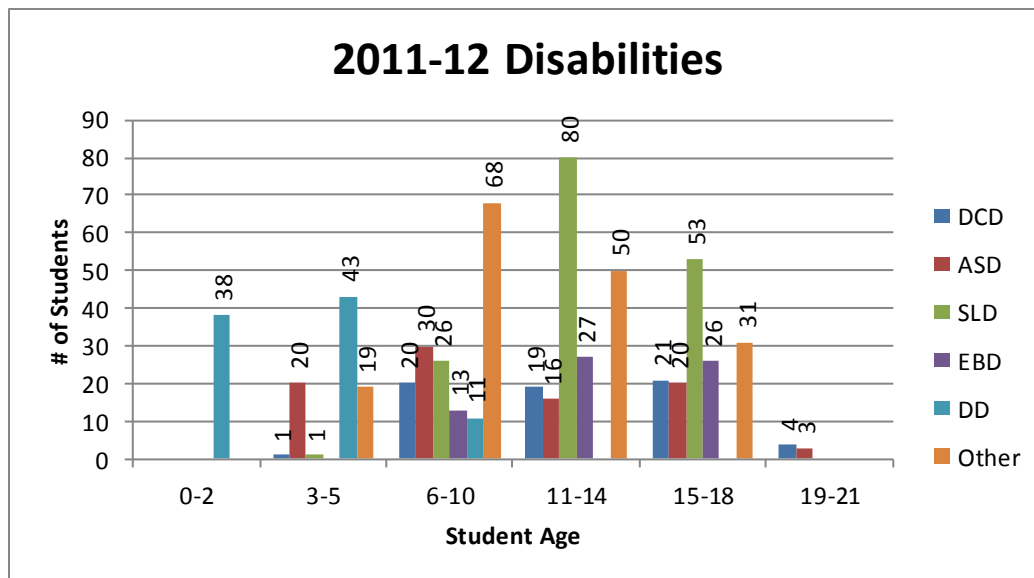
Below is a breakout of the expenditures across various disability categories. It can be readily seen that the single largest expenditure for special education services is in the area of Special Education General. Included within this category are the students who have multiple disabilities or those supplies 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	2010-11	2011-12	2012-13	2013-14	Change	Change
		Actual	Actual	Budget	Budget	%	Amount
030	Instructional Administration	\$ 35,097	\$ 37,367	\$ 33,633	\$ 33,701	0.2%	\$ 68
203	Elementary Ed. - General	130	-	-	-	0.0%	-
211	Secondary Ed. - General	42,818	6,629	11,189	23,225	107.6%	12,036
400	General Special Ed.	161,439	194,566	160,341	106,179	100.0%	(54,162)
401	Speech/Lang. Impaired	567,368	560,505	517,841	516,063	-0.3%	(1,778)
402	Mild-Mod. Mentally Imp.	915,616	862,444	1,027,292	894,640	-12.9%	(132,652)
403	Mod.-Severe Mentally Imp.	528,060	434,701	509,336	499,301	-2.0%	(10,035)
404	Physically Impaired	293,662	351,457	354,106	378,928	7.0%	24,822
405	Deaf - Hard of Hearing	83,084	100,613	84,576	76,533	-9.5%	(8,043)
406	Visually Impaired	85,578	86,467	86,613	112,361	29.7%	25,748
407	Specific Learning Disability	1,132,243	1,043,339	1,029,961	1,018,673	-1.1%	(11,288)
408	Emot/Behavioral Disorder	1,365,681	1,521,598	1,581,113	1,506,926	-4.7%	(74,187)
409	Deaf - Blind	10,526	11,829	4,944	5,100	3.2%	156
410	Other Health Impaired	173,405	170,631	183,479	149,716	-18.4%	(33,763)
411	Autism	673,064	593,909	678,272	618,041	-8.9%	(60,231)
412	Early Childhood Spec. Ed.	652,552	687,091	746,984	781,923	4.7%	34,939
416	Multiple Handicap	43,830	47,401	65,000	50,000	-23.1%	(15,000)
420	Special Education General	1,728,827	1,630,871	1,847,788	1,651,474	-10.6%	(196,314)
422	Special Ed Students w/o Disabilities	102,173	490,911	494,512	511,449	3.4%	16,937
740	Social Work Services	-	526	-	-	0.0%	-
760	Pupil Transportation	591,935	558,395	707,974	728,797	2.9%	20,823
810	Operations/Maintenance	3,016	-	2,723	-	-100.0%	(2,723)
850	Capital Facilities	44,436	43,580	47,000	47,000	0.0%	-
Special Education Totals		\$9,234,540	\$9,434,830	\$10,174,677	\$9,710,030	-4.6%	\$ (464,647)

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



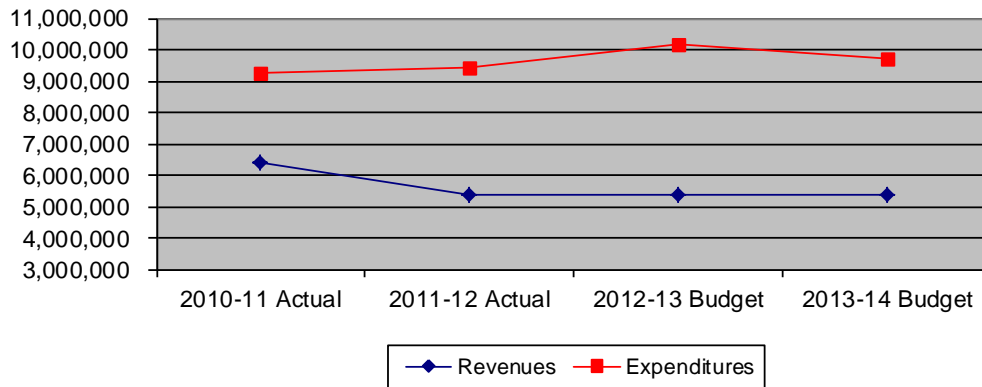


Overall, the special education budget is expected to decrease by 4.6%. Part of the decreases by category is for the reallocation of staff. Since special education teachers are often licensed in multiple areas, this will lead to changes within program codes to account for the needs of the students for the school year. The 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.

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget
Revenues	6,413,335	5,345,061	5,376,770	5,398,298
Expenditures	9,234,540	9,434,830	10,174,677	9,710,030

Special Education Revenue Expenditure Comparison



The special education revenue and expenditure comparison table shows the total revenues and expenditures for special education. The difference between revenues and expenditures 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. The FY 14 final budget will include additional revenue of \$17 per pupil unit to help reduce the special education “cross subsidy.”

CHAPTER EIGHT – FOOD & NUTRITION AND COMMUNITY EDUCATION REPORT

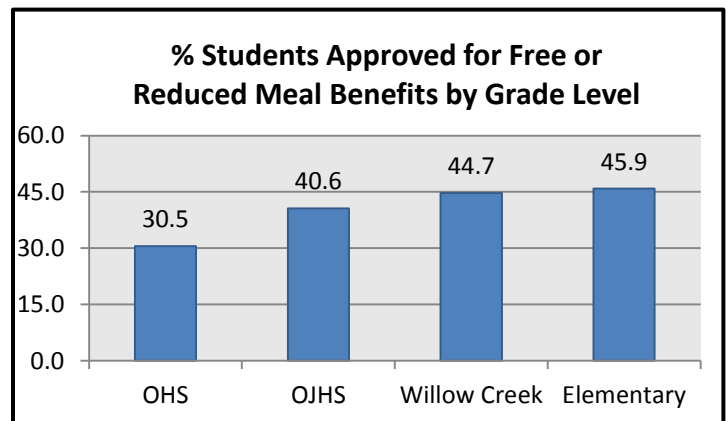
The Food and Nutrition Services Department provides nutritious school meals to the students and staff of Owatonna Public Schools. It also provides an interactive nutrition learning environment for our students. It is projected that the Food & Nutrition Services staff will have served 508,587 student lunches, 7,002 adult lunches, and 243,881 student breakfasts, totaling 759,470 meals during the 2012-13 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 \$451,181 are projected to be collected in ala carte revenue during the 2012-13 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:

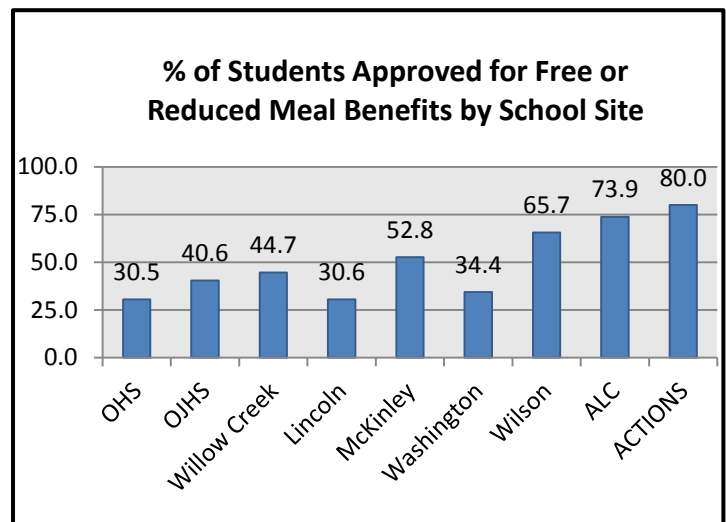
Free & Reduced Stats by Grade Level

OHS	30.5%
OJHS	40.6%
Willow Creek	44.7%
Elementary	45.9%
<i>District Average</i>	<i>40.3%</i>
<i>State Average</i>	<i>38.3%</i>



Free & Reduced Stats by School Site

OHS	30.5%
OJHS	40.6%
Willow Creek	44.7%
Lincoln Elementary	30.6%
McKinley Elementary	52.8%
Washington Elementary	34.4 %
Wilson Elementary	65.7%
ALC	73.9%
Actions	80.0%

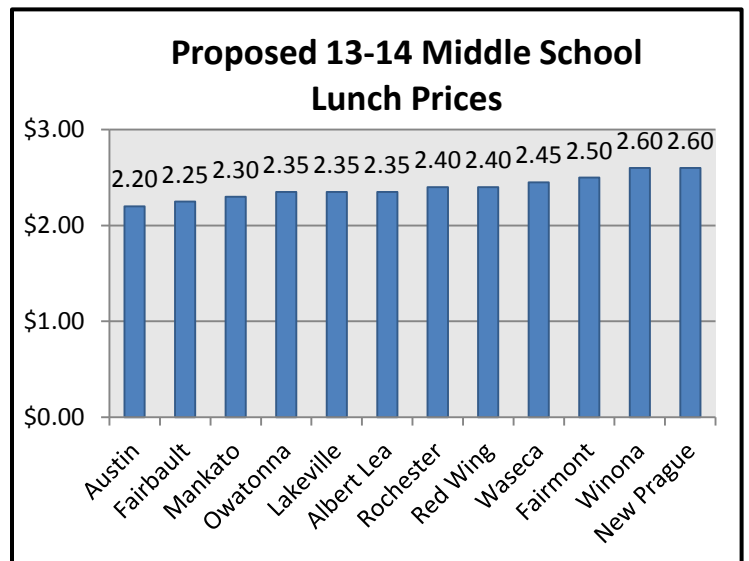
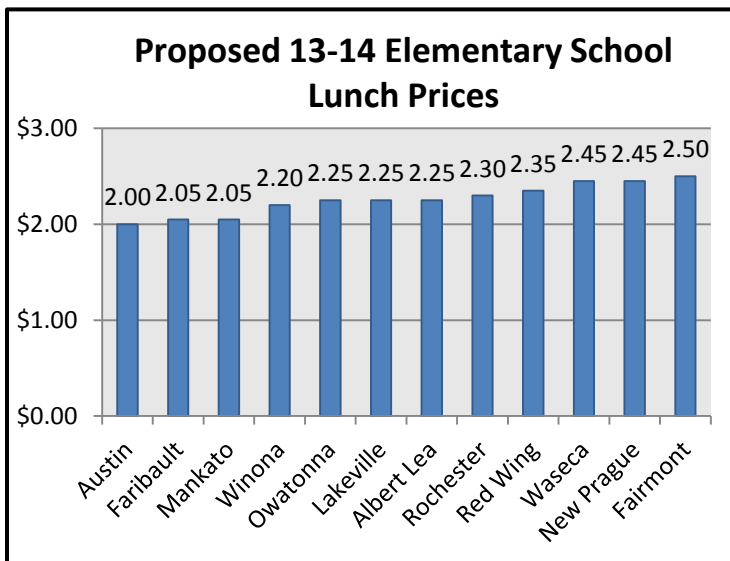
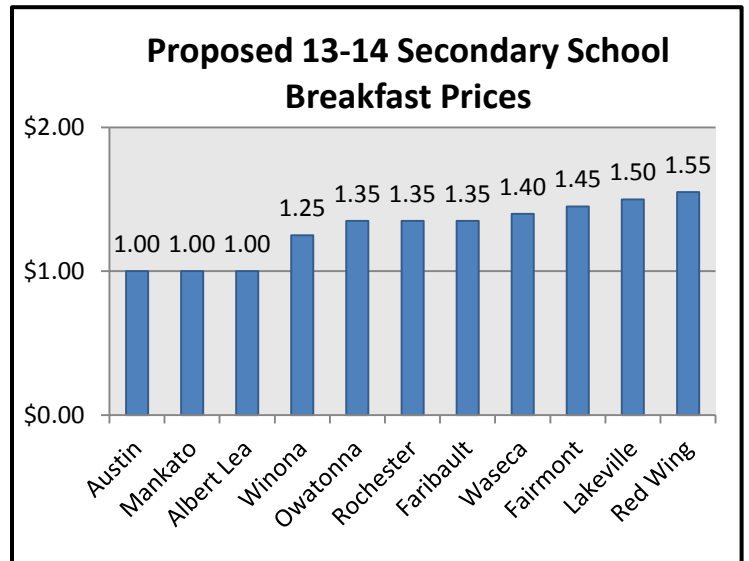
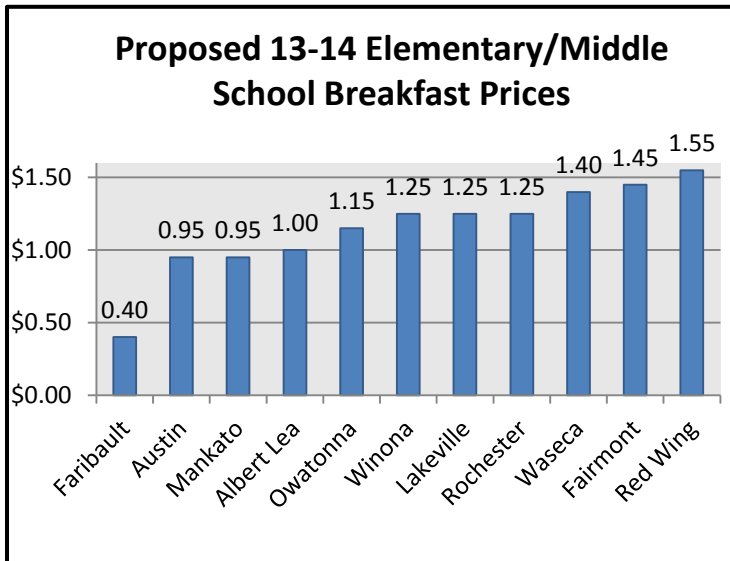


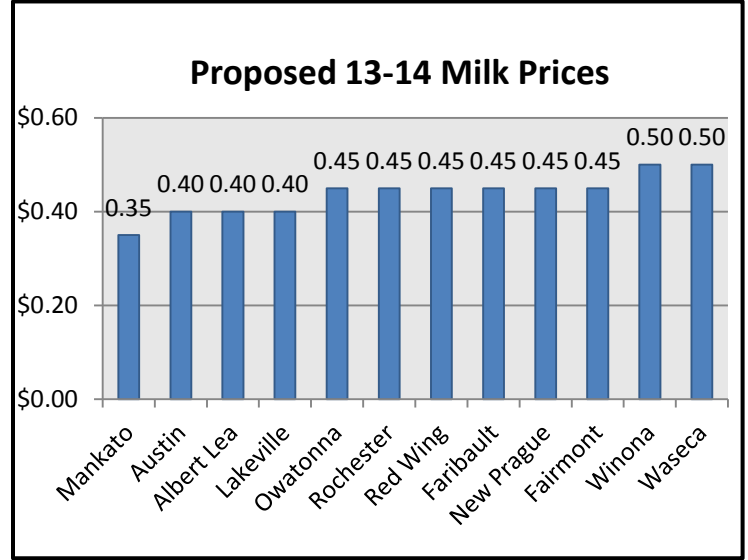
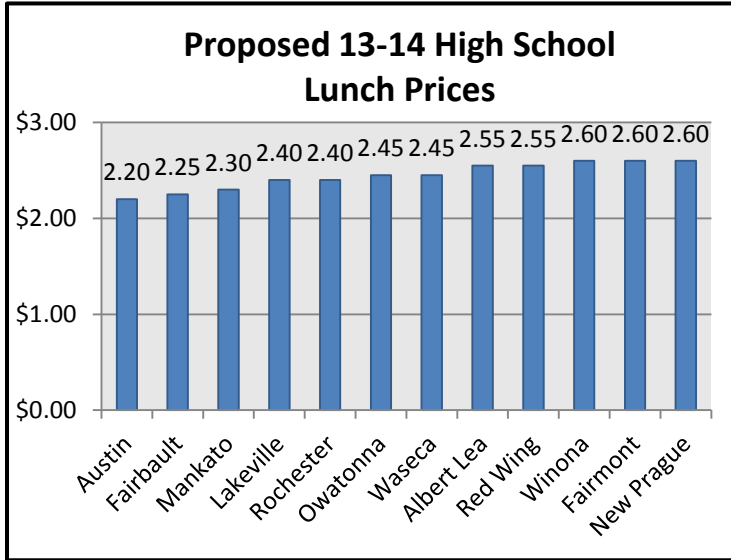
The Food & Nutrition Services Department is recommending a 10¢ meal price increase for breakfast prices only for the 2013-14 school year to be more closely aligned with surrounding

districts. Students that are eligible for free or reduced priced meals will not be impacted by this price increase.

As shown in the tables listed below, 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 to breakfast meal prices.

Breakfast, lunch and milk price comparisons to surrounding Districts:





Food Service Fund Balance Overview

	Audited FY 12	Projected FY 13	Proposed FY 14
Revenue	\$2,621,067	\$2,514,535	\$2,558,244
Expenditures	\$2,555,103	\$2,671,155	\$2,640,659
Operating Excess or Deficit	\$65,964	(\$156,620)	(\$82,415)
Fund Balance	\$554,059	\$397,439	\$315,024

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 \$273,000, or a maximum fund balance of \$819,000. Our projected FY 13 Fund Balance is approximately 1.5 months. However, the industry standard is to have a minimum of at least three weeks operating capital in the Food Service Fund Balance to assist the District with cash flow for Food and Nutrition Services fund expenditures. The Food Service Fund Balance should be managed to be self-supporting to eliminate the need to use money from the General Fund.

The Food & Nutrition Services Department planned to deficit spend in FY13 by investing in capital purchases (i.e. replacement of kitchen equipment). To continue to move our meal programs forward, plans include additional capital equipment purchases in FY14 and an intended decrease in fund balance yet again.

