



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

2014-15 PRELIMINARY BUDGET

**PRESENTED TO THE
BOARD OF EDUCATION**

JUNE 23, 2014

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Peter Grant
Superintendent of Schools

To: Members of the School Board
From: Peter Grant, Superintendent
Re: Preliminary Budget for the 2014-2015 School Year
Date: June 2014

Contained within this report entitled, "Preliminary Budget for the 2014-15 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 2014-15 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 4815. 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

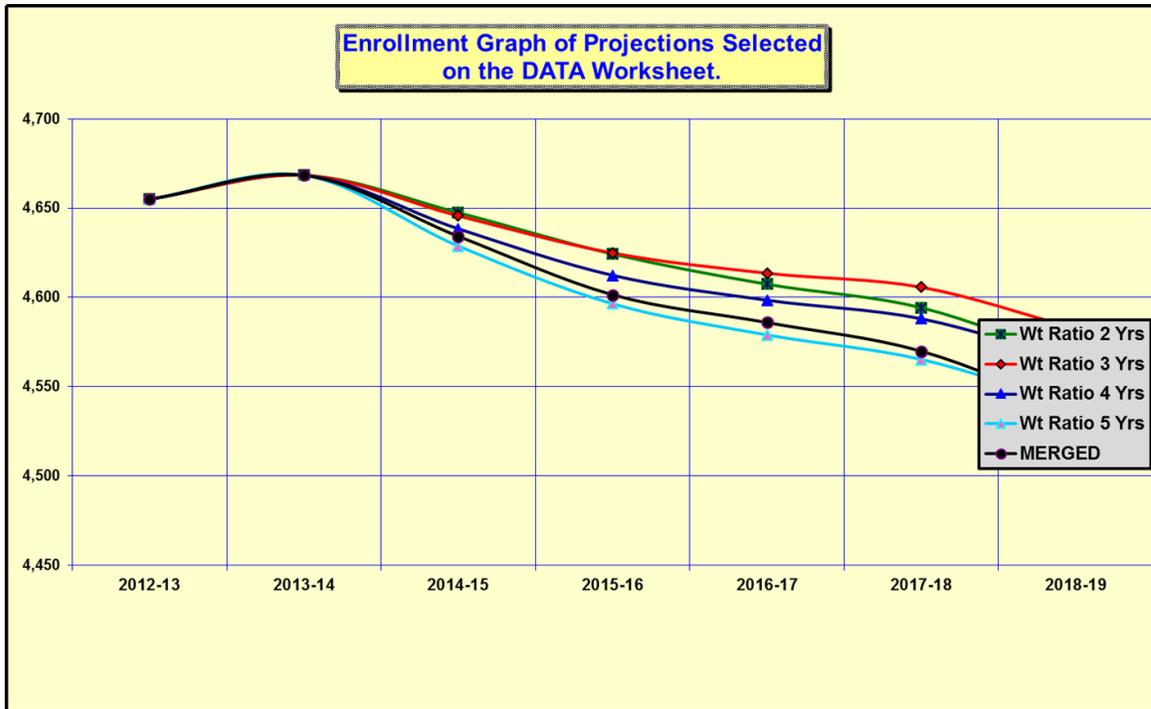
Enrollment across the District has averaged 4846 over the past four years. The table below shows the enrollment by grade over this period of time.

	2/22/2011			2/21/2012			2/19/2013			2/17/2014	
	Average Enrollment	10-11 ADM Final	%	Average Enrollment	11-12 ADM Final	%	Average Enrollment	12-13 ADM Final	%	Average Enrollment	13-14 Estimated ADM Final
Pre-K	171	61.46	0.3594	155	54.55	0.3519	166	58.44	0.3520	133	47.01
HK	15	22.62	1.5080	15	28.28	1.8853	15	23.77	1.5847	15	24.89
K	295	269.46	0.9134	319	293.68	0.9206	326	305.39	0.9368	321	297.65
1	408	402.74	0.9871	332	331.53	0.9986	379	376.66	0.9938	368	365.76
2	348	346.46	0.9956	403	401.19	0.9955	326	325.80	0.9994	369	368.06
3	305	301.78	0.9894	356	351.37	0.9870	401	399.98	0.9975	325	322.63
4	358	355.76	0.9937	314	313.23	0.9975	357	359.84	1.0080	393	393.78
5	378	374.40	0.9905	359	353.76	0.9854	320	315.76	0.9868	352	347.46
6	351	343.94	0.9799	384	378.53	0.9858	364	355.81	0.9775	332	325.51
7	356	351.34	0.9869	347	335.95	0.9682	375	369.39	0.9850	355	348.02
8	337	331.92	0.9849	345	346.40	1.0041	339	329.34	0.9715	367	361.11
9	416	411.07	0.9881	374	376.22	1.0059	380	379.40	0.9984	374	373.48
10	396	390.70	0.9866	402	397.95	0.9899	371	366.31	0.9874	372	367.53
11	391	377.49	0.9654	366	368.63	1.0072	392	387.51	0.9885	365	361.17
12	395	378.33	0.9578	366	356.92	0.9752	369	360.72	0.9776	390	379.43
PreK-12 TOTAL	4920	4719.47	0.9592	4837	4688.19		4880	4714.12		4831	4683.51
ALC	112	138.85	1.2397	99	131.67	1.33	74	135.46	1.83	65	101.54
PreK-12 ALC TOTAL	5032	4858.32	0.9655	4936	4819.86	0.98	4954	4849.58	0.98	4896	4785.06 ¹
¹ The estimated ADM Final PreK-12 ALC Total does not include Extended Time (about 75/year).										13-14 PreK-12 Budget	4725.5
										13-14 PreK-12 ALC Budget	4855.5 ²

For planning purposes, the enrollment projections (shown in the table below) show an overall decrease for the coming year. Enrollment forecast will decrease slightly in FY 15, and continue to decline after that.

		Est. 2014-15	Est. 2015-16	Est. 2016-17	Est. 2017-18	Est. 2018-19
Grade	K	316.0	290.0	306.0	294.0	306.0
	1	369.3	359.0	329.4	347.6	334.0
	2	360.2	361.1	351.0	322.1	339.8
	3	366.5	359.1	360.0	349.9	321.1
	4	328.1	369.7	362.3	363.2	353.0
	5	393.5	326.4	367.8	360.5	361.3
	6	356.1	398.1	330.3	372.2	364.7
	7	320.3	349.2	390.4	323.9	365.0
	8	344.5	314.2	342.5	382.9	317.7
	9	402.7	384.6	350.8	382.4	427.5
	10	359.9	389.4	371.9	339.2	369.7
	11	356.5	348.7	377.2	360.3	328.6
12	355.2	346.9	339.4	367.1	350.7	
Total K-12		4628.7	4596.4	4579.0	4565.2	4539.2
Change		-39.6	-32.3	-17.4	-13.8	-26.0
ALC		130.0	130.0	130.0	130.0	130.0
Total K-12		4758.7	4726.4	4709.0	4695.2	4669.2
Pre-K		55.5	51.0	53.8	51.7	53.8
Total Pre-K - 12		4814.2	4777.4	4762.8	4746.9	4723.0

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.

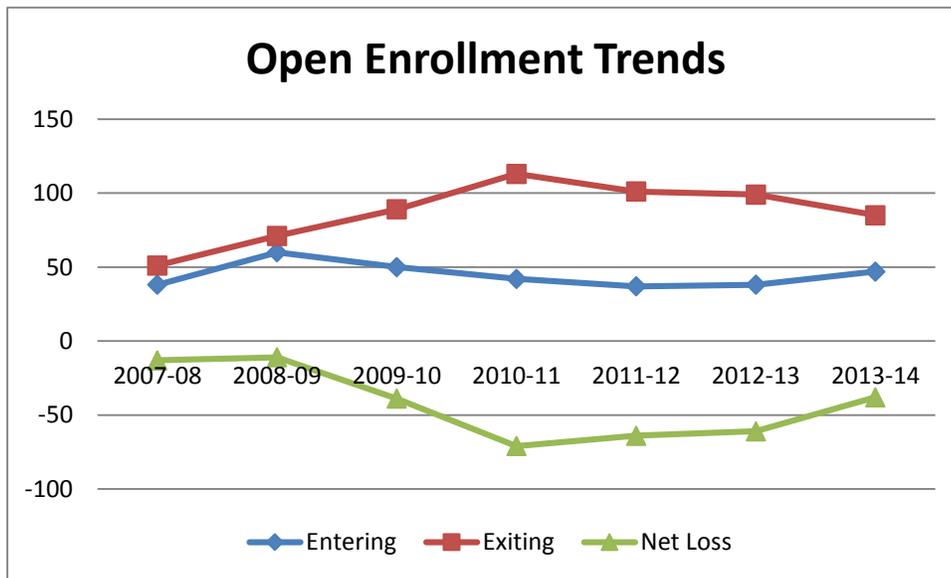


In the fall of 2005, the District School Board examined existing attendance boundaries for its four (4) elementary schools and established class size ‘targets’ for each grade level. Those targets are shown below. Overall, enrollment is forecasted to decline by 0.49 percent per year over the next four years. Starting all day Kindergarten in FY 15 could change this trend. Fiscal challenges have required a downward trend in staffing levels. As a result, our ability to stay within the established class size targets may 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 2013-14 school enrollments by grade.

School Board Average Class Size Targets (as of February 17, 2014)			
Grade	Total Average Class Size	Actual Average Class Size	Variance
K	19.00	20.81	1.81
1	20.00	21.47	1.47
2	23.00	22.88	-0.13
3	23.00	25.00	2.00
4	28.00	27.86	-0.14
5	28.00	28.83	0.83
6	28.00	29.55	1.55

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 2013-14 Owatonna had a net loss of students enrolling under the provisions of this law.

	Attending Owatonna	Attending Other Districts	Net Gain/(Loss)
Albert Lea	2		2
Austin		1	(1)
Blooming Prairie	10	1	9
Brooklyn Center		5	(5)
Burnsville	3		3
Faribault	2	1	1
Fergus Falls		5	(5)
Houston		14	(14)
Lakeville	1	2	(1)
Medford	9	45	(36)
NRHEG	7		7
Northfield		1	(1)
Rochester	2		2
Rosemount/AP/Eagan		1	(1)
Triton	5	1	4
Waseca	6	5	1
WEM		3	(3)
TOTAL	47	85	(38)



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

Attending Owatonna

	EC	K	Gr 1	Gr 2	Gr 3	Gr 4	Gr 5	Gr 6	Gr 7	Gr 8	Gr 9	Gr 10	Gr 11	Gr 12	Total
Albert Lea		1									1				2
Blooming Prairie	1	2	1	1			1	1					1	2	10
Burnsville											1		1	1	3
Faribault											1		1		2
Lakeville						1									1
Medford			1	1			1	1	1		3			1	9
NRHEG	1	1	2			1		1		1					7
Rochester		1												1	2
Triton		1	1						1	1	1				5
Waseca		1			2				1		1			1	6
TOTAL	2	7	5	2	2	2	2	3	3	2	8	0	3	6	47

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

	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
Austin	1													1
Blooming Prairie								1						1
Brooklyn Center									1	1	2	1		5
Faribault												1		1
Fergus Falls							2			2	1			5
Houston	1		1	1		1		1	1	1	1	4	2	14
Lakeville	1	1												2
Medford	25	1		1		1	2	4	3	1	4		3	45
Northfield			1											1
Rosemount/AV/Eag													1	1
Triton										1				1
Waseca	2	1						1					1	5
WEM	1						1					1		3
TOTAL	31	3	2	2	0	2	5	7	5	6	8	7	7	85

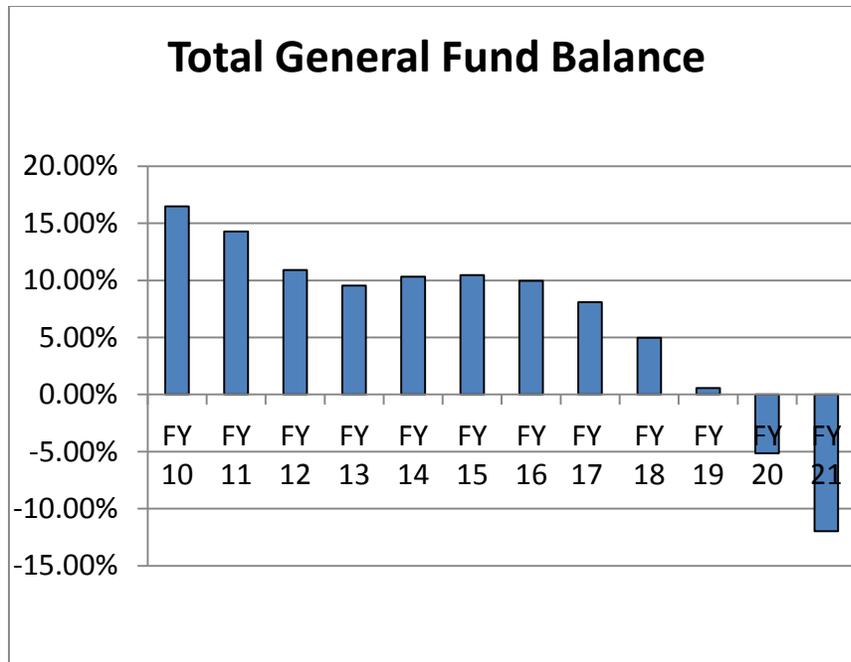
These numbers pose two concerns for our District. The exodus of students to Medford and to Kids Korner for the all-day Kindergarten does translate into an annual loss in revenue. The long term revenue impact is greater in Medford, as most of the Kids Korner students return to the district for grade 1. 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.

Starting in the 2014-2015 school year, and because of all day KG, the district anticipates retaining some of the net loss of students due to open enrollment. This previously lost revenue will probably not all be recaptured in the first year; however, over the course of several years, the district expects that implementing all day KG will have a positive impact on the school district finances.

CHAPTER TWO – BUDGET OVERVIEW

The Owatonna School District has a total annual budget of \$58,360,167 for the 2014-15 school year. As of June 12, 2014, the district anticipates a surplus of \$344,000 from the general fund in FY '14. The FY '15 budget will create a surplus of \$402,340. This will place the district's total general fund balance at 10.47 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	FY 18	FY 19	FY 20	FY 21
Base Revenue					\$44.028	\$45.391	\$45.84	\$46.30	\$46.77	\$47.23	\$47.71	\$48.18
Operating Revenue					\$3.90	\$5.70	\$5.81	\$5.93	\$6.05	\$6.17	\$6.29	\$6.42
Total Revenue	\$46.219	\$47.079	\$46.325	\$47.158	\$47.928	\$51.091	\$51.739	\$52.31	\$52.90	\$53.48	\$54.00	\$54.60
Total Expenditures	\$46.754	\$47.939	\$47.943	\$47.822	\$47.584	\$50.689	\$51.876	\$53.17	\$54.50	\$55.87	\$57.26	\$58.69
Fund Balance Change	-\$0.535	-\$0.860	-\$1.618	-\$0.664	\$0.344	\$0.402	-\$0.137	-\$0.86	-\$1.61	-\$2.38	-\$3.26	-\$4.09
Fund Balance	\$7.703	\$6.843	\$5.225	\$4.561	\$4.905	\$5.307	\$5.170	\$4.31	\$2.70	\$0.32	-\$2.94	-\$7.03
Percent	16.48%	14.27%	10.90%	9.54%	10.31%	10.47%	9.97%	8.11%	4.96%	0.58%	-5.13%	-11.98%



Overview and Assumptions

1. The above values represent updates made after the 2014 legislative session. Expenses in FY 14 were revised by \$300,000 less from FY 14 Revised Final Budget to reflect anticipated actuals.
2. Growth of 2.50 percent applied to all expenditures for FY 16 and beyond.
3. Growth of 1.0 percent applied to all revenue for FY 16 and beyond. This does account for declining enrollment currently forecasted of roughly 20 students per year for the next several years. All day KG could alter this decline.
4. Added \$1.8 million from operating levy starting in FY 15.
5. Operating levy amount planned to increase by 2.0 percent per year.
6. Starting in FY 16, \$80,000 in expense was removed to reflect one time expenditures in FY 15 for the implementation of all day KG.
7. Starting in FY 16, district will add \$80,000 in revenue from lease levy to cover the expense of new portable classrooms.
8. The average expense of 1.0 teaching FTE is approximately \$82,164.

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 2013-14 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)
2014-15 PRELIMINARY BUDGET**

GENERAL FUND REVENUE (Funds 1, 10, and 11)	2013-14 Revised Final Budget	2014-15 Preliminary Budget	Difference
Tax Levy	\$ 5,241,257	\$ 5,943,060	\$ 701,803
Delinquent Taxes	50,000	55,000	5,000
County Apportionment	90,000	82,000	(8,000)
Miscellaneous County Tax Revenue	15,000	11,000	(4,000)
Revenue from Other MN ISD's for Special Ed.	95,000	95,000	-
Tuition from Patrons	50,000	50,000	-
Fees from Patrons	193,774	205,742	11,968
Admissions/Student Activity Revenue	152,225	156,989	4,764
Medical Assistance Reimbursement	300,000	225,000	(75,000)
Interest Earnings	6,000	6,000	-
Rent	13,130	13,196	66
Gifts and Bequests	117,243	132,391	15,148
Miscellaneous Revenue	193,009	187,123	(5,886)
Endowment	132,775	132,536	(239)
General Education Aid	34,866,058	36,925,978	2,059,920
Literacy Aid	280,353	211,667	(68,686)
Shared Time	84,106	94,054	9,948
Abatement Aid	604	604	-
Disparity Reduction Aid	15,121	15,121	-
Homestead/Ag Market Value Credit	10,840	10,840	-
Other State Credits	-	-	-
State Aids and Grants	256,095	256,483	388
Special Education	3,820,532	4,397,667	577,135
Miscellaneous Revenue from MDE	18,000	101,792	83,792
Federal Aids and Grants	1,926,622	1,781,904	(144,718)
Sale of Equipment	-	-	-
Judgments for District	-	-	-
TOTAL GENERAL FUND REVENUES	<u>\$47,927,744</u>	<u>\$51,091,147</u>	<u>\$ 3,163,403</u>

It should be noted we have projected an increase in revenue for 2014-15. The increase in the tax levy is due to the successful passage of our operating levy in the fall of 2013. The increase in general education aid of \$2,059,920 is due mainly to the addition of all-day kindergarten and a change in pupil weighting. General education aid includes basic per pupil allotment along with all other aid categories, such as

compensatory, staff development, Limited English Proficiency aid, and operating capital. Interest earnings continue to remain low as market conditions have not rebounded to a more favorable circumstance.

Our Food Service Fund is shown in the following table. The largest portion of the fund is derived from the sale of meal tickets to students. Another portion comes to us through special assistance. This line item includes government subsidies, which is the largest portion of the revenue. **As part of the budget, the District is proposing an increase in breakfast meal prices of .05 cents for elementary, Willow Creek and OJHS, an increase in elementary lunch meal prices of .10 cents, and an increase in lunch meal prices of .05 cents for Willow Creek, OJHS, and OHS.** The primary reason for the drop in revenue is due to a grant that was received during FY 14.

**OWATONNA PUBLIC SCHOOLS, ISD #761
FOOD SERVICE FUND REVENUE (Fund 2)
2014-15 PRELIMINARY BUDGET**

FOOD SERVICE FUND REVENUE (Fund 2)	2013-14 Revised Final Budget	2014-15 Preliminary Budget	Difference
Interest Earnings	\$ 155	\$ 155	\$ -
Miscellaneous Revenue	104,500	3,500	(101,000)
State Aids and Grants	128,987	123,117	(5,870)
School Lunch Program	158,873	82,306	(76,567)
Special Assistance	653,174	743,145	89,971
Commodity Rebates	-	-	-
Commodity Distribution	136,893	128,504	(8,389)
Special Milk Program	4,785	230	(4,555)
School Breakfast Program	268,473	269,521	1,048
Summer School	32,000	32,000	-
Sales to Pupils	1,145,722	1,140,647	(5,075)
Sales to Adults	23,840	23,482	(358)
Special Function Food Sales	8,000	7,000	(1,000)
TOTAL FOOD SERVICE FUND REVENUES	<u>\$ 2,665,402</u>	<u>\$ 2,553,607</u>	<u>\$ (111,795)</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)
2014-15 PRELIMINARY BUDGET**

COMMUNITY SERVICE FUND REVENUE (Fund 4)	2013-14 Revised Final Budget	2014-15 Preliminary Budget	Difference
Tax Levy	\$ 318,573	\$ 312,062	\$ (6,511)
Delinquent Taxes	3,000	3,000	\$ -
Miscellaneous County Tax Revenue	-	-	
Tuition from Patrons	234,000	337,100	103,100
Fees from Patrons	340,000	378,000	38,000
Interest Earnings	700	700	-
Rent	-	700	700
Gifts and Bequests	350	300	(50)
Miscellaneous Revenue	16,550	5,100	(11,450)
Abatement Aid	17	14	(3)
Disparity Reduction Aid	2,330	2,330	-
Homestead/Ag Market Value Credit	1,670	1,670	-
State Aids and Grants	1,537,734	1,449,828	(87,906)
Non-Public Aid	77,424	64,569	(12,855)
Federal Aids and Grants	69,151	57,000	(12,151)
Permanent Fund Transfer	14,000	14,000	-
TOTAL COMMUNITY SERVICE FUND REVENUES	<u>\$ 2,615,499</u>	<u>\$ 2,626,373</u>	<u>\$ 10,874</u>

Projected revenues for the coming year are anticipated to increase slightly for the Community Education programs. The increase comes in the tuition from patrons due to the District having increased participation in our programming. 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)
2014-15 PRELIMINARY BUDGET**

DEBT SERVICE FUND REVENUE (Fund 7)	2013-14 Revised Final Budget	2014-15 Preliminary Budget	Difference
Tax Levy	\$ 2,200,728	\$ 2,230,116	\$ 29,388
Delinquent Taxes	30,000	30,000	-
Miscellaneous County Tax Revenue	3,600	5,000	1,400
Interest Earnings	1,328	1,328	-
Disparity Reduction Aid	16,527	16,527	-
Homestead/Ag Market Value Credit	11,848	11,848	-
Other Property Tax Credit	-	-	-
TOTAL DEBT SERVICE FUND REVENUES	<u>\$ 2,264,031</u>	<u>\$ 2,294,819</u>	<u>\$ 30,788</u>

Debt service revenue can only be used for costs associated with the payout of bonds sold for the construction and/or repair of district facilities. Most of the revenue is the direct result of a voter approved bond levy. Currently, we are paying down on two separate bond issues. 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 \$3,062,482 represents an overall increase of approximately 5.8% from FY 14.

<u>Fund Name</u>	<u>2013-14 Revised Final Budget</u>	<u>2014-15 Preliminary Budget</u>	<u>Difference</u>
<u>Total Operating Funds Revenue:</u>			
General Fund (Funds 1, 10, and 11)	\$ 47,927,744	\$ 51,091,147	\$ 3,163,403
Food Service Fund (Fund 2)	2,665,402	2,553,607	(111,795)
Community Service Fund (Fund 4)	2,615,499	2,626,373	10,874
Total Operating Funds Revenue	<u>\$ 53,208,645</u>	<u>\$ 56,271,127</u>	<u>\$ 3,062,482</u>

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

<u>Total Non-Operating Funds Revenue:</u>			
Debt Service Fund (Fund 7)	\$ 2,264,031	\$ 2,294,819	\$ 30,788
Total Non-Operating Funds Revenue	<u>\$ 2,264,031</u>	<u>\$ 2,294,819</u>	<u>\$ 30,788</u>
TOTAL REVENUE	<u>\$ 55,472,676</u>	<u>\$ 58,565,946</u>	<u>\$ 3,093,270</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)	2013-14 Revised Final Budget	2014-15 Preliminary Budget	Difference
<u>Administrative and District Support Services</u>			
Salaries	\$ 2,287,979	\$ 2,346,621	\$ 58,642
Benefits	792,157	801,479	9,322
Purchased Services	387,642	501,735	114,093
Supplies and Materials	120,061	118,583	(1,478)
Capital Expenditures	710,362	678,252	(32,110)
Other Expenditures	(24,786)	(17,621)	7,165
Total Administrative and District Support Services	\$ 4,273,415	\$ 4,429,049	\$ 155,634
<u>Instructional</u>			
Salaries	\$ 22,103,887	\$ 23,182,019	\$ 1,078,132
Benefits	7,888,798	9,112,650	1,223,852
Purchased Services	1,466,880	1,607,032	140,152
Supplies and Materials	805,428	874,542	69,114
Capital Expenditures	277,975	431,626	153,651
Other Expenditures	87,129	74,353	(12,776)
Total Instructional	\$ 32,630,097	\$ 35,282,222	\$ 2,652,125
<u>Instructional and Pupil Support</u>			
Salaries	\$ 2,133,647	\$ 2,005,043	\$ (128,604)
Benefits	644,140	619,938	(24,202)
Purchased Services	2,857,885	2,988,225	130,340
Supplies and Materials	299,147	342,737	43,590
Capital Expenditures	19,849	10,090	(9,759)
Other Expenditures	10,010	9,143	(867)
Total Instructional and Pupil Support	\$ 5,964,678	\$ 5,975,176	\$ 10,498
<u>Operations, Maintenance, and Fixed</u>			
Salaries	\$ 1,321,987	\$ 1,389,451	\$ 67,464
Benefits	689,272	727,488	38,216
Purchased Services	1,957,664	1,929,099	(28,565)
Supplies and Materials	592,937	620,815	27,878
Capital Expenditures	406,831	287,838	(118,993)
Other Expenditures	47,880	47,669	(211)
Total Operations, Maintenance, and Fixed	\$ 5,016,571	\$ 5,002,360	\$ (14,211)
TOTAL GENERAL FUND EXPENDITURES	\$ 47,884,761	\$ 50,688,807	\$ 2,804,046

Overall, the district is planning to increase its general fund expenditures in FY 15 as a result of several factors. Most notably, in the fall of 2014 the District will be implementing all-day kindergarten.

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

FOOD SERVICE FUND EXPENDITURES (Fund 2)	2013-14 Revised Final Budget	2014-15 Preliminary Budget	Difference
Salaries	\$ 824,942	\$ 895,199	\$ 70,257
Benefits	283,524	297,108	13,584
Purchased Services	77,892	81,556	3,664
Supplies and Materials	1,386,472	1,319,169	(67,303)
Capital Expenditures	253,390	25,700	(227,690)
Other Expenditures	1,000	1,000	-
TOTAL FOOD SERVICE EXPENDITURES	\$ 2,827,220	\$ 2,619,732	\$ (207,488)

The increase in salaries and benefits is due to changes in the employee's contracts. The decrease in capital expenditures is due to purchasing less equipment in FY 15 as compared to FY 14.

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

COMMUNITY SERVICE FUND EXPENDITURES (Fund 4)	2013-14 Revised Final Budget	2014-15 Preliminary Budget	Difference
Salaries	\$ 791,073	\$ 842,378	\$ 51,305
Benefits	314,831	268,997	(45,834)
Purchased Services	1,610,721	1,554,348	(56,373)
Supplies and Materials	85,242	58,208	(27,034)
Capital Expenditures	17,297	18,297	1,000
Other Expenditures	1,820	2,200	380
TOTAL COMMUNITY SERVICE EXPENDITURES	\$ 2,820,984	\$ 2,744,428	\$ (76,556)

The community service expenditures are remaining relatively the same in comparison to FY 14. 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 installed 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.

**OWATONNA PUBLIC SCHOOLS, ISD #761
BUILDING CONSTRUCTION FUND EXPENDITURES (Fund 6)
2014-15 PRELIMINARY BUDGET**

BUILDING CONSTRUCTION FUND (Fund 6)	2013-14 Revised Final Budget	2014-15 Preliminary Budget	Difference
Building Construction	\$ 610,155	\$ -	\$ (610,155)
TOTAL BUILDING CONSTRUCTION EXPENDITURES	\$ 610,155	\$ -	\$ (610,155)

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.

**OWATONNA PUBLIC SCHOOLS, ISD #761
DEBT SERVICE FUND EXPENDITURES (Fund 7)
2014-15 PRELIMINARY BUDGET**

DEBT SERVICE FUND EXPENDITURES (Fund 7)	2013-14 Revised Final Budget	2014-15 Preliminary Budget	Difference
Bond Principal	\$ 2,350,000	\$ 2,230,000	\$ (120,000)
Bond Interest	117,118	74,200	(42,918)
Other Debt Service Expenditures	3,000	3,000	-
TOTAL DEBT SERVICE EXPENDITURES	\$ 2,470,118	\$ 2,307,200	\$ (162,918)

Total expenditures for all operating funds are shown in the table below. The increase of \$2,520,002 represents an overall increase of approximately 4.7% from FY 14.