Food Service Economic Outlook

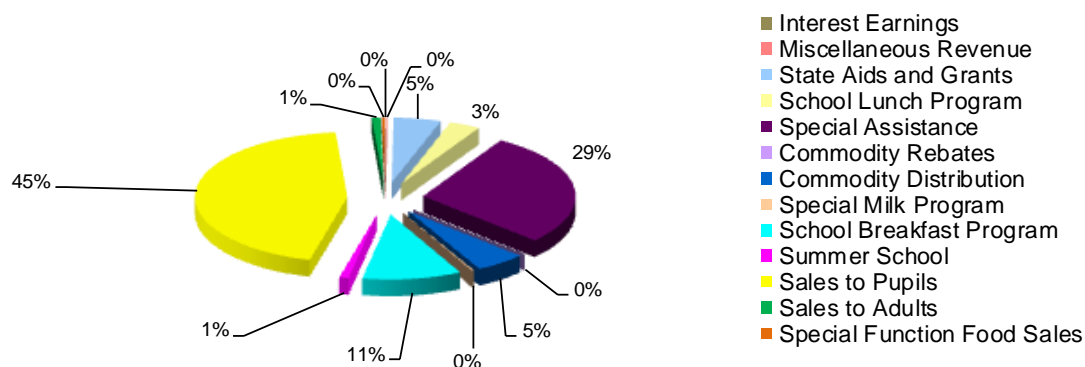
The projected revenue between 2012-13 and 2013-14 as shown in the table below shows a decrease. There are decreases in a majority of the areas with the exception of the school lunch program, special assistance, and school breakfast program. The increase in special assistance is due to the revenue we receive from the Federal Free and Reduced Lunch Program. The increase in the school breakfast program is due to a \$.10 cent increase in our meal prices for FY 14.

Food Service Revenues

Description	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget	Change Percent	Change Amount
Interest Earnings	\$ 329	\$ 192	\$ 155	\$ 155	0.00%	\$ -
Miscellaneous Revenue	15,294	11,104	6,000	4,500	-	(1,500)
State Aids and Grants	140,523	136,743	135,938	128,987	-5.11%	(6,951)
School Lunch Program	140,405	139,196	74,575	83,873	12.47%	9,298
Special Assistance	554,732	608,500	671,476	728,174	8.44%	56,698
Commodity Rebates	39,069	28,153	5,000	-	-100.00%	(5,000)
Commodity Distribution	84,664	103,480	147,700	136,893	0.00%	(10,807)
Special Milk Program	5,330	6,410	6,786	4,785	-29.49%	(2,001)
School Breakfast Program	258,794	284,517	251,665	268,473	6.68%	16,808
Summer School	51,342	32,260	25,000	25,000	0.00%	-
Sales to Pupils	1,280,200	1,214,835	1,258,765	1,145,722	-8.98%	(113,043)
Sales to Adults	37,242	34,731	26,162	23,840	-8.88%	(2,322)
Special Function Food Sales	14,023	20,948	10,000	8,000	-20.00%	(2,000)
Total	\$ 2,621,947	\$ 2,621,069	\$ 2,619,222	\$ 2,558,402	-2.32%	\$ (60,820)

The largest source of funds is sales to pupils (45%). The next largest source is for special assistance. This accounts for 29% of total revenue. See the following pie chart for the breakdown of revenue for the Food Service Fund.

2013-14 Food Service Revenue Budget



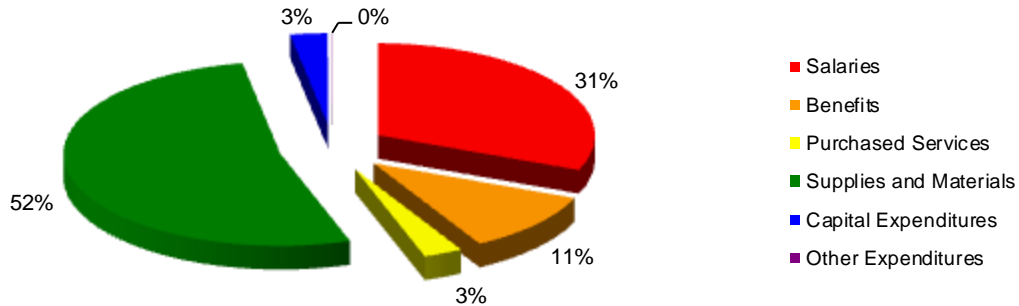
Expenditure changes in 2012-13 and 2013-14, as shown on the next page, varied because of certain items. The projected expenditures for 2013-14 decreased from 2012-13 largely due to the changes in employee contracts. The decrease in capital expenditures is related to the decrease in new equipment that will need to be purchased in FY 14.

Food Service Expenditures

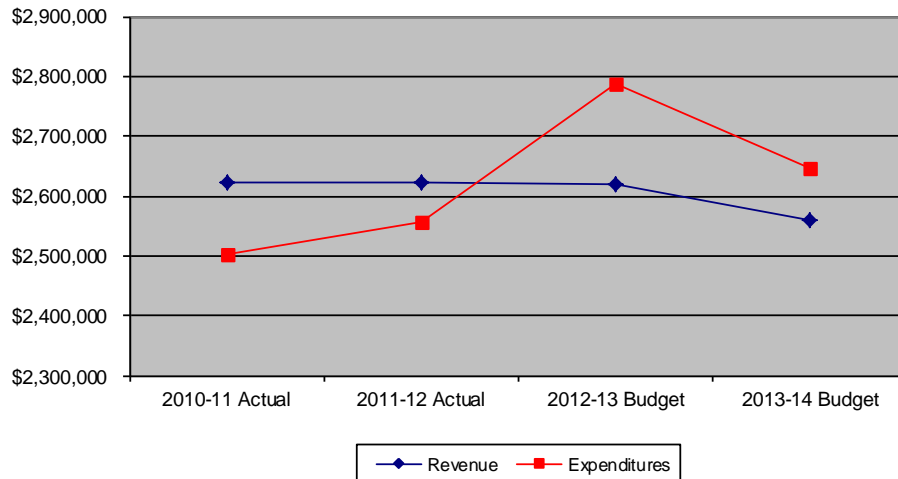
Description	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget	Change Percent	Change Amount
Salaries	\$ 847,283	\$ 879,434	\$ 893,744	\$ 824,942	-7.70%	\$ (68,802)
Benefits	317,421	304,845	325,669	283,524	-12.94%	(42,145)
Purchased Services	56,882	62,769	73,886	76,892	4.07%	3,006
Supplies and Materials	1,224,316	1,255,039	1,348,762	1,386,322	2.78%	37,560
Capital Expenditures	57,235	52,604	143,908	73,390	-49.00%	(70,518)
Other Expenditures	207	414	1,000	1,000	0.00%	-
Total	\$ 2,503,344	\$ 2,555,105	\$ 2,786,969	\$ 2,646,070	-5.06%	\$ (140,899)

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

2013-14 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 within a thirty-mile radius of Owatonna. Our market base is expanding as we have registered learners from distances in excess of 60 miles. Programs that can serve as both personal and professional development, as well as special interest youth programs are most likely to draw from outside school district boundaries. We are extremely proud of our ability to build programming that is expanding its market-appeal. Programs delivered through the community education model are listed below. Within each category are entire subsets of programming efforts designed to extend the resources of Owatonna Public Schools to as many members of our community as possible.

• 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 and 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 2014-15 year will not be fully developed until after our Spring Results Workshop on May 29-30th; 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 began to show a slow-down in participation, and delayed decision making by residents in their commitments to enroll. FY'13 has continued that trend, and we predict FY'14 will also mirror this same profile. The exception to that appears to be our Early Childhood and School Age Care Programs with both programs showing some of the highest recorded participation ever in FY'13. 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;
- A new challenge in FY'14 will be the full implementation of the Otto Bremer Grant that will provide enhanced opportunities for our preschool and junior high youth. The grant also provides seed money that has been coupled with Southern MN Initiative Foundation funding to create a PreK-Grade 3 Alignment for our community;
- 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 create 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. Stakeholder feedback from the FY'12 survey fueled improvements in FY'13 that are again being measured to assess our response to the baseline data.
- 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 concept of preschool achievement

data reporting has been benchmarked with Austin this past year and will provide us a model to align preschool achievement data with K-12 processes through Infinite Campus in FY'14;

- 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 in FY'14;
- Program partnerships will remain a focus in the areas of school readiness, family education for 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'13 was very successful, and will provide us with new opportunities to outreach ABE program services in FY'14;
- 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. We will continue to look for cross-program and cross-department opportunities that allow the entire organization to meet its strategic benchmarks.

Community Education Economic Outlook

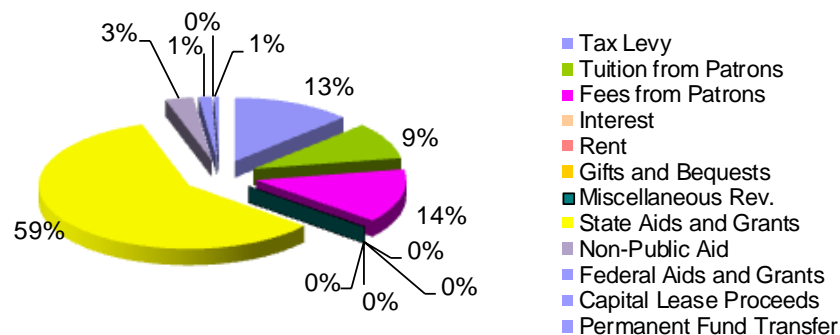
The projected revenue for 2012-13 and 2013-14 as shown in the table below shows a decrease. In FY 13 the District received a \$250,000 grant that will be used for additional programming in FY 14. Owatonna participates in an Adult Basic Education Consortium where Owatonna is the fiscal host. The consortium includes Albert Lea, Winona, Faribault, Caledonia Adult Pathways and Austin Public Schools. FY 14 will be the third 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	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget	Change %	Change Amount
Tax Levy	\$ 433,713	\$ 293,287	\$ 316,930	\$ 321,573	1.46%	\$ 4,643
Tuition from Patrons	253,228	245,230	235,500	234,000	-0.64%	(1,500)
Fees from Patrons	349,956	356,145	340,000	340,000	0.00%	-
Interest	282	142	321	700	118.07%	379
Rent	2,450	745	500	-	0.00%	(500)
Gifts and Bequests	455	23,399	350	350	0.00%	-
Miscellaneous Rev.	22,595	9,813	257,100	2,050	-99.20%	(255,050)
State Aids and Grants	660,324	1,431,651	1,474,492	1,470,241	-0.29%	(4,251)
Non-Public Aid	81,742	60,221	75,754	75,754	0.00%	-
Federal Aids and Grants	25,493	50,148	34,956	34,956	0.00%	-
Capital Lease Proceeds	-	-	-	-	0.00%	-
Permanent Fund Transfer	18,654	27,688	14,000	14,000	0.00%	-
	\$ 1,848,892	\$ 2,498,469	\$ 2,749,903	\$ 2,493,624	-9.32%	\$ (256,279)

The largest source of funds is state aid and grants (59%). However, a substantial amount of funding comes from fees from patrons (14%) and local tax levy (13%) as shown in the following pie chart.

2013-14 Community Service Revenue Budget



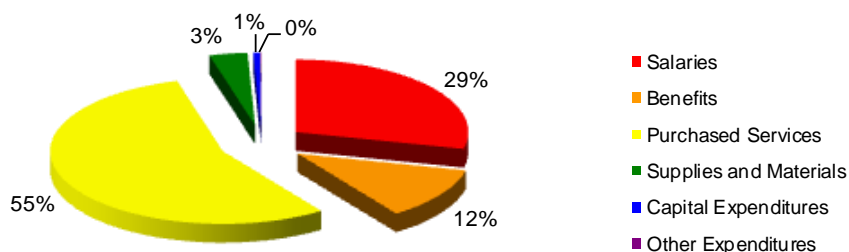
Expenditure decreases from 2012-13 to 2013-14, as shown below, are in response to the reduction in revenues and maintaining fund balances in each community education program. Each community education program is considered on its own, so programs are offered based on the revenues coming in for the program and the anticipated fund balance.

Community Service Expenditures

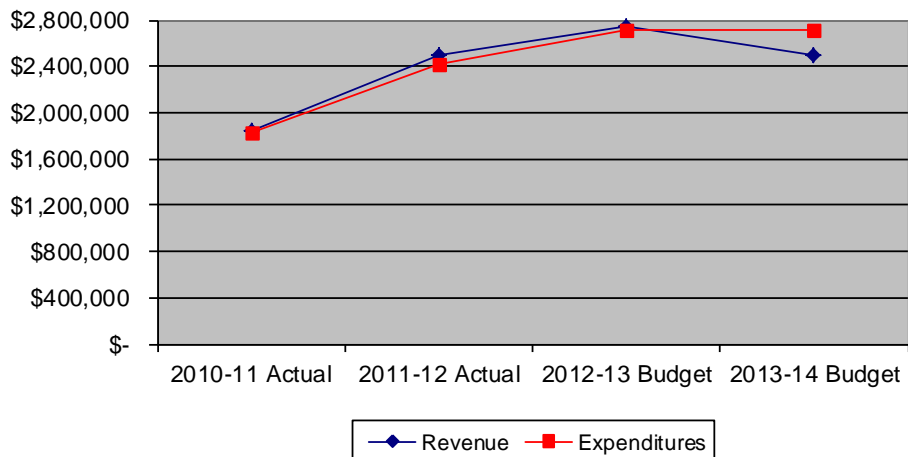
Description	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Budget	Change %	Change Amount
Salaries	\$ 747,819	\$ 737,737	\$ 791,062	\$ 779,137	-1.51%	\$ (11,925)
Benefits	234,350	217,510	259,668	315,622	21.55%	55,954
Purchased Services	739,721	1,290,973	1,547,345	1,503,046	-2.86%	(44,299)
Supplies and Materials	72,577	157,830	108,768	96,753	-11.05%	(12,015)
Capital Expenditures	26,105	10,752	5,417	17,297	219.31%	11,880
Other Expenditures	1,818	1,829	1,950	1,820	-6.67%	(130)
	\$ 1,822,390	\$ 2,416,631	\$ 2,714,210	\$ 2,713,675	-0.02%	\$ (535)

As with other programs in a school district, salaries and benefits comprise the majority portion of expenditures (41%). However, purchased services are another large area (55%). Of the \$1,503,046 budgeted for purchased services, \$967,173 is Adult Basic Education money passed on to the other districts and \$82,750 is for the use of Roosevelt.

2013-14 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.

FISCAL YEAR 2013-14			
Projected Beginning Balance			\$ 23,994
Revenue			
Operating Capital - Aid		665,251	
Operating Capital - Levy		522,911	
Lease Levy		45,253	
Advanced Recognition - Lease Levy		253,072	
Total Revenue			1,486,487
Expenditures			
Fixed			
Taxes/Assessments		33,269	
Four Seasons Lease		48,000	
Gymnastic's Lease		4,800	
Actions Lease - EBD Program		47,000	
ALC Lease		201,272	
COP - Roof Project		257,338	
Cap Equip Note- Phone System		113,494	
Copiers			
- District wide		57,931	
- Lincoln		4,996	
- McKinley		4,996	
- Washington		4,996	
- Wilson		4,996	
- Willow Creek		4,996	
- OJHS		9,941	
- OHS		28,258	
- ALC		2,784	
- Special Services		2,767	
Postage Machine		1,428	
District Van		4,680	
Total Fixed Expense			837,939
Operating Capital Allocation			
OHS	\$ 15.00	1,909.70	28,646
OJHS	\$ 15.00	932.10	13,982
All Elementary Specialists			3,600
Grade 6			4,621
K-5			29,814
ALC	\$ 15.00	177.85	2,668
Total Building Operating Capital Allocations			83,330
Program Operating Capital Allocations			
Athletics		16,000	
Curriculum		55,000	
District Administration		10,000	
Finance System		11,035	
Operations & Maintenance/ Safety		30,000	
Special Services		3,000	
Technology - LCM		425,000	
Technology - Instructional Software		33,000	
Total Program Operating Capital Allocations			583,035
Total Expenditures			1,504,304
Addition (Reduction) To Fund Balance			(17,817)
Projected Ending Balance			\$ 6,177

Health and Safety, Deferred Maintenance, and Capital Budgets for 2013-14

Buildings and Grounds 13-14 Plans

Health and Safety			
Resources Available:	\$367,954.00	Projects:	Expenses:
		Playground Resurfacing and other hazards	\$9,600.00
		Mechanical & Power Equipment - Safety Modifications	\$10,000.00
		OSHA Physical and Electrical Hazard Violation Corrections	\$5,000.00
		Food Code Safety - MDH Health Code Requirements	\$8,000.00
		Elevator and Lift Inspections	\$18,750.00
		Personal Protective Equipment	\$6,000.00
		Hazardous / Infectious Waste Management & Disposal	\$15,250.00
		Lead in Water - Testing & Mitigation	\$16,000.00
		Boiler - Main Supply Backflow Preventor and	\$5,000.00
		Health, Safety & Environmental Management - School District Personnel	\$63,554.00
		Health, Safety & Environmental Management - IEA Consultant	\$9,500.00
		Safety Committee and AWAIR	\$500.00
		Science Labs - Inventory & Other Safety Compliance	\$1,600.00
		Blood Borne Pathogen Standard Compliance	\$3,000.00
		Integrated Pest Management	\$200.00
		Computer Based Management Support Programs	\$5,500.00
		H&S Management Assistance (Bob Tweeten)	\$2,000.00
		Three Year Fire Inspection	\$4,500.00
		IAQ plan and IAQ Coordinator Expenses	\$5,000.00
		Automated External Defibrillators	\$1,200.00
		Removal and Encapsulation of Asbestos (not replacement of materials)	\$101,000.00
		Repair and Maintenance - Asbestos	\$9,500.00
		Asbestos - Staff Training	\$4,000.00
		Asbestos Worker Required Health Physicals	\$1,800.00
		Fire Alarm Equipment	\$43,000.00
		Fire Extinguisher Inspection & Maintenance	\$5,000.00
		Fire Marshall Order Violation Corrections	\$5,000.00
		Lighting - Emergency and Egress	\$8,500.00
		Unexpected Needs	\$0.00
		TOTAL	\$367,954.00
Deferred Maintenance			
Resources Available:	\$329,149.00	Projects:	Expenses:
		Flooring Needs - District Wide	\$57,907.00
		East Playground Blacktop - Lincoln	\$10,049.00
		Concrete Work - District Wide	\$35,474.00
		Exterior Security Cameras (2) - OJHS	\$5,770.00
		Renovate Boys & Girls Locker Rooms - OJHS	\$65,450.00
		Security Cameras (3) - OHS	\$6,107.00
		New Blacktop Play Area - Willow Creek	\$20,000.00
		Unexpected Needs	\$128,392.00
		TOTAL	\$329,149.00
Capital			
Resources Available:	\$30,000.00	Projects:	Expenses:
		Unexpected Needs/On-going Maintenance	\$30,000.00
		TOTAL	\$30,000.00

The majority of the Buildings and Grounds work in FY 14 will occur in health and safety (\$367,954) and deferred maintenance (\$329,149). These expenses are met through the board approved levy certification process.