Fund Name	2013-14 Revised Final Budget	2014-15 Preliminary Budget	Difference
Total Operating Funds Expenditures:			
General Fund (Funds 1, 10, and 11)	\$47,884,761	\$50,688,807	\$ 2,804,046
Food Service Fund (Fund 2)	2,827,220	2,619,732	(207,488)
Community Service Fund (Fund 4)	2,820,984	2,744,428	(76,556)
Total Operating Funds Expenditures	\$53,532,965	\$56,052,967	\$ 2,520,002

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

<u>Total Non-Operating Funds Expenditures:</u>			
Debt Service Fund (Fund 7)	\$ 2,470,118	\$ 2,307,200	\$ (162,918)
Building Construction Fund (Fund 6)	-	-	-
Total Non-Operating Funds Expenditures	<u>\$ 2,470,118</u>	<u>\$ 2,307,200</u>	<u>\$ (162,918)</u>
TOTAL EXPENDITURES	<u>\$ 56,003,083</u>	<u>\$ 58,360,167</u>	<u>\$ 2,357,084</u>

The budget proposed for Board passage for 2014-2015 is shown in the summary on page 22. Total operating revenue for FY 15 is projected to be \$56,271,127. Total operating expenditures for FY 15 is projected to be \$56,052,967. The net difference is an operating surplus of \$218,160 for FY 15.

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 \$51,091,147 and total expenditures are projected to be \$50,688,807. The net difference is a surplus of \$402,340 for FY 15.

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

<u>Category</u>	<u>2013-14 Revised Final Budget</u>	<u>2014-15 Preliminary Budget</u>	<u>Difference</u>
<u>Includes General Fund, Food Service Fund, and Community Service Fund:</u>			
Total Operating Revenues	\$53,208,645	\$56,271,127	\$ 3,062,482
Total Operating Expenditures	53,532,965	56,052,967	2,520,002
Total Revenues less Expenditures	<u>\$ (324,320)</u>	<u>\$ 218,160</u>	<u>\$ 542,480</u>

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

<u>Category</u>	<u>2013-14 Revised Final Budget</u>	<u>2014-15 Preliminary Budget</u>	<u>Difference</u>
<u>Includes General Fund Only:</u>			
Total Revenues	\$47,927,744	\$51,091,147	\$ 3,163,403
Total Expenditures	47,884,761	50,688,807	2,804,046
Total Revenues less Expenditures	<u>\$ 42,983</u>	<u>\$ 402,340</u>	<u>\$ 359,357</u>

Below is the table that contains the proposed budget for the 2014-15 school year. This is the budget the Board is being asked to approve for fiscal year 2015. Included in this proposal is an activities fee increase of \$5 for the 2014-15 school year as well as an addition to meal prices as outlined on page 15. Approval of this budget approves the food service price and activity fee increase.

**OWATONNA PUBLIC SCHOOLS, ISD #761
FUND BALANCE ANALYSIS
2014-15 PROPOSED PRELIMINARY BUDGET**

JUNE 30, 2014 PROJECTED ENDING FUND BALANCES

<u>Fund</u>	6/30/2013 Balance	2013-14 Revenues	2013-14 Expenditures	6/30/2014 Balance
General - Unassigned	4,007,020	41,312,725	40,598,168	4,721,577
General - Restricted/Reserved	421,241	6,615,019	7,286,593	(250,333)
General - Nonspendable	133,846	-	-	133,846
Food Service	405,270	2,665,402	2,827,220	243,452
Community Service	674,202	2,615,499	2,820,984	468,717
Building Construction	610,155	-	610,155	-
Debt Service	608,737	2,264,031	2,470,118	402,650
Trust	4,784	1,202	1,837	4,149
Internal Service	252,047	188	65,000	187,235
Total	7,117,302	55,474,066	56,680,075	5,911,293

JUNE 30, 2015 PROJECTED ENDING FUND BALANCES

<u>Fund</u>	6/30/2013 Balance	2013-14 Revenues	2013-14 Expenditures	6/30/2014 Balance
General - Unassigned	4,721,577	43,037,763	42,712,911	5,046,429
General - Restricted/Reserved	(250,333)	8,053,384	7,975,896	(172,845)
General - Nonspendable	133,846	-	-	133,846
Food Service	243,452	2,553,607	2,619,732	177,327
Community Service	468,717	2,626,373	2,744,428	350,662
Building Construction	-	-	-	-
Debt Service	402,650	2,294,819	2,307,200	390,269
Trust	4,149	1,502	1,490	4,161
Internal Service	187,235	188	-	187,423
Total	5,911,293	58,567,636	58,361,657	6,117,272

JUNE 30, 2015 FUND BALANCE COMPARISON PROJECTION

<u>Fund</u>	6/30/2014 Balance	6/30/2015 Balance	Difference
General - Unassigned	4,721,577	5,046,429	324,852
General - Restricted/Reserved	(250,333)	(172,845)	77,488
General - Nonspendable	133,846	133,846	-
Food Service	243,452	177,327	(66,125)
Community Service	468,717	350,662	(118,055)
Building Construction	-	(750,155)	(750,155)
Debt Service	402,650	390,269	(12,381)
Trust	4,149	4,161	12
Internal Service	187,235	187,423	188
Total	5,911,293	5,367,117	(544,176)

2014-15 REVENUE/EXPENDITURE COMPARISON

<u>Fund</u>	Revenues			Expenditures		
	6/30/2014 Rev. Final	6/30/2015 Preliminary	Difference	6/30/2014 Rev. Final	6/30/2015 Preliminary	Difference
General - Unassigned	41,312,725	43,037,763	1,725,038	40,598,168	42,712,911	2,114,743
General - Restricted/Reserved	6,615,019	8,053,384	1,438,365	7,286,593	7,975,896	689,303
General - Nonspendable	-	-	-	-	-	-
Food Service	2,665,402	2,553,607	(111,795)	2,827,220	2,619,732	(207,488)
Community Service	2,615,499	2,626,373	10,874	2,820,984	2,744,428	(76,556)
Building Construction	-	-	-	610,155	-	(610,155)
Debt Service	2,264,031	2,294,819	30,788	2,470,118	2,307,200	(162,918)
Trust	1,202	1,502	300	1,837	1,490	(347)
Internal Service	188	188	-	65,000	-	(65,000)
Total	55,474,066	58,567,636	3,093,570	56,680,075	58,361,657	1,681,582

The FY '14 auditing process will validate the actual financial performance of the District and those results could change the listed ending fund balances for FY '14. As always, any such adjustments will be used in the FY '15 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 is a neighborhood school educating students and serving families on the southeast side of Owatonna. We have a beautiful campus complete with two playgrounds, an oak tree grove, a walking path, basketball court, ball field and a shared border with the city soccer complex. Our building houses students in kindergarten through 5th grade. The 2013-14 enrollment of 535 students has remained constant throughout the school year.

Lincoln has a dedicated staff of 60 adults who collaborate daily to meet the needs of students both in and out of the classroom. Teachers meet regularly throughout the year to focus on student achievement and meeting the goals. During this time, individual student needs are identified and action plans for support are put into place. We are fortunate to have a Reading Intervention teacher, one full-time Reading Corps volunteer, a team of educational assistants, a Special Education staff, and a dedicated group of volunteers to support our students.

A few unique learning opportunities at Lincoln include: a first and second grade looping option, an extended day kindergarten program, a Reading Corps volunteer, the ASD (Autism Spectrum Disability) classroom, and an afterschool intervention program called CHAMPS. All of these programs help us serve the different needs of students.

The Lincoln School Site Leadership Team identified the following three areas for their 2013-14 school goals:

1. Reading improvement
2. Leadership Celebration
3. Professional Learning Communities focused on student learning

We are measuring our growth in reading through formal and informal assessments. Teachers then collaborate with each other to look at assessment results and provide an intervention plan for individual students or the whole class when needed. We used the month of February to really focus on reading during the "I Love to Read" month. Congratulations to all the students for meeting the school reading goal. The challenge was for students to read 200,000 minutes during the month of February. Students surpassed that goal and read a total of 243,517 minutes!

We started the school year with a Leadership Rally and held one after each trimester to celebrate the accomplishments of our students. We were very pleased with the community service done by our students. Not only did they participate in projects, but many projects were initiated and led by students. Each classroom at Lincoln School participated in a community service project this fall. In October, student council members, staff, and parents participated in Feed My Starving Children Mobile Pack at St. John's Lutheran Church. Lincoln School students raised \$613.49. This money will help feed 2,788 kids a day in less fortunate countries. Also in October, our fifth grade classrooms spent an afternoon raking leaves for Healthy Seniors. Our Kindergarten, first grade, and second grade classes were busy making placemats for the community dinner on Thanksgiving Day. Park Place also received placemats and door decorations made by the third grade students for Thanksgiving. Lastly, our fourth grade students made blankets for an organization in Owatonna. Lincoln students are finding various ways to make a difference in our community.

May of 2014 will be the start of a large community service project at Lincoln. The PTO is partnering with the school to raise funds for a new playground. The student council will help with this fund raiser by identifying student fundraising prizes and helping to plan the kick off day as part of our leadership celebration the last week of school.

We are very proud of our Lincoln students. They are successful in both academics and leadership. We are living our mission: Developing Leaders One Student at a Time.

Lincoln's Economic Outlook

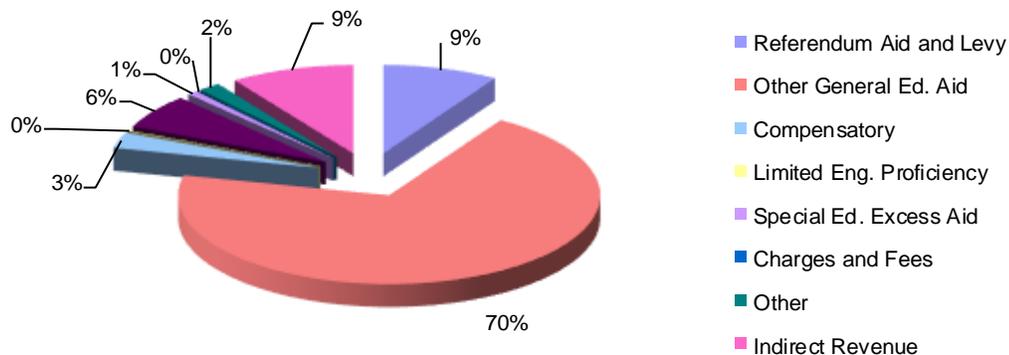
The table below identifies projected changes in our overall revenue picture for Lincoln in the 2014-15 school year. Revenue will increase by 16.2%. Lincoln will have about 3 less students in 2014-15. Lincoln is seeing an increase in compensatory aid, which is funded based on the number of students on free and reduced lunch.

Lincoln Revenues

Description	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Budget	Change Percent	Change Amount
Referendum Aid and Levy	\$ 369,382	\$ 361,885	\$ 378,192	\$ 622,501	64.6%	\$ 244,309
Other General Ed. Aid	2,765,659	2,735,715	2,974,679	3,352,825	12.7%	378,146
Compensatory	92,039	118,109	122,437	162,967	33.1%	40,530
Limited Eng. Proficiency	6,435	4,696	4,842	5,108	5.5%	266
Special Ed. Aid	189,282	188,554	267,779	206,523	-22.9%	(61,256)
Special Ed. Excess Aid	23,850	23,758	33,740	26,022	-22.9%	(7,718)
Charges and Fees	4,020	1,452	2,821	-	-100.0%	(2,821)
Other	72,485	9,935	73,494	14,514	-80.3%	(58,980)
Indirect Revenue	384,173	438,800	406,054	564,556	39.0%	158,502
Total	\$ 3,907,325	\$ 3,882,904	\$ 4,264,038	\$ 4,955,016	16.2%	\$ 690,978

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.

2014-15 Lincoln Revenue Budget



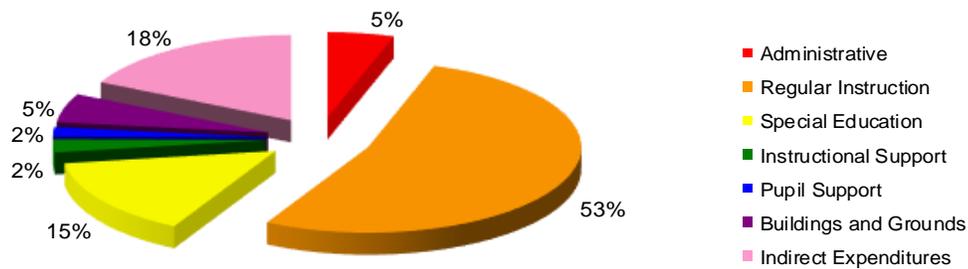
A table of Lincoln's expenditures follows. Lincoln will also see an increase in expenditures. Most of it is in indirect expenditures which relate to the number of students at your site. The increase in special education is due additional needs at Lincoln for FY 15.

Lincoln Expenditures

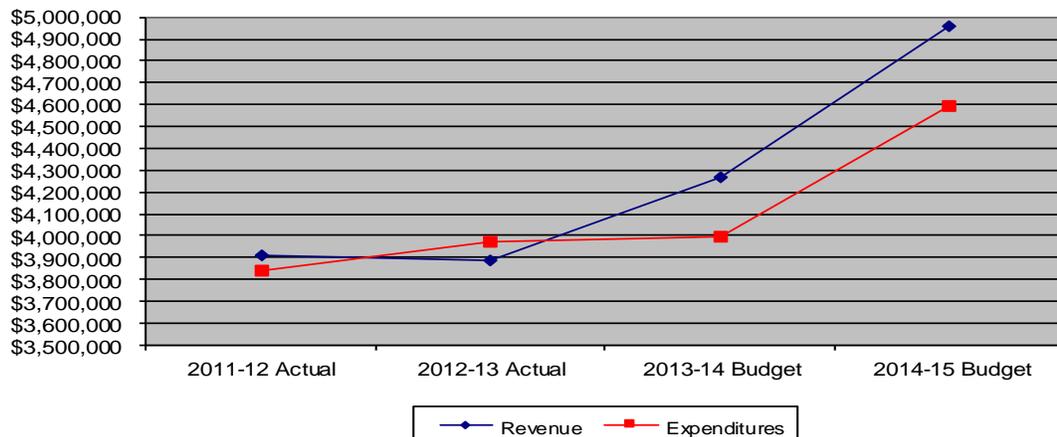
Description	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Budget	Change Percent	Change Amount
Administrative	\$ 187,399	\$ 186,883	\$ 200,963	\$ 202,213	0.6%	\$ 1,250
Regular Instruction	1,996,615	2,295,964	2,111,140	2,338,292	10.8%	227,152
Special Education	459,675	425,198	591,742	746,400	26.1%	154,658
Instructional Support	45,395	116,840	98,313	28,485	-71.0%	(69,828)
Pupil Support	46,045	66,716	70,225	53,892	-23.3%	(16,333)
Buildings and Grounds	247,071	238,071	219,008	227,649	3.9%	8,641
Indirect Expenditures	854,584	643,650	703,955	996,804	41.6%	292,849
Total	\$ 3,836,784	\$ 3,973,322	\$ 3,995,346	\$ 4,593,735	15.0%	\$ 598,389

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.

2014-15 Lincoln Expenditure Budget



The average revenue per student allocated to Lincoln is \$8,617. The expenditure per student at Lincoln is \$7,989. The relationship between revenues and expenditures over the last three years are shown in the table below.



McKinley Elementary STEM School serves approximately 495 students, K-5, in the northeast sector of Owatonna. The make-up of the students is: 12% Hispanic; 19% Black not Hispanic; 1% Asian/Pacific Islander and 68% Caucasian. 53% of our students receive free or reduced lunch, 12% 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 had planned on purchasing supplies we found we actually need. We also planned on STEMifying the inside of our school and the outside grounds to make McKinley look and feel like a STEM school. Unfortunately, these year two plans did not happen due to a lack of a STEM budget.

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 6th 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, we have 2 reading intervention teachers and 1 math intervention teacher. These teachers are working with our tier 2 students before they qualify for RTI. With the help of our intervention teachers we are able to have a quality reading program that identifies and helps students before it is too late.

McKinley has also 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 the increased operating levy, change in pupil weighting, and the implementation of all-day kindergarten. The general education basic aid for 2014-15 is calculated at a rate of \$5,831 per pupil unit in the elementary school. As a District, for students who are in kindergarten through sixth grade we receive 1.0 of the base amount. In the following table, the amount of state aid that we anticipate to receive for 2014-15 based upon our student enrollment at McKinley is \$3,113,754. Other additional revenue is also listed. We anticipate \$468,487 in compensatory revenue. This amount has been generated as a result of free and reduced meal counts.

McKinley Revenues

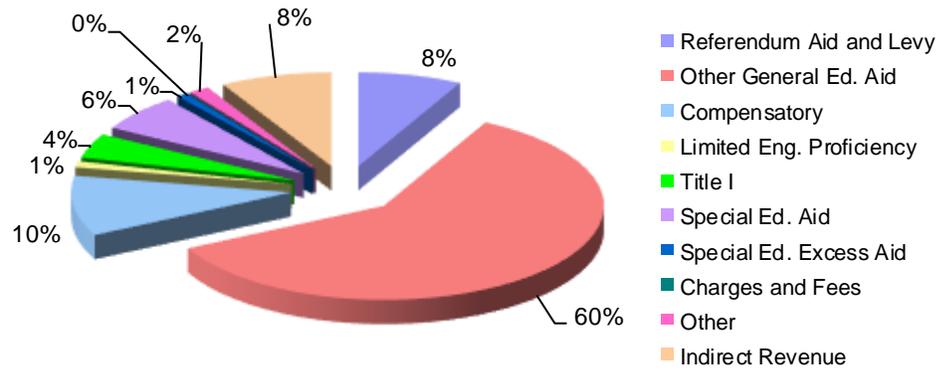
Description	2011-12	2012-13	2013-14	2014-15	Change	Change
	Actual	Actual	Budget	Budget	Percent	Amount
Referendum Aid and Levy	\$ 341,173	\$ 325,047	\$ 349,167	\$ 578,114	65.6%	\$ 228,947
Other General Ed. Aid	2,524,423	2,457,229	2,735,979	3,113,754	13.8%	\$ 377,775
Compensatory	295,348	487,440	472,629	468,487	-0.9%	\$ (4,142)
Limited Eng. Proficiency	64,819	37,926	48,904	56,196	14.9%	\$ 7,292
Title I	147,438	135,992	192,534	167,074	-13.2%	\$ (25,460)
Special Ed. Aid	313,937	276,141	287,765	167,906	-41.7%	\$ (119,859)
Special Ed. Excess Aid	39,556	34,794	36,258	21,156	-41.7%	\$ (15,102)
Charges and Fees	1,356	1,304	2,605	-	-100.0%	\$ (2,605)
Other	7,793	9,226	69,115	13,051	-81.1%	\$ (56,064)
Indirect Revenue	253,415	394,131	374,888	524,300	39.9%	\$ 149,412
Total	\$ 3,989,258	\$ 4,159,230	\$ 4,569,844	\$ 5,110,038	9.0%	\$ 410,614

The table above identifies projected changes in our overall revenue picture for McKinley in the 2014-15 school year. Revenue will increase by about 9.0%. One part of this increase for McKinley is in general education aid. McKinley is projected to increase 41 students in FY 15. McKinley will receive \$468,487 in compensatory revenue, which is a decrease of \$4,142. 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 the successful passage of our operating levy in the fall of 2013 and the implementation of all-day kindergarten.

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.

2014-15 McKinley Revenue Budget



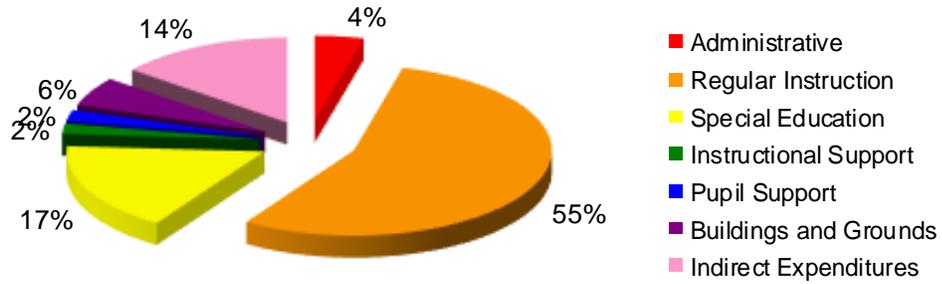
McKinley’s proposed expenditure budget for the coming year is below the allocated revenue amount. McKinley’s expenditure budget is to increase by 12.7%. The largest increase will be in regular education due to changes in employee contracts and the implementation of all-day kindergarten. Anticipated special education needs will also increase at McKinley.

McKinley Expenditures

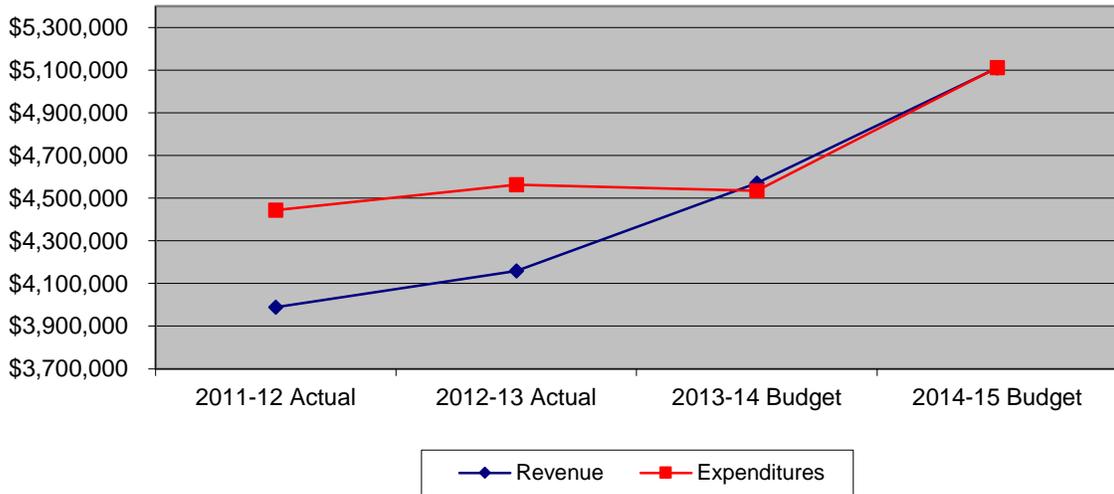
Description	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Budget	Change Percent	Change Amount
Administrative	\$ 179,202	\$ 180,963	\$ 180,392	\$ 186,589	3.4%	\$ 6,197
Regular Instruction	2,455,957	2,407,793	2,501,252	2,667,550	6.6%	166,298
Special Education	696,644	734,896	764,276	887,435	16.1%	123,159
Instructional Support	143,252	154,298	88,628	65,622	-26.0%	(23,006)
Pupil Support	91,647	79,332	96,319	71,724	-25.5%	(24,595)
Buildings and Grounds	258,595	390,567	253,800	306,766	20.9%	52,966
Indirect Expenditures	617,753	614,710	649,927	925,727	42.4%	275,800
Total	\$ 4,443,050	\$ 4,562,559	\$ 4,534,594	\$ 5,111,413	12.7%	\$ 576,819

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 17% on special education.

2014-15 McKinley Expenditure Budget



The average revenue per student allocated to McKinley is \$9,569. The expenditure per student at McKinley is \$9,572. 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 over 500 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 meet the needs of our students academically, personally and socially. Through time spent together as a staff during staff meeting and professional learning communities this year, we continued to review our data and change our instructional practices based on student needs. While Washington students have always shown solid results in the area of proficiency in both reading and math, the data showed that not all students were reaching their targeted growth goal. Due to this finding, we implemented to new initiatives into our schedule to aid in greater student growth.

W.I.N. (What I Need) was built into our schedule on a daily basis. W.I.N. is an hour long block devoted to either re-teaching or enriching specific math and reading concepts. The service that students need is determined by a formative assessment at the end of a unit's instruction. Those students that "already know it" go to an enrichment room to take their learning deeper. Those students who need some additional instruction are provided with a variety of small group activities to become more comfortable with the material in the other rooms. Both staff and students have indicated that W.I.N. has made a tremendous difference in learning.

In addition, we implemented a before school program entitled, Lit P.E. Lit P.E. was taught as a before school program where vigorous games and activities were combined with academics. Research has shown that moderate to vigorous activity prior to the study of difficult material greatly enhances learning. Piloted off of a Farmington, Minnesota model, lessons were created focusing on comprehension and vocabulary expansion. We are excited to see what results are shown through testing by our students who participated in this course.

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.

The Washington staff is proud of their accomplishments in the 2013-14 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

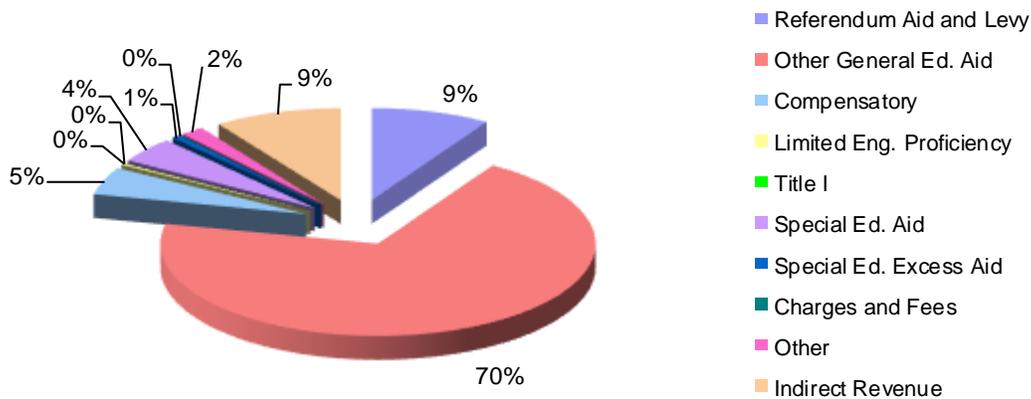
Washington's revenue for the coming year will be decreasing. This is a result of a decrease in students due to moving Montessori to Lincoln.

Washington Revenues

Description	2011-12	2012-13	2013-14	2014-15	Change	Change
	Actual	Actual	Budget	Budget	Percent	Amount
Referendum Aid and Levy	\$ 394,900	\$ 380,270	\$ 385,483	\$ 531,562	37.9%	\$ 146,079
Other General Ed. Aid	2,921,968	2,874,699	3,027,615	2,863,021	-5.4%	(164,594)
Compensatory	170,513	150,233	210,875	227,638	7.9%	16,763
Limited Eng. Proficiency	17,825	12,281	12,589	13,283	5.5%	694
Title I	132,502	122,216	-	-	#DIV/0!	-
Special Ed. Aid	247,390	236,628	195,118	148,599	-23.8%	(46,519)
Special Ed. Excess Aid	31,171	29,815	24,585	18,724	-23.8%	(5,861)
Charges and Fees	1,570	1,526	2,876	-	-100.0%	(2,876)
Other	9,705	11,614	77,257	12,540	-83.8%	(64,717)
Indirect Revenue	293,322	461,094	413,880	482,081	16.5%	68,201
Total	\$ 4,220,866	\$ 4,280,376	\$ 4,350,278	\$ 4,297,448	-1.2%	\$ (52,830)

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.

2014-15 Washington Revenue Budget



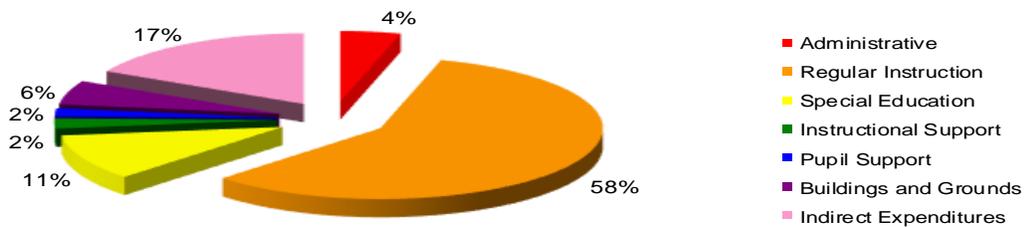
Washington’s expenditures are listed in the following table. Washington’s overall expenditure budget increased.