Anticipated Capital Needs 2013-17

CAPITAL & MAINTENANCE	APPROX COSTS	2013	2014	2015	2016	2017
District Wide	155,000.00	0.00	100,000.00	55,000.00	0.00	0.00
Lincoln	2,773,656.00	0.00	196,321.00	871,588.00	1,705,747.00	0.00
McKinley	3,767,229.00	135,675.00	103,259.00	995,342.00	2,532,953.00	0.00
Washington	2,348,990.00	339,890.00	404,497.00	1,188,983.00	415,620.00	0.00
Wilson	3,283,744.00	0.00	0.00	182,248.00	3,101,496.00	0.00
Willow Creek	224,316.00	79,776.00	0.00	20,000.00	124,540.00	95,394.00
OJHS	6,605,108.00	107,080.00	562,363.00	1,993,492.00	3,942,173.00	0.00
OHS	21,521,495.00	1,068,548.00	1,957,738.00	10,804,169.00	7,691,040.00	0.00
Roosevelt	193,035.00	0.00	0.00	78,877.00	114,158.00	900,000.00
District Office	710,039.00	301,778.00	0.00	216,574.00	191,687.00	0.00
Activities Office	0.00	0.00	0.00	0.00	0.00	0.00
Rose Street	38,315.00	0.00	0.00	0.00	38,315.00	171,349.00
Total Capital	41,620,927.00	2,032,747.00	3,324,178.00	16,406,273.00	19,857,729.00	1,166,743.00

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 2012 state assessments. Key initiatives that were employed by the District and Schools over the course of the 2012-2013 school year to improve the achievement results on the 2013 state assessments are included in each School's narrative.

Owatonna Public Schools

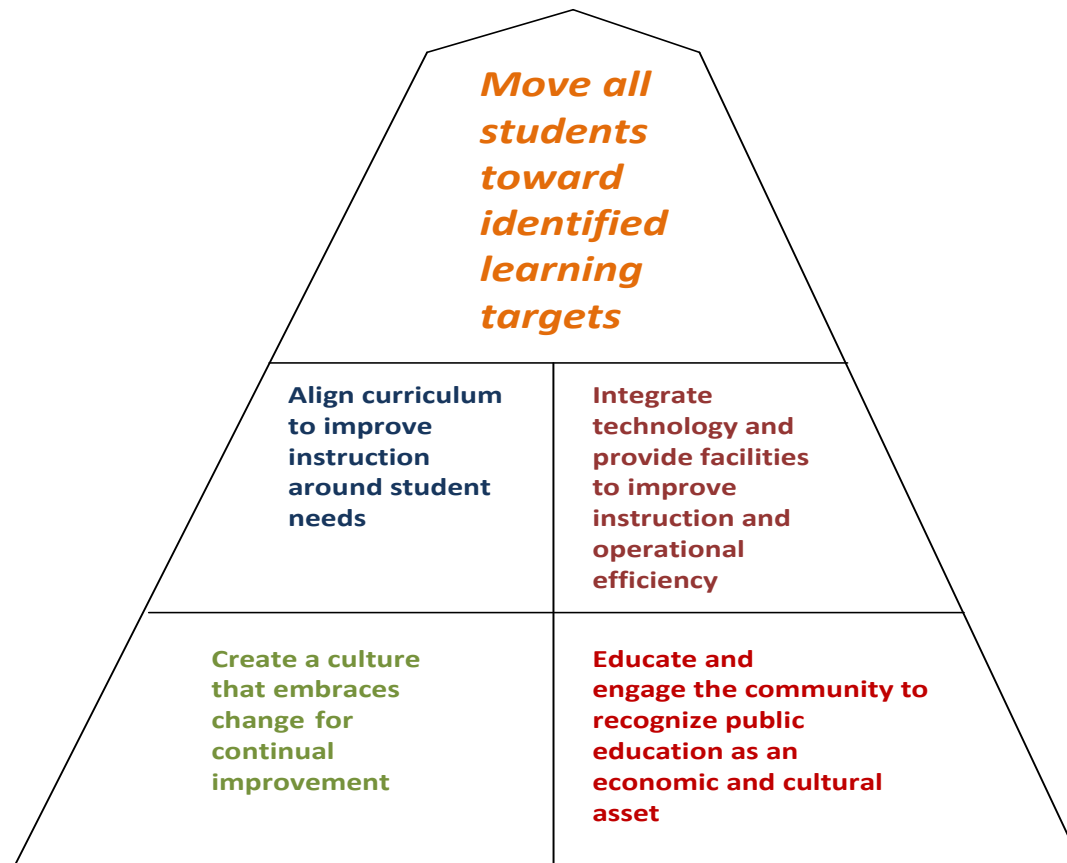
Strategic Roadmap

February 2009

<p>Mission Statement <i>(Our Core Purpose)</i></p> <p style="text-align: center;">To inspire all learners to excel in a dynamic society by creating a world class education within an innovative learning community.</p>	<p>Core Values <i>(What Drives Our Words and Actions)</i></p> <p>Excellence A relentless pursuit of commitment to the highest standards.</p> <p>Integrity Honest and genuine in our words and actions to strengthen and enrich all we do</p> <p>Engagement Students, families, staff and community working together toward a common purpose</p> <p>Respect Recognize and value individual strengths, differences, and contributions</p> <p>Responsibility Acceptance and engagement of one's role in the mission of the District and getting the job done in a professional and timely manner</p> <p>Innovation Creative, new and purposeful ways to achieve goals and meet needs</p>
<p>Vision - 2012 * <i>(What we intend to create by 2012)</i></p> <ul style="list-style-type: none"> • Resources needed for 21st Century learning • Clarity of our goals and roles • Engagement in change and innovation • Excellence: high expectations and success for all • E-12 curriculum alignment • Customized learning for individual student needs 	<p>Strategic Directions (Focused allocation of resources)</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' Pyramid Of Success



Vision Card Results 2011-2012 (Vision Card A only)

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 11-12 Gr. 2 only	< 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% 2011-12: 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 2011-12: 80%	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% 2011-12: 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% 2011-12: 76%	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% 2011-12: 60%	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% 2011-12: 30% 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% 2011-12: 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 2011-12: 87% 2010-11: 95.87%
MN graduation tests grades 9 writing	< 80% passage	81-89% passage	90-94% passage or State Average 2011-12: 93.4% 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 	86-95% passage	>95% passage
MN graduation tests grades 11 math	< 40% passage	41-59% passage or State Average 	60-80% passage 	81-90% passage	>90% passage
Graduation Rate (#Note: MDE is changing Graduation Rate calculation – revise metrics to match)	< 90% graduation rate 	90 – 92% graduation rate	93 – 95% graduation rate 	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 	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

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 2012 administration of the math and reading assessments and 2013 results will not be available to districts until late August, 2013.

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 2012 in the area of reading. You can see from these results that our overall performance in the past five years has continued to trend upward. In the last five years, Owatonna Public Schools students' MCAII reading results have improved from 70.7% in 2008 to 76% in 2012 (Figure 1).

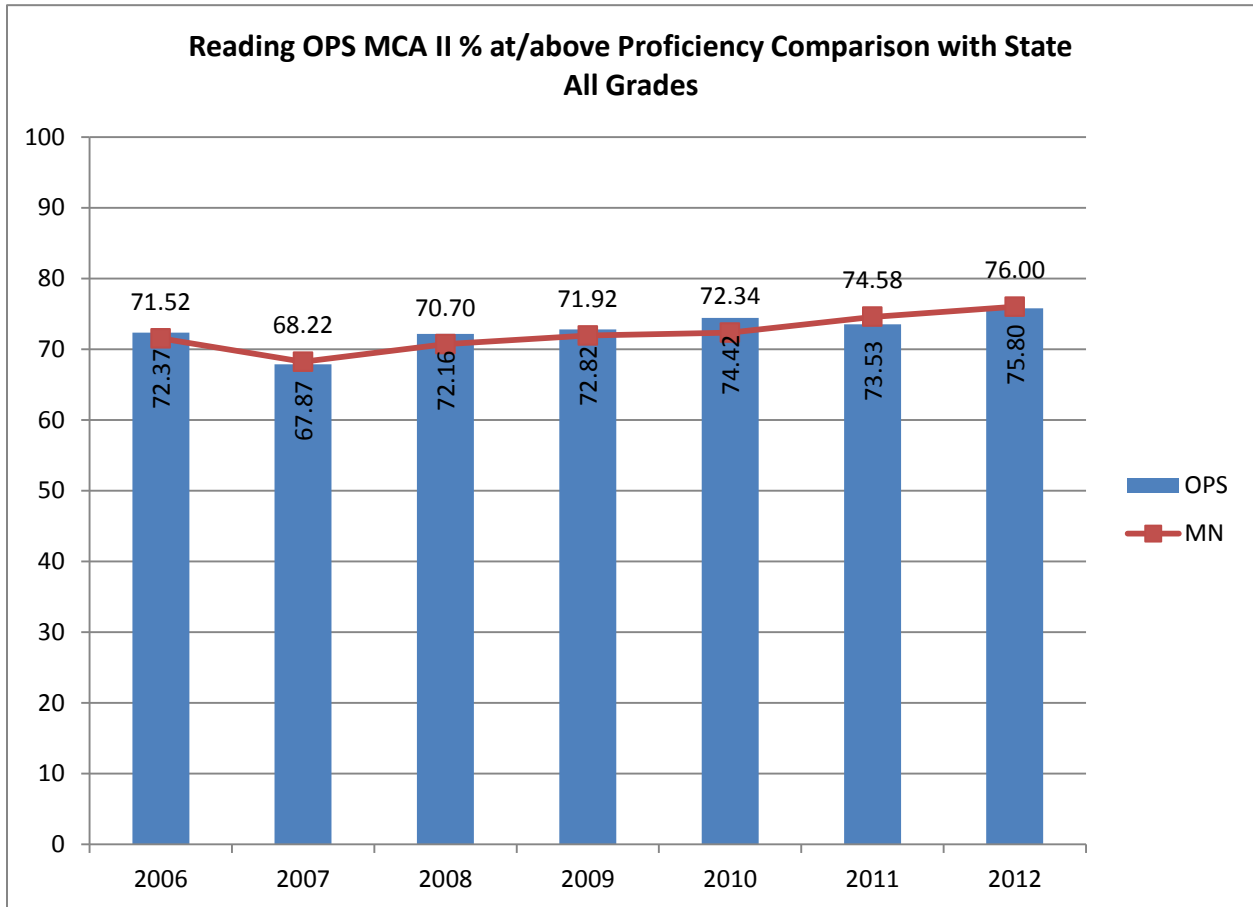


Figure 1 MCA Reading percentage at or above proficiency as District from 2006-2012.

Owatonna Public School District 2012 reading results show improvement for over 2011 by 2.3% for all grades combined. This 75.8% proficiency level is right in line with the state proficiency percentage at 76%. Third, eighth, and tenth grades had the largest increase at 4% for each grade with third grade at 81.4%, eighth grade at 73.6%, and tenth grade at 79.4% (Figure 2). Along with this improvement in meeting and exceeding proficiency, the percentage of students scoring in the Does Not Meet level has decreased from 11.1% in 2008 to 7.8% in 2012.

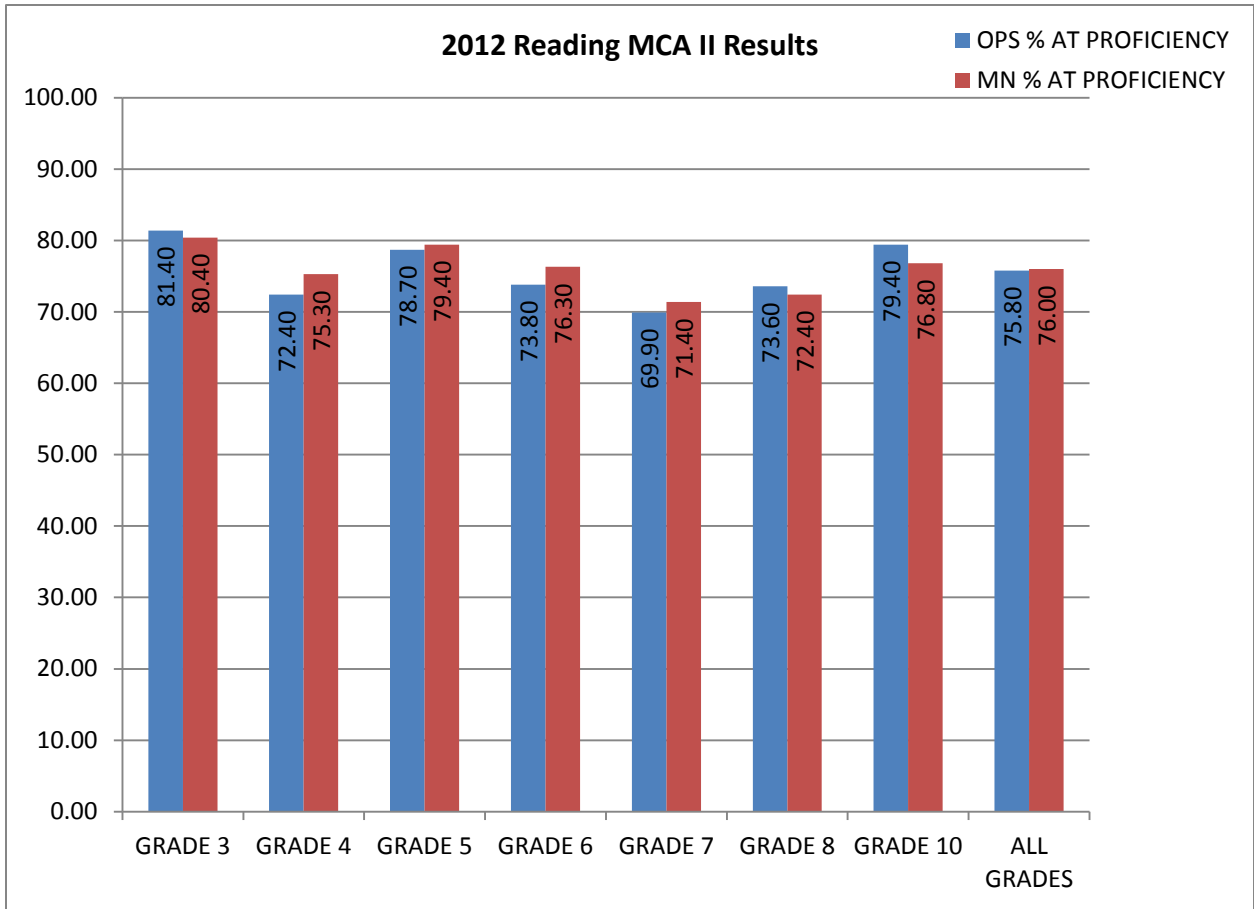


Figure 2 MCA Reading Percentage at or above proficiency by grade level.

The percent of students performing at proficiency of all grade levels in Owatonna and in the state from 2006 – 2012 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. The 2012 results show a positive increase from that dip from 59.32% to 62.5%.

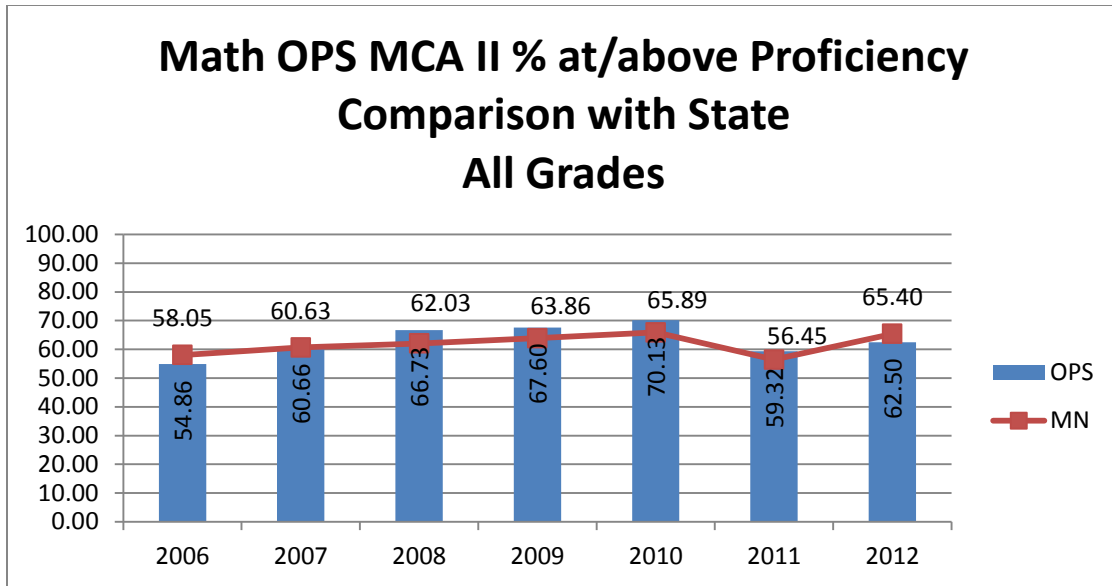


Figure 3 MCA Math percentage at or above proficiency as District from 2006-2012.

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. This is the second year of a high percentage of students meeting and exceeding proficiency at grade 8.

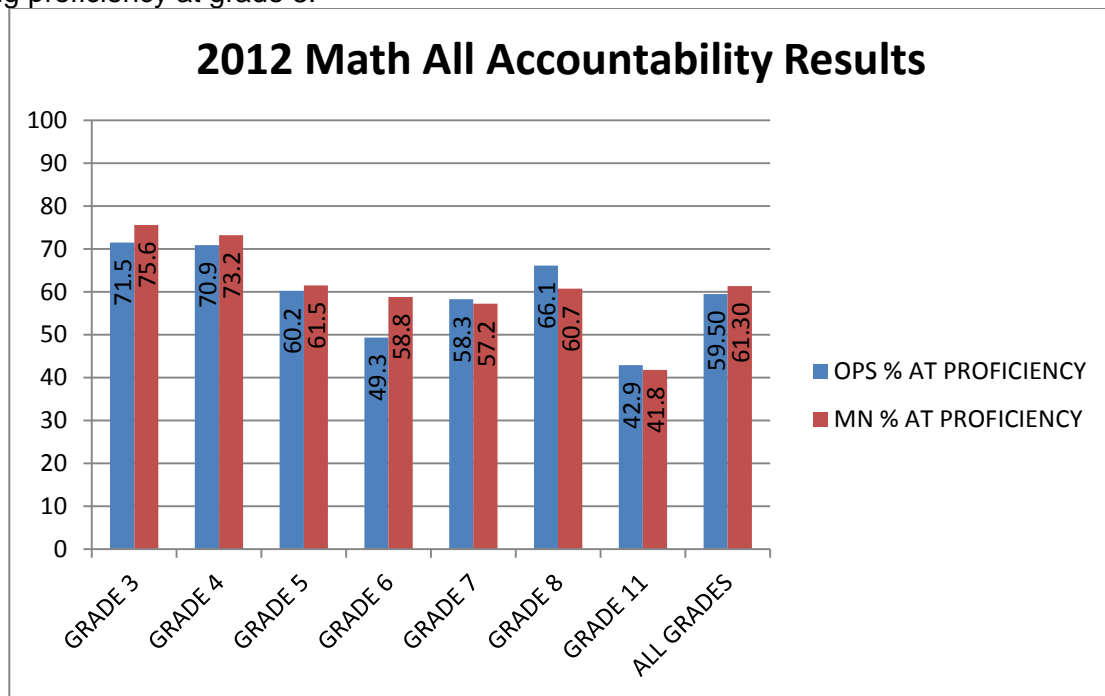


Figure 4 MCA Math Percentage at or above proficiency by grade level.