Washington Expenditures

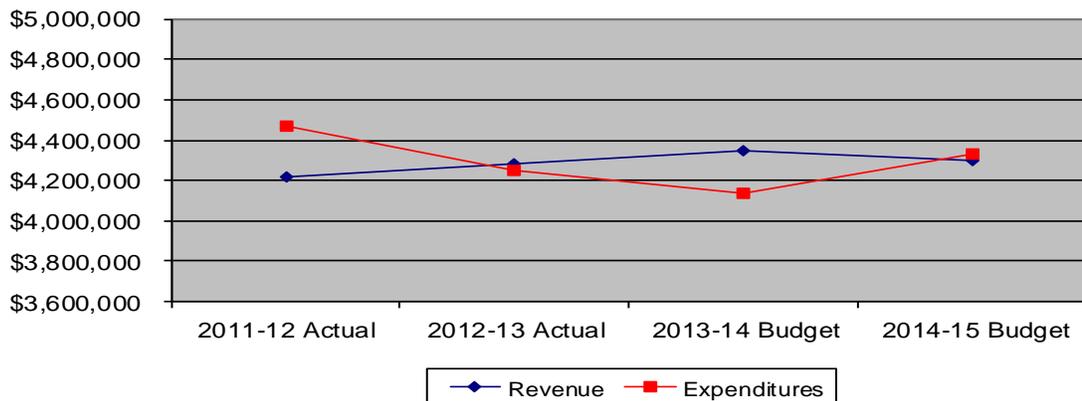
Description	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Budget	Change Percent	Change Amount
Administrative	\$ 166,991	\$ 174,147	\$ 182,030	\$ 183,854	1.0%	\$ 1,824
Regular Instruction	2,506,443	2,348,528	2,406,084	2,353,104	-2.2%	(52,980)
Special Education	533,521	553,471	435,715	570,549	30.9%	134,834
Instructional Support	157,478	116,540	95,513	49,765	-47.9%	(45,748)
Pupil Support	84,952	75,131	73,590	61,415	-16.5%	(12,175)
Buildings and Grounds	300,934	263,080	227,937	263,819	15.7%	35,882
Indirect Expenditures	715,036	719,146	717,525	851,184	18.6%	133,659
Total	\$ 4,465,355	\$ 4,250,043	\$ 4,138,394	\$ 4,333,690	4.7%	\$ 195,296

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

2014-15 Washington Expenditure Budget



The average revenue per student allocated to Washington is \$8,752. The expenditure per student at Washington is \$8,826. 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 565 students during the 2013-2014 school year, and we staff about 80 employees. We have offered all-day, every day kindergarten, supported by our compensatory education dollars for the past seven years. We are excited that the other schools will be joining in this state-funded program starting next year. This year, approximately 63% of our students qualify for free and reduced lunch while 20% qualify for ELL services, and 13% receive special education services. Our population is 63% Caucasian, 25% Hispanic, 10% black, and 2% Asian.

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. The state then moved to the MMR model—multiple measures rating. Because Wilson is a Title I school, we have the opportunity to qualify for some of their designations. This past September, we were notified that Wilson was designated a “Reward School” by the state of Minnesota. This means Wilson’s MMR ratings were in the top 15% of the 850+ Title I schools in the state of Minnesota. We took a little time to celebrate this achievement, but we know we have a lot of work to do yet. Wilson traditionally sees great growth with its students, but we continue to focus on our students’ overall proficiency. We are committed to making necessary changes to ensure more of our students meet grade-level benchmarks.

Staff development came through the implementation of PLCs district-wide. Wilson had experience with PLCs through the Reading First Grant, but we were excited to see this professional opportunity come into play for all staff members. The use of Viewpoint as a data collection warehouse allowed the grade-level and intervention PLCs to sift through their data and use that to set SMART Goals. These goals drove the bi-monthly PLC meetings as teachers spent time discussing formative and summative assessments while working on Enduring Understandings. These PLCs have been invaluable in creating a focus centered on student achievement. We look forward to further work with PLCs next year. In addition to the PLCs, we have a couple of “brainstorming teams” working at Wilson. After visits to elementary schools in Burnsville, Rochester, and hopefully Mankato, we have been able to get some ideas of what other schools similar to ours are doing to improve reading proficiency. These brainstorming groups are going to meet two times yet this school year to create a list of ideas we think we can implement to help our students reach their grade-level goals. We are excited to see where this process leads us!

Leadership continues to be a strong piece of our foundation while teachers are working on ways to incorporate inquiry into their everyday lessons. We continue to be blessed with grants/donations to Wilson Elementary. Recently, we were notified that Lowe’s selected Wilson for a landscaping grant. We are planning on partnering with classrooms, PTO, and volunteers to use the \$4,700 to do some improvements to the front of our building. In addition, we were given \$5,000 from the family of one of our employees. Much of this money will be put to use in our school garden initiative. We are so blessed to have staff members willing to take an active role in the school garden. Diane Louris, an EA at Wilson, is the heart and soul of our garden. With her help, the garden continues to flourish and be a great learning tool for classrooms and families. Grade levels get involved in areas of the garden that link to their science/health standards. Each year, the students determine what we will plant and get involved in getting the garden running. This year, we have purchased growing lights to be used indoors prior to the garden planting. This is a great extension of the curriculum and learning about the life cycle of plants, and we are excited for the opportunities it will bring to our students.

Wilson continues to be a great place to grow and learn. With a staff dedicated to each of our students, we are committed to not being content with where we are; instead, we want to continue to grow and show that success can be found for all students, no matter ethnicity or economic status!

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.

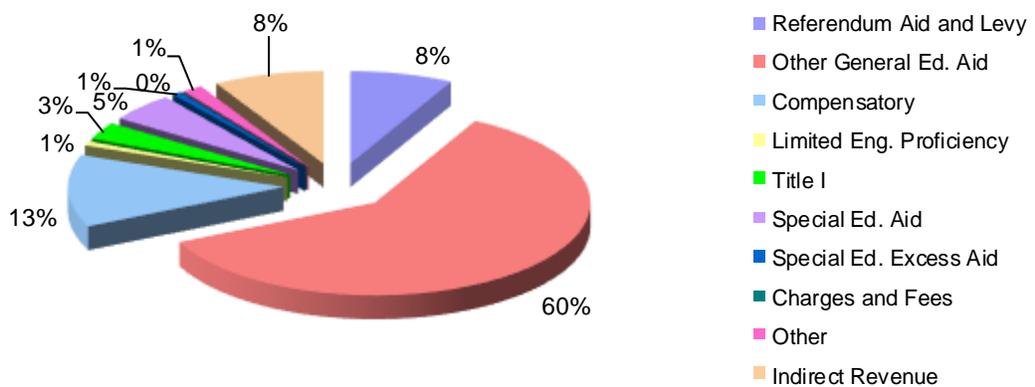
Wilson Revenues

Description	2011-12	2012-13	2013-14	2014-15	Change	Change
	Actual	Actual	Budget	Budget	%	Amount
Referendum Aid and Levy	\$ 376,568	\$ 398,893	\$ 412,062	\$ 579,196	40.6%	\$ 167,134
Other General Ed. Aid	2,786,325	3,015,481	3,211,540	3,119,585	-2.9%	(91,955)
Compensatory	415,240	619,736	673,549	716,241	6.3%	42,692
Limited Eng. Proficiency	63,198	31,064	42,125	56,706	34.6%	14,581
Title I	142,682	131,606	162,183	223,327	37.7%	61,144
Special Ed. Aid	288,059	269,707	267,360	209,694	-21.6%	(57,666)
Special Ed. Excess Aid	36,295	33,983	33,687	26,421	-21.6%	(7,266)
Charges and Fees	1,497	1,601	3,074	-	-100.0%	(3,074)
Other	8,742	11,200	81,874	13,574	-83.4%	(68,300)
Indirect Revenue	279,708	483,673	442,417	525,284	18.7%	82,867
Total	\$ 4,398,314	\$ 4,996,944	\$ 5,329,871	\$ 5,470,028	2.6%	\$ 140,157

Wilson will see an increase in total revenue due to increased enrollment and compensatory.

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.

2014-15 Wilson Revenue Budget



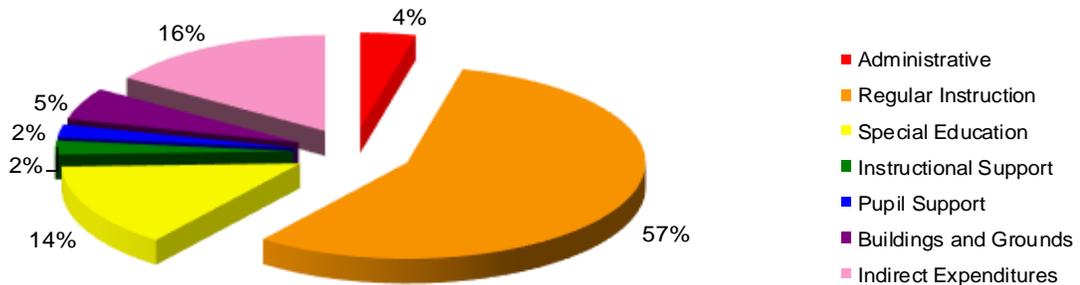
Wilson’s expenditures are listed in the following table. Wilson’s expenditures will increase by 18.0% for the coming year. The increase is due mostly to the implementation of all-day kindergarten as well as additional needs for special education.

Wilson Expenditures

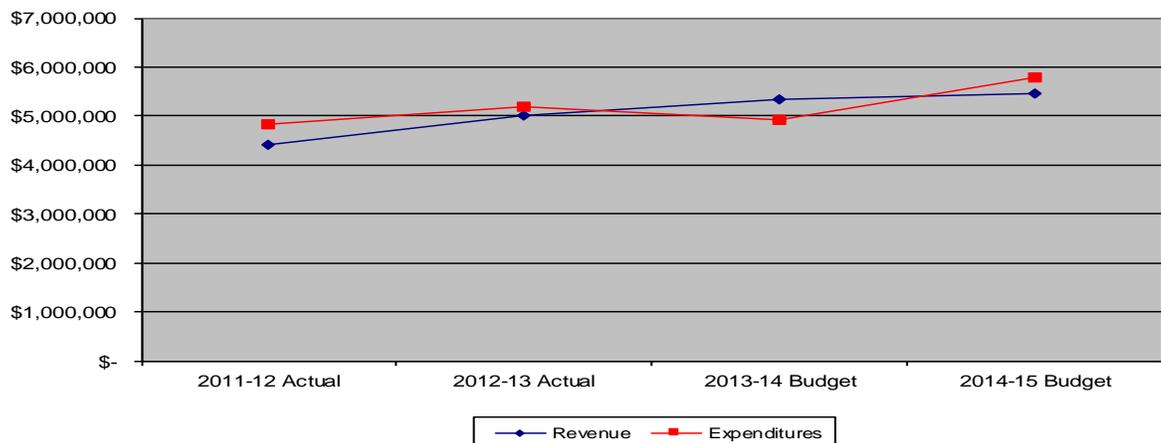
Description	2011-12	2012-13	2013-14	2014-15	Change	Change
	Actual	Actual	Budget	Budget	%	Amount
Administrative	\$ 181,006	\$ 189,455	\$ 184,513	\$ 186,919	1.3%	\$ 2,406
Regular Instruction	2,865,129	3,085,456	2,774,491	3,416,071	23.1%	641,580
Special Education	584,112	670,365	694,527	851,275	22.6%	156,748
Instructional Support	150,374	139,527	114,838	40,823	-64.5%	(74,015)
Pupil Support	97,799	105,399	105,704	87,796	-16.9%	(17,908)
Buildings and Grounds	279,030	242,258	265,603	279,251	5.1%	13,648
Indirect Expenditures	681,843	754,365	766,999	927,461	20.9%	160,462
Total	\$ 4,839,293	\$ 5,186,825	\$ 4,906,675	\$ 5,789,596	18.0%	\$ 882,921

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

2014-15 Wilson Expenditure Budget



The average revenue per student allocated to Wilson is \$10,224. The expenditure per student at Wilson is \$10,822. 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 was lower due to a one-year dip in enrollment.) The student population is 75.4% white, 15.6% Hispanic, 6.9% black and 1.9% Asian. Currently, 43.3% of the students are eligible for free or reduced lunch, 13.1% special education and 10% English language learners (ELL).

In the fall, in response to the “current reality” data, Willow Creek staff focused on three goals. Action steps were decided upon in the effort to reach those goals:

Goal #1:

Reading.

Willow Creek will decrease the percentage of students, in the “does not meet” or “partially meets” category on the MCAIII, for all students, from 36.7% to 29.7%.

Goal #2

Math

Willow Creek will decrease the percentage of students, in the “does not meet” or “partially meets” category on the MCAIII, for all students, from 36.1% to 29.1%.

Goal #3

Climate Survey

Willow Creek will increase the percentage of students who “agree” and “strongly agree,” to question #13 on the Department of Justice survey (Teachers take students’ cultural backgrounds into account when teaching.), from 27% to 34%

Action Steps:

- Content Area Meetings. Paid, content area collaboration meetings will be offered twice per month.
- PLC. PLCs will be conducted twice per month to examine student data and collaborate regarding language arts best practices.
- Push in. Maple House will switch their special education and ELL students to a “push in” model. These students will no longer be pulled out for their language arts instruction.
- Work to budget for full-time ELL teacher.
- Work to hire liaisons.
- Work to return to full-time social worker.
- Reduce the number of Out-of-School Suspensions.
- Late bus for APP homework help and activities.
- Book club during lunch = free books for all students who participate.
- Send math team to observe Mankato intervention system.
- Staff meetings become Teaching and Learning meetings with the focus upon increasing proficiency scores and decreasing the achievement gap.
- Page program from the Science Museum. Off this summer program to teachers to address gender equity and ethnic equity.
- Cultural/Race Responsive Instruction professional development for staff.
- Willow Creek will adopt a “No-Zero” policy.
- Noon-hour APP (homework help)

Other initiatives included the training of staff for the successful implementation of eSTEM and Leadership Foundation programs. Staff training was updated in The Leader In Me which 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.

We continue to refine our instructional model to improve both core and intervention instruction. Math common assessments were also updated to be more rigorous in order to align to the MCAIII assessments as well as to inform instruction and monitor student learning. 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. Additionally, all staff were trained in strategies involving formative assessment.

As we prepare for the 2014-15 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

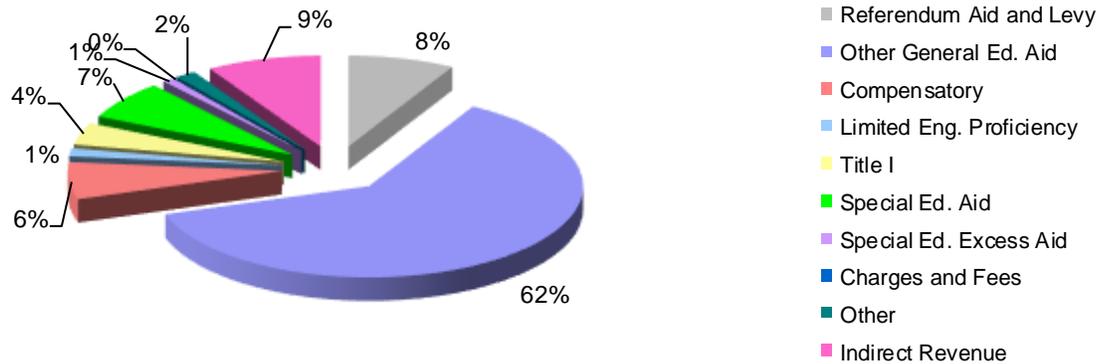
Even though Willow Creek is considered to be a part of our 'Intermediate' level program, we continue to receive a base amount of general education revenue calculated at \$5,831 per pupil. Willow Creek will experience an increase in revenue. This increase is mainly due to a increase in student enrollment.

Willow Creek Revenues

Description	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Budget	Change %	Change Amount
Referendum Aid and Levy	\$ 273,443	\$ 259,306	\$ 235,133	\$ 385,409	63.9%	\$ 150,276
Other General Ed. Aid	2,023,275	1,960,254	1,804,059	2,075,836	15.1%	271,777
Compensatory	113,157	207,076	191,879	198,481	3.4%	6,602
Limited Eng. Proficiency	8,913	14,448	41,501	16,958	-59.1%	(24,543)
Title I	247,885	228,641	114,295	112,398	-1.7%	(1,897)
Special Ed. Aid	198,663	224,591	200,722	164,633	-18.0%	(36,089)
Special Ed. Excess Aid	25,032	28,299	25,291	20,744	-18.0%	(4,547)
Charges and Fees	1,087	1,041	1,754	-	-100.0%	(1,754)
Other	6,104	7,190	46,299	8,517	-81.6%	(37,782)
Indirect Revenue	203,106	314,418	252,454	349,534	38.5%	97,080
Total	\$ 3,100,665	\$ 3,245,264	\$ 2,913,387	\$ 3,332,510	14.4%	\$ 419,123

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.

2014-15 Willow Creek Revenue Budget



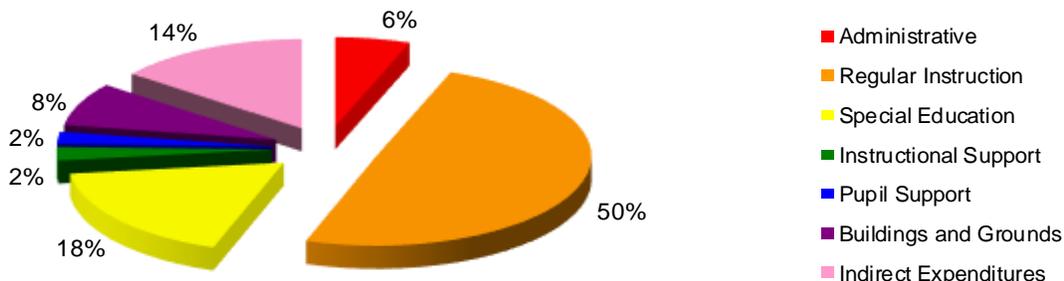
Expenditures are projected to increase by 2.6%. The largest increase will be in the areas of indirect expenditures and special education.

Willow Creek Expenditures

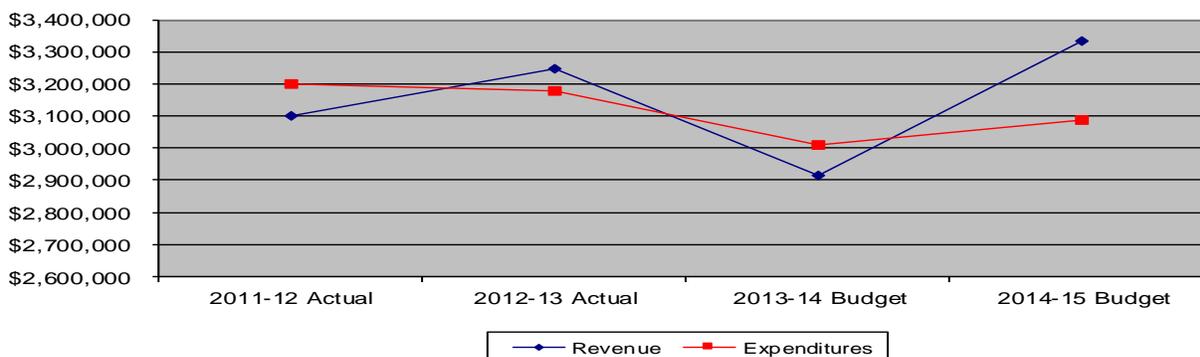
Description	2011-12	2012-13	2013-14	2014-15	Change %	Change Amount
	Actual	Actual	Budget	Budget		
Administrative	\$ 168,894	\$ 174,784	\$ 169,763	\$ 176,481	4.0%	\$ 6,718
Regular Instruction	1,760,489	1,580,038	1,494,471	1,443,384	-3.4%	(51,087)
Special Education	380,278	543,184	534,180	578,485	8.3%	44,305
Instructional Support	109,608	97,353	72,943	18,717	-74.3%	(54,226)
Pupil Support	58,232	67,049	64,918	36,887	-43.2%	(28,031)
Buildings and Grounds	228,806	224,182	235,799	217,592	-7.7%	(18,207)
Indirect Expenditures	495,117	490,385	437,669	617,152	41.0%	179,483
Total	\$ 3,201,424	\$ 3,176,975	\$ 3,009,743	\$ 3,088,698	2.6%	\$ 78,955

Graphically, Willow Creek’s expenditure budget is depicted in the chart below. Regular instruction, special education, instructional support, and pupil support comprise approximately 70% of the total budget. This is consistent with the budget allocations of our other elementary schools.

2014-15 Willow Creek Expenditure Budget



The total amount of revenue allocated per pupil at Willow Creek totals \$9,361. The total expenditures per pupil are \$8,676. This relationship over the past three years is shown in the following graph.



Owatonna Junior High School will be home to approximately 680 7th and 8th grade students and over sixty (60) staff for the 14-15 school year. The building demographics reflect a free and reduced population of approximately 43.7%, an LEP population of approximately 9%, and a special education population of 13%. During the 2014-2015 school year, OJHS will continue to be creative with our scheduling, ensuring implementation of our four scheduling priorities, which are: 1) Maximizing opportunities for all students, 2) Embedding intervention and extensions for students into the school day, 3) Providing learning across disciplines, 4) Providing structures with common shared students. We have a number of ideas for next year and are excited to better meet the needs of our students through these ideas.

The 2013-2014 school year was a year of great change and foundation building. OJHS modified our schedule from a 7 period teaming structure to a 6 period structure. This has created more direct contact time in the core areas for students. This year we implemented Professional Learning Communities, which have met twice a month throughout the school year. These teams have been challenged to become very clear on what is being taught, how to assess the learning of students and what to do for students who either learned or did not learn the material. There has been a lot of great teacher learning in these meetings, much of which has resulted in a clearer vision, better assessments and deeper learning for students. This is also the second year of ESTEM implementation into our building. This means that a new team (8th grade) of teachers were

trained and have had continual support over the year. Both ESTEM teams have been deeply involved in the ESTEM curriculum and have done some wonderful things. Finally, this year we have pushed very hard on literacy. Initial results show that our students are growing rapidly and we are quite excited how they will do in their MCA tests this year.

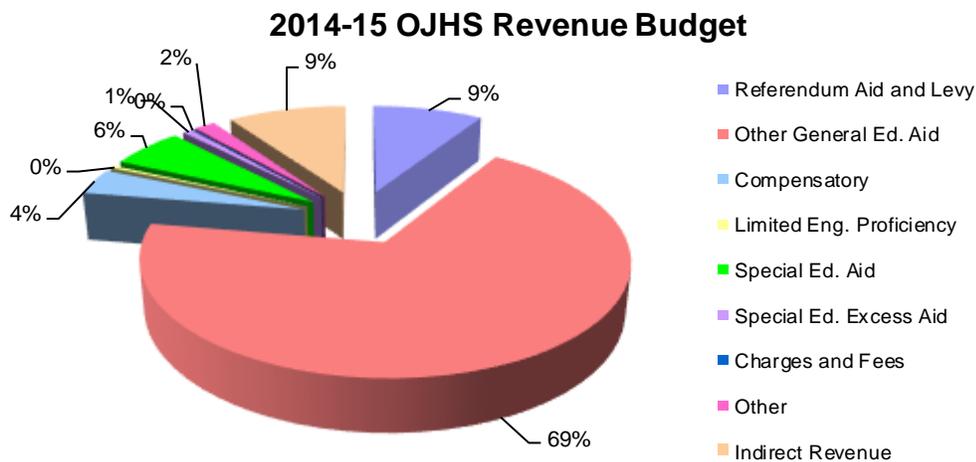
Owatonna Junior High's Economic Outlook

The general education aid per pupil increased to \$5,831 for 2014-15. The District receives a 'weighted' value for each student. Grades 7-12 are weighted at 1.20. 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 2014-15, there is a 1.9% decrease being projected in the overall revenue allocation. This is due to the change in the number of students attending the Junior High. They are projected to see a decrease of approximately 52 students. Like other schools, OJHS will see a slight increase in compensatory revenue.

OJHS Revenues

Description	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Budget	Change %	Change Amount
Referendum Aid and Levy	\$ 618,336	\$ 636,932	\$ 644,118	\$ 863,923	34.1%	\$ 219,805
Other General Ed. Aid	4,575,222	4,814,961	4,941,994	4,653,138	-5.8%	(288,856)
Compensatory	207,667	254,108	274,834	314,759	14.5%	39,925
Limited Eng. Proficiency	13,774	21,311	29,536	32,696	10.7%	3,160
Special Ed. Aid	474,878	506,923	428,603	340,431	-20.6%	(88,172)
Special Ed. Excess Aid	59,835	63,872	54,004	42,894	-20.6%	(11,110)
Charges and Fees	5,500	5,500	4,805	5,500	14.5%	695
Other	24,201	27,200	124,365	20,656	-83.4%	(103,709)
Indirect Revenue	459,285	772,304	691,570	783,505	13.3%	91,935
Total	\$ 6,438,698	\$ 7,103,111	\$ 7,193,829	\$ 7,057,502	-1.9%	\$ (136,327)

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.



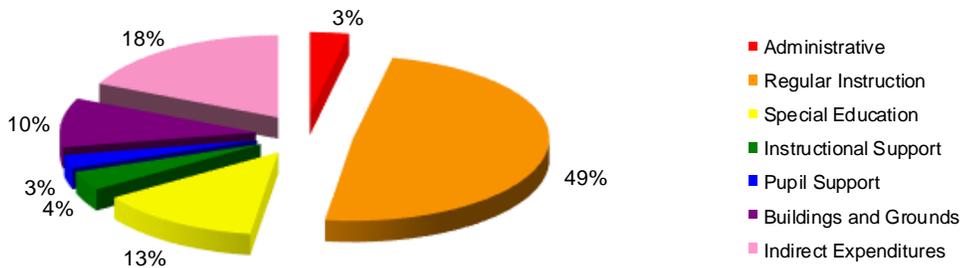
The table below shows how the revenue is allocated across the various expenditure categories. There is an anticipated decrease of 1.2%.

OJHS Expenditures

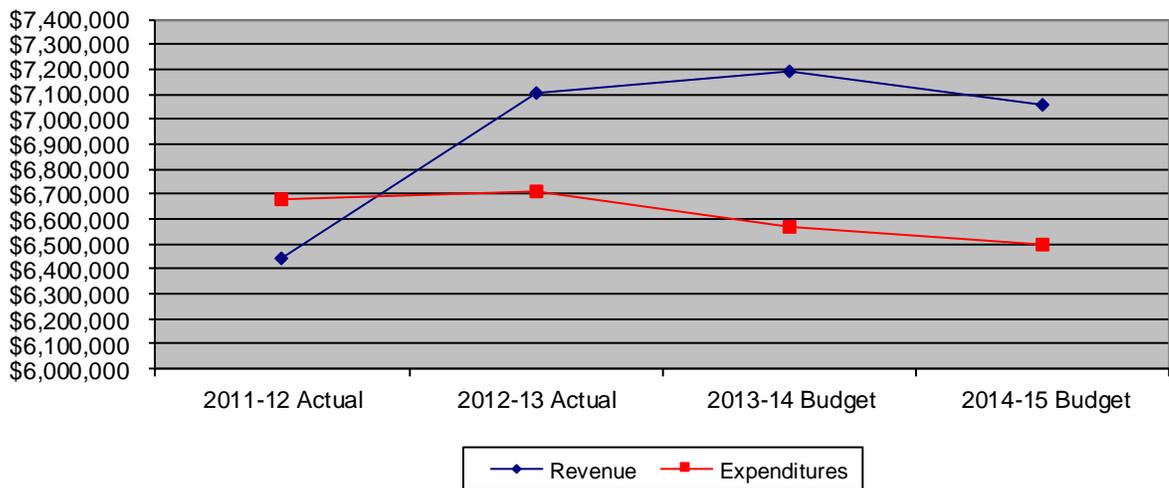
Description	2011-12	2012-13	2013-14	2014-15	Change	Change
	Actual	Actual	Budget	Budget	%	Amount
Administrative	\$ 195,889	\$ 200,507	\$ 212,210	\$ 207,749	-2.1%	\$ (4,461)
Regular Instruction	3,262,665	3,261,753	3,224,026	2,989,121	-7.3%	(234,905)
Special Education	1,003,726	1,039,812	883,829	1,032,502	16.8%	148,673
Instructional Support	296,713	269,330	247,568	167,649	-32.3%	(79,919)
Pupil Support	180,606	184,388	168,874	142,441	-15.7%	(26,433)
Buildings and Grounds	623,184	553,692	636,044	571,875	-10.1%	(64,169)
Indirect Expenditures	1,119,605	1,204,530	1,198,941	1,383,390	15.4%	184,449
Total	\$ 6,682,388	\$ 6,714,012	\$ 6,571,492	\$ 6,494,727	-1.2%	\$ (76,765)

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 65% of the operating budget.

2014-15 OJHS Expenditure Budget



The total amount of revenue allocated per pupil at Owatonna Junior High School totals \$10,613. The total expenditures per pupil are \$9,767. 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: 82% Caucasian, 8.5% Hispanic, 6% African-American and 2.8% 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 Masters 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.

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 four 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!