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, Figure 9, and Figure 10 show our comparative performance to our Big 9 colleagues over a six-year period from 2007 to 2012 in the area of reading. The comparative performance to our Big 9 colleagues during the 2007 to 2012 testing cycles in mathematics is illustrated in Figure 11, Figure Figure 12, Figure 13, Figure 14, Figure 15, and Figure 16. 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 proficiency levels similar to the state in math and slightly behind Mankato and Rochester yet higher than the remainder of the Big 9.

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

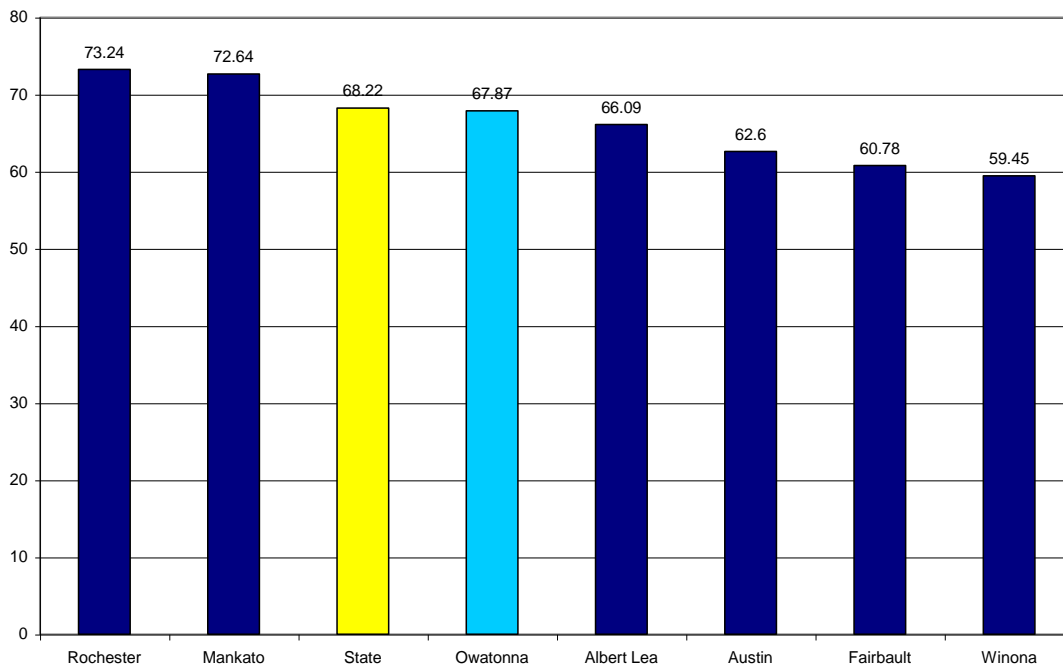


Figure 5

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

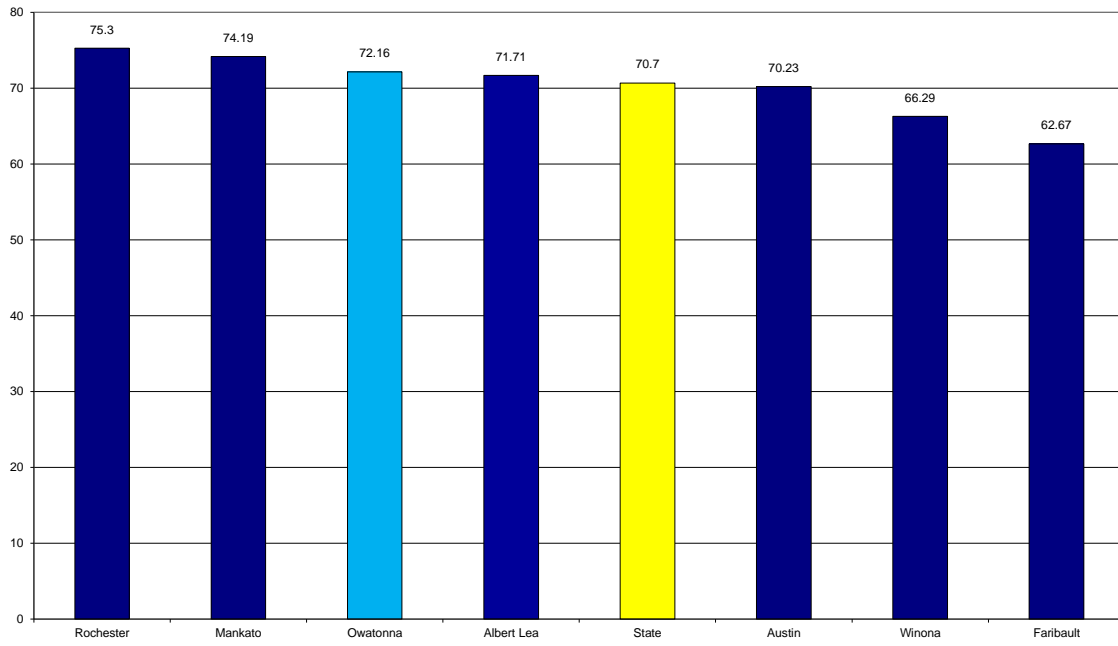


Figure 6

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

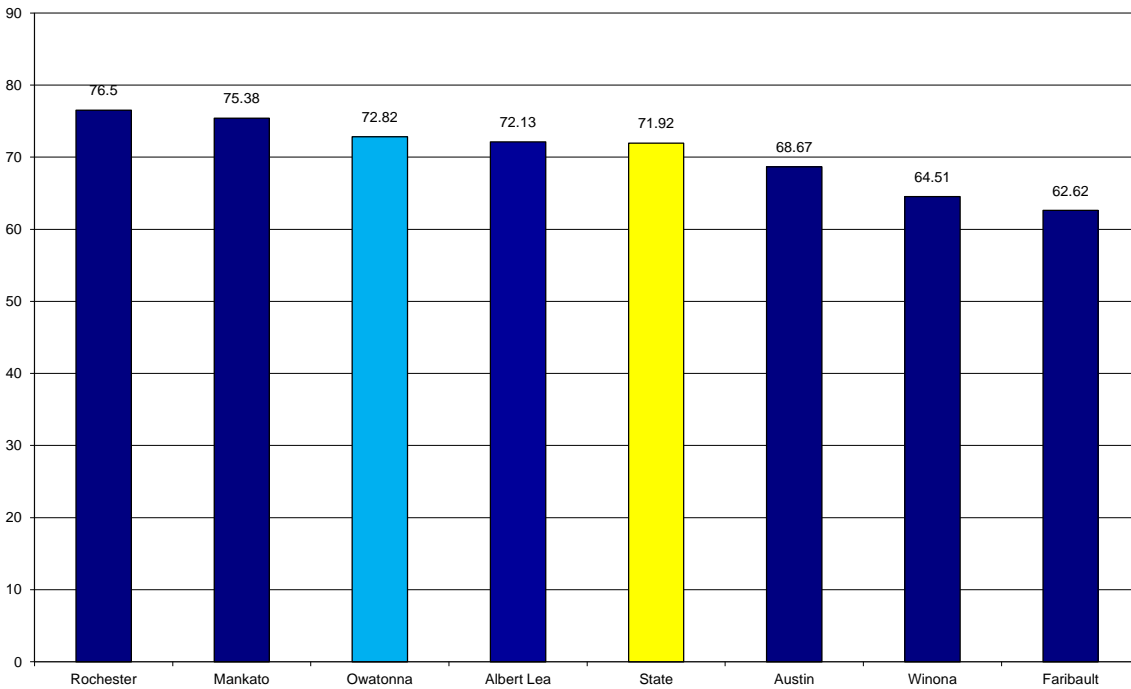


Figure 7

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

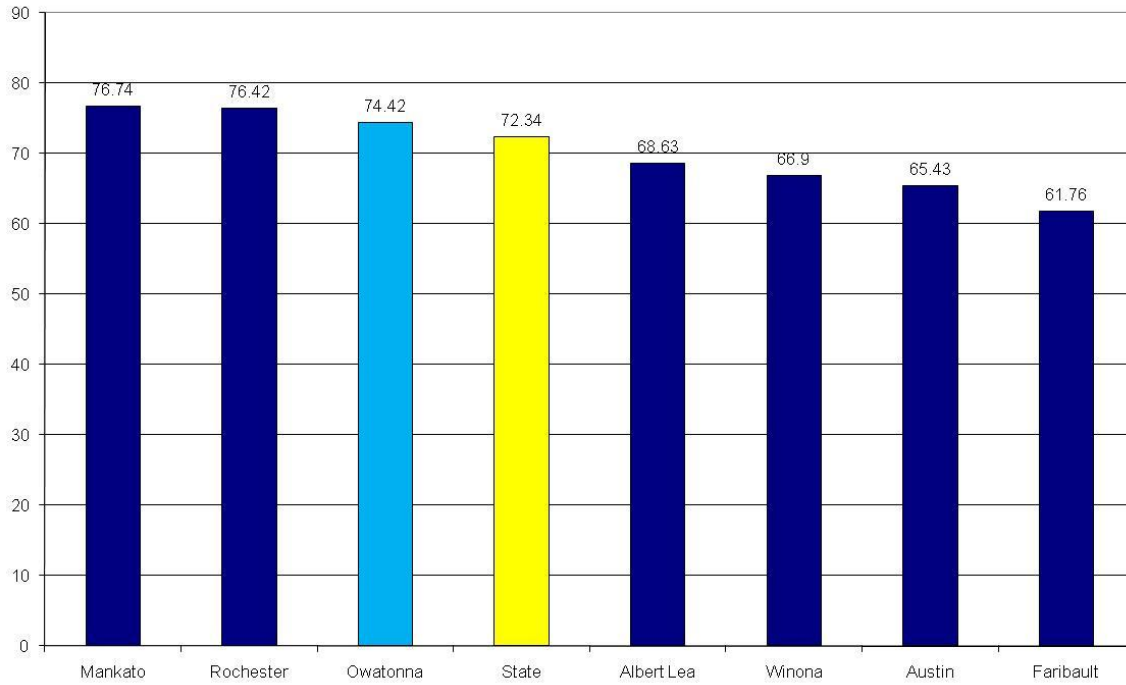


Figure 8

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

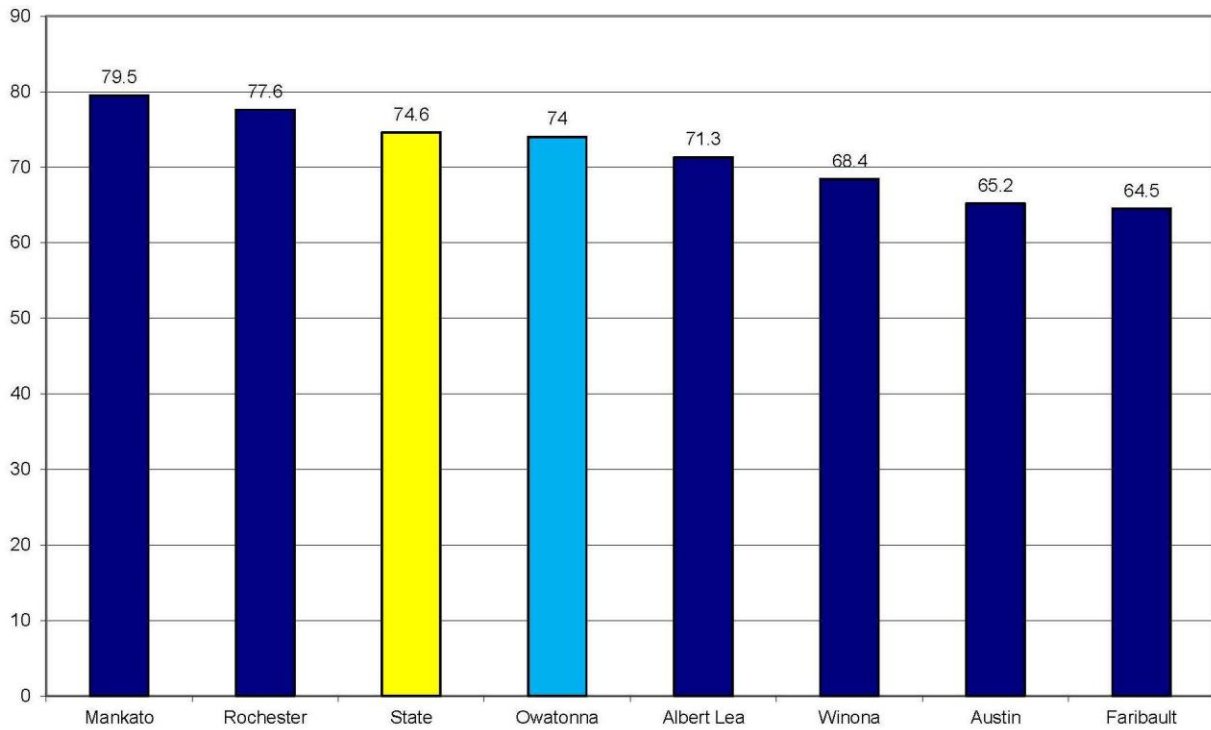


Figure 9

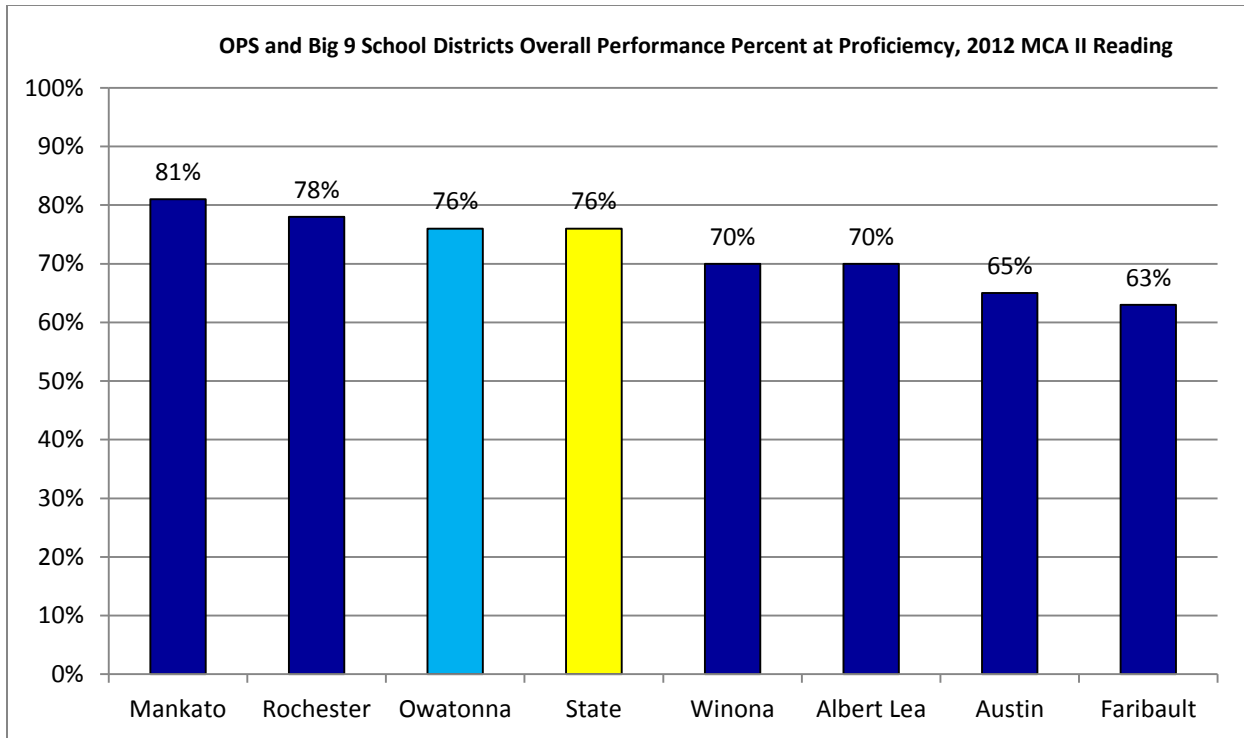


Figure 10

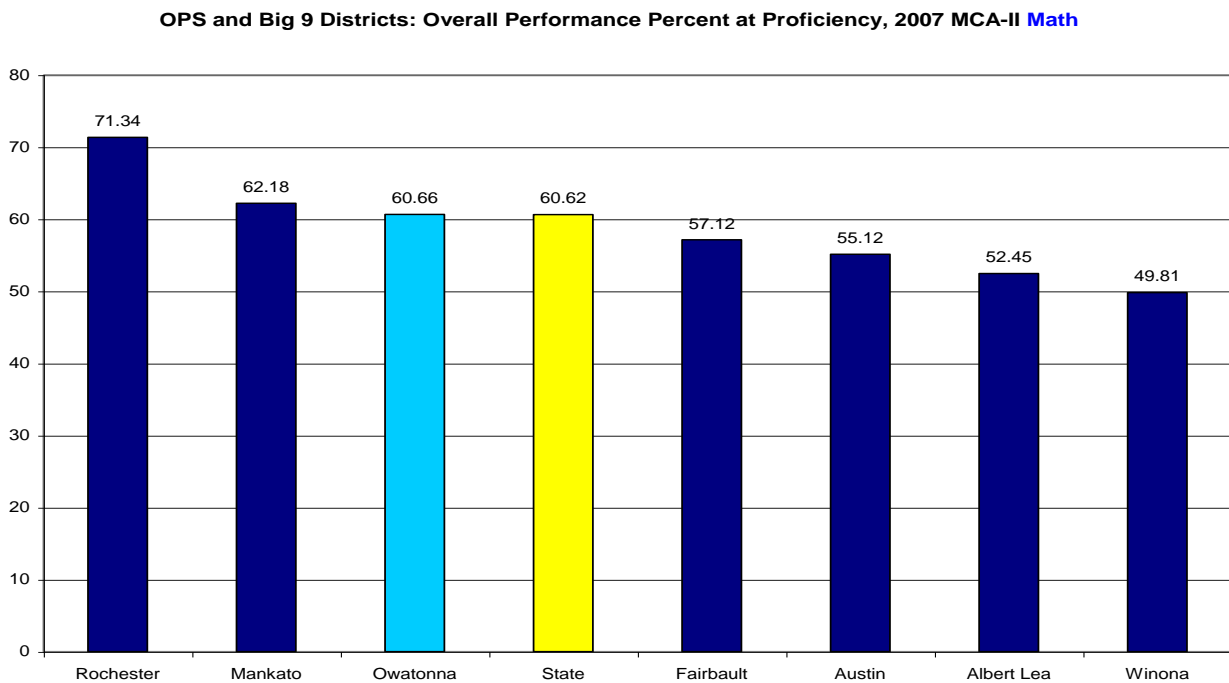


Figure 11

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

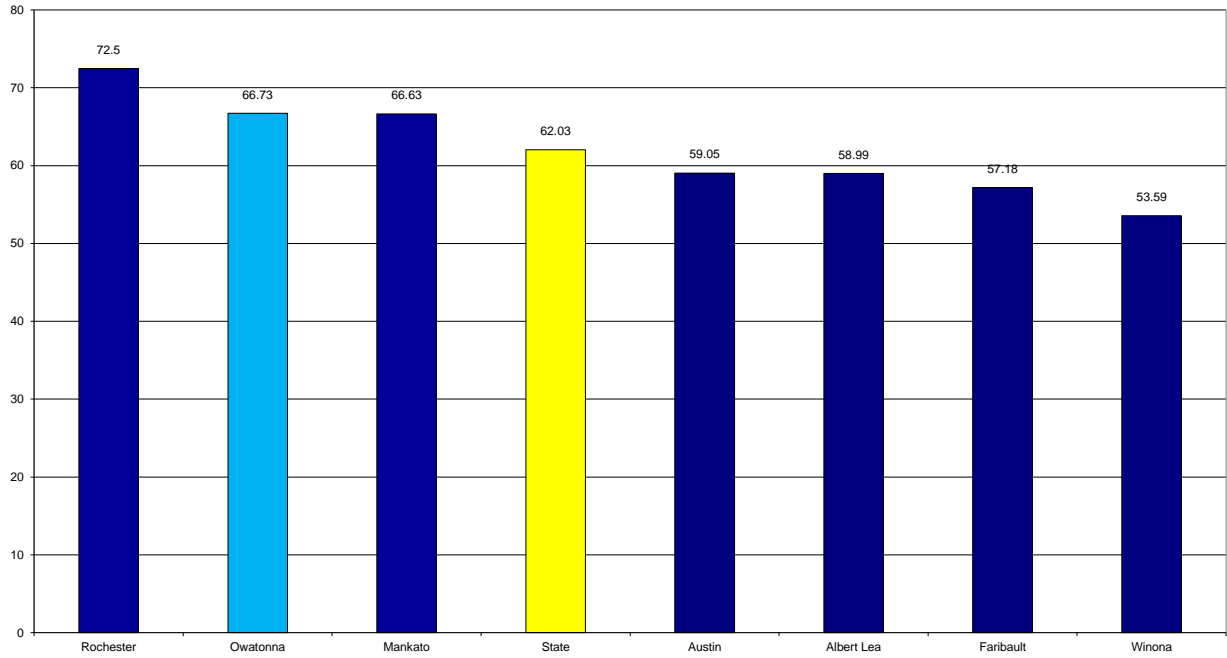


Figure 12

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

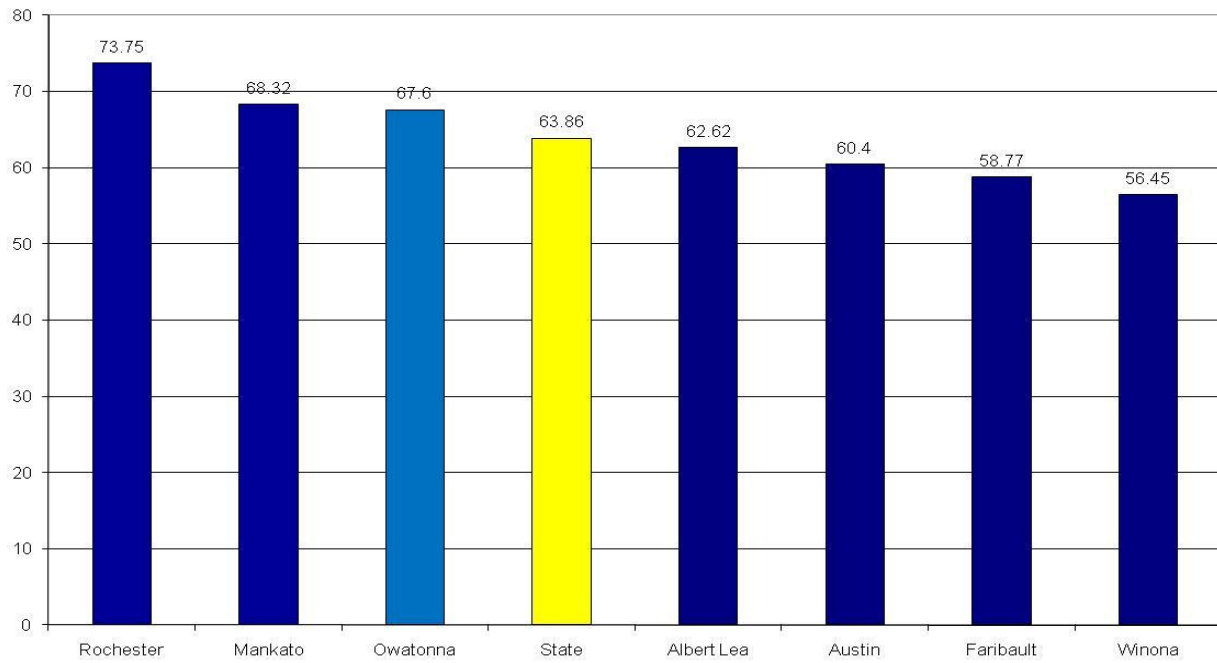


Figure 13

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

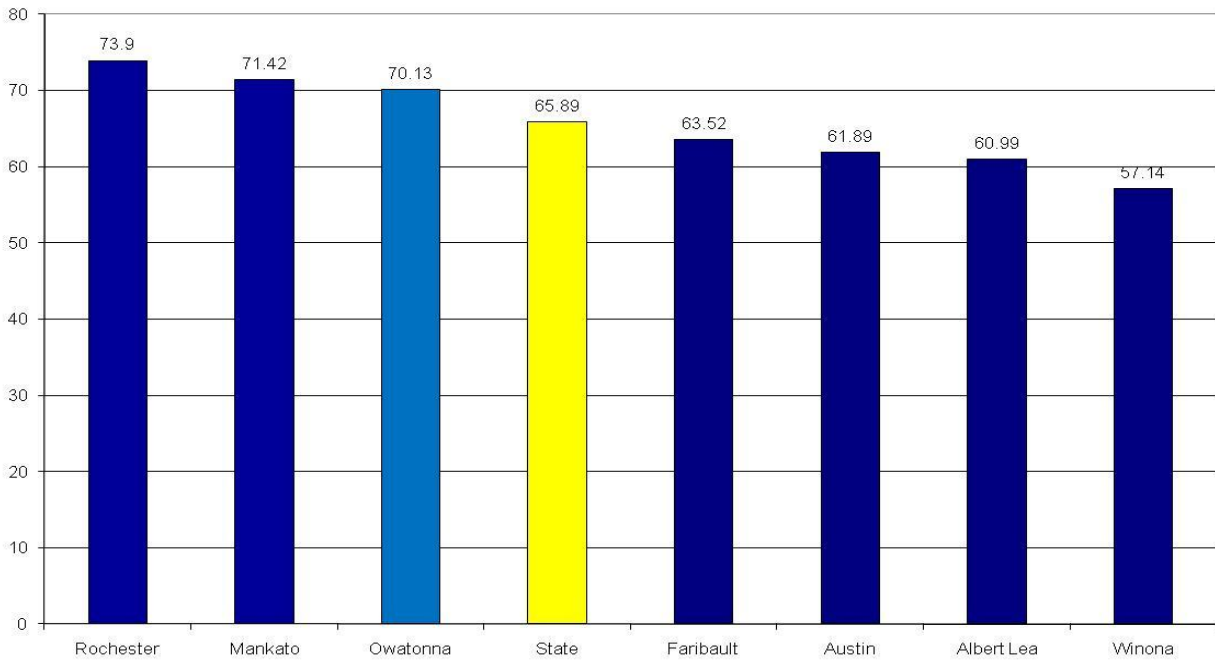


Figure 14

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

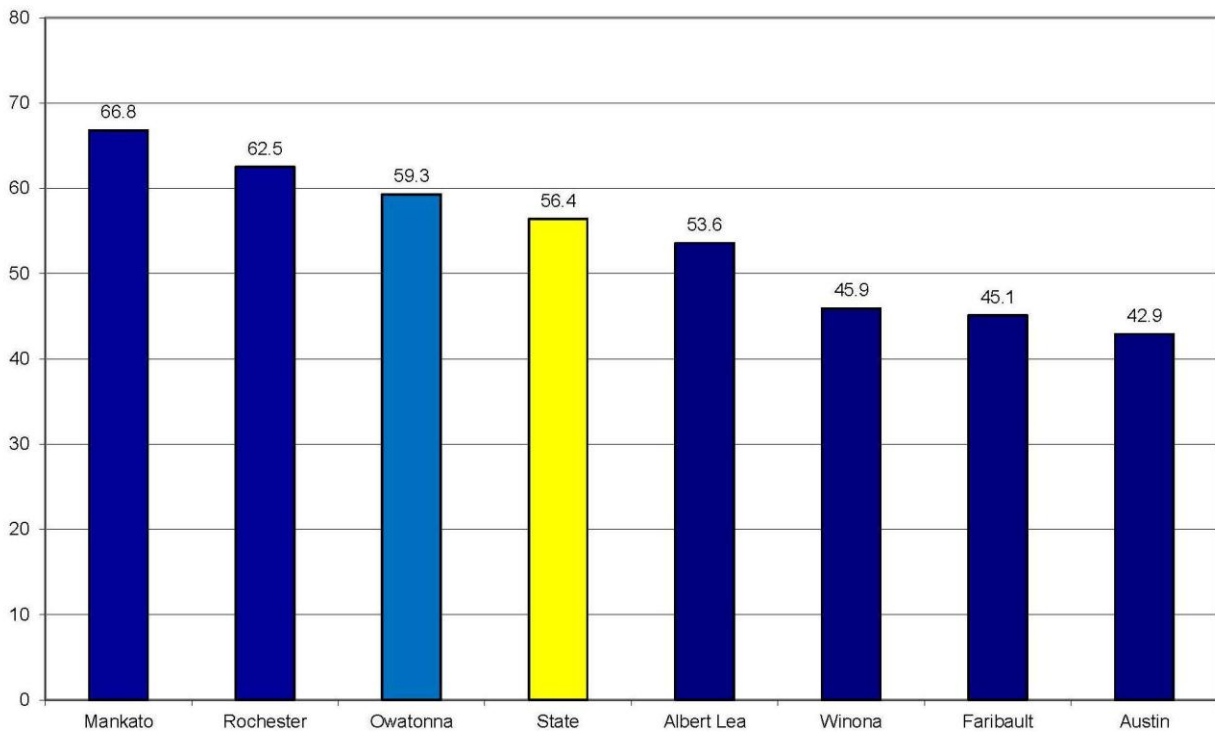


Figure 15

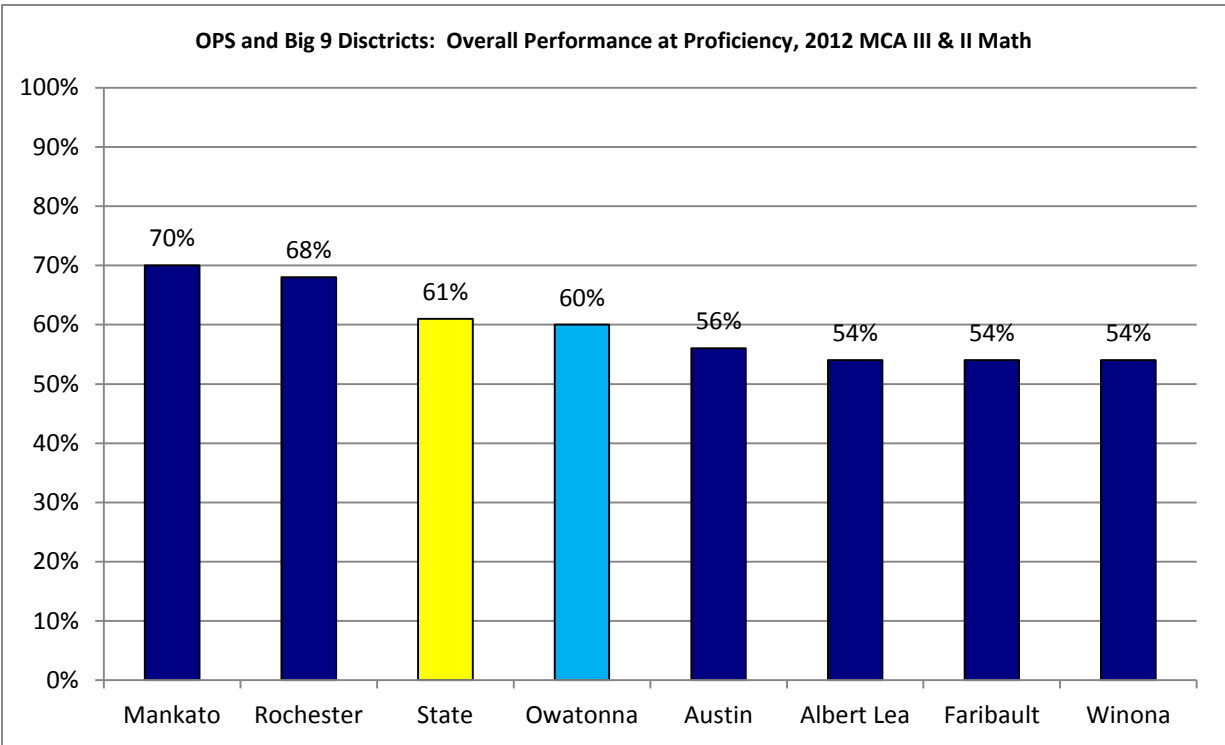


Figure 16