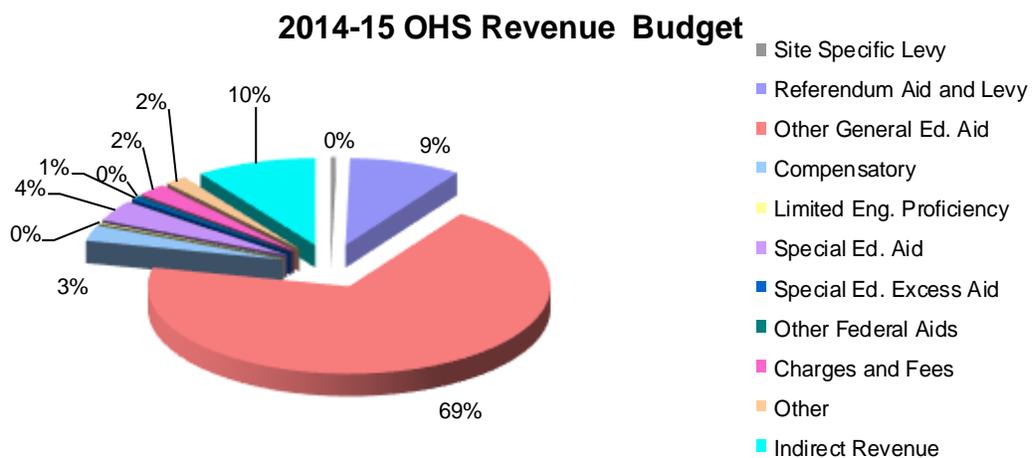
Owatonna High School's Economic Outlook

Revenue from the state's general education aid formula is calculated at a rate of 1.20 of the basic student count times \$5,831. The revenue for the High School will be increased by approximately 6.5%. The general education aid and referendum levy is increasing due to the operating levy that was passed last November. As with the other schools, indirect revenue shows an increase which is a reflection of the change in student enrollment.

OHS Revenues

Description	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Budget	Change %	Change Amount
Site Specific Levy	\$ 161,766	\$ 164,919	\$ 52,800	\$ 73,058	38.4%	\$ 20,258
Referendum Aid and Levy	1,348,247	1,284,643	1,310,696	1,914,921	46.1%	604,225
Other General Ed. Aid	9,976,019	9,711,416	10,056,303	10,313,873	2.6%	257,570
Compensatory	278,914	328,984	419,297	408,238	-2.6%	(11,059)
Limited Eng. Proficiency	27,548	16,615	28,568	32,696	14.4%	4,128
Special Ed. Aid	698,073	590,512	568,267	478,468	-15.8%	(89,799)
Special Ed. Excess Aid	87,957	74,404	71,602	60,287	-15.8%	(11,315)
Other Federal Aids	33,950	29,500	34,000	34,900	2.6%	900
Charges and Fees	341,075	362,800	345,999	394,035	13.9%	48,036
Other	133,450	114,989	258,477	47,423	-81.7%	(211,054)
Indirect Revenue	1,001,445	1,557,680	1,407,252	1,736,669	23.4%	329,417
Total	\$14,088,444	\$14,236,462	\$14,553,261	\$15,494,568	6.5%	\$ 941,307

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 1.20 given to secondary students. It should also be noted that 1% of the revenue is attributed to a 'site specific levy.' This levy covers the costs associated with the District's utilization of community assets, such as the Four Seasons and Gymnastics center.



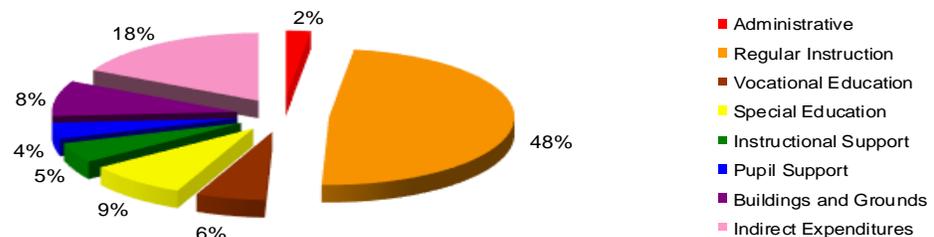
The OHS expenditure budget represents the largest site budget in the District. For the 2014-15 school year, the projected increase in expenditures will be 4.5%. The largest area of increase is in indirect expenditures which is a reflection of the increased enrollment projected at OHS.

OHS Expenditures

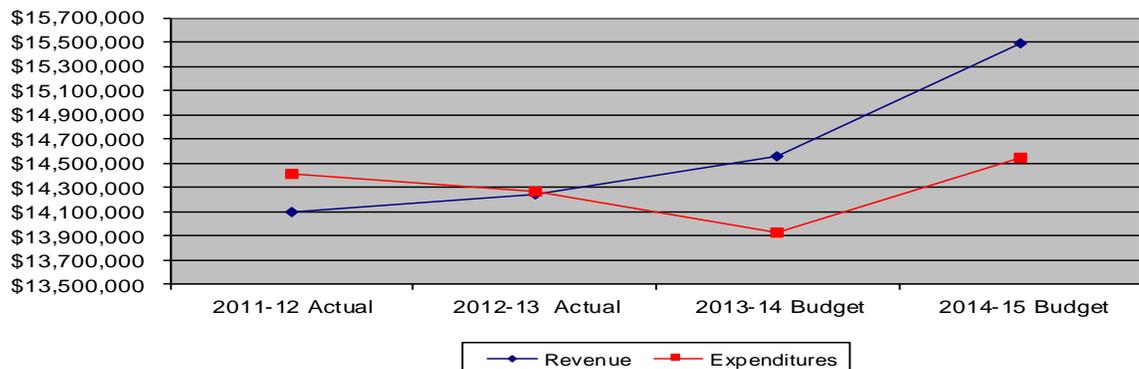
Description	2011-12	2012-13	2013-14	2014-15	Change	Change
	Actual	Actual	Budget	Budget	%	Amount
Administrative	\$ 258,508	\$ 295,359	\$ 300,495	\$ 333,323	10.9%	\$ 32,828
Regular Instruction	6,552,070	6,548,129	6,749,216	6,819,519	1.0%	70,303
Vocational Education	889,253	939,288	840,917	889,858	5.8%	48,941
Special Education	1,502,475	1,282,785	1,206,048	1,318,991	9.4%	112,943
Instructional Support	759,373	798,497	670,777	401,106	-40.2%	(269,671)
Pupil Support	664,061	548,388	534,394	433,856	-18.8%	(100,538)
Buildings and Grounds	1,337,385	1,419,715	1,180,819	1,281,906	8.6%	101,087
Indirect Expenditures	2,441,238	2,429,447	2,439,686	3,066,342	25.7%	626,656
Total	\$14,404,363	\$14,261,608	\$13,922,352	\$14,544,901	4.5%	\$ 622,549

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%.

2014-15 OHS Expenditure Budget



The total revenue per pupil allocated to the senior high school is \$10,512 while the total expenditure is \$9,868. 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 2013-2014 school year we provided educational services to 140+ students at Vine Street (ALC & ACTIONS) and 78 students in our ALC Math program at the OJHS. The percentage of ALC students served at Vine Street who were eligible to participate in free and reduced lunch was 74.24%. About 36% of the ALC students at Vine St. are Hispanic, 11% Black, and 53% Caucasian. During the 2013-2014 school year we plan to graduate 20 plus 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 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 also receive a scholarship from the Morning Rotary. Furthermore we look to celebrate 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. An emphasis on reading instruction (especially for students that are behind their peers) and creating positive, safe, and productive climate/culture, have 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. We have made some very good strides in the way of reducing the number of student behavior referrals, which means more time for students in the classroom learning and ultimately earning credit. We have put some purposeful planning and efforts into various literacy initiatives as well as we look to improve our student's literacy (reading, writing, listening, and speaking) skills as a whole. Attendance is an area that is always a concern at the ALC and something that I am looking to put more of a focus on as we prepare for the 14-15 school year. We are always looking for ways to restructure our online curriculum opportunities to meet more individual student needs.

Alternative Learning Center (ALC) Economic Outlook

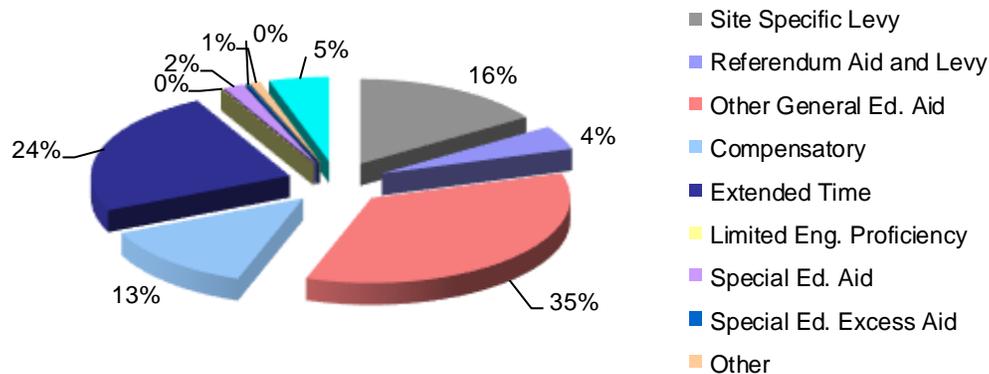
Revenue sources for the Area Learning Center (ALC) works differently than for our 'regular' education program sites. While the school receives the same funding per pupil as OJHS and OHS (\$5,831 times 1.20), ALC funding is based upon membership hours and average daily enrollment. This level of accounting 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 \$5,017 versus \$5,831 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	2011-12	2012-13	2013-14	2014-15	Change	Change
	Actual	Actual	Budget	Budget	%	Amount
Site Specific Levy	\$ 201,272	\$ 201,272	\$ 201,272	\$ 201,272	0.0%	\$ -
Referendum Aid and Levy	66,875	71,239	58,393	84,444	44.6%	26,051
Other General Ed. Aid	472,645	538,542	448,019	454,818	1.5%	6,799
Compensatory	113,251	124,169	166,247	176,627	6.2%	10,380
Extended Time	383,861	306,887	306,887	284,870	-7.2%	(22,017)
Limited Eng. Proficiency	811	811	506	470	-7.1%	(36)
Special Ed. Aid	38,318	35,721	21,462	67,883	216.3%	46,421
Special Ed. Excess Aid	4,828	4,501	2,704	8,553	216.3%	5,849
Other	1,358	1,857	11,460	1,833	-84.0%	(9,627)
Indirect Revenue	89,643	86,380	62,695	76,583	22.2%	13,888
Total	\$ 1,372,862	\$ 1,371,379	\$ 1,279,645	\$ 1,357,353	6.1%	\$ 77,708

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%.

2014-15 ALC Revenue Budget



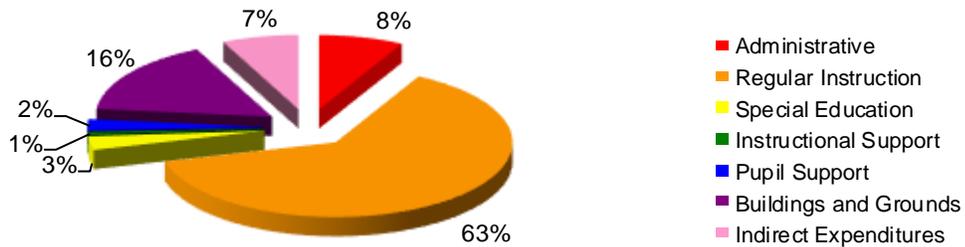
The following expenditure budget projects an increase of 2.5% for the coming year. This increase is primarily due to an increase in regular instruction. The increase in regular instruction is a result of the use compensatory funds. See the expenditure detail below.

ALC Expenditures

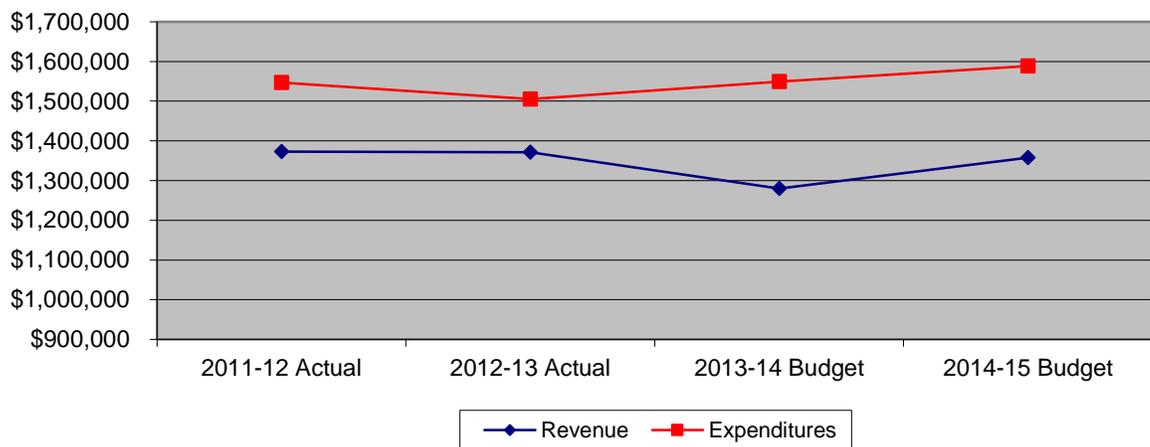
Description	2011-12	2012-13	2013-14	2014-15	Change	Change
	Actual	Actual	Budget	Budget	%	Amount
Administrative	\$ 110,619	\$ 120,789	\$ 120,673	\$ 115,872	-4.0%	\$ (4,801)
Regular Instruction	926,531	859,326	977,234	910,425	-7.8%	(66,809)
Special Education	78,038	73,394	45,724	149,761	141.8%	104,037
Instructional Support	27,659	27,427	7,887	20,167	44.8%	12,280
Pupil Support	45,884	37,159	37,036	25,000	-32.4%	(12,036)
Buildings and Grounds	248,839	252,252	252,290	256,182	1.5%	3,892
Indirect Expenditures	109,420	134,724	108,691	110,727	1.5%	2,036
Total	\$ 1,546,990	\$ 1,505,071	\$ 1,549,535	\$ 1,588,134	2.5%	38,599

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.

2014-15 ALC Expenditure Budget



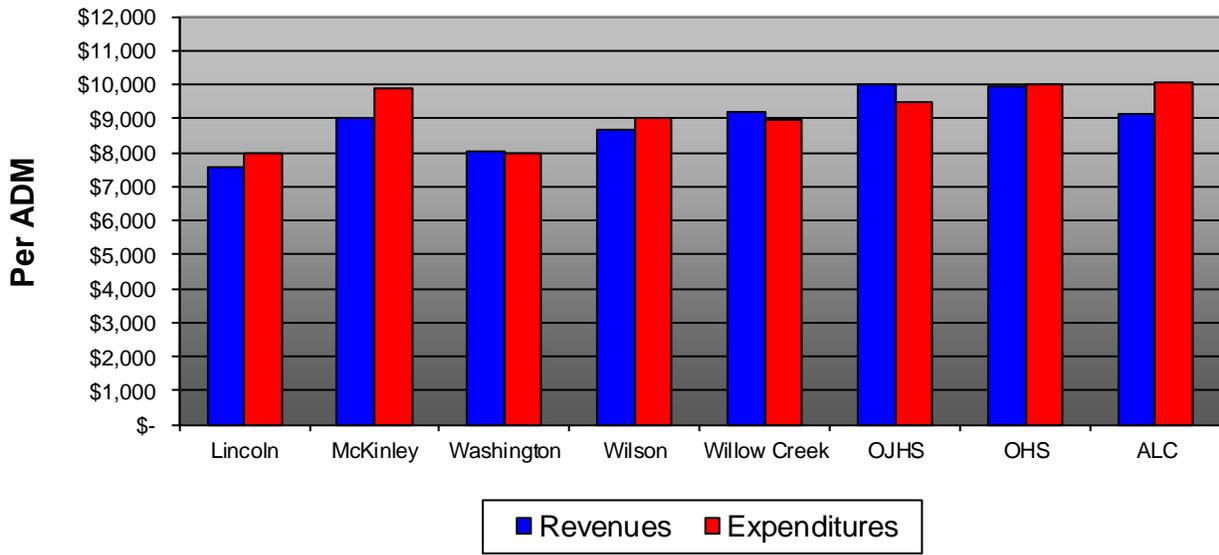
The total revenue per pupil allocated to the Area Learning Center is \$10,441 while the total expenditure per pupil is \$10,894. The relationship between revenues and expenditures over the last three years can be shown in the table below.



K-12 Summary Cost Comparison

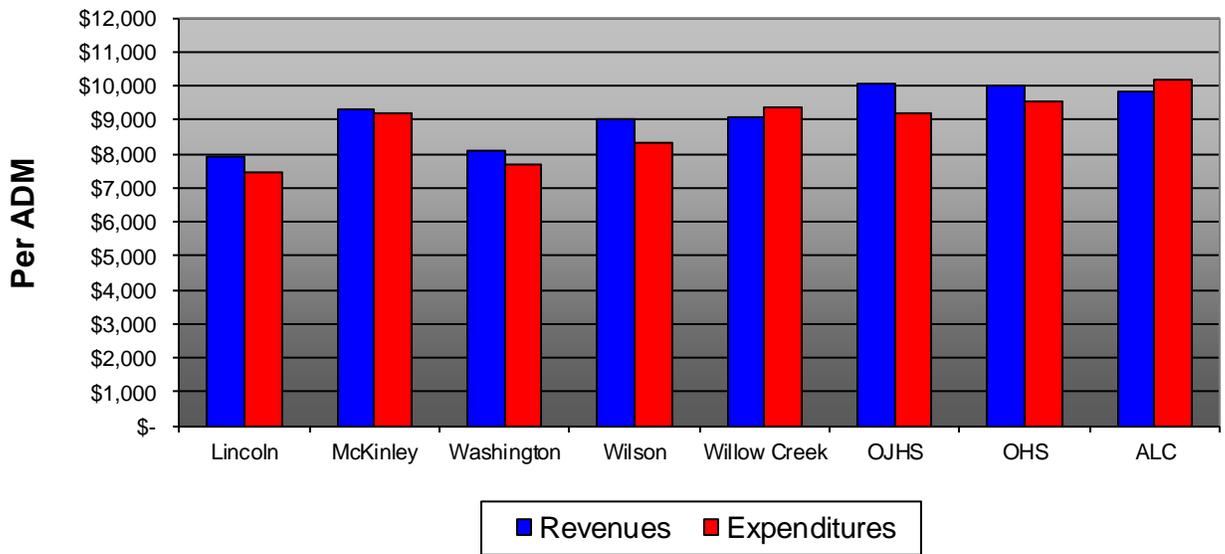
When looking at each building site collectively, the comparison between revenues and expenditures per adjusted daily membership (ADM) in 2012-13 can be seen in the graph below. The 'gaps' represent a redistribution of revenue across the District in order to balance learning expectations, such as elementary class sizes and student needs.

2012-13 Preliminary Budget per ADM



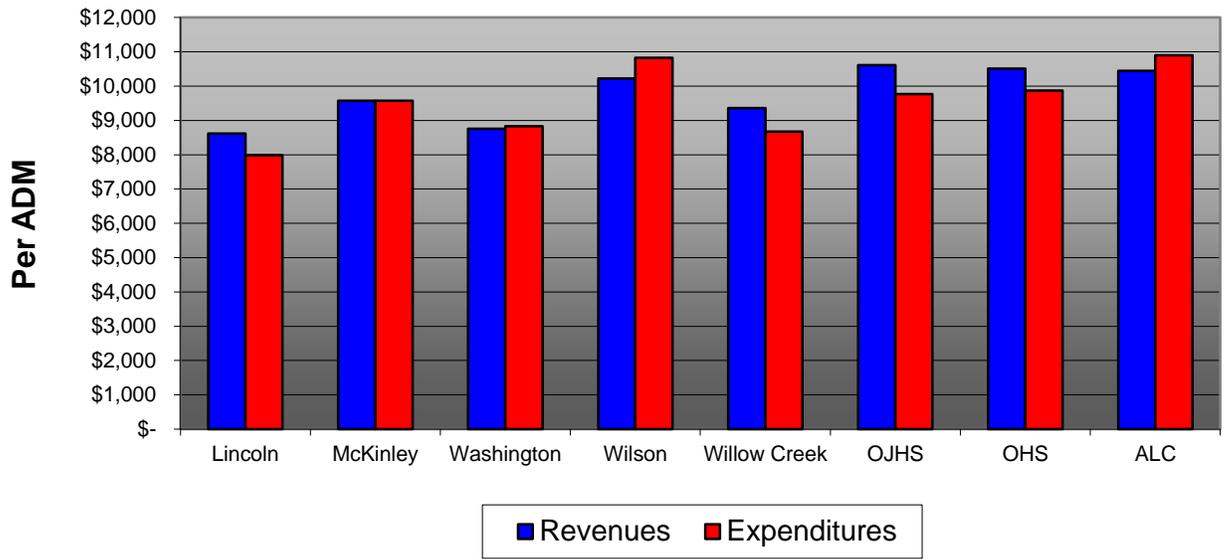
The graph below shows the same comparison as the above graphs between revenues and expenditures per ADM for 2013-14.

2013-14 Preliminary Budget per ADM



The graph below shows the same comparison as the above graphs between revenues and expenditures per ADM for 2014-15.

2014-15 Preliminary Budget per ADM



CHAPTER SIX - ACTIVITIES PROGRAM REPORT

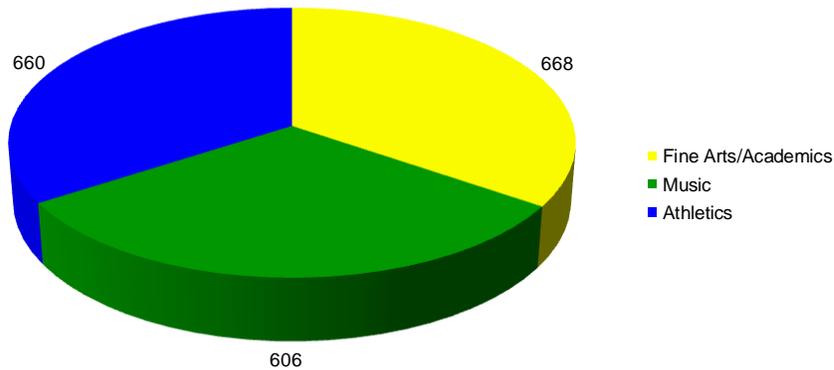
The Owatonna School District has an extensive array of activities designed to complement and enhance the learning experience for our senior high students. The tradition of excellence in arts and activities is one of the benchmarks against which our school district is measured.

Activities Overview

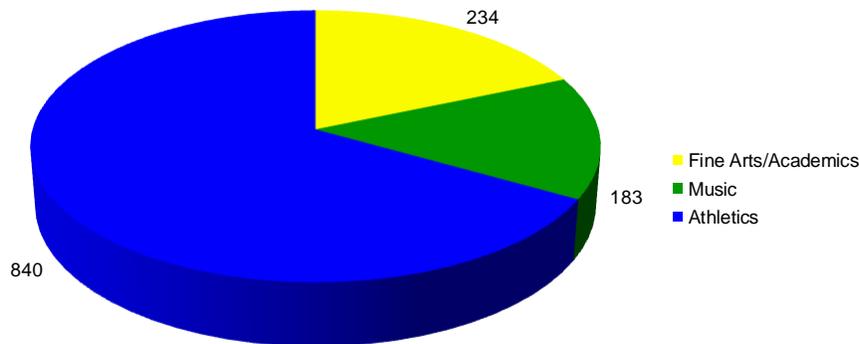
The breadth in curricular opportunities is important to our ability to provide a wide range of opportunities for students in Owatonna High School's extra-curricular program; helping them to cultivate and expand upon their personal growth and development. This past year, students could choose to participate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

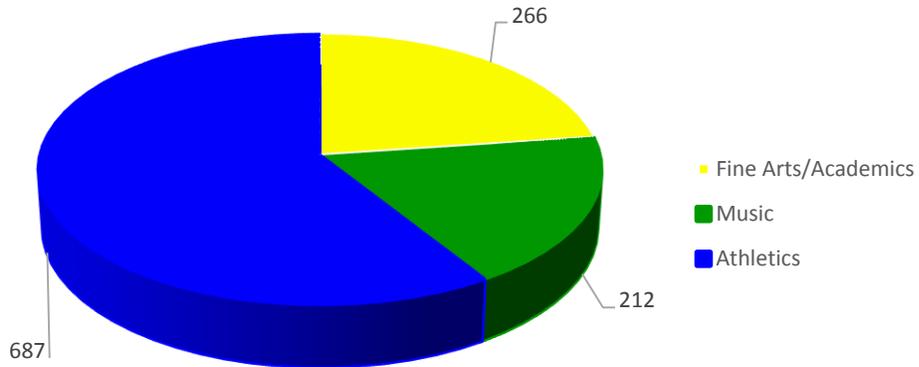
2011-12 Number of Students in Extra-Curricular Activities



2012-13 Number of Students in Extra-Curricular Activities



2013-14 Number of Students in Extra-Curricular Activities



The graph suggests that approximately 1,165 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 2011-12 and 2012-2013 and the budgeted expenditures for 2013-2014 and 2014-15 are shown in the table on the next page.

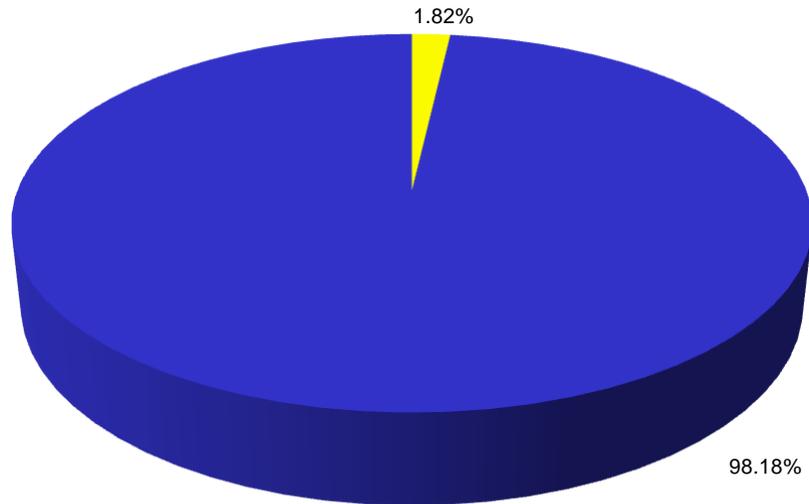
OHS Activities Expenditure Budget

	<u>2011-12</u> Actual	<u>2012-13</u> Actual	<u>2013-14</u> Budget	<u>2014-15</u> Budget
Adaptive Athletics	11,806	11,155	11,133	11,209
<u>Boys Athletics</u>				
Baseball	28,378	23,072	22,291	21,454
Basketball *	40,646	37,935	42,337	43,095
Cross Country	11,575	12,138	12,320	11,573
Football *	62,260	63,489	63,910	69,562
Soccer	25,062	24,771	24,878	25,312
Golf	14,033	15,030	10,063	9,898
Hockey *	30,301	32,154	27,352	29,466
Swimming *	20,516	19,870	21,246	23,064
Tennis	9,463	10,226	9,907	9,891
Track	23,795	21,904	18,642	18,477
Wrestling *	19,967	38,134	28,131	28,945
LaCrosse *	-	-	-	19,164
Operating Capital	6,088	5,000	5,500	5,500
Total Boys Athletics	292,084	303,723	286,577	315,401
<u>Girls Athletics</u>				
Basketball *	34,104	31,666	41,027	40,824
Cross Country	11,679	13,035	11,849	12,087
Soccer	23,370	23,476	26,358	26,169
Golf	10,967	10,228	10,113	10,283
Hockey *	21,128	22,876	24,767	26,087
Swimming *	20,279	19,029	21,532	22,370
Tennis	11,324	11,706	10,498	10,481
Track	18,271	25,430	20,365	19,992
Softball	20,933	21,064	21,707	20,993
Gymnastics *	15,076	16,368	15,431	16,284
Volleyball *	28,641	29,257	26,818	27,260
Cheerleading	15,069	15,225	16,759	16,871
LaCrosse *	-	-	-	18,752
Operating Capital	1,500	1,500	1,500	1,500
Total Girls Athletics	232,341	240,860	248,724	269,953
<u>Activities</u>				
Extra-Curricular Publication	4,704	4,658	5,674	5,813
Link Crew	2,100	2,168	1,861	1,906
Magnet (Newspaper)	13,931	13,357	15,761	16,052
Yearbook	5,728	5,819	5,960	6,104
Speech	11,030	11,194	8,802	10,368
Drama *	33,409	26,866	34,451	27,337
Other	5,501	18,872	4,940	17,496
Total Activities	76,403	82,934	77,449	85,076
<u>Other</u>				
Auditorium Management	624	1,227	99	1,349
Athletic Training	8,627	9,365	9,450	9,450
Operating Capital	9,000	9,000	9,000	9,000
Activities Admin., Office Support, Etc.	247,928	262,314	214,283	218,338
Total Other	266,179	281,906	232,832	238,137
TOTAL ACTIVITIES BUDGET	878,813	920,578	856,715	919,776

* Revenue generating activities

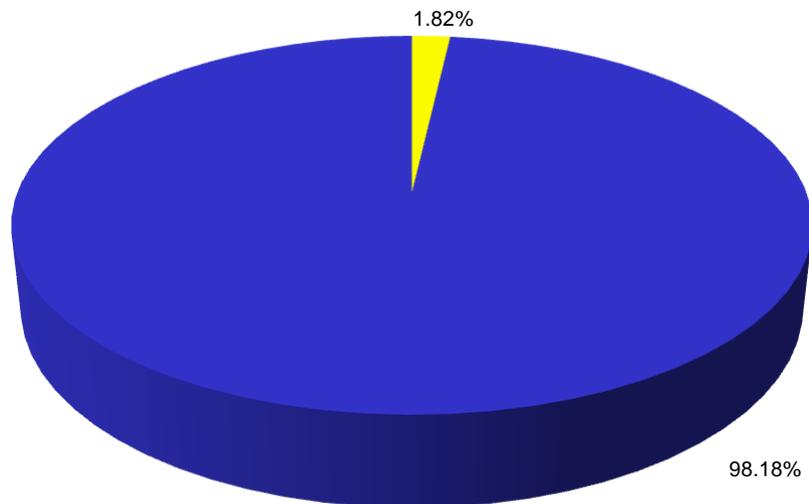
The activities expenditure budget was \$856,715 for the 2013-14 school year and \$919,776 for the 2014-15 school year. The graphs below illustrate the size of these budgets when compared to the total general fund budget. Information has been provided for three years. The activities budget does not reflect funds from revenue.