The second group of comparisons is with school districts that have been determined to be demographically similar to Owatonna. Based on established benchmarks in 2007, the Minnesota school districts determined to be demographically similar include Moorhead, St. Louis Park, West St. Paul, Austin, Spring Lake Park, and Winona. The 2011-2012 demographic data from the MDE for each of the comparative districts is listed in Figure 17 below.

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%. The comparative school districts have been used for benchmarking for the past six years and serve as valuable historical and trending data. In the future, comparable districts need to be reviewed due to changes in enrollments and demographics, as some areas do not meet the criteria any longer.

Comparative Districts* 2012	Population	LEP	SpEd	FRLP
St. Louis Park	4,480	8.40%	14.50%	34.70%
Owatonna	4862	7.70%	13%	38.60%
State		7.70%	14.90%	37.20%
Spring Lake Park	5262	10.10%	13.50%	36%
W. St. Paul	4651	11.90%	16.30%	39.20%
Moorhead	5576	6.30%	17%	37.40%
Winona	3253	3.20%	18.80%	37%
Austin	4520	13.80%	14.80%	55.10%
Willmar	4093	15.60%	13.90%	53.90%

*MDE Demographic Information from SY 2011-12

Figure 17

The similar districts and comparative results for the 2007 through 2012 testing cycles for reading are displayed in Figure 18, Figure 19, Figure 20, Figure 21, Figure 22, and Figure 23 below. The similar districts and comparative results for the 2007 through 2011 testing cycles for mathematics are displayed in Figure 24, Figure 25, Figure 26, Figure 27, Figure 28 and Figure 29 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, St. Louis Park outperformed all other comparative school districts with a proficiency percentage of 80% while Spring Lake Park at 77% was similar to Owatonna at 76%. Owatonna has been at the top of comparative districts in past years with 2012 showing Moorhead at 62% and Owatonna at 61%.