2012-13 Budgeted Activities/General Fund Comparison



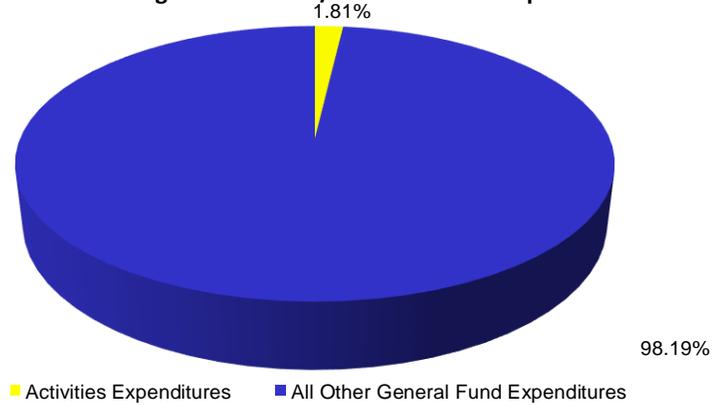
■ Activities Expenditures ■ All Other General Fund Expenditures

2013-14 Budgeted Activities/General Fund Comparison



■ Activities Expenditures ■ All Other General Fund Expenditures

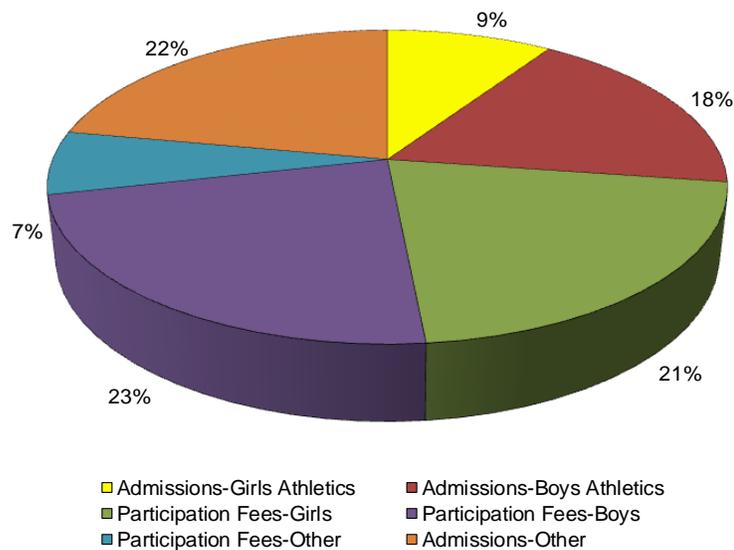
2014-15 Budgeted Activities/General Fund Comparison



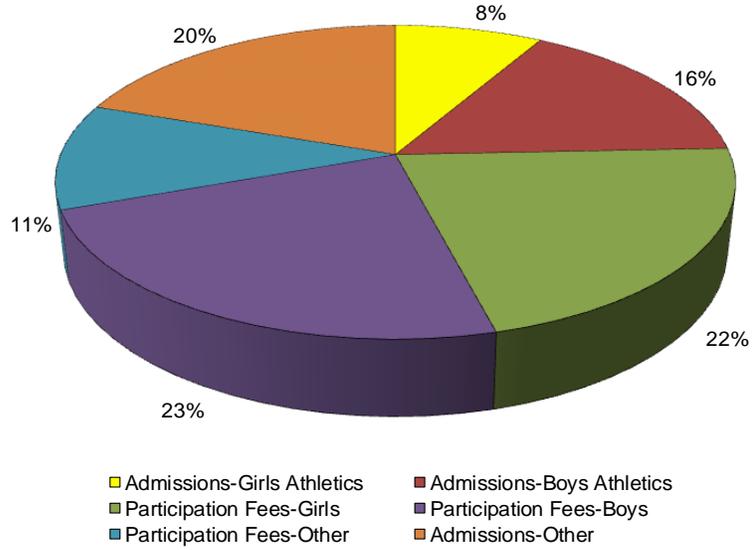
These costs in relation to the overall budget have remained fairly consistent over the past several years and are projected to remain with little change in the upcoming year.

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 15 budget, activity fee will be increased by \$5 per activity. A breakout of those sources is shown in the graphs below.

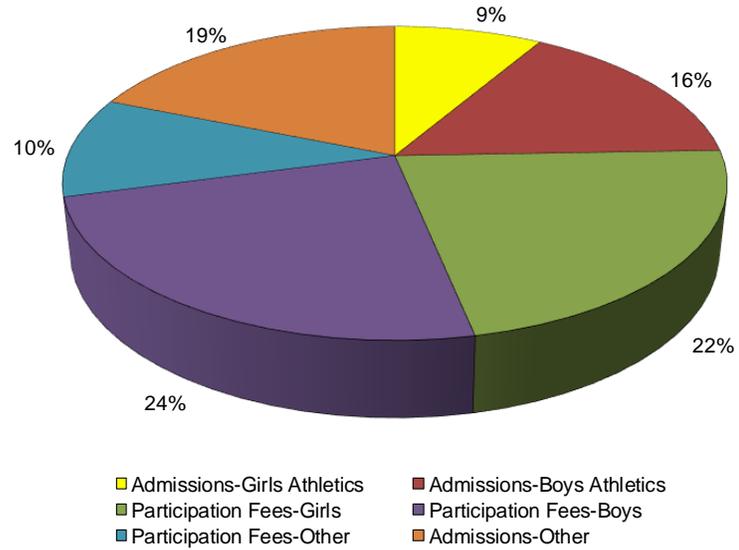
2012-13 Budgeted Activities Revenue Sources



2013-14 Budgeted Activities Revenue Sources

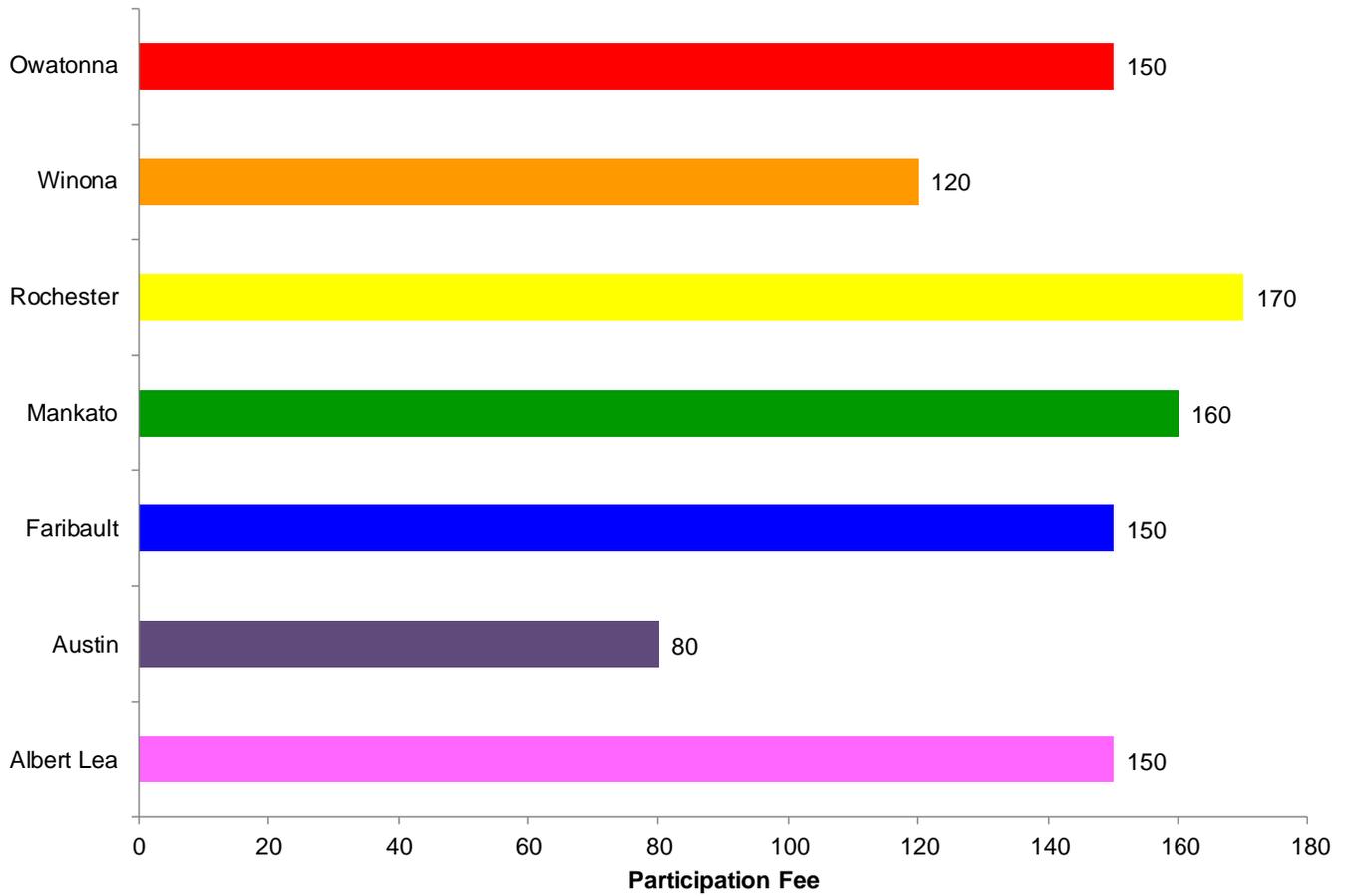


2014-15 Budgeted Activities Revenue Sources



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 intervention strategies that target that particular deficit. 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 progress, 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. Other districts have seen a reduction in referrals to special education through the RtI process; the trend in Owatonna has been mixed but with the District's concerted PLC efforts this year, it is anticipated fewer referrals will be coming forward. 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.

The Department continues to look for avenues to reduce cost while providing quality service to our students and families. This year we entered into an agreement with a local mental health agency to provide behavioral skills training and support to our Actions Program. The agency provides a Mental Health Professional, Mental Health Practitioner and two Behavioral Aides, at a cost that provided a substantial savings to the District. The results of this partnership have been very positive and successful. The teaching staff reports improved student performance and increased learning opportunities for students.

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

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. Beginning with the 2011-12 school year we entered into a collaborative partnership with a local child care facility to address 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) resulted in reduced behavioral outburst and improved social skills of the pre-school aged children at the child care center and a lower rate of referrals for behavioral concerns. Due to the success of this collaboration, the District expanded its partnership and now has embedded special education teachers and paraprofessionals into the programming at the child care center.

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

Owatonna will continue to provide special education director services to Medford during the 2013-2014 school year. This collaboration will provide for efficient use of resources, time, and service support. Related services staff such as teacher of the Deaf and Hard of Hearing, Occupational Therapy, and Vision Impaired, will work between the two districts.

Title I support is provided in schools with significantly high Free and Reduced student populations. Title teachers provide additional instructional support to struggling learners and are the second tier of intervention in the RtI model. This year, we were able to provide 8 Title teachers as well as professional development through our Title I funds.

EL teachers have been working to implement new assessment criteria and align their instructional practices to the enduring understandings that have been developed for the District.

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.

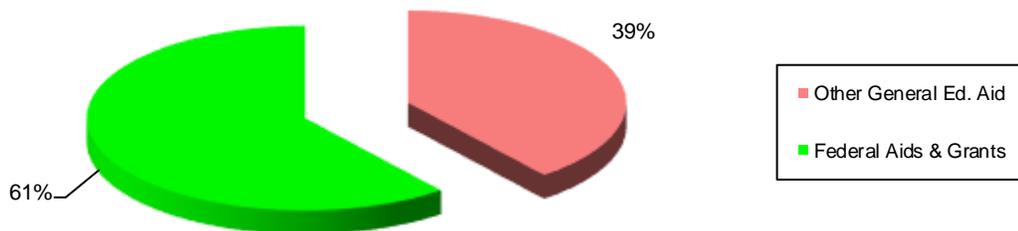
Special Services Revenues by Source

Source	Description	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Budget	Change %	Change Amount
099	Miscellaneous	\$ -	\$ -	\$ -	\$ -	#DIV/0!	\$ -
211	Other General Ed. Aid	422,215	474,756	422,853	472,348	11.7%	49,495
400	Federal Aids & Grants	790,954	696,459	652,904	769,789	17.9%	116,885
Special Services Totals		\$ 1,213,169	\$ 1,171,215	\$ 1,075,757	\$ 1,242,137	15.5%	\$ 166,380

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.

2014-15 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.

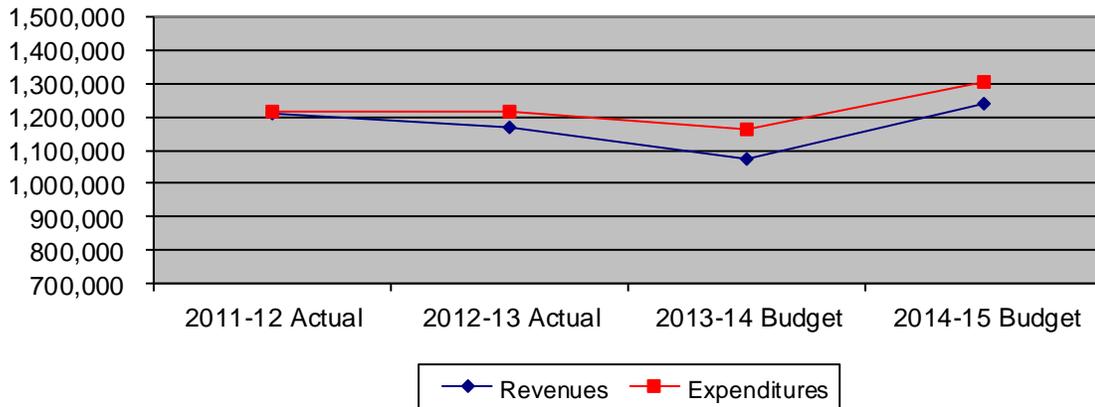
Special Services Expenditures by Program

Program	Description	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Budget	Change %	Change Amount
201	Elem Ed - Kindergarten	\$ 2,447	\$ 8,114	\$ 3,466	\$ 9,070	161.7%	\$ 5,604
203	Elem Ed Grades 1-6	248,224	283,785	302,849	285,346	-5.8%	(17,503)
204	Title II, Part A	181,295	151,108	121,953	126,384	3.6%	4,431
205	Title III, Part A	32,354	7,133	42,916	51,593	20.2%	8,677
207	Title V	991	-	-	-	#DIV/0!	-
211	Secondary Ed. - General	11,632	12,682	-	13,098	#DIV/0!	13,098
216	Title I	555,684	538,865	506,940	608,582	20.1%	101,642
219	Limited Eng. Proficiency	186,271	215,442	185,955	214,013	15.1%	28,058
Special Services Total		\$1,218,898	\$1,217,129	\$1,164,079	\$1,308,086	12.4%	\$ 144,007

Based on the above, Title I is the largest expenditure program in special services. This accounts for over 47% 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 2014-15.

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.

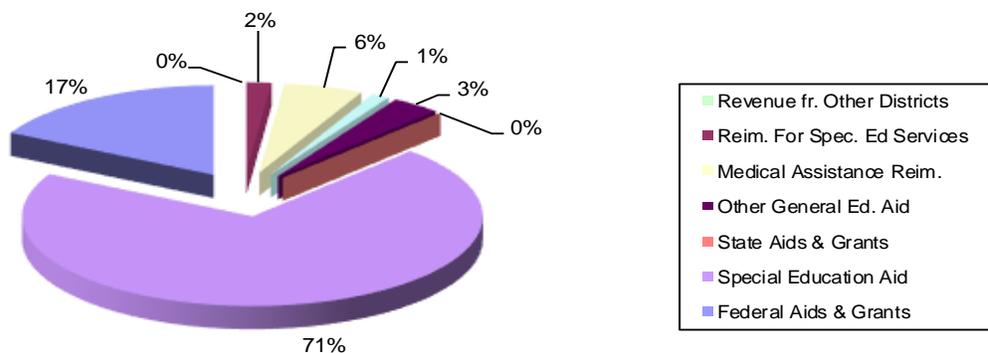
Special Education Revenues by Source

Source	Description	2011-12	2012-13	2013-14	2014-15	Change	Change
		Actual	Actual	Budget	Budget	%	Amount
021	Revenue fr. Other Districts	\$ 3,503	\$ -	\$ -	\$ -		\$ -
022	Reim. For Spec. Ed Services	119,178	130,127	95,000	95,000	-27.0%	(35,127)
071	Medical Assistance Reim.	181,186	42,175	300,000	225,000	611.3%	257,825
099	Miscellaneous	76,000	26,000	67,600	67,600	160.0%	41,600
211	Other General Ed. Aid	75,673	137,186	187,097	203,321	36.4%	49,911
300	State Aids & Grants	-	-	-	-	0.0%	-
360	Special Education Aid	3,811,320	4,341,502	3,820,532	4,397,667	-12.0%	(520,970)
400	Federal Aids & Grants	1,078,201	1,026,278	928,069	977,215	-9.6%	(98,209)
Special Education Totals		\$ 5,345,061	\$ 5,703,268	\$ 5,398,298	\$ 5,965,803	-5.35%	\$ (304,970)

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.

2014-15 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.

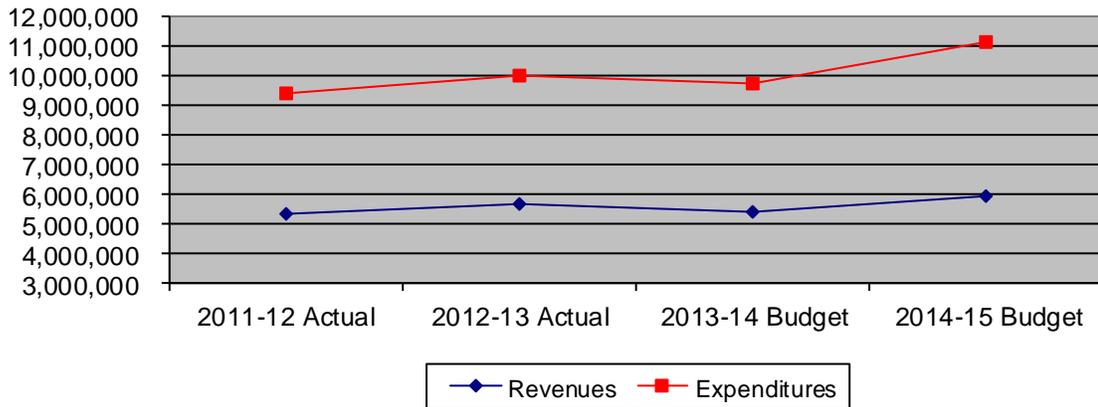
Special Education Expenditures by Program

Program	Description	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Budget	Change %	Change Amount
030	Instructional Administration	\$ 37,367	\$ 22,479	\$ 33,701	\$ 25,009	-25.8%	\$ (8,692)
211	Secondary Ed. - General	6,629	13,172	23,225	26,822	15.5%	3,597
400	General Special Ed.	194,566	186,580	106,179	143,785	35.4%	37,606
401	Speech/Lang. Impaired	560,505	600,451	516,063	683,479	32.4%	167,416
402	Mild-Mod. Mentally Imp.	862,444	927,641	894,640	977,891	9.3%	83,251
403	Mod.-Severe Mentally Imp.	434,701	462,932	499,301	580,369	16.2%	81,068
404	Physically Impaired	351,457	355,606	378,928	437,495	15.5%	58,567
405	Deaf - Hard of Hearing	100,613	95,061	76,533	79,287	3.6%	2,754
406	Visually Impaired	86,467	116,785	112,361	122,176	8.7%	9,815
407	Specific Learning Disability	1,043,339	1,113,275	1,018,673	1,323,810	30.0%	305,137
408	Emot/Behavioral Disorder	1,521,598	1,375,214	1,506,926	1,487,773	-1.3%	(19,153)
409	Deaf - Blind	11,829	13,168	5,100	5,100	0.0%	-
410	Other Health Impaired	170,631	163,169	149,716	154,552	3.2%	4,836
411	Autism	593,909	683,126	618,041	706,594	14.3%	88,553
412	Early Childhood Spec. Ed.	687,091	730,580	781,923	1,017,595	30.1%	235,672
416	Multiple Handicap	47,401	59,644	50,000	50,000	0.0%	-
420	Special Education General	1,630,871	1,820,638	1,651,474	1,894,488	14.7%	243,014
422	Special Ed Students w/o Disabilities	490,911	486,850	511,449	552,737	8.1%	41,288
720	Health Services	-	145	-	-	#DIV/0!	-
740	Social Work Services	526	262	-	-	#DIV/0!	-
760	Pupil Transportation	558,395	709,028	728,797	802,054	10.1%	73,257
810	Operations/Maintenance	-	-	-	-	#DIV/0!	-
850	Capital Facilities	43,580	40,212	47,000	47,000	0.0%	-
Special Education Totals		\$9,434,830	\$ 9,976,018	\$9,710,030	\$11,118,016	14.5%	\$ 1,407,986

Overall, the special education budget is expected to increase by 14.5%. A majority of the increases are due to changes in employee contracts and additional needs in special education. 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.

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.

CHAPTER EIGHT – FOOD & NUTRITION AND COMMUNITY EDUCATION REPORT

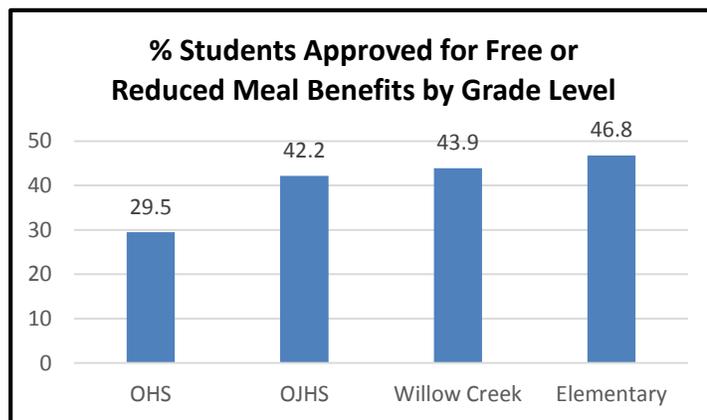
The Food and Nutrition Services Department provides nutritious school meals to the students and staff of Owatonna Public Schools. It also provides an interactive nutrition learning environment for our students. It is projected that the Food & Nutrition Services staff will have served approximately 475,000 student lunches, 6,400 adult lunches, and 240,000 student breakfasts, totaling 721,400 meals during the 2013-14 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 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 currently 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 \$440,300 are projected to be collected in ala carte revenue during the 2013-14 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:

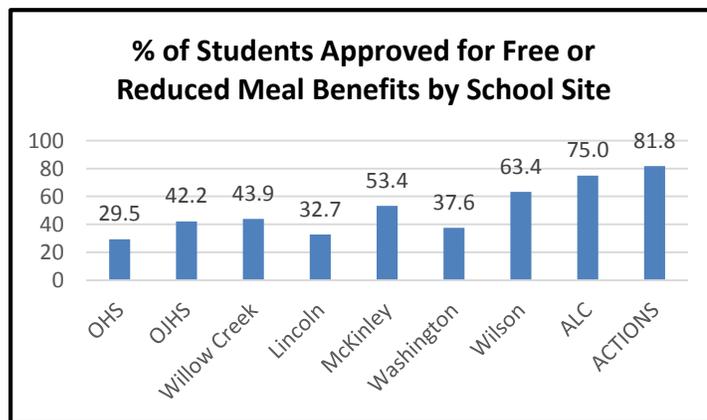
Free & Reduced Stats by Grade Level

OHS	29.5%
OJHS	42.2%
Willow Creek	43.9%
Elementary	46.8%
<i>District Average</i>	<i>41.5%</i>
<i>State Average</i>	<i>38.5%</i>



Free & Reduced Stats by School Site

OHS	29.5%
OJHS	42.2%
Willow Creek	43.9%
Lincoln Elementary	32.7%
McKinley Elementary	53.4%
Washington Elementary	37.6%
Wilson Elementary	63.4%
ALC	75.0%
Actions	81.8%



The Food & Nutrition Services Department is recommending the following meal price increases for the 2014-15 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.

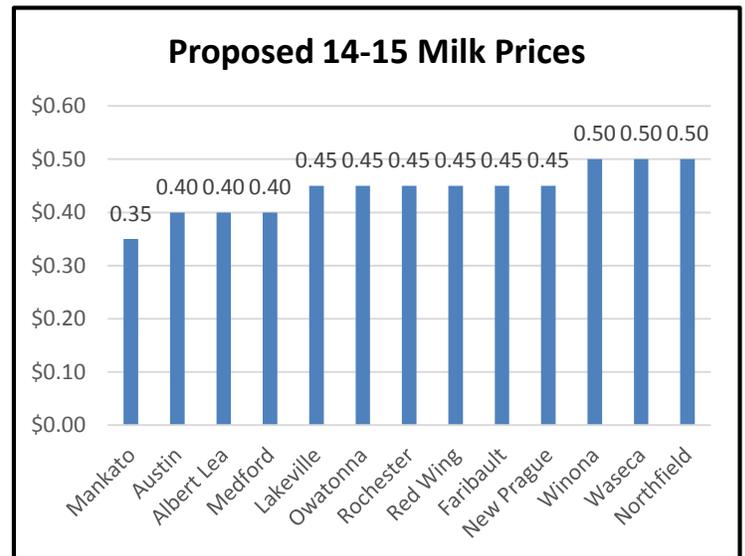
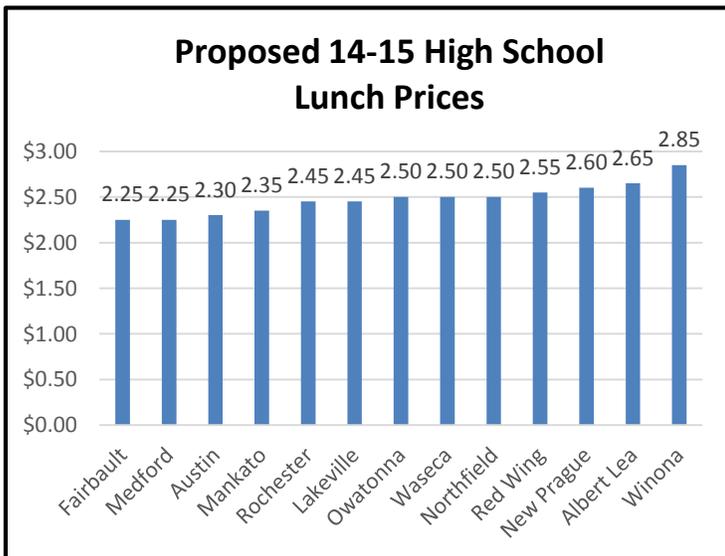
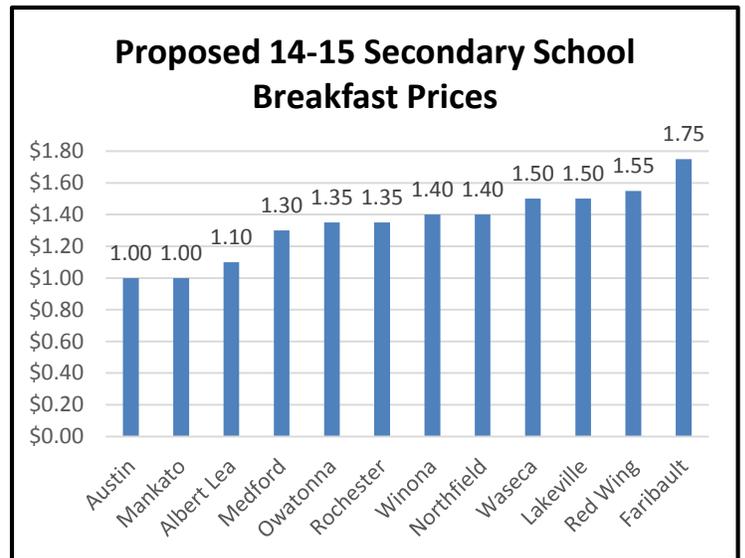
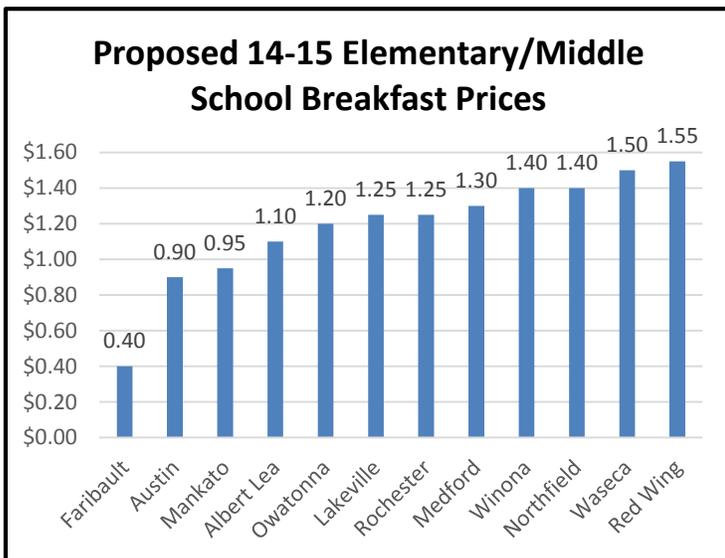
- \$0.05 meal price increase for Elementary, Willow Creek and OJHS breakfast prices;
- \$0.10 increase for elementary lunch prices;
- \$0.05 increase for Willow Creek, OJHS and OHS lunch prices.

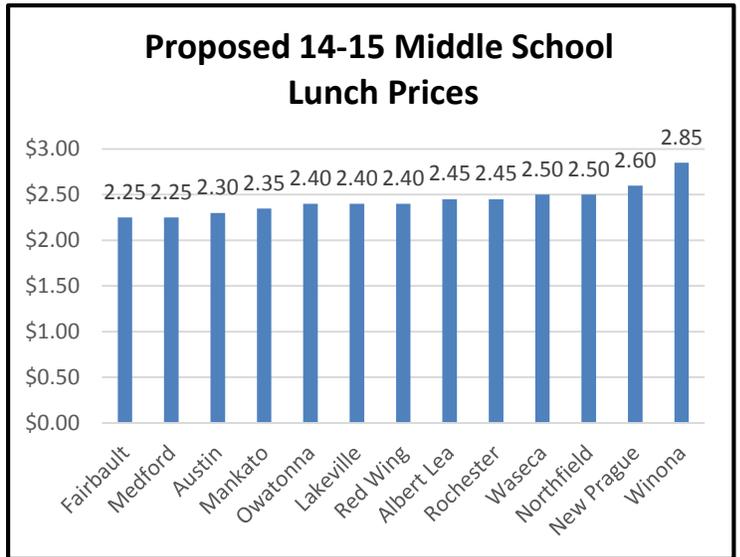
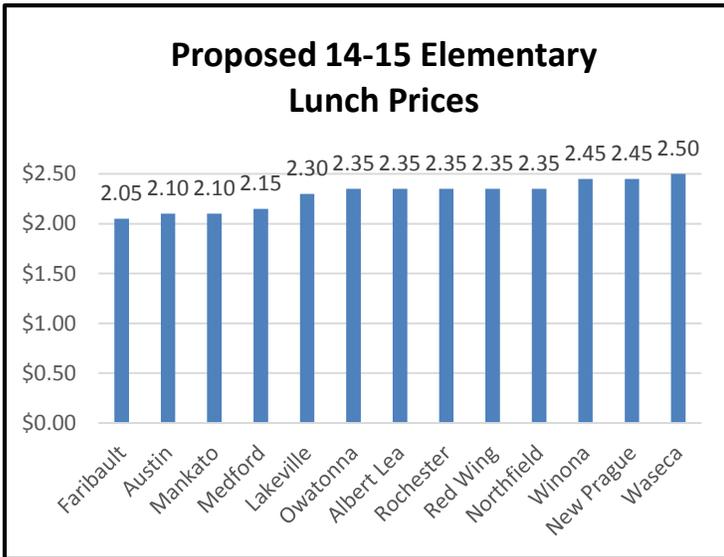
Increasing our meal prices will also allow us to:

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

As shown in the following tables, 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 meal price increases.

BREAKFAST, LUNCH AND MILK PRICE COMPARISONS TO SURROUNDING DISTRICTS:





Food Service Fund Balance Overview

	Audited FY 13	Projected FY 14	Proposed FY 15
Revenue	\$2,584,804	\$2,665,402	\$2,553,607
Expenditures	\$2,733,593	\$2,827,220	\$2,619,732
Operating Excess or Deficit	(\$148,789)	(\$161,818)	(\$66,125)
Fund Balance	\$405,270	\$243,452	\$177,327

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 \$280,000, or a maximum fund balance of \$840,000. Our projected FY14 Fund Balance is approximately 1.1 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 FY14 by investing in capital purchases (i.e. replacement of kitchen equipment). A decrease in fund balance is planned for FY15 in the event that emergency replacement of capital equipment is required.

Food Service Economic Outlook

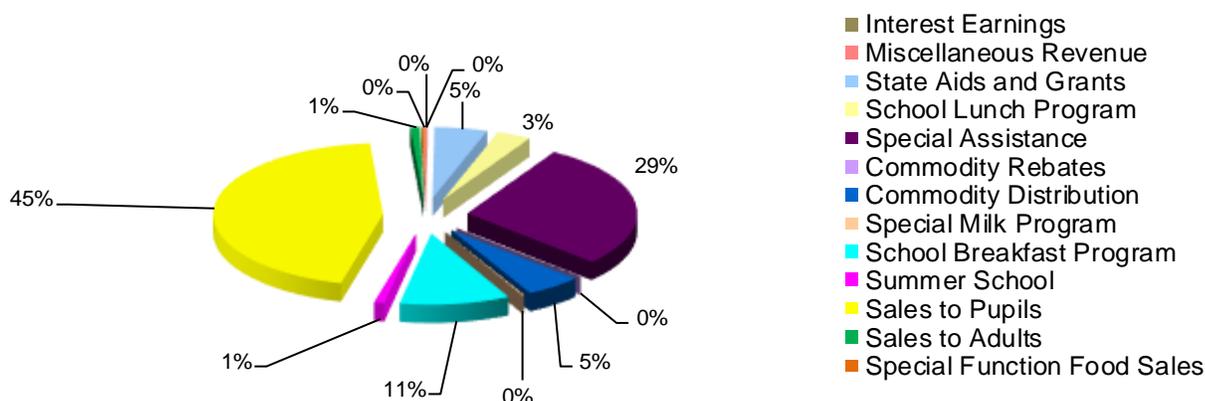
The projected revenue between 2013-14 and 2014-15 as shown in the table below shows a decrease. There are decreases in a majority of the areas with the exception of the school breakfast program, summer school, and special assistance. The increase in special assistance is due to the revenue we receive from the Federal Free and Reduced Lunch Program.

Food Service Revenues

Description	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Budget	Change Percent	Change Amount
Interest Earnings	\$ 192	\$ 376	\$ 155	\$ 155	0.00%	\$ -
Miscellaneous Revenue	11,104	11,141	104,500	3,500	-96.65%	(101,000)
State Aids and Grants	136,743	123,038	128,987	123,117	-4.55%	(5,870)
School Lunch Program	139,196	160,738	158,873	82,306	-48.19%	(76,567)
Special Assistance	608,500	637,125	653,174	743,145	13.77%	89,971
Commodity Rebates	28,153	7,561	-	-	#DIV/0!	-
Commodity Distribution	103,480	145,059	136,893	128,504	-6.13%	(8,389)
Special Milk Program	6,410	4,141	4,785	230	-95.19%	(4,555)
School Breakfast Program	284,517	277,780	268,473	269,521	0.39%	1,048
Summer School	32,260	15,383	32,000	32,000	0.00%	-
Sales to Pupils	1,214,835	1,148,990	1,145,722	1,140,647	-0.44%	(5,075)
Sales to Adults	34,731	36,125	23,840	23,482	-1.50%	(358)
Special Function Food Sales	20,948	17,347	8,000	7,000	-12.50%	(1,000)
Total	\$ 2,621,069	\$ 2,584,804	\$ 2,665,402	\$ 2,553,607	-4.19%	\$ (111,795)

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.

2014-15 Food Service Revenue Budget



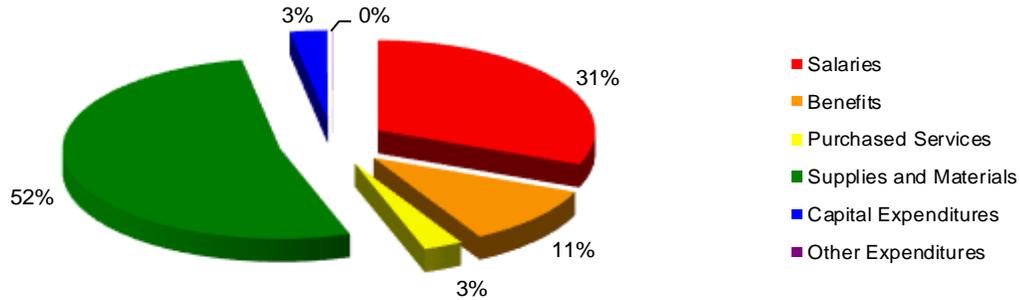
Expenditure changes in 2013-14 and 2014-15, as shown on the next page, varied because of certain items. The projected expenditures for 2014-15 decreased from 2013-14 largely due to the decrease in capital expenditures.

Food Service Expenditures

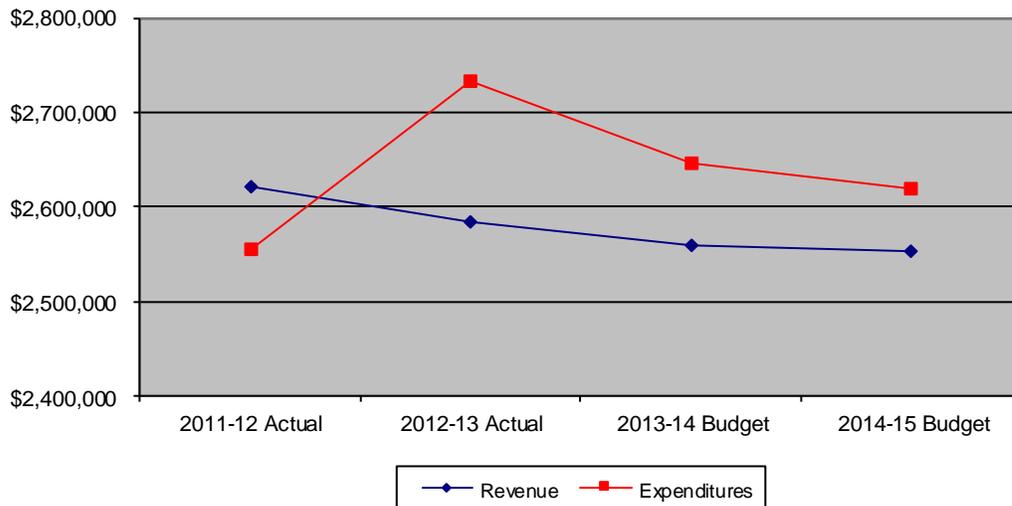
Description	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Budget	Change Percent	Change Amount
Salaries	\$ 879,434	\$ 846,451	\$ 824,942	\$ 895,199	8.52%	\$ 70,257
Benefits	304,845	270,733	283,524	297,108	4.79%	13,584
Purchased Services	62,769	69,335	77,892	81,556	4.70%	3,664
Supplies and Materials	1,255,039	1,400,195	1,386,472	1,319,169	-4.85%	(67,303)
Capital Expenditures	52,604	146,265	253,390	25,700	-89.86%	(227,690)
Other Expenditures	414	614	1,000	1,000	0.00%	-
Total	\$ 2,555,105	\$ 2,733,593	\$ 2,827,220	\$ 2,619,732	-7.34%	\$ (207,488)

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

2014-15 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. Community Education also provides a variety of programming that enhances school-day programming by providing opportunities to apply learning beyond the classroom. 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 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 22nd and 23rd; however, early discussion is being generated around the following themes:

- “Life after Bremer” will be an important initiative for our School Readiness program in FY’15. Our work with preschool assessment across the Owatonna community will continue. We need to further refine our report-out capabilities of assessment data and look for new opportunities to inform Kindergarten staff with preschool data. We will be down-sizing the School Readiness program to reflect only our annual School Readiness allocation for the new program year. This will result in 20 less children served. The change will allow Roosevelt to return to a more normal utilization of space with a bit less doubling-up of program space than we experienced in FY’14. This change will allow us to return to our parent education programs to more quality environments.
- New reporting requirements to the MN Department of Education as part of the *Race to the Top* initiative will go live in FY’15. This will require significant process and system changes in our data collection ability and software, as well as clear communication to participants concerning the amount of collected data and transparency of data that will change with these new requirements;
- Early Childhood Immunizations will now be required for all children participating in programming at Roosevelt. This too will impact our data collection, reporting and family communication and support for this change.
- 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;
- Continuous improvement initiatives will build on the history we have established of being open and reflective with ourselves and our program participants/partners, and to benchmark experiences with programs judged to be effective around the state in modeling cutting-edge delivery of accountable and impactful programming.
- The Community Education component of ISD 761 is totally dependent on the individual and collective success of our program teams. Individuals need clear pathways to share

their voice and their technical skill towards building the capacity of our community to grow engaged and self-sufficient learners. Employee orientation and staff development processes will be readied for launch in FY'15 as we prioritize engagement and ownership in individual and team accountability for delivery, growth and evaluation;

- 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

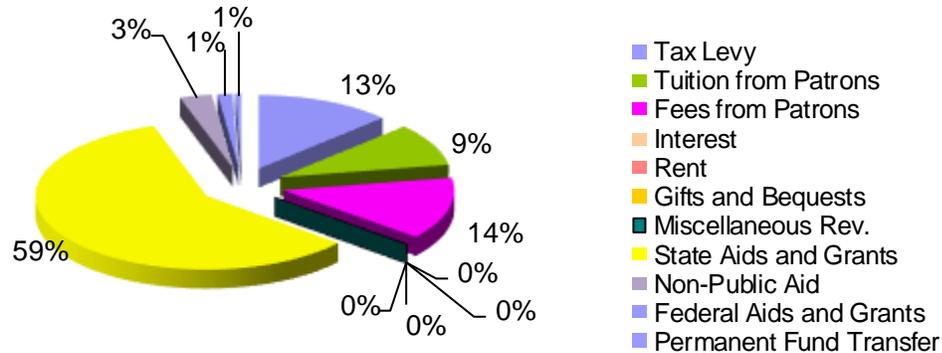
The projected revenue for 2013-14 and 2014-15 as shown in the table below shows an increase. Owatonna participates in an Adult Basic Education Consortium where Owatonna is the fiscal host. The consortium includes Albert Lea, Winona, Faribault, Caledonia Adult Pathways and Austin Public Schools. FY 15 will be the fourth 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	2011-12	2012-13	2013-14	2014-15	Change	Change
	Actual	Actual	Budget	Budget	%	Amount
Tax Levy	\$ 293,287	\$ 313,673	\$ 321,573	\$ 315,062	-2.02%	\$ (6,511)
Tuition from Patrons	245,230	229,581	234,000	337,100	44.06%	103,100
Fees from Patrons	356,145	392,816	340,000	378,000	11.18%	38,000
Interest	142	674	700	700	0.00%	-
Rent	745	950	-	700	#DIV/0!	700
Gifts and Bequests	23,399	310	350	300	-14.29%	(50)
Miscellaneous Rev.	9,813	275,257	2,050	5,100	148.78%	3,050
State Aids and Grants	1,431,651	1,483,456	1,470,241	1,453,842	-1.12%	(16,399)
Non-Public Aid	60,221	66,001	75,754	64,569	-14.76%	(11,185)
Federal Aids and Grants	50,148	34,956	34,956	57,000	63.06%	22,044
Permanent Fund Transfer	27,688	14,000	14,000	14,000	0.00%	-
	\$ 2,498,469	\$ 2,811,674	\$ 2,493,624	\$ 2,626,373	5.32%	\$ 132,749

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.

2014-15 Community Service Revenue Budget



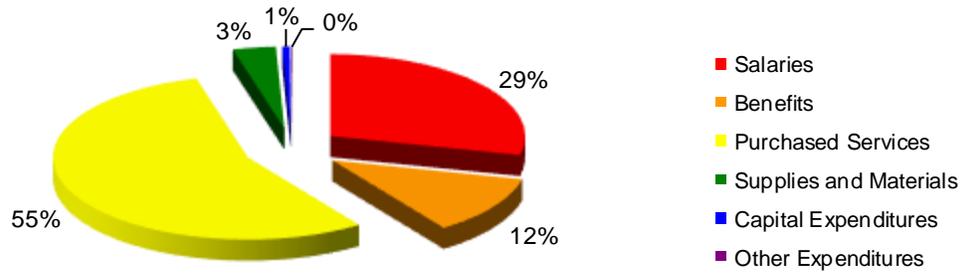
Expenditure increases from 2013-14 to 2014-15, as shown below, are in response changes in employee contracts as well as increased participation in programming. Each community education program is considered on its own, so programs are offered based on the revenues coming in for the program and the anticipated fund balance.

Community Service Expenditures

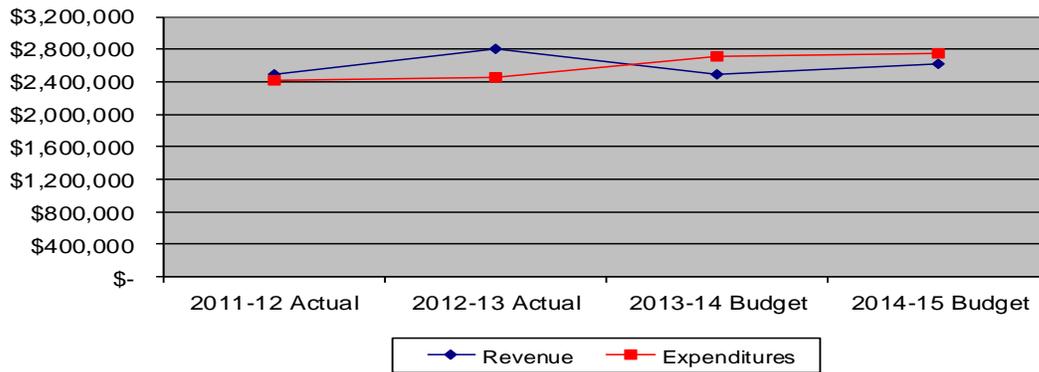
Description	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Budget	Change %	Change Amount
Salaries	\$ 737,737	\$ 733,419	\$ 779,137	\$ 842,378	8.12%	\$ 63,241
Benefits	217,510	233,331	315,622	268,997	-14.77%	(46,625)
Purchased Services	1,290,973	1,356,489	1,503,046	1,554,348	3.41%	51,302
Supplies and Materials	157,830	90,667	96,753	58,208	-39.84%	(38,545)
Capital Expenditures	10,752	31,417	17,297	18,297	5.78%	1,000
Other Expenditures	1,829	1,869	1,820	2,200	20.88%	380
	\$ 2,416,631	\$ 2,447,192	\$ 2,713,675	\$ 2,744,428	1.13%	\$ 30,753

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 \$1,554,348 budgeted for purchased services, \$1,025,273 is Adult Basic Education money passed on to the other districts and \$75,850 is for the use of Roosevelt.

2014-15 Community Service Expenditure Budget



For the last two years, expenditures continue to exceed revenues in order to spend down previously existing program fund balances. See the graph below.



CHAPTER NINE - CAPITAL BUDGET OVERVIEW

The Owatonna School District annually receives in excess of \$1,400,000 in state funding intended to support capital purchases and projects. These funds are typically used for the acquisition and maintenance of technology, school books, school building furniture, ongoing facility repair and upkeep.

OWATONNA PUBLIC SCHOOLS				
OPERATING CAPITAL EXPENDITURES (FIN 302)				
FISCAL YEAR 2014-15				
Projected Beginning Balance				\$ (11,250)
Revenue				
Operating Capital - Aid			791,420	
Operating Capital - Levy			397,513	
Lease Levy			45,606	
Advanced Recognition - Lease Levy			246,172	
Total Revenue				1,480,711
Expenditures				
Fixed				
Taxes/Assessments			33,269	
Four Seasons Lease			50,000	
Gymnastic's Lease			4,800	
Actions Lease - EBD Program			47,000	
ALC Lease			201,272	
COP - Roof Project			257,838	
Copiers				
- District wide			57,933	
- 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			726,947	
Operating Capital Allocation				
OHS	\$ 15.00	1,768.80	26,532	
OJHS	\$ 15.00	798.00	11,970	
All Elementary Specialists			3,600	
Grade 6			4,826	
K-5			28,939	
ALC	\$ 15.00	144.60	2,169	
Total Building Operating Capital Allocations			78,036	
Program Operating Capital Allocations				
Athletics			16,000	
Curriculum			105,000	
Kindergarten Curriculum			31,000	
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			664,035	
Total Expenditures				1,469,018
Addition (Reduction) To Fund Balance				11,693
Projected Ending Balance				\$ 442

Health and Safety, Deferred Maintenance, and Capital Budgets for 2014-15

Buildings and Grounds 14-15 Plans

Health and Safety			
Resources Available:	\$408,939.00	Projects:	Expenses:
		Playground Resurfacing and other hazards	\$10,600.00
		Mechanical & Power Equipment - Safety Modifications	\$9,800.00
		Food Code Safety - MDH Health Code Requirements	\$8,000.00
		Elevator and Lift Inspections	\$19,500.00
		Personal Protective Equipment	\$12,000.00
		Hazardous / Infectious Waste Management & Disposal	\$16,500.00
		Lead in Water - Testing & Mitigation	\$4,000.00
		Boiler - Main Supply Backflow Preventor and	\$6,000.00
		Health, Safety & Environmental Management - School District Personnel	\$74,614.00
		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
		Three Year Fire Inspection	\$5,000.00
		IAQ plan and IAQ Coordinator Expenses	\$5,000.00
		Automated External Defibrillators	\$1,200.00
		Removal and Encapsulation of Asbestos (not replacement of materials)	\$104,500.00
		Repair and Maintenance - Asbestos	\$10,500.00
		Asbestos - Staff Training	\$5,000.00
		Asbestos Worker Required Health Physicals	\$2,000.00
		Fire Alarm Equipment	\$89,425.00
		Fire Extinguisher Inspection & Maintenance	\$5,000.00
		Lighting - Emergency and Egress	\$9,500.00
		TOTAL	\$408,939.00
Deferred Maintenance			
Resources Available:	\$337,397.00	Projects:	Expenses:
		District Wide Water Intrusion	\$15,000.00
		District Wide Flooring Needs	\$115,398.00
		District Wide Parking Lot Repairs	\$44,000.00
		District Wide Concrete Work	\$36,750.00
		District Wide Door Replacement	\$20,000.00
		Burners for Boilers - Lincoln and McKinley	\$40,400.00
		OHS Chimney Repair	\$23,000.00
		Unexpected Needs	\$42,849.00
		TOTAL	\$337,397.00
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 15 will occur in health and safety (\$408,939) and deferred maintenance (\$337,397). These expenses are met through the board approved levy certification process.

**Anticipated Capital Needs
2014-18**

CAPITAL & MAINTENANCE	APPROX COSTS	2014	2015	2016	2017	2018
District Wide	155,000.00	0.00	40,000.00	60,000.00	55,000.00	0.00
Lincoln	2,767,049.00	27,000.00	175,916.00	1,921,995.00	642,138.00	0.00
McKinley	3,280,822.00	0.00	181,349.00	585,250.00	544,665.00	1,969,558.00
Washington	2,059,965.00	0.00	255,777.00	490,643.00	496,350.00	817,195.00
Wilson	3,162,811.00	0.00	65,169.00	247,518.00	2,850,124.00	0.00
Willow Creek	569,710.00	0.00	0.00	454,316.00	115,394.00	0.00
OJHS	5,289,203.00	23,259.00	235,282.00	2,454,808.00	1,671,580.00	904,274.00
OHS	20,187,879.00	0.00	122,809.00	6,558,564.00	2,850,853.00	10,655,653.00
Roosevelt	193,035.00	0.00	0.00	27,753.00	165,282.00	0.00
District Office	633,185.00	71,776.00	88,596.00	102,248.00	200,114.00	170,451.00
Activities Office	0.00	0.00	0.00	0.00	0.00	0.00
Rose Street	209,664.00	0.00	0.00	38,315.00	171,349.00	0.00
Total Capital	38,508,323.00	122,035.00	1,164,898.00	12,941,410.00	9,762,849.00	14,517,131.00

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 2013 state assessments. Key initiatives that were employed by the District and Schools over the course of the 2013-2014 school year to improve the achievement results on the 2014 state assessments are included in each School's narrative.

Owatonna Public Schools Strategic Roadmap

In the fall of 2008, the Board enlisted the services of Team Works to assist in the task of revising the District strategic plan. The development process was completed during the 2008-09 school year; leading to the adoption of our strategic plan. This plan was updated fall of 2013 to better reflect our current focus.

Mission Statement: The mission of the Owatonna public schools is to, "...inspire all learners to excel"

Core Values: The set of core values represents that which we believe drives our words and actions. It is a reflection of the culture that we hope is present in our schools, and will always strive to achieve.

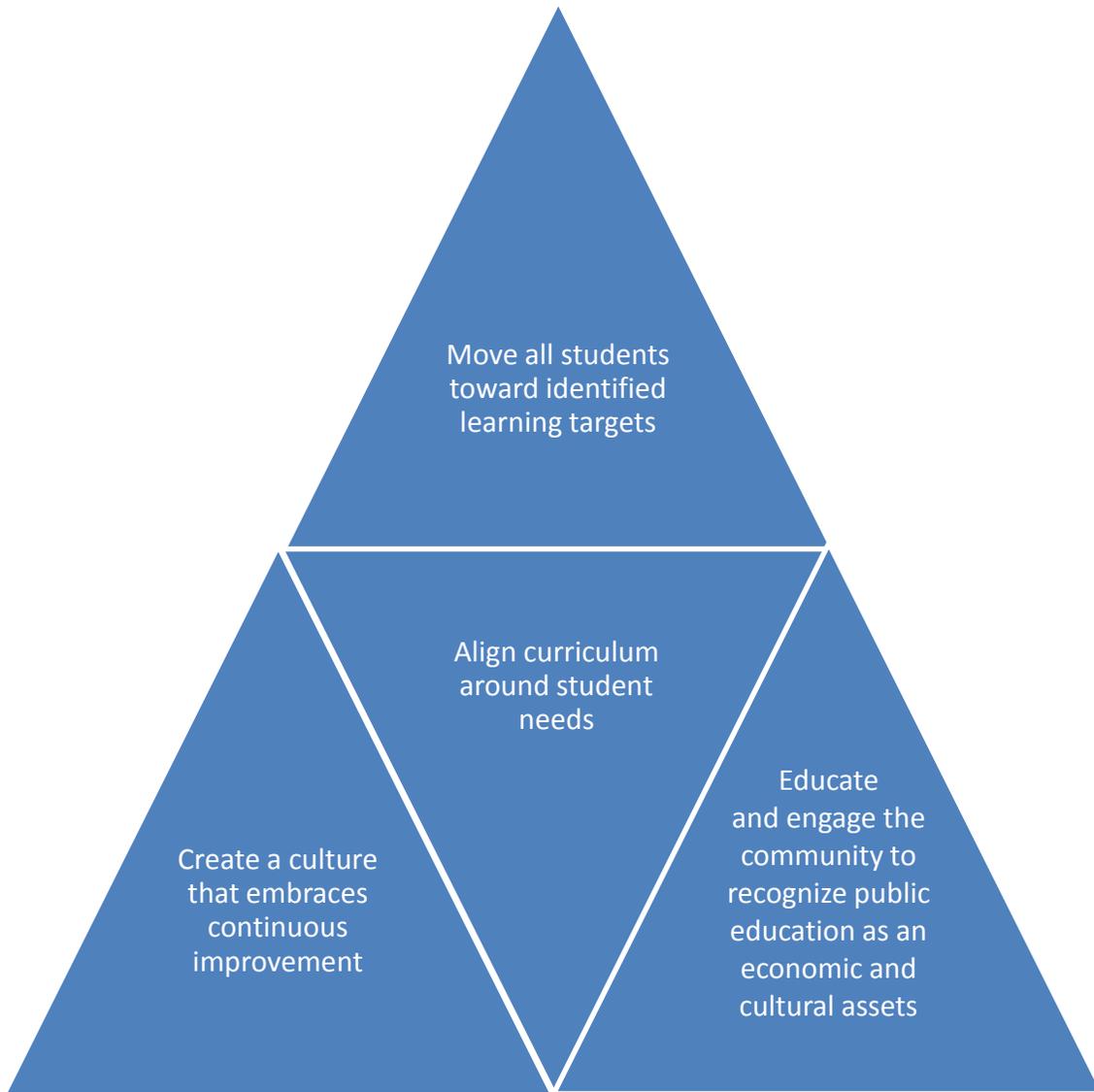
- **Excellence** A relentless pursuit of commitment to the highest standards.
- **Integrity** Honest and genuine in our words and actions to strengthen and enrich all we do
- **Engagement** Students, families, staff and community working together toward a common Purpose
- **Respect** Recognize and value individual strengths, differences, and contributions
- **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
- **Innovation** Creative, new and purposeful ways to achieve goals and meet needs

Vision 2014: The vision is a set of objectives that describe what we intend to achieve.