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

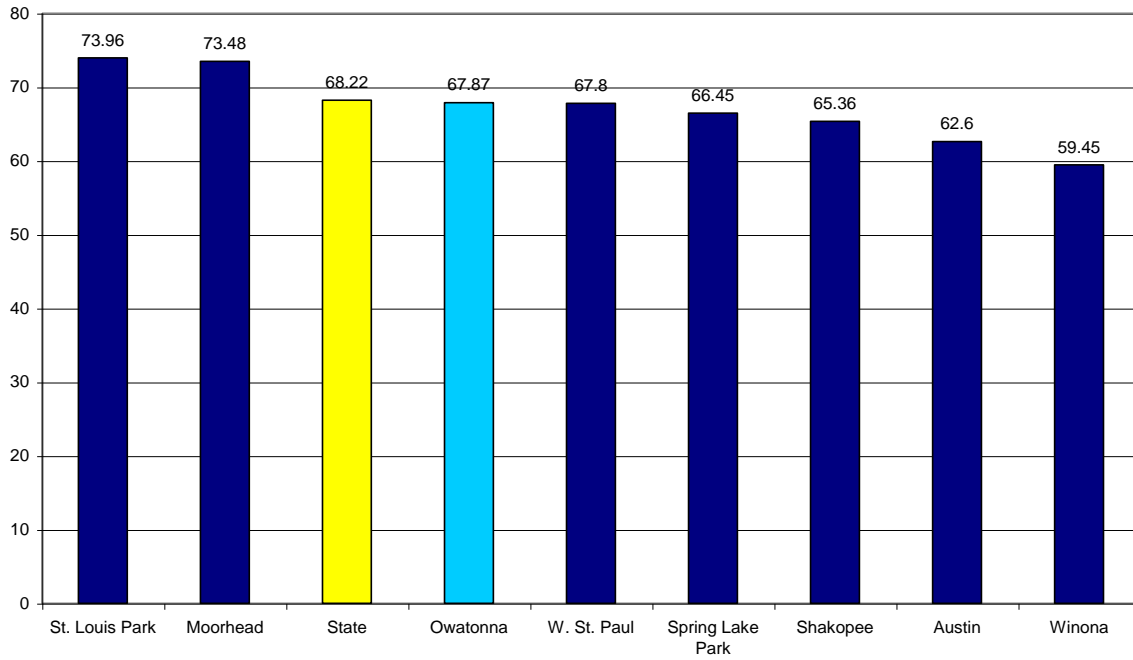


Figure 18

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

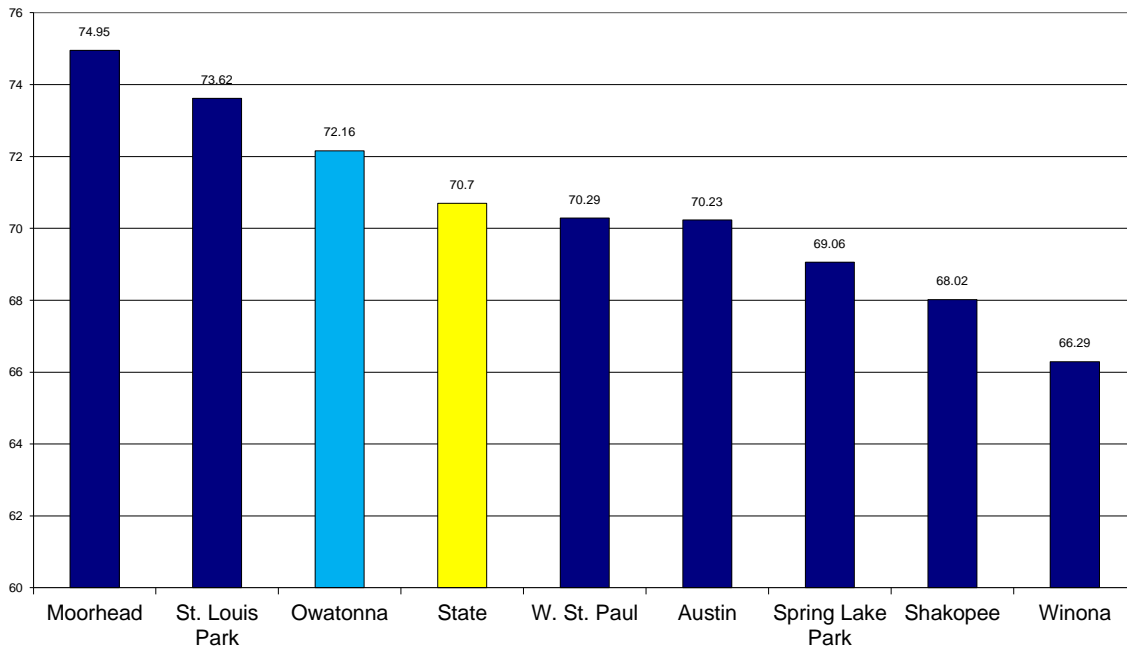


Figure 19

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

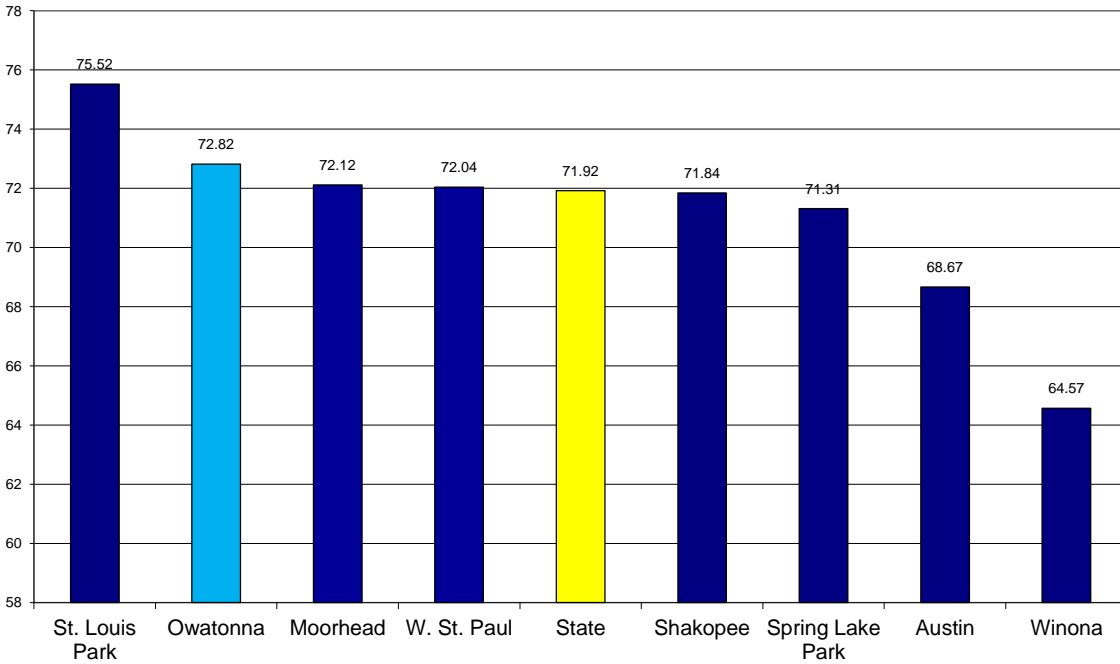


Figure 20

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

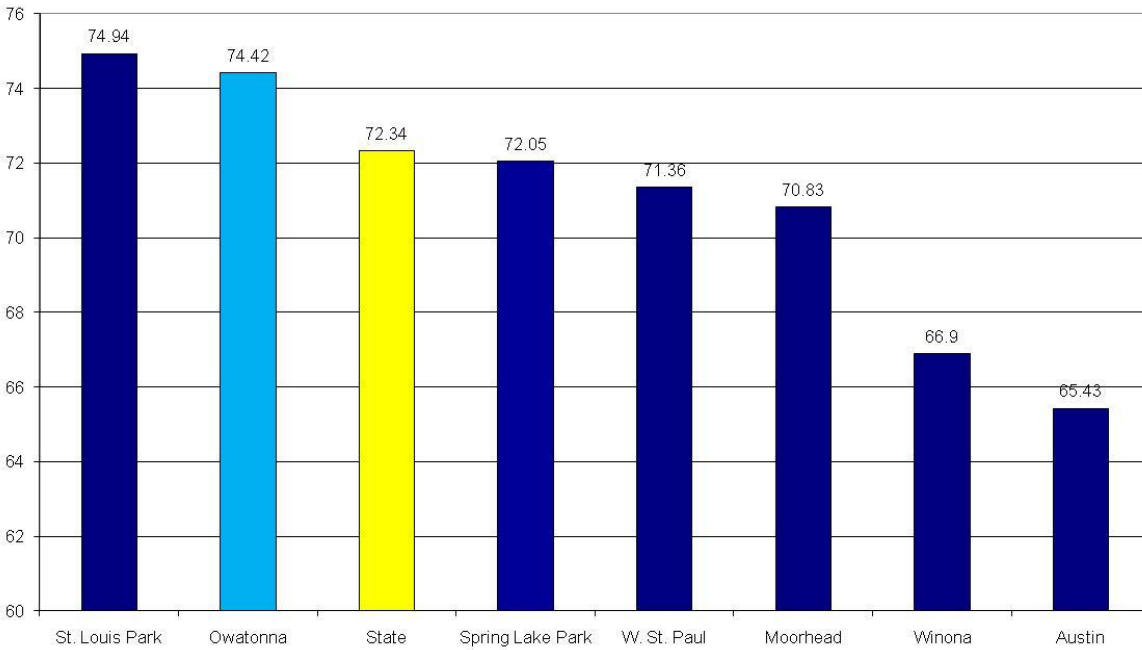


Figure 21

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

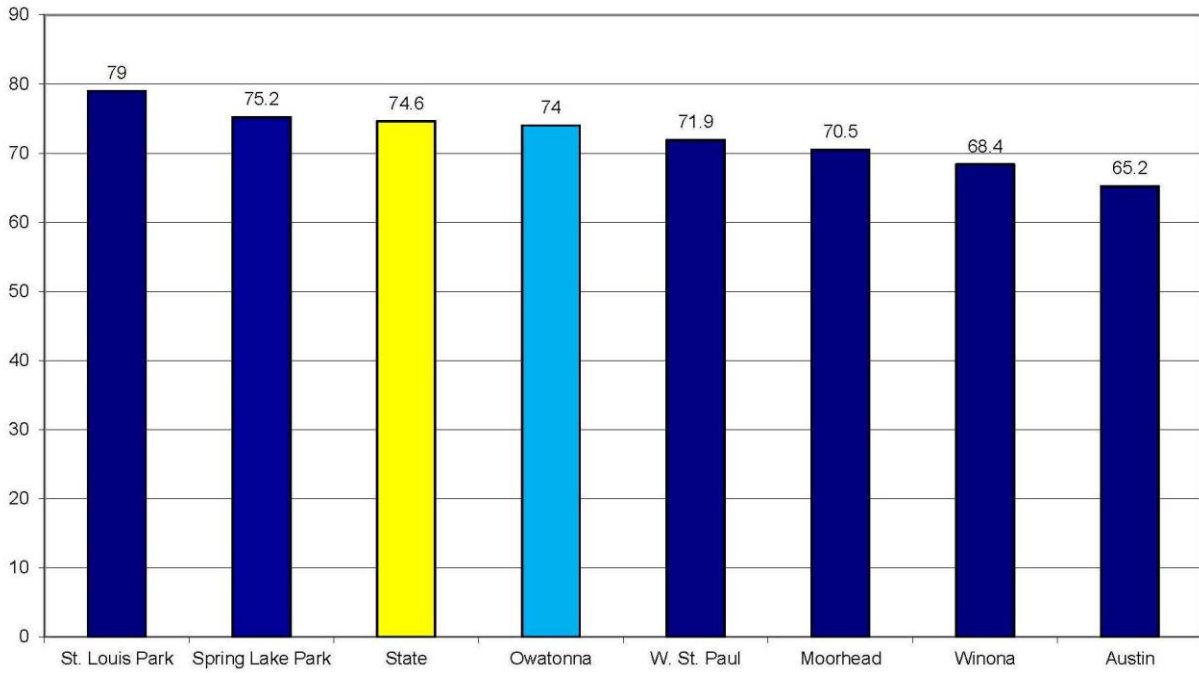


Figure 22

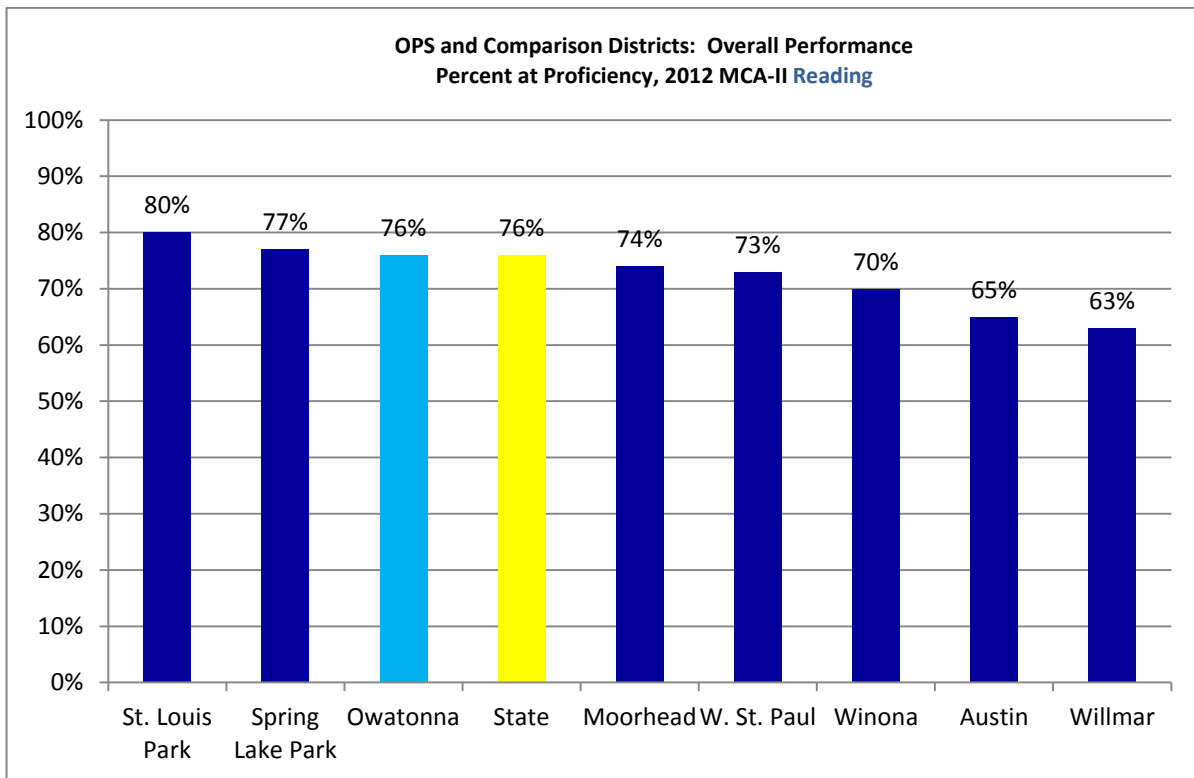


Figure 23

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

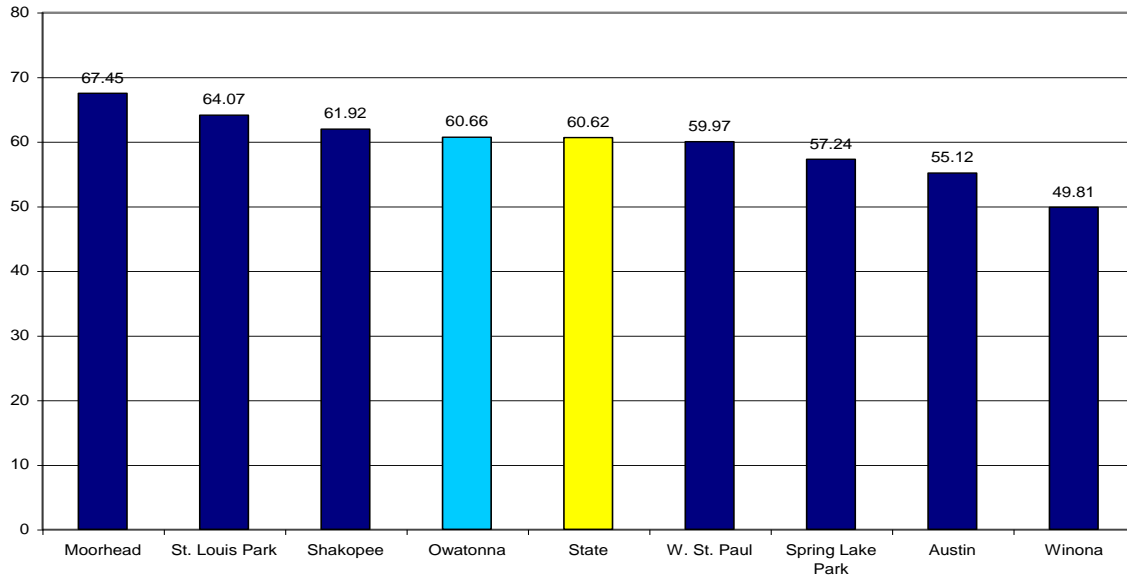


Figure 24

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

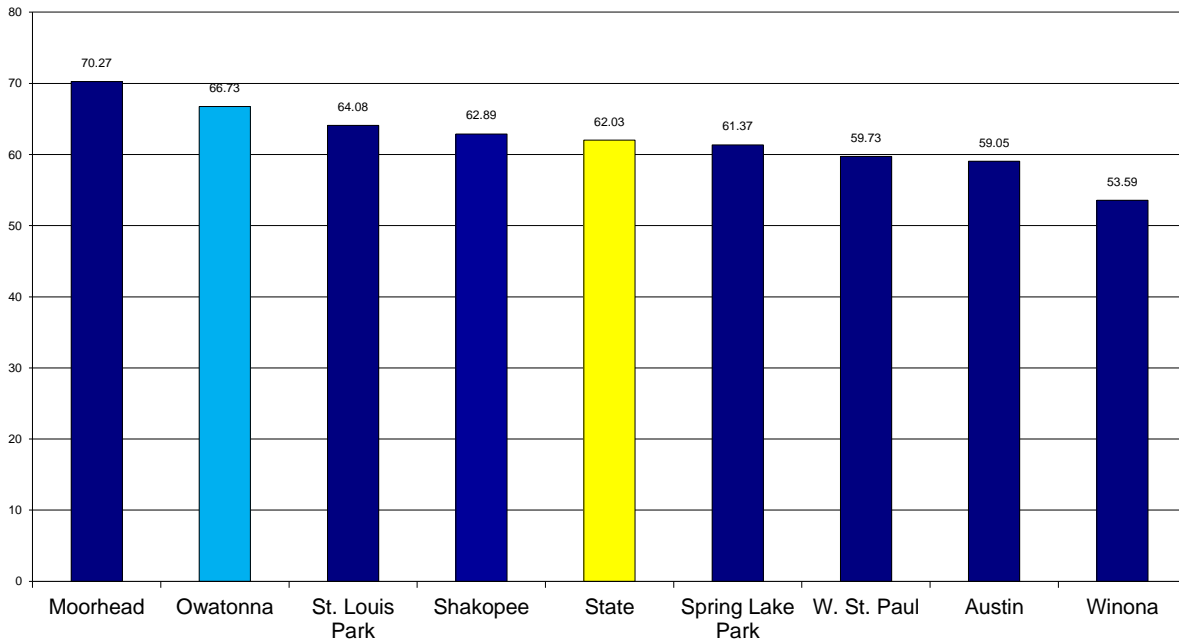


Figure 25

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

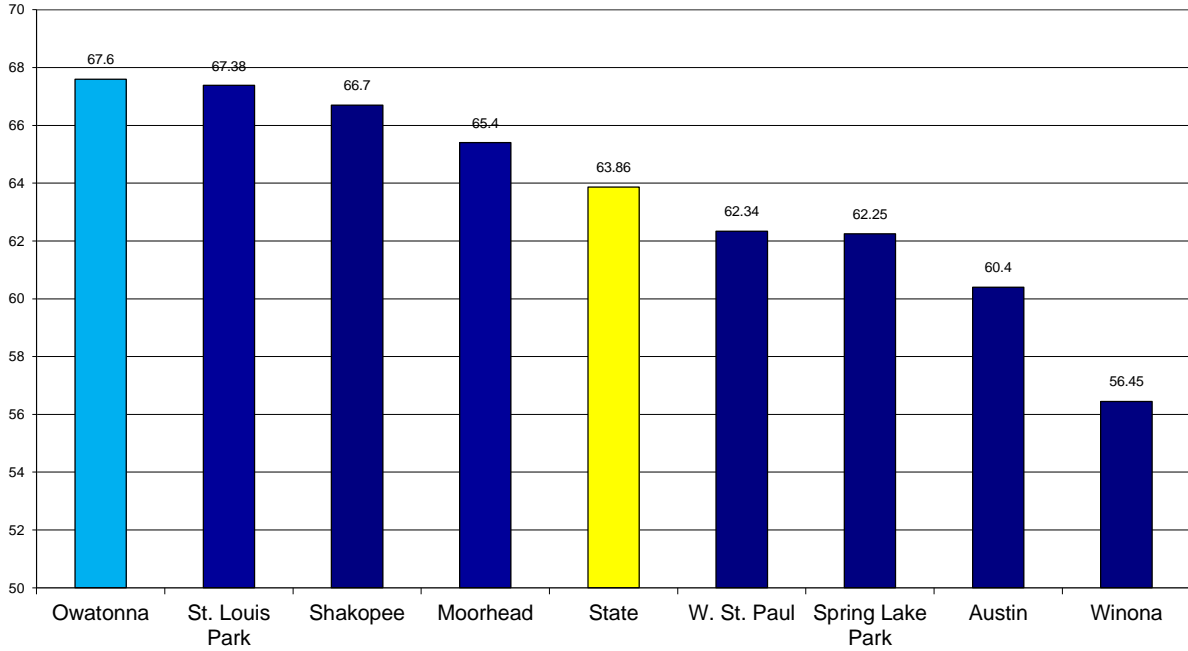


Figure 26

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

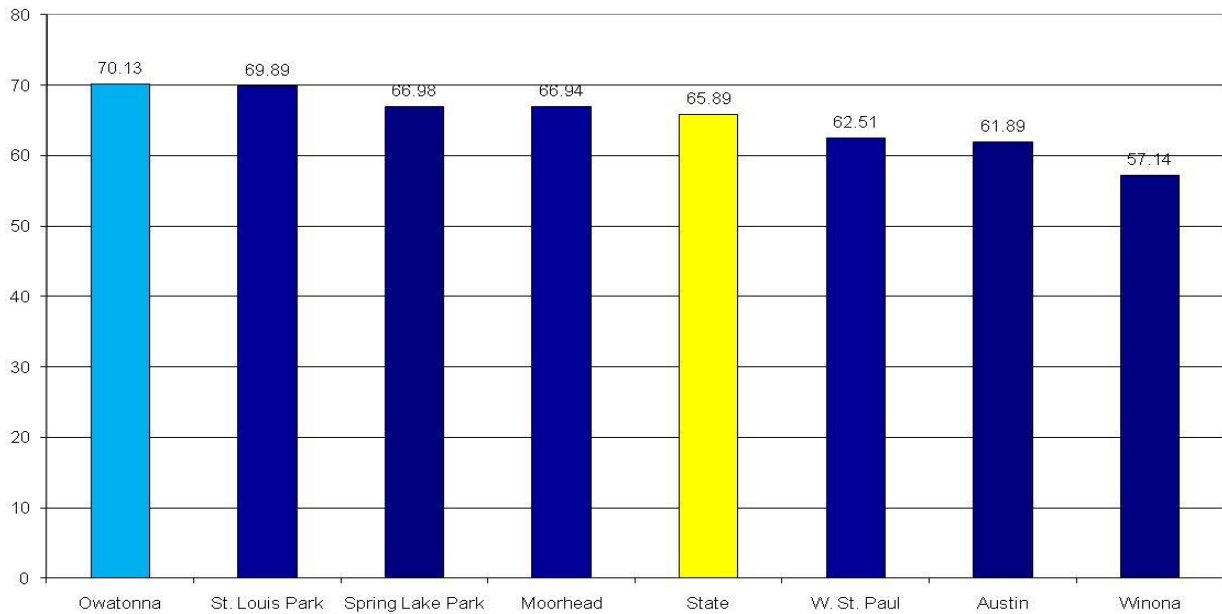


Figure 27

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

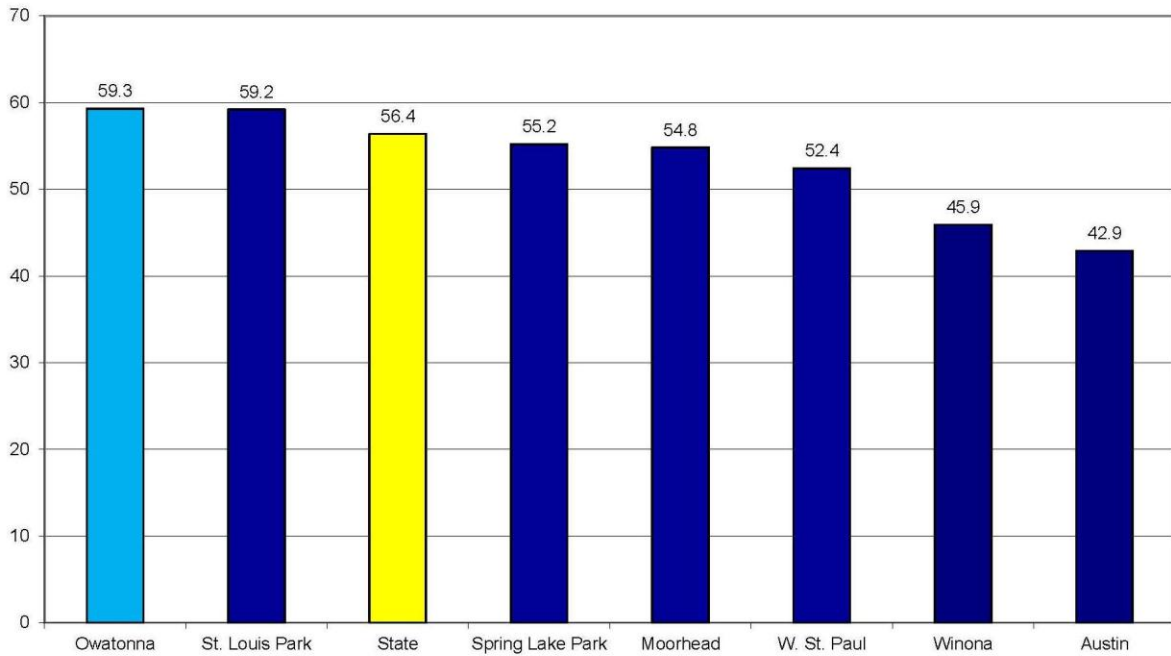


Figure 28

OPS and Comparison Districts: Overall Performance
Percent at Proficiency, 2012 MCA III & II Math

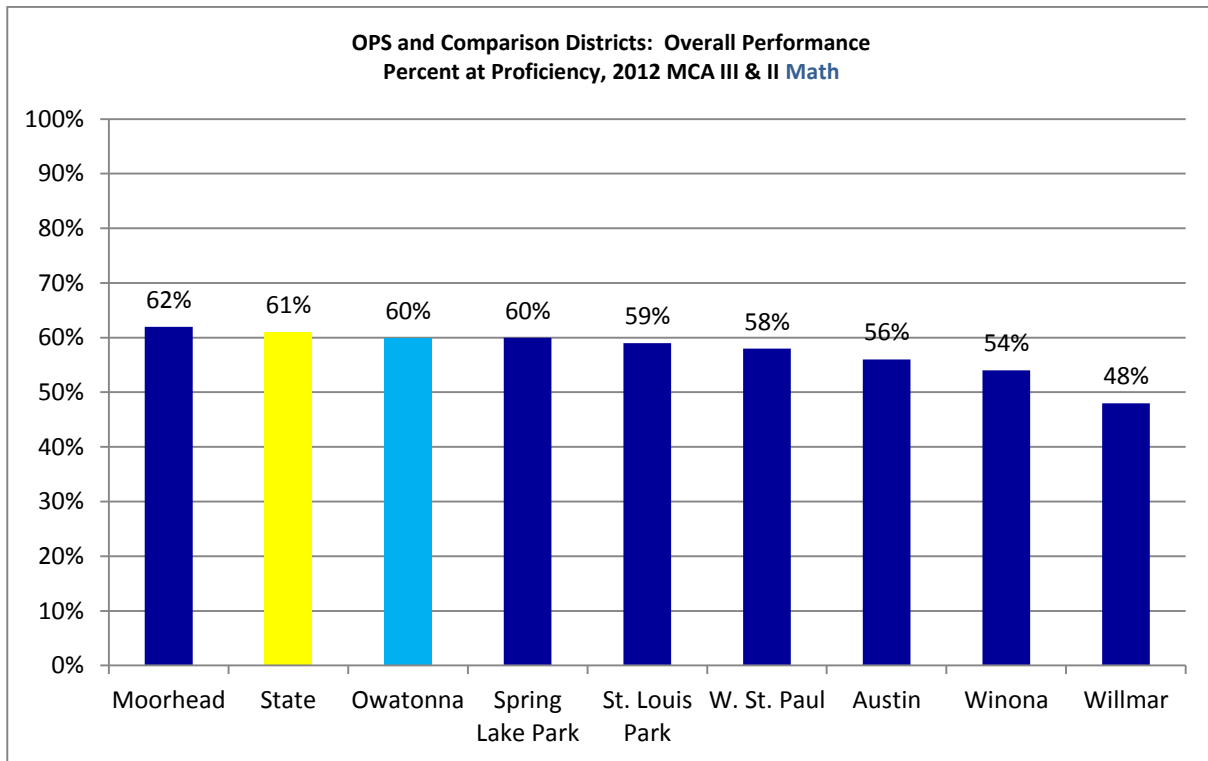


Figure 29

Adequate Yearly Progress (AYP) and Multiple Measurement Ratings (MMR) Results

For the second consecutive year, Owatonna Public School District students' results on the 2012 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. The AYP results also showed significant improvements with Owatonna Public School District meet AYP targets in 14 of the 18 proficiency categories as compared with 10 in 2011. 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. The state-wide level change in calculation of graduation rates had an impact on our District with the graduation rate dropping to 84% as an entire District. The AYP target for graduation rate is 90%.

Both reading and math showed improvements for Owatonna Public Schools from last year, both in percentage at/above proficiency and in meeting AYP targets in more categories. With the AYP targets moving higher each year and those targets being set based upon a school or district's previous results. Schools not meeting AYP in reading this year ALC – all students, District – White, not of Hispanic origin students, and Wilson – White, not of Hispanic origin students. In math, schools not meeting AYP were ALC – all students and OHS – Special Education. This is a significant improvement from 2011 when each one of our schools was identified as not meeting AYP in at least one subject and/or category.

The state of Minnesota is moved 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).

School Name	Title I 2012	MMR Initial	MMR 2012	FR Initial	FR 2012	MMR Designation
OWATONNA SENIOR HIGH	N	88.67%	65.98%	79.57%	42.02%	
OWATONNA JUNIOR HIGH	N	56.56%	67.04%	58.54%	73.20%	
OWATONNA ALC 6-8	N	87.10%	80.45%	89.29%	79.04%	
OWATONNA ALC 9-12	N		0.00%		0.00%	
LINCOLN ELEMENTARY	N	70.74%	71.36%	73.78%	79.61%	
MCKINLEY ELEMENTARY	Y	39.30%	27.16%	43.86%	59.98%	Continuous Improvement

WASHINGTON ELEMENTARY	Y	42.44%	50.45%	50.11%	62.71%	
WILSON ELEMENTARY	Y	42.88%	49.68%	58.57%	82.85%	
WILLOW CREEK INTR. ELEMENTARY	Y	44.13%	46.34%	50.18%	57.63%	

Figure 30

Figure 30 shows the 2011 Initial and 2012 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.

Even though a school may make AYP in all subjects and categories, because the MMR formula takes into account additional variables that same school may end up being designated for improvements. The opposite can be true as well, which is demonstrated with Wilson Elementary not making AYP in reading, but was not designated.

Teaching and Learning

During the 2011-12 school year, the District focused on developing consistent research based, systems and structures that create district-wide alignment in curriculum, assessment and instruction. Our vision for a guaranteed and viable curriculum is to ensure that the knowledge and skills that are most essential to achieving the desired results, all students learning, will be the focus of both teaching and learning.

In developing a consistent framework that creates accountability for all students learning, the District strategic roadmap and DuFour's four critical questions guide our work. Applying this framework ensures that the intended curriculum is the implemented and attained curriculum. The following questions create focus for our work. *What do we want all students to know and be able to do? How will we know if they know it? What will we do if they already know it? What will we do if they do not know it?*

- Communicated with all teaching staff the *why* and *how* of District curriculum development process
 - Enduring Understandings
 - Skills and Concepts
 - Learning Targets
- Developed Enduring Understandings, identified skills and concepts and developed learning targets for all required courses for grades 7-12
- Developed Enduring Understandings, identified skills and concepts and developed learning targets in prioritized elective courses for grades 9-12
- Developed Enduring Understandings, identified skills and concepts and developed learning targets for art, music, physical education and health for grades K-6
- Developed Learning Targets for all core subjects, reading, math, science and social studies for grades K-6
- Developed of curriculum maps/pacing guides for core content areas for grades 7-12
- Developed of curriculum maps/implementation guides for reading, writing, math, science and social studies for grades K-6

- Professional learning for all K-12 teachers on the purpose, development and use of formative assessment
- Professional learning in core reading instruction for all teachers of reading grades K-6
 - Focus lessons
 - Demonstration/Shared Reading
 - Guided Instruction
 - Collaborative learning and independent learning tasks
- Development of common unit assessments underway for math and reading grades K-6,
- Initial development of common unit assessments for language arts, math, science and social studies for grades 7-12
- Prioritized learning targets and development of common formative assessment in language arts and math for grades 7-12
- Professional learning and K-8 program development for STEM and E-STEM
- Worked collaboratively with all stakeholder groups to define district priorities and develop initial framework for revised Gifted and Talented service delivery model
- Revisions to mentor programs to improve new teacher support by aligning year one programming to curriculum initiatives along with the development of year two and year three programs
- Professional learning and implementation of viewpoint data system to improve teacher access to student achievement results
- Professional learning and support for technology integration
 - Job embedded support for implementation of technology resources
 - Flipped classroom math pilot
 - Extended Hybrid course offerings
 - iPad deployment

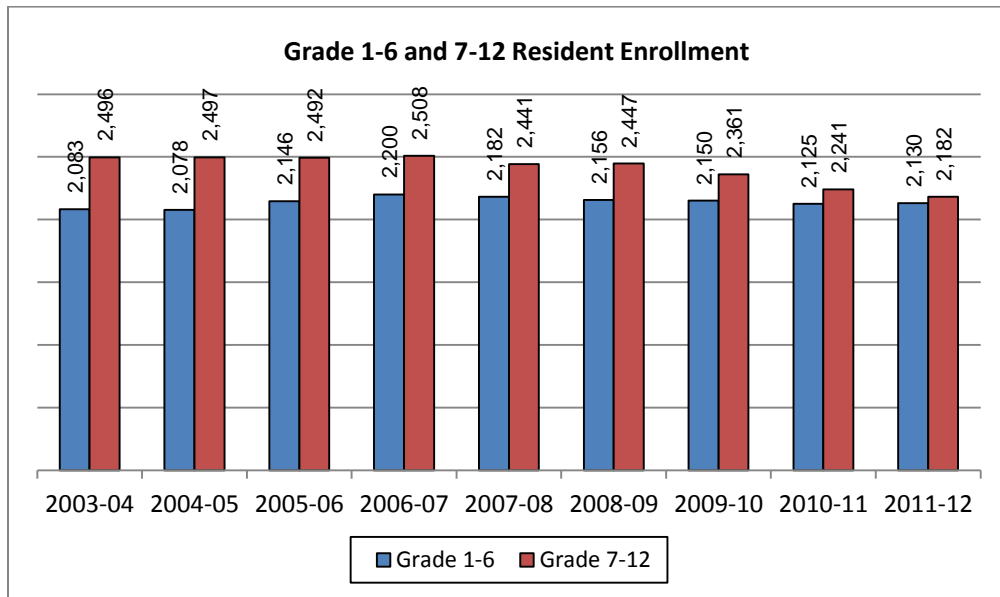
CHAPTER ELEVEN – DISTRICT BENCHMARKS

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. This type of information is also reviewed and studied during the Community Finance Committee’s meetings and recommendation processes.

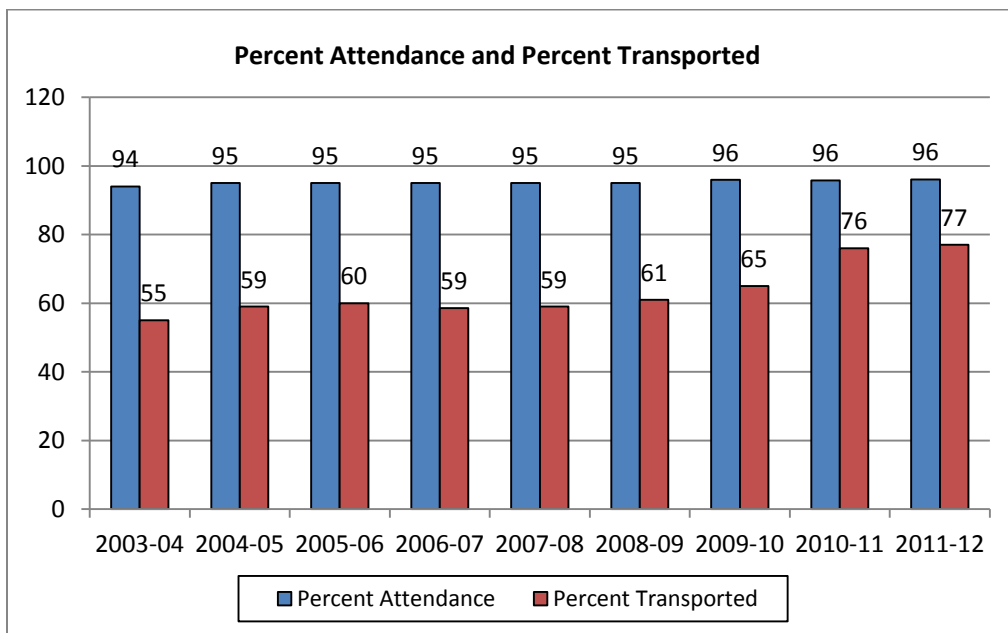
Working to Improve-

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.

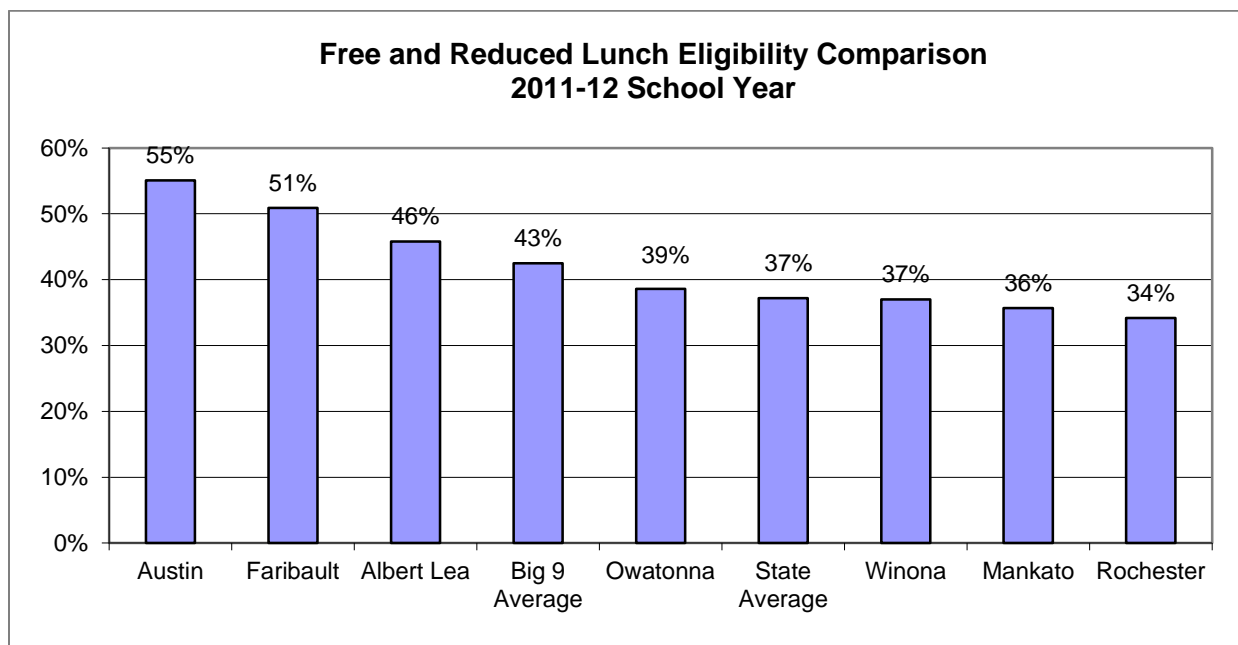
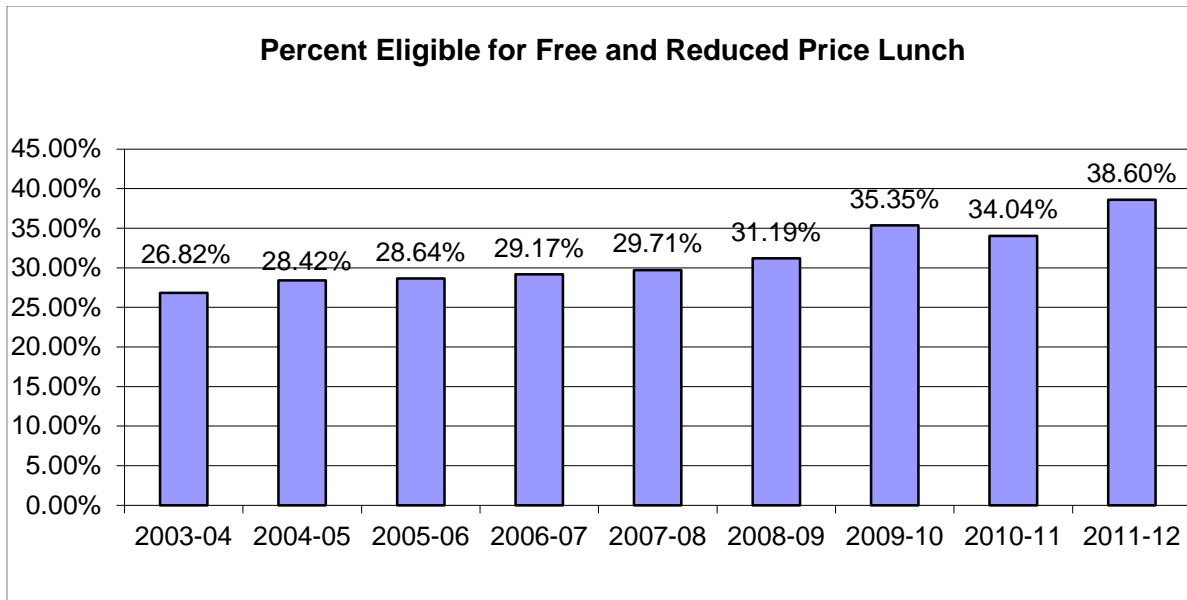
The graph below suggests that there is a difference between those students who reside in Owatonna and those who attend the Owatonna Public Schools. Certainly a large share of that disparity can be attributed to the existence of open enrollment options to other districts, faith-based schools, and other 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.