- Resources needed for 21st Century learning
- Engagement in innovation to meet student needs
- Excellence: high expectations and success for all
- E-12 curriculum alignment
- Customized learning for individual students

Strategic Directions: The strategic directions provide the focus upon which our resources (financial as well as human) will be directed. They are statements of what we intend to do in carrying out our strategic plan. To that end, we will:

- A. Move all students toward identified learning targets
- B. Align curriculum and improve instruction around student needs
- C. Create a culture that embraces continuous improvement
- D. Educate and engage the community to recognize public education as an economic and cultural asset



The 'Pyramid of Success' illustrates the relationship between our strategic directions. Three of the four directions lead to the success of the fourth one, student learning. By actively pursuing and achieving the following actions: curriculum alignment, a culture of learning and community engagement, student success will follow.

This strategic plan has been operationalized by establishing a system of accountability known as 'ScoreCards.' Each strategic direction is supported by a set of measures and performance benchmarks that are subsequently used by each building to drive the development of their initiatives. The strategic directions and benchmarks are noted below.

Student Achievement Assessment Instruments & Results

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

The state of Minnesota requires school districts to administer the Minnesota Comprehensive Assessments (MCA II/III) in reading and mathematics in grades 3 - 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 be able to 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, or (d) exceeds the standards. The reading and mathematics (MCA II/III) results are used to determine whether schools and districts have made Adequate Yearly Progress (AYP) toward all students demonstrating proficiency based on the No Child Left Behind Act.

Even though Adequate Yearly Progress will continue to be reported, it is not 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 results reported in this chapter are from the 2013 administration of the math and reading assessments. Current year results will not be available until summer of 2014.

Owatonna Public Schools also utilizes the Northwest Evaluation Association's (NWEA) Measures of Academic Progress (MAP) as a district assessment to assist in determining a student's academic growth in reading and mathematics. Students in grades 2-8 and select high school students are assessed in the fall, winter and spring of each school year. The purpose of these computerized adaptive tests is to determine the current instructional level of each student and may be used to assist in measuring a student's academic growth over time.

MCA Analysis and Comparative Data Benchmarks

As part of the analysis process, Owatonna Public Schools utilizes comparative data and information to gauge student achievement improvements in mathematics and reading. A number of figures in this section compare Owatonna 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 St. Louis Park, Spring Lake Park, Moorhead, West St. Paul, and Albert Lea.

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%.

Comprehensive Assessment Plan for Owatonna Public Schools

The Owatonna Public Schools assessment plan guides educators in the area of student achievement, curriculum planning, and parental involvement. Figure 1 is a copy of the district assessment plan.

Figure 1: Comprehensive Assessment Plan for Owatonna Public Schools

The Owatonna Public Schools has a strong comprehensive assessment program. This program has a balance of summative and formative assessments. These assessments are used to inform instruction and help gauge the effectiveness of our district curriculum and programs.

Teachers use a variety of assessments to monitor progress and adjust their instruction to meet the needs of each and every student. These assessments come in three forms: diagnostic, formative, and summative.

Summative Assessments:

Summative assessments, often referred to as “of learning”, are used to summarize achievement at a particular point in time. This type of assessment occurs after the learning has happened and is used to measure achievement status at a point in time for the purpose of reporting and accountability. Some examples of summative assessments are the Minnesota Comprehensive Assessments (MCA’s), Measures of Academic Progress (MAP), and end of unit tests. See chart below for district-identified summative assessments:

	Assessment:	Grade Level(s):	Purpose:	Date Assessed:
Summative Assessments	Minnesota Comprehensive Assessment (MCA III) <ul style="list-style-type: none"> • Reading • Math • Science 	Math: Grades 3,4,5,6,7,8,11 Reading: Grades 3,4,5,6,7,8,10 Science: Grades 5,8,11	To guide & evaluate instruction against the Minnesota State Standards in Language Arts, Math, and Science	Spring
	Graduation-Required Assessments for Diploma (GRAD)	Writing: Grade 9 Reading: Grade 10 Math: Grade 11	To guide programming, as well as ensure that all students have the basic skills needed to graduate from high school	Spring
	Assessing Comprehension & Communication in English State to State (ACCESS)	K-12 English Language Learners	To define listening, speaking, reading, and writing levels from beginning to proficient	Spring
	Measures of Academic Progress (MAP) <ul style="list-style-type: none"> • Reading • Math 	Grades 2-8	To measure growth in student learning and help plan instructional decisions	Fall, Winter, Spring
	DIBELS: Reading Fluency Measures- Curriculum Based Measures (CBM)	Grades K-6	To monitor student progress in learning the necessary skills to become successful readers	Fall, Winter, Spring
	Math Fact Measures- Curriculum Based Measured	Grades 1-6	To monitor student progress in learning the necessary skills to become successful mathematicians	Fall, Winter, Spring
	EXPLORE	Grade 8	To assess student achievement, career interests, and study skills	Fall

	PLAN	Grade 10	To assess student achievement, career interests, and study skills	Fall
	Unit Assessments	Grades K-12	To assess student performance on the curriculum	Ongoing
	ACT/SAT	Grades 11 & 12	To serve as a college admission test	Ongoing
	Ability Test CogAt Form 6	Grades 3-6	To assist with student placements based on individual strengths and limitations	Fall
	Minnesota Student Survey	Grades 6,9,12	To guide overall system improvement, curriculum & instruction, & community collaboration	Spring
	Advanced Placement (AP)	Grades 10, 11, 12	To assess the level of student achievement and advance in the college admissions process	Spring

Diagnostic Assessments

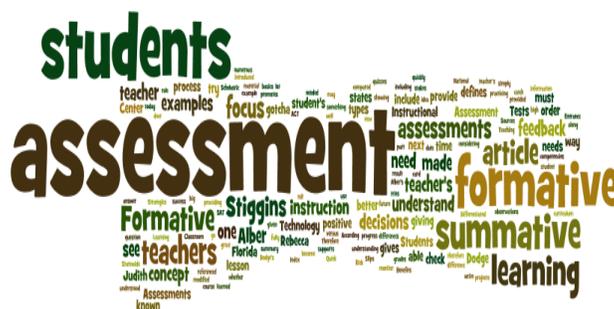
Diagnostic assessments, often referred to as “to begin learning”, are used to help identify your students’ current knowledge of a subject/content, their skill sets and capabilities, and to diagnose and clarify misunderstandings before the teaching takes place.

Formative Assessments:

Formative assessments, often referred to as “for learning”, are used to diagnose student needs, plan instruction, and provide students with feedback to improve their learning. This type of assessment is on-going and checking for understanding happens while the learning is occurring.

Formative Assessment:

- takes place **during** the learning process
- informs both teachers and students
- allows teachers to adjust instruction
- involves students
- cannot be separated from the instructional process
- is classroom assessment *for* Learning
- provides feedback that moves the learner forward



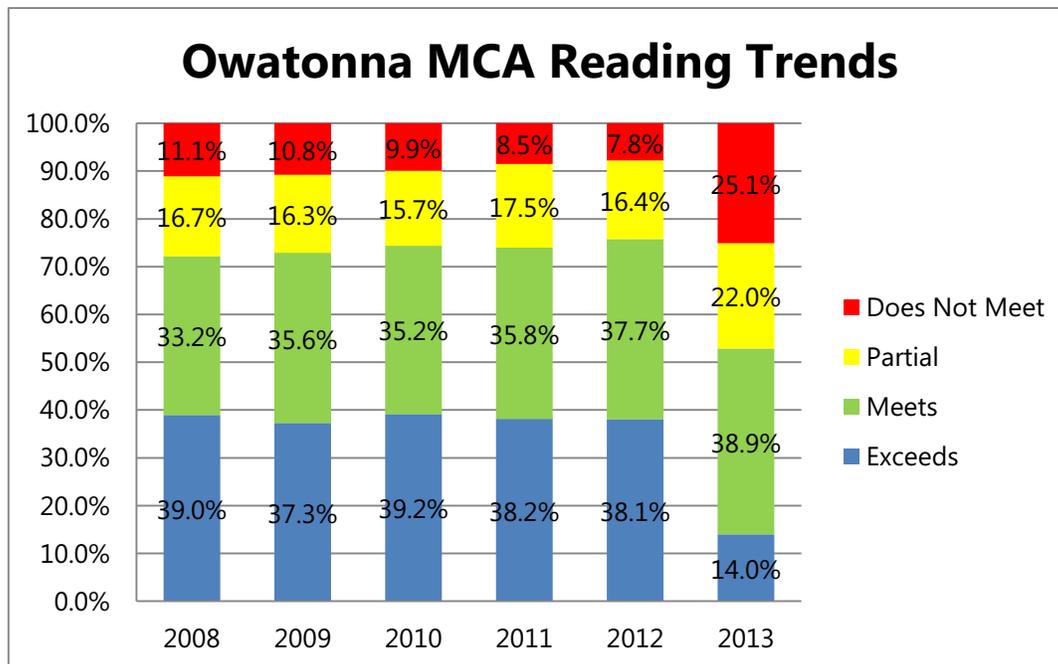
Owatonna Public Schools follows a comprehensive program for student assessment which includes a variety of assessments that serve different purposes, to ultimately improve student learning. Assessment data is an essential component of the student achievement planning process for all levels of the district as well as a key aspect of long range planning. Assessment results are used for many reasons which include: to comply with external agencies; to provide accountability to parents, community, and taxpayers; to measure district achievement over time and to compare this achievement to state and national groups; for program evaluation; to assist with student placement and special

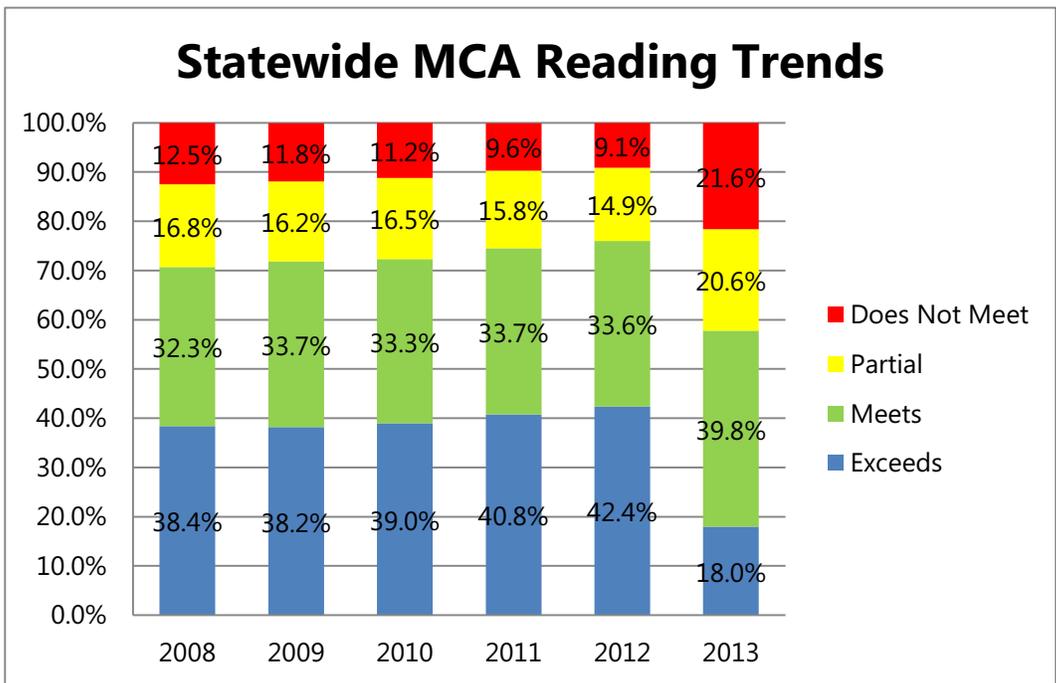
programming; and to guide curriculum and instruction at all levels. In order to measure student learning and growth, multiple types of assessments are used to guide instruction and determine students' progress within the Owatonna Public Schools Curriculum Frameworks.

District Results

Below, Figure 2 shows the District Results and Trends from 2008 to 2013 in the area of reading. The first graph shows our district trend, with the second graph showing our state trend. Note: In 2013, state testing transitioned from MCA II to MCA III testing.

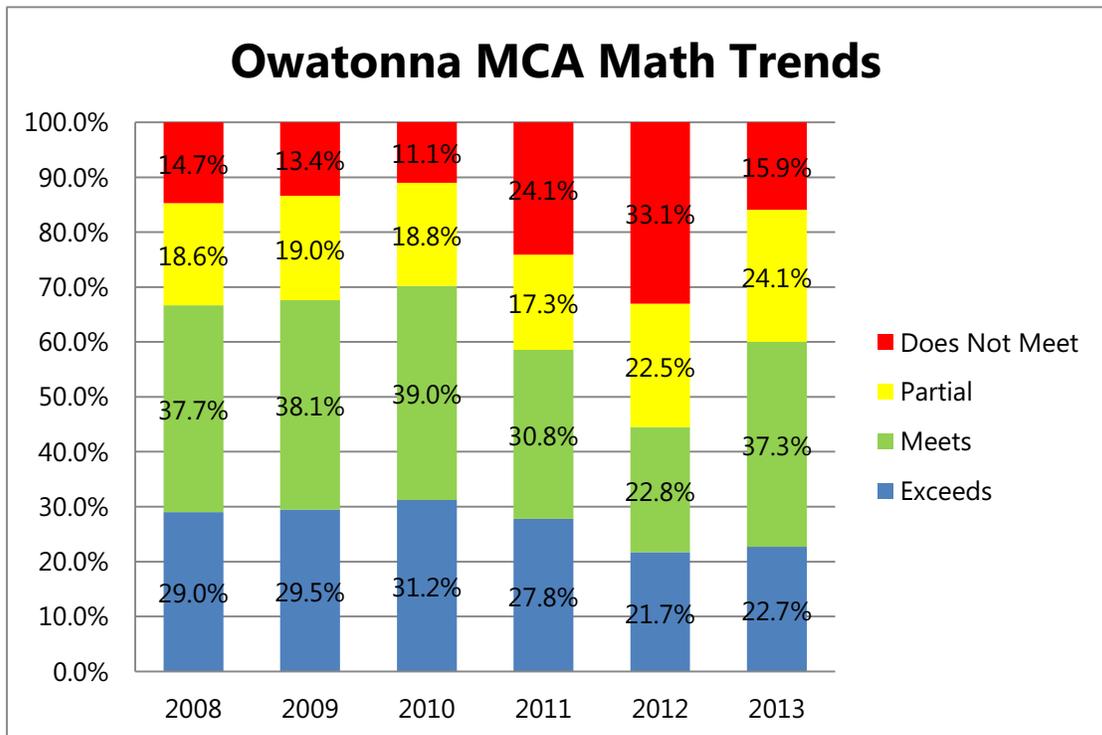
Figure 2: Owatonna Public Schools Reading MCA District Results & Trends

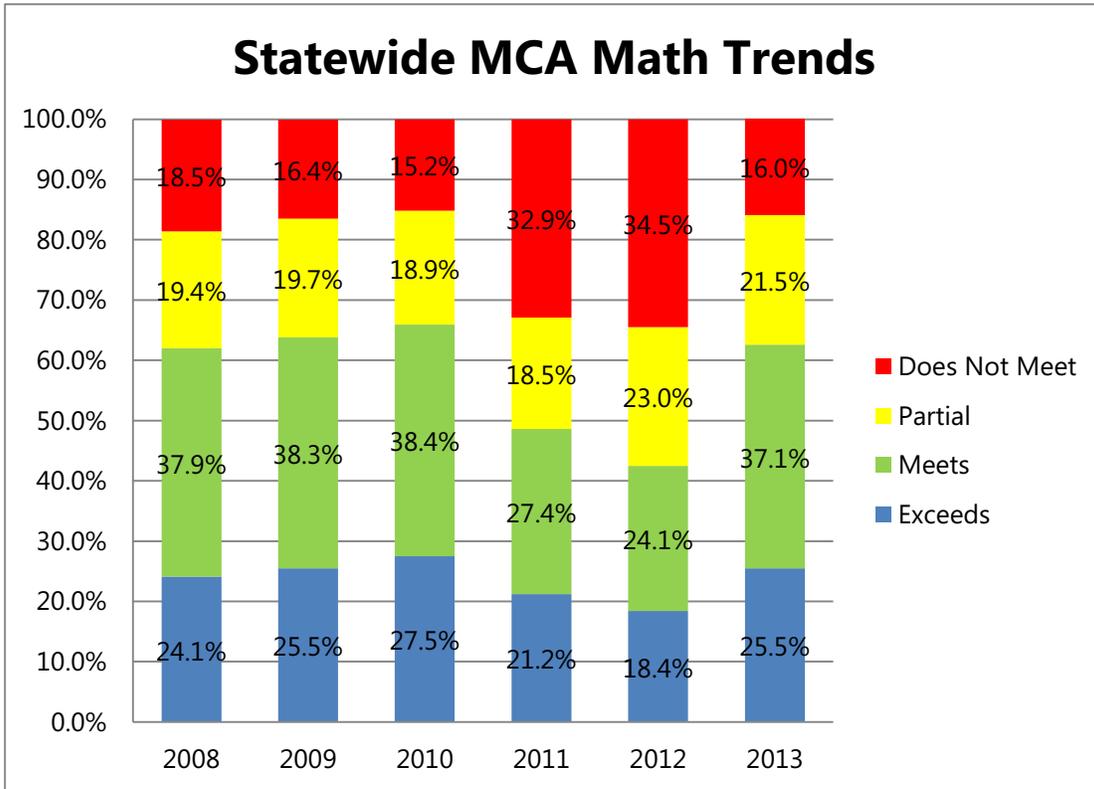




Below, Figure 3 shows the District Results and Trends from 2008 to 2013 in the area of math. The first graph shows our district trend, with the second graph showing our state trend. Note: In 2011, state testing transitioned from MCA II to MCA III testing.

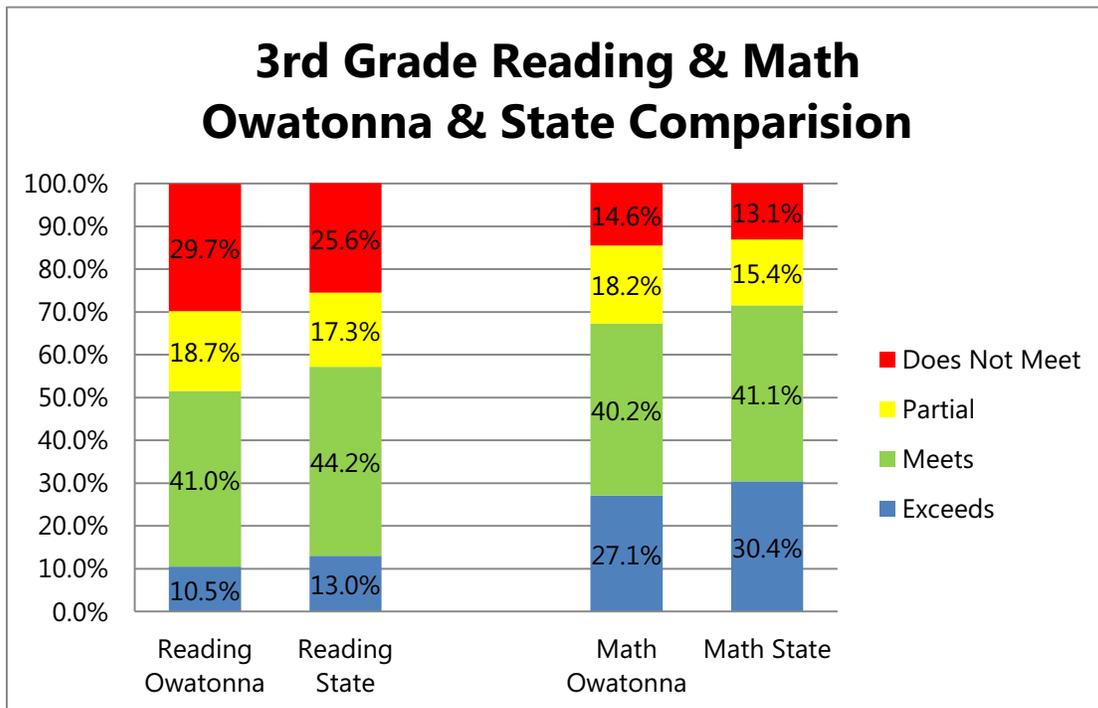
Figure 3: Owatonna Public Schools Math MCA District Results & Trends



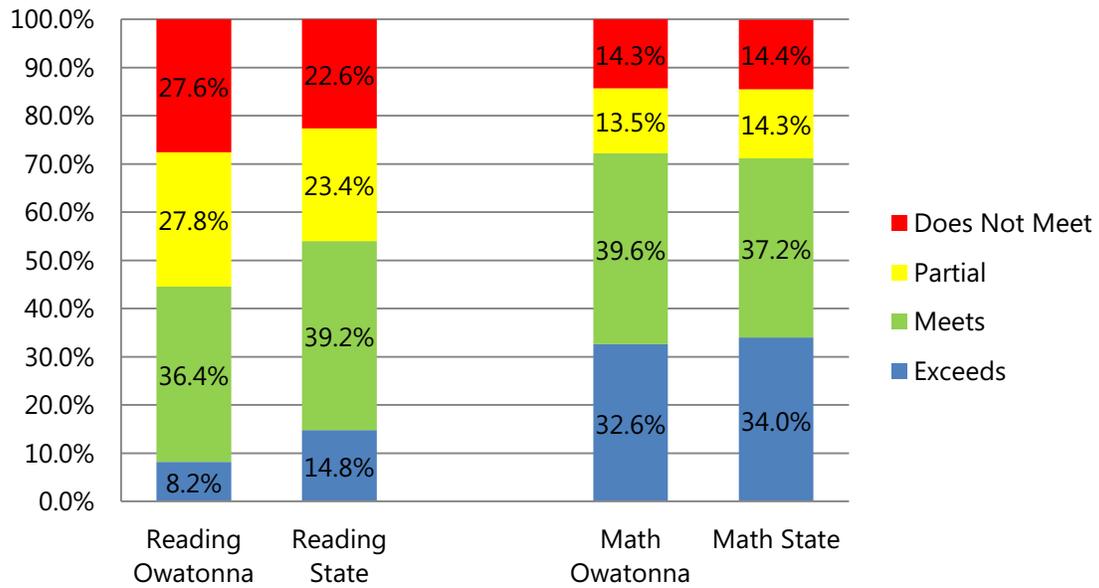


Below, Figure 4 shows each grade level's 2013 reading and math results from MCA III in relation to the state. The graph is divided into each achievement level by grade level.

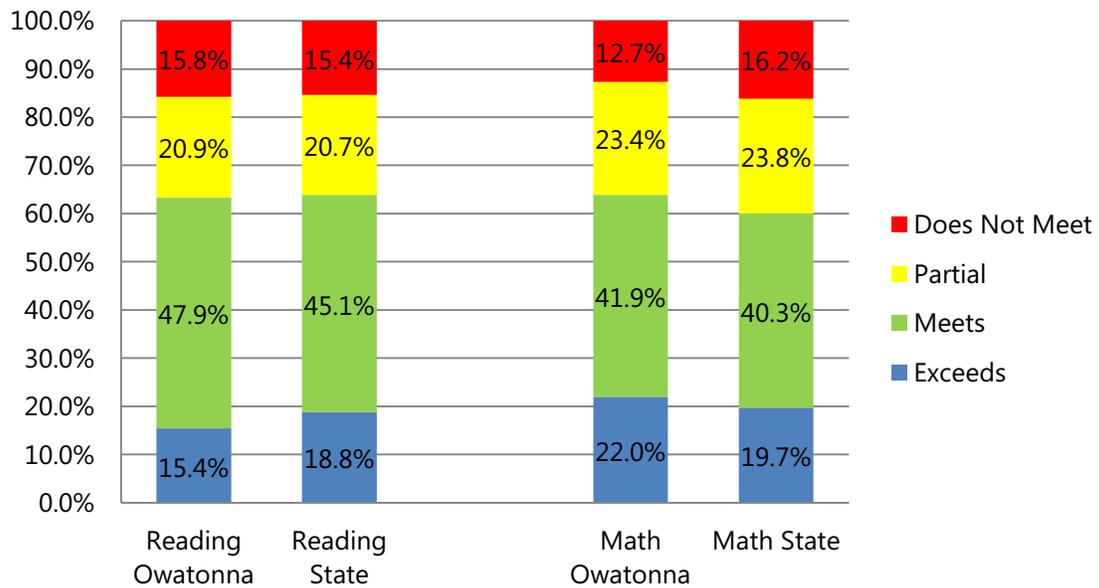
Figure 4: Owatonna Public Schools Reading & Math MCA Grade Level Results



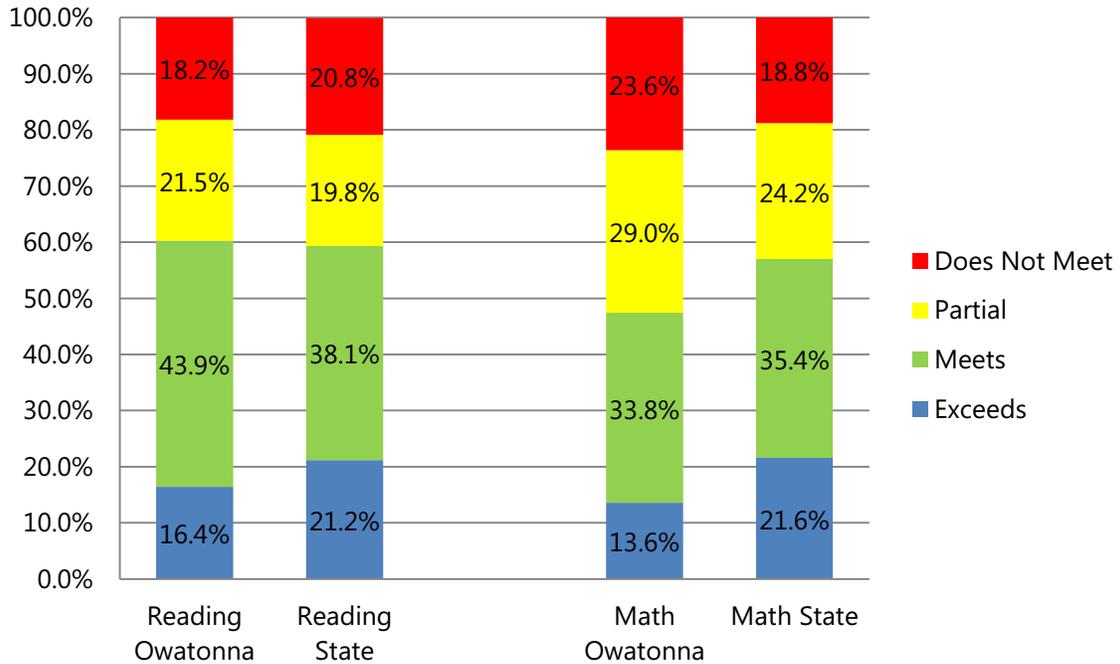
4th Grade Reading & Math Owatonna & State Comparison