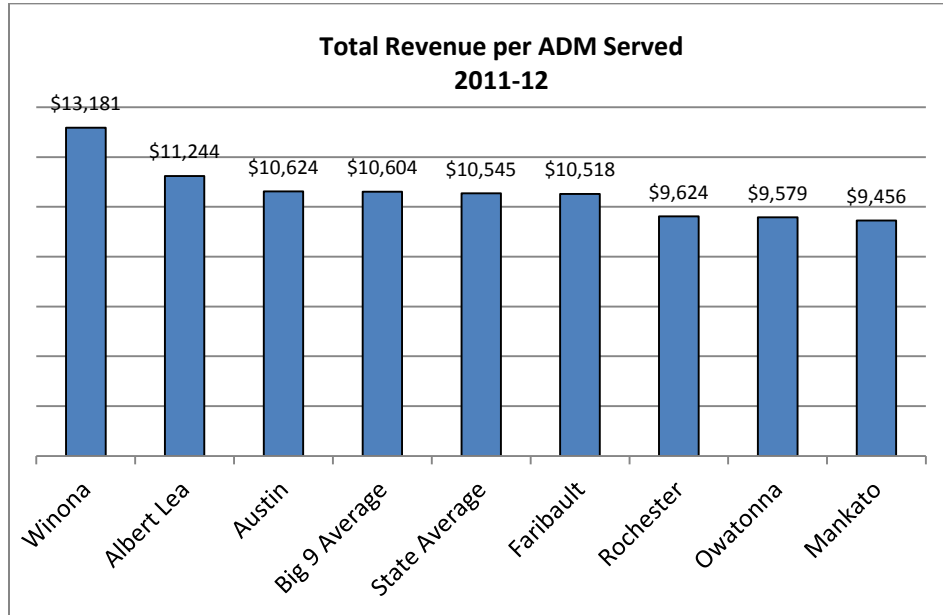


The graphs on this page illustrate the trend in the number of students attending the Owatonna Public Schools and eligible for free and/or reduced lunch and how Owatonna compares with the other Big 9 schools. While F&R percentages have risen in recent years, the district remains below the Big 9 average in this comparison.

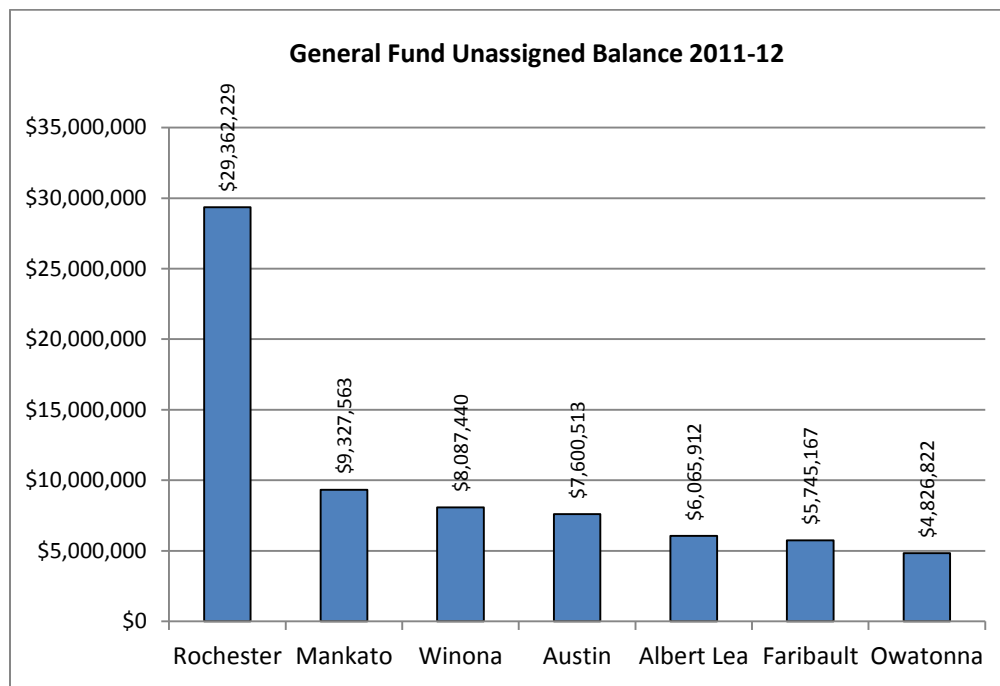


From the graph below, it can be shown that the revenue generated through state and federal aid, along with the local referendum, is relatively low when compared to other school districts in the Big 9. Winona's high ranking is because of their operating levy, which is \$1,550 per pupil as compared to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

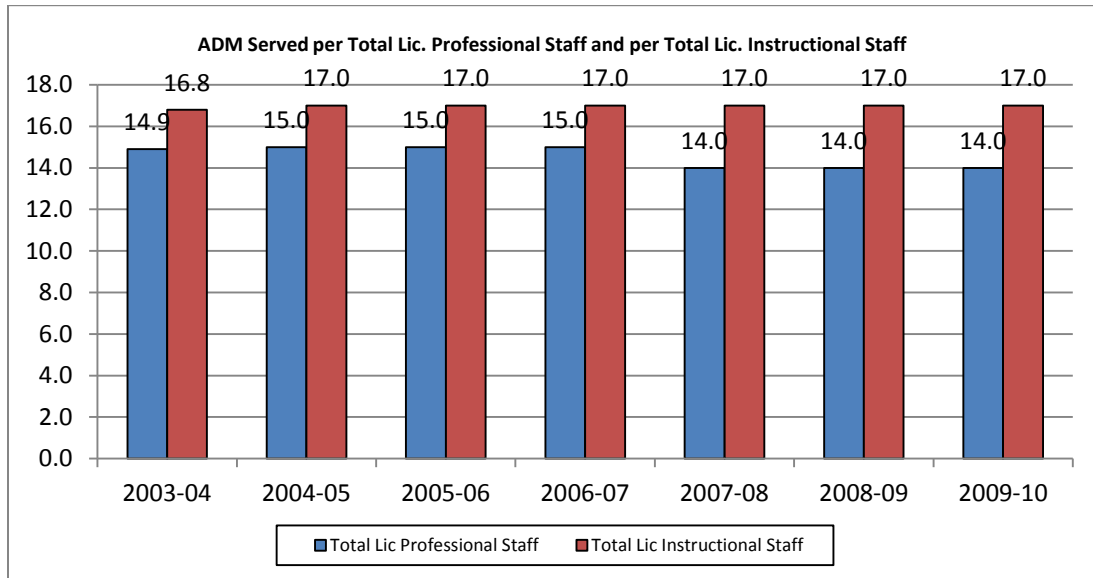
Historically, Owatonna's relatively lower revenue per ADM is also a result of lower compensatory aid, as well as special education funding.



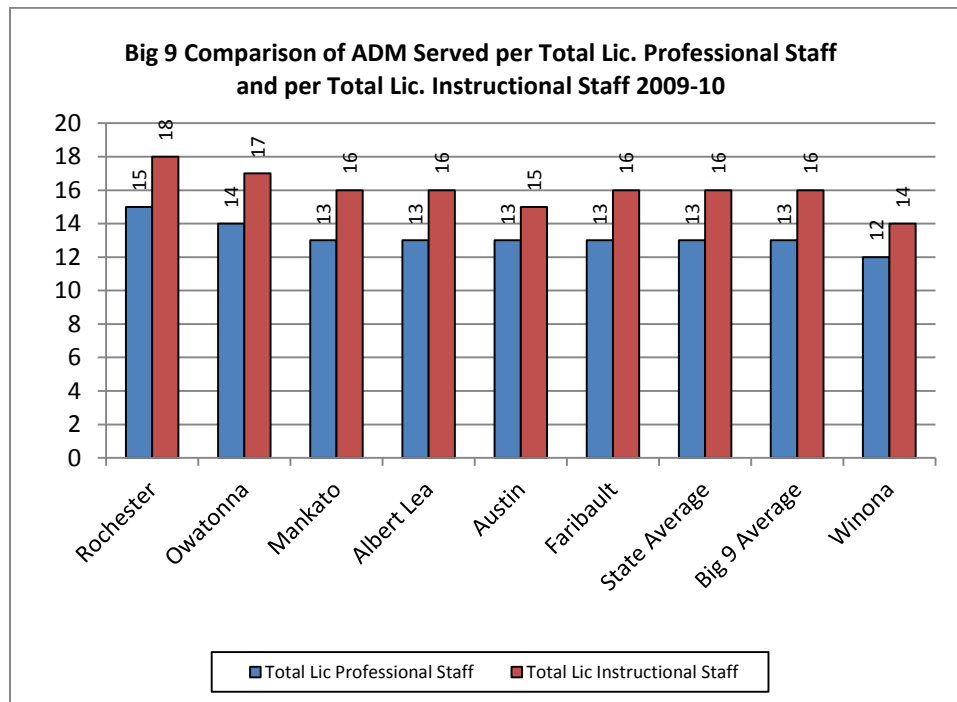
The size of our 'unassigned' fund balance, when compared to other Big 9 schools is comparable. While the district's fund balance appears to be healthy, due to several consecutive years of deficit spending, the district is on the lower end of the Big 9, in real dollars available to pay operating expenses.



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



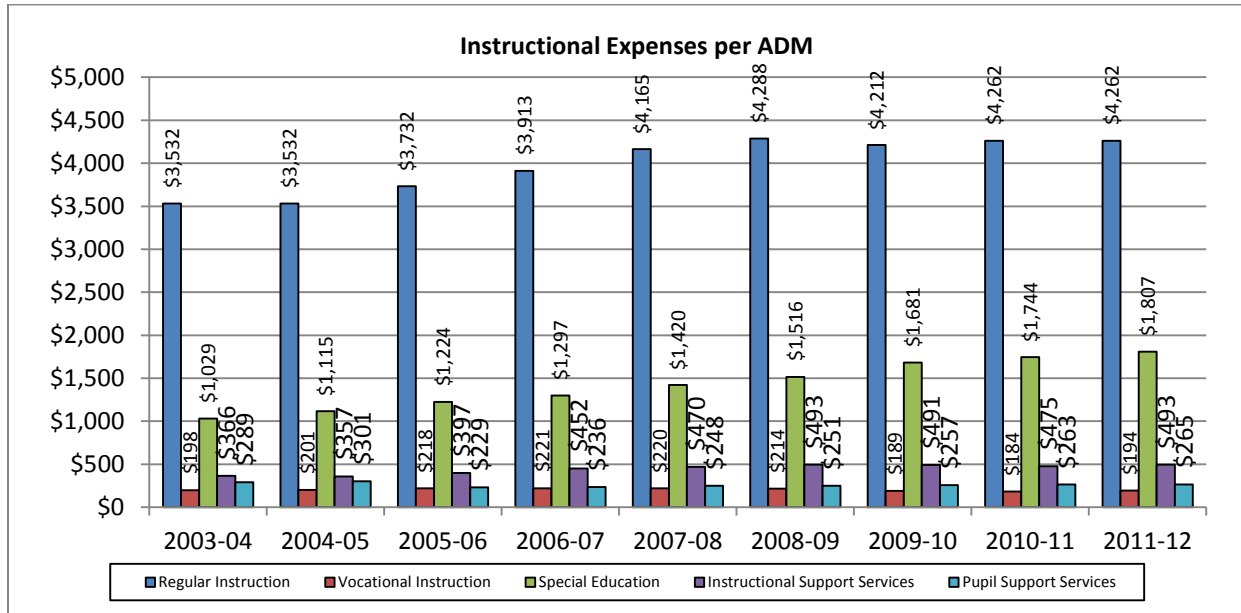
The graph suggests that little real change has occurred over the past several years, although fewer students were served (14) in FY 08, as compared to 15 students in recent past. The graph below is a comparison of Big 9 schools.



Owatonna is serving more students per licensed staff member than other Big 9 schools, except for Rochester, as of FY 10.

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

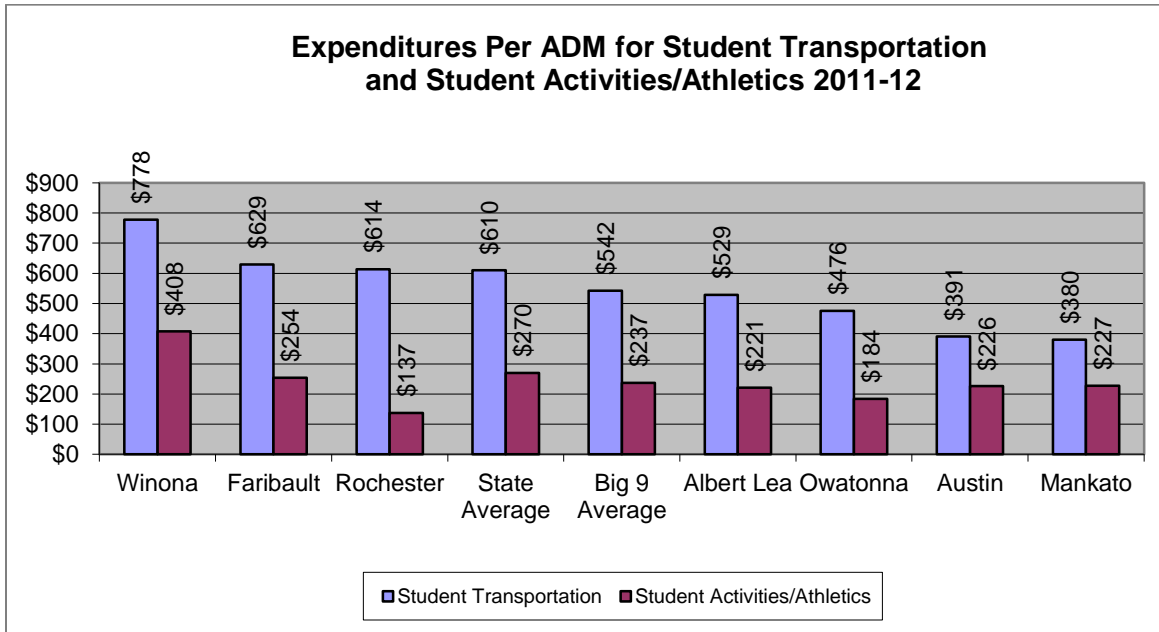
Below, it can be seen that over the past several years there has been little or no change in the relationship between budget allocations to various instructional areas. Although, regular instruction has increased on average 2.6 percent per year. Special education has increased by 9.5 percent per year.



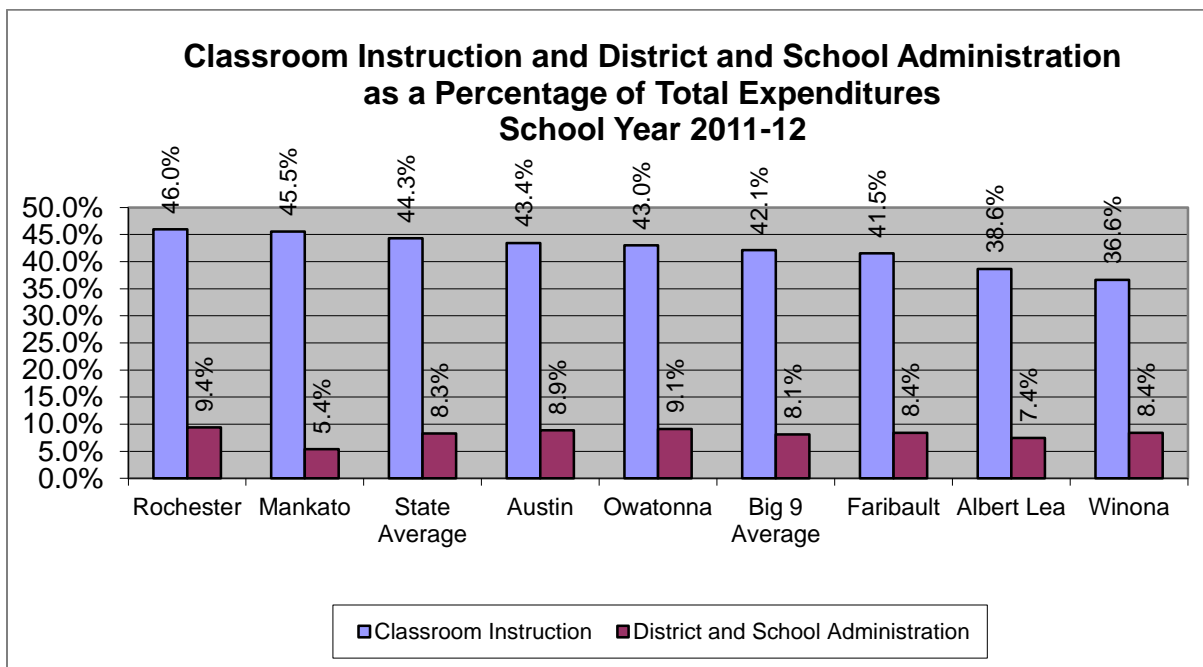
Critical data such as this is important to maintain as decisions are made related to budget development. The information provided suggests that no dramatic shifts in program have taken place in the District over the last eight years. It also indicates that the current level of allocation across various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

2011-12	Total PPU	District & School Administration	Student Instruction (Includes Sp. Ed.)	Special Education	Regular / Technical Instruction
Mankato	9,333	502	6,328	1,973	4,355
Albert Lea	11,168	831	7,343	2,881	4,462
Austin	10,384	919	6,877	2,193	4,684
Rochester	9,336	878	5,956	1,529	4,427
Faribault	10,172	853	6,410	2,140	4,270
Owatonna	9,909	900	6,263	1,807	4,456
Winona	12,357	1,039	7,391	2,779	4,612
Big 9 Average	10,380	846	6,653	2,186	4,467
State Average	10,352	864	6,563	1,853	4,710

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 similar averages in transportation costs.



When comparing expenditures in administration, we find that in FY 12 Owatonna is slightly higher than state and Big 9 averages. This is different from historical trends mainly because in FY 12 there were several one-time expenditures made in severance payments as well as operating capital. In classroom instruction for FY 12, Owatonna ranks above Big 9 average, and below average as compared to the entire state.



In FY 12, Owatonna's expense per ADM in maintenance and capital was below state averages and higher than Big 9 averages.