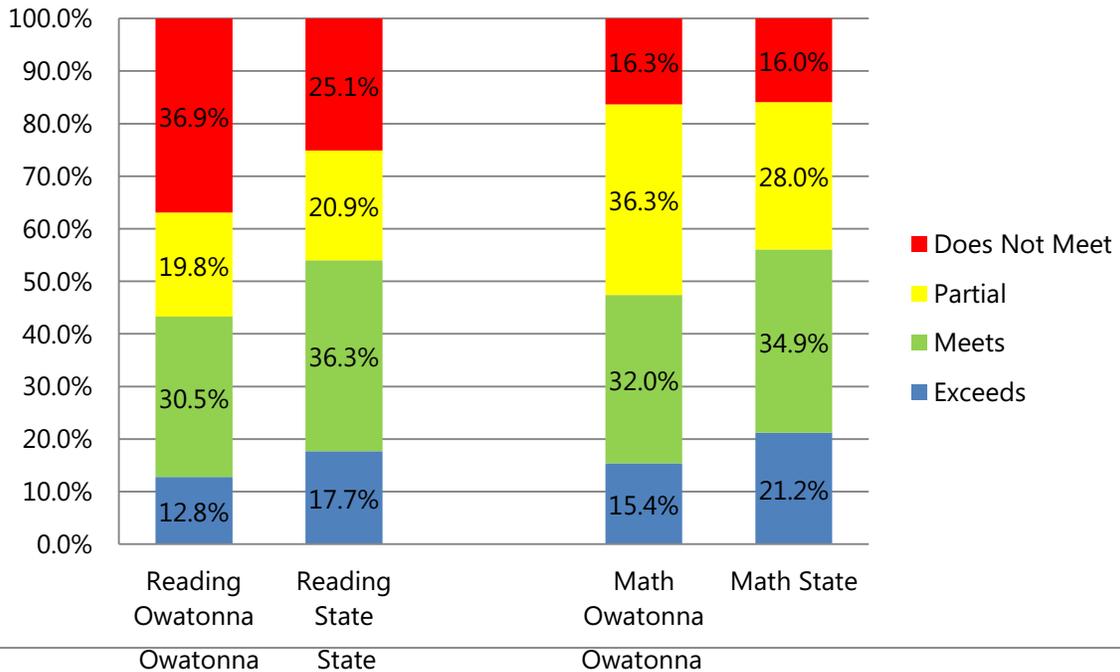
5th Grade Reading & Math Owatonna & State Comparison



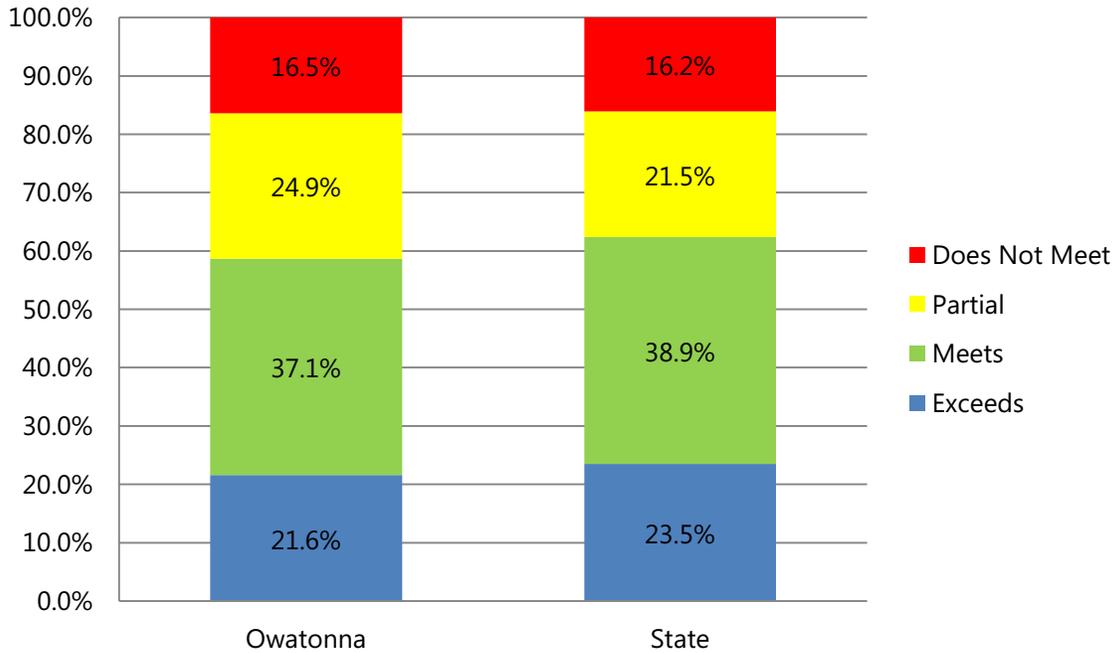
6th Grade Reading & Math Owatonna & State Comparison



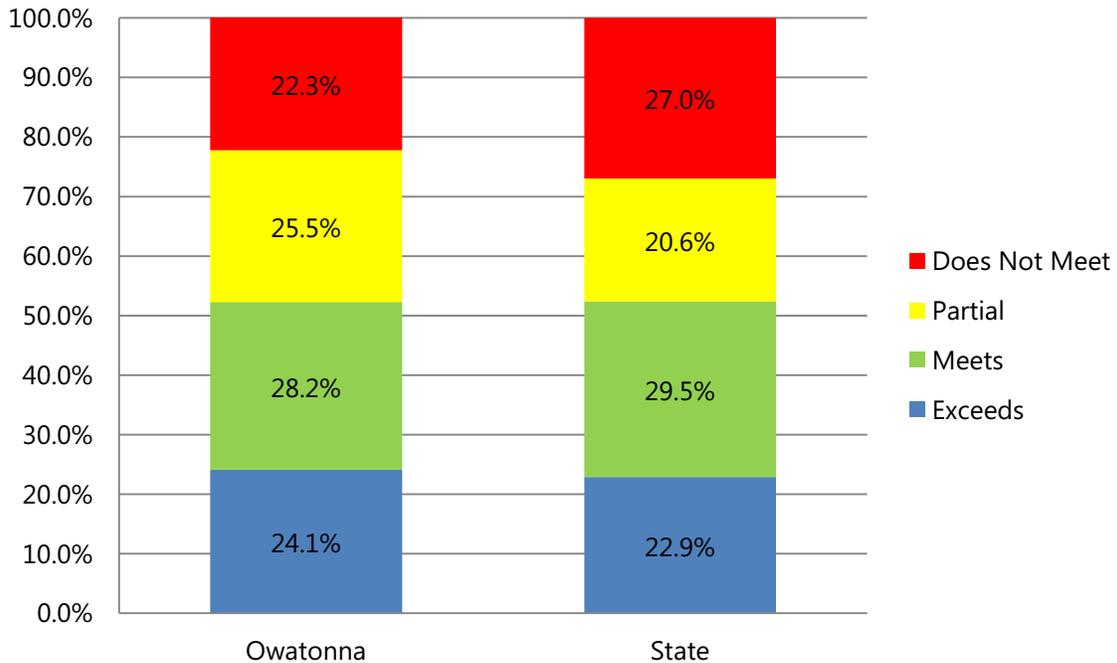
7th Grade Reading & Math Owatonna & State Comparison



10th Grade Reading Owatonna & State Comparison

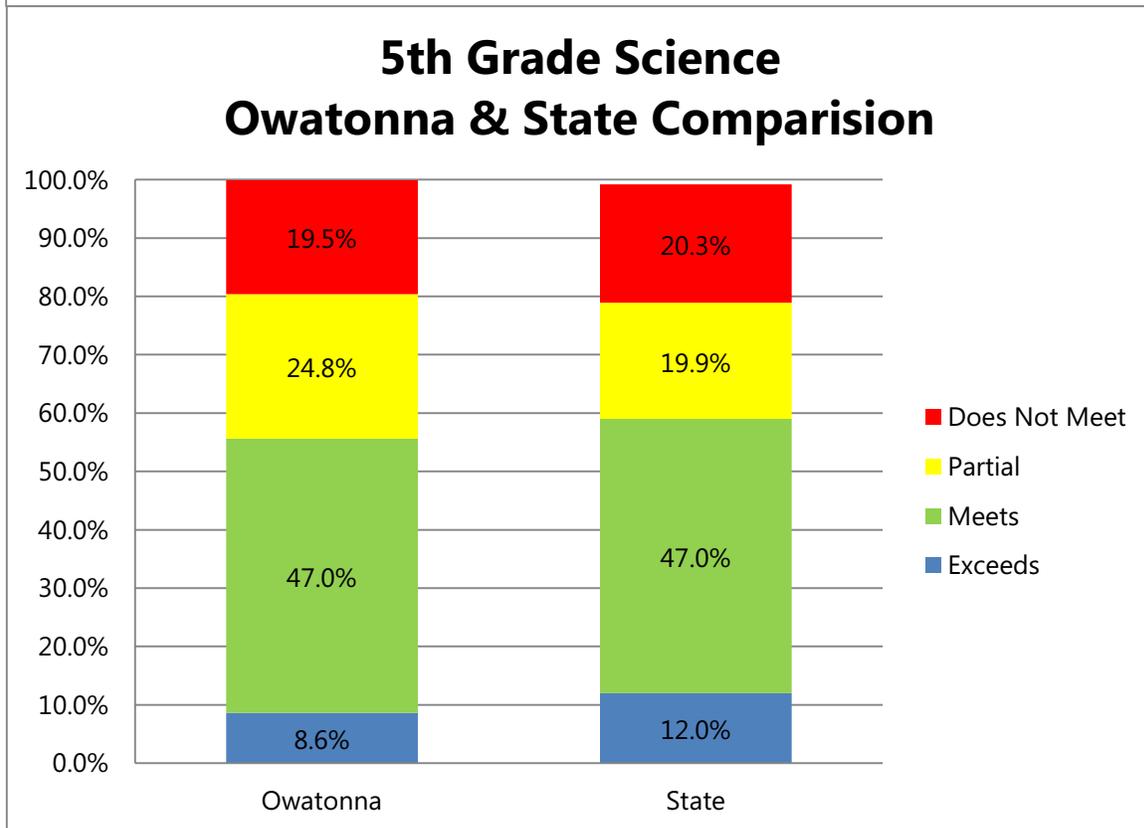
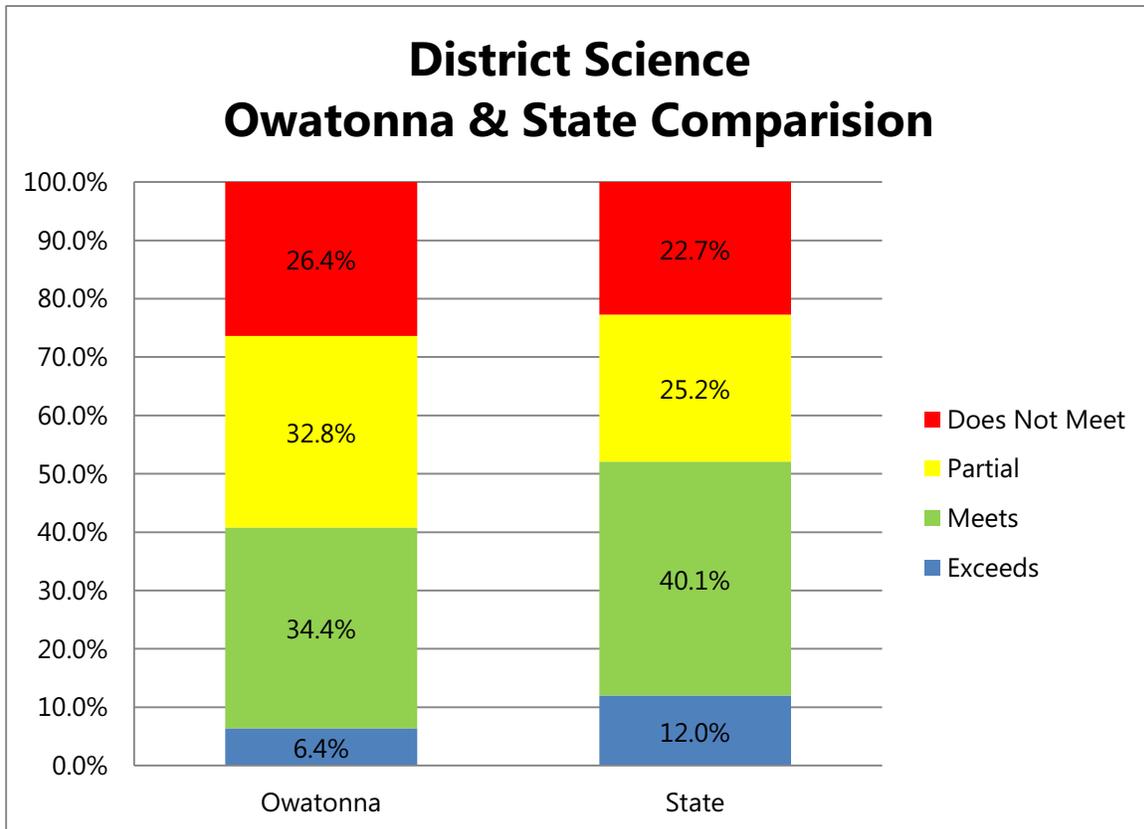


11th Grade Math Owatonna & State Comparison

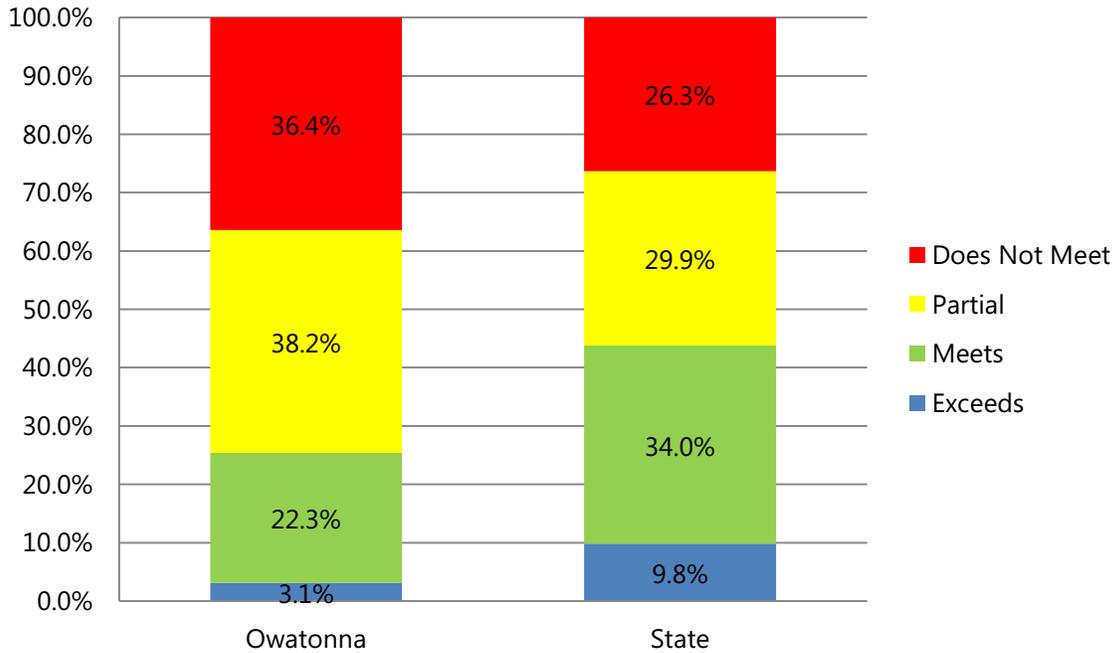


Below, Figure 5 shows each grade level's 2013 science results from MCA III in relation to the state. The graph is divided into each achievement level by the grade levels tested- grade 5, 8, and 11.

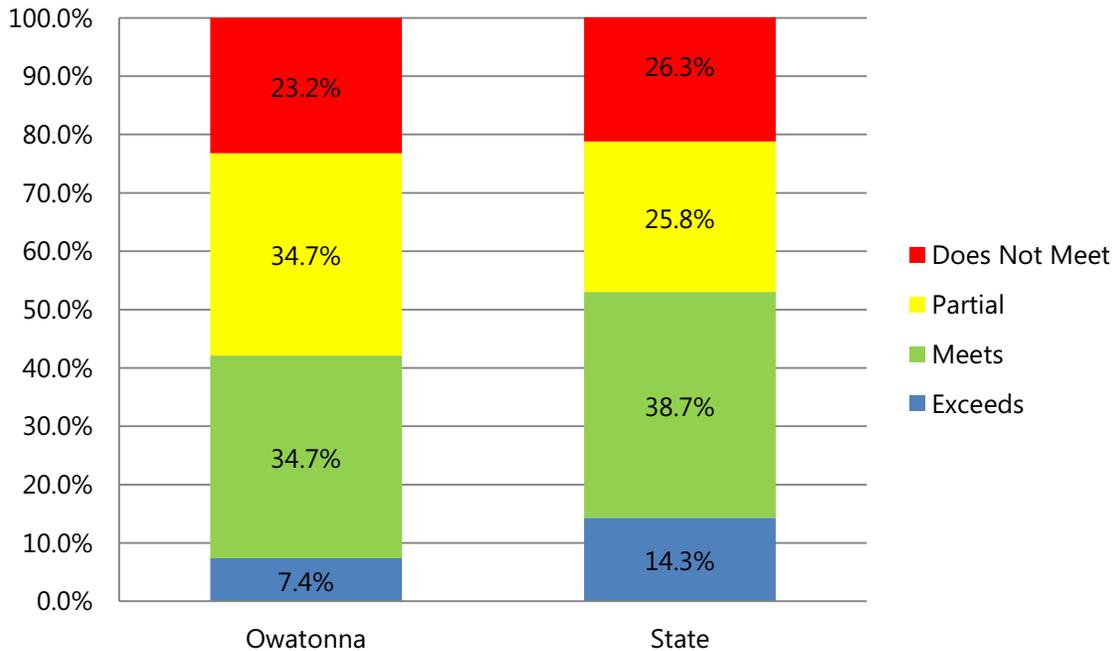
Figure 5: Owatonna Public Schools Science MCA Grade Level Results



8th Grade Science Owatonna & State Comparison

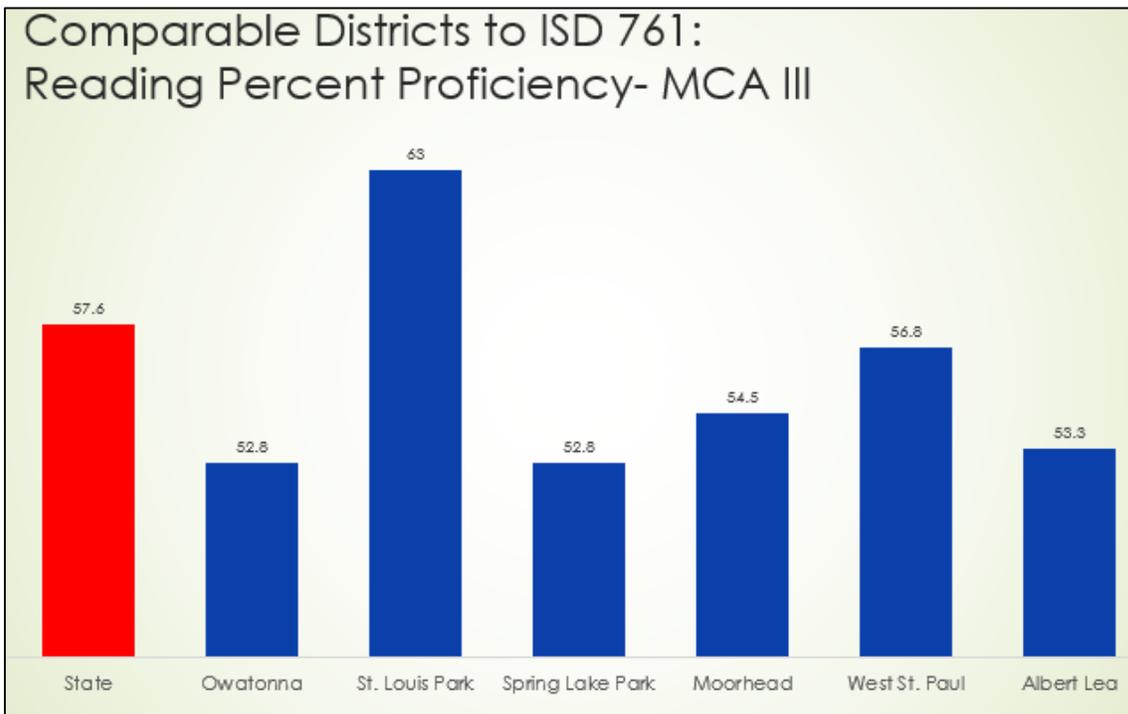
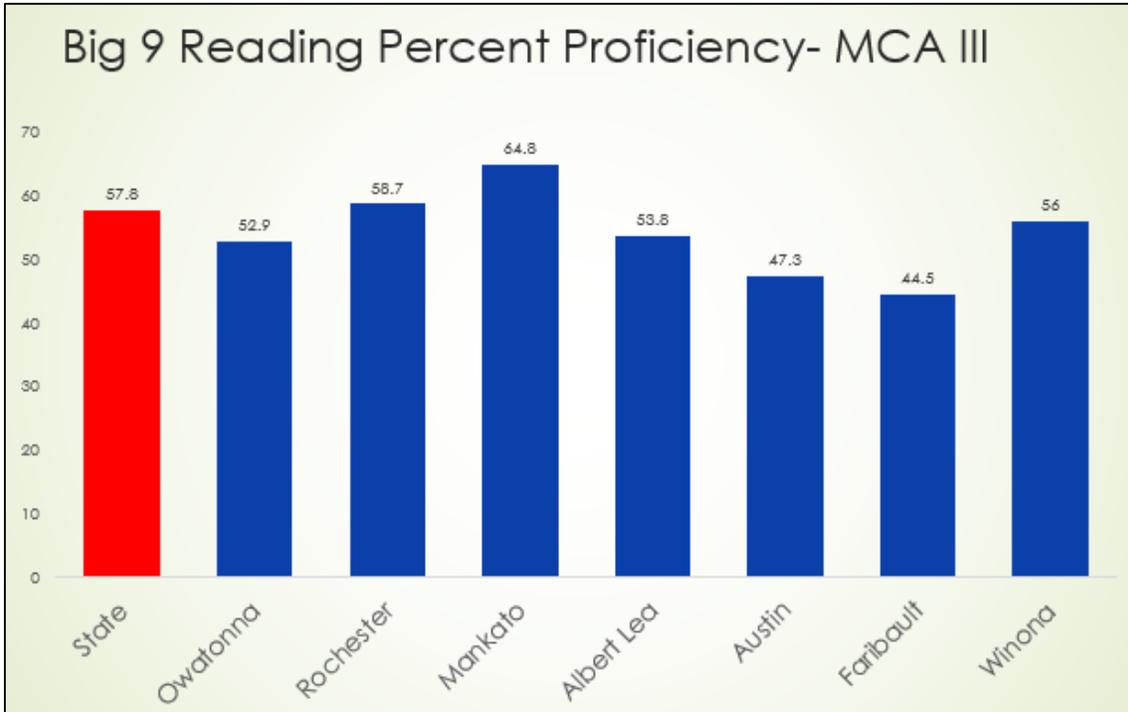


High School Science Owatonna & State Comparison



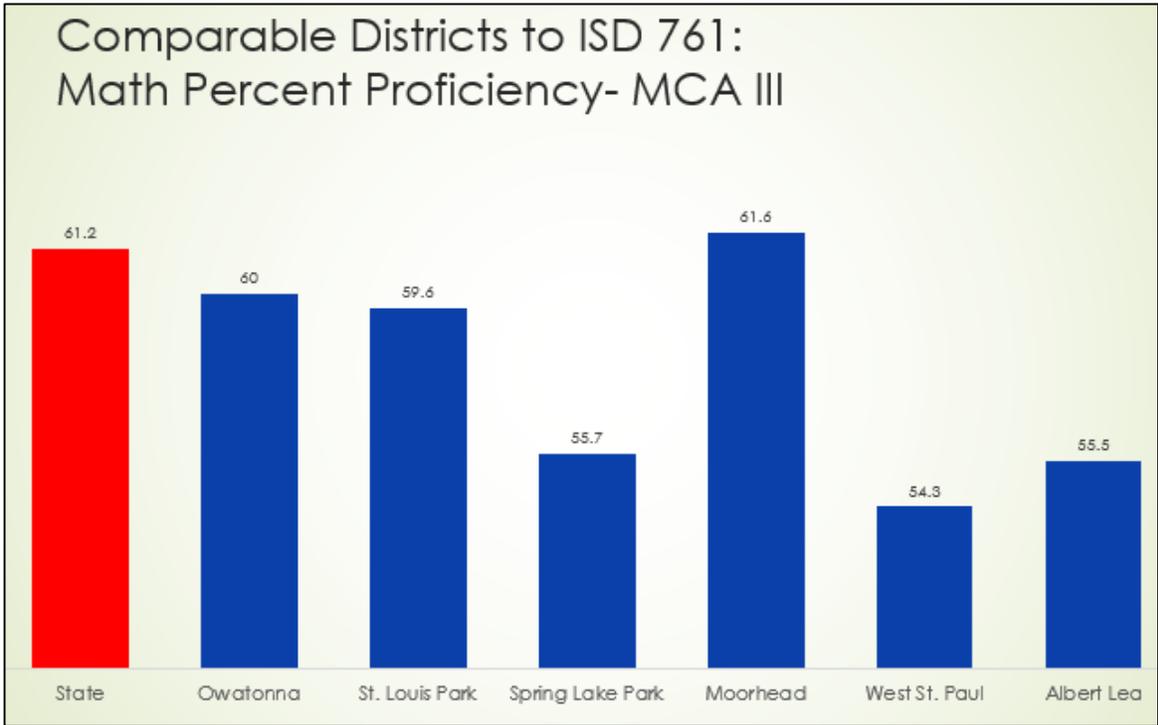
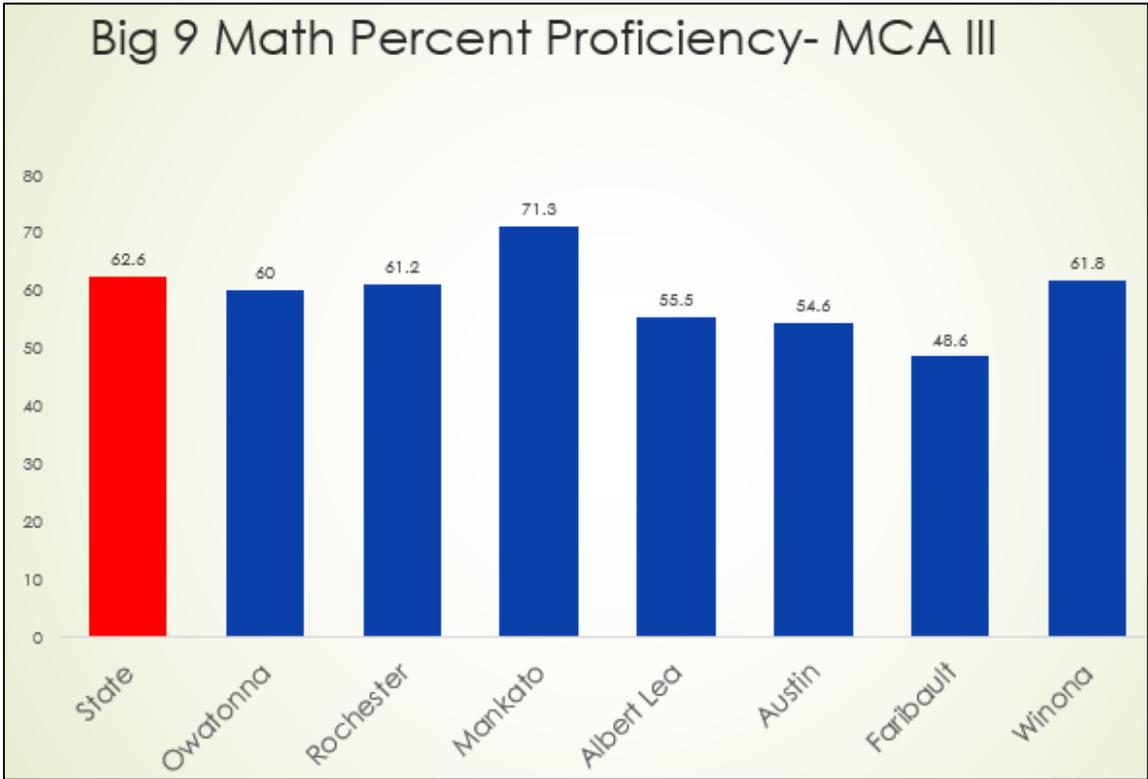
Below, Figure 6 shows our 2013 Reading Proficiency on the MCA III in relation to other Big 9 districts, as well as comparable districts to ISD 761.

Figure 6: Owatonna Public Schools Reading Proficiency Comparisons



Below, Figure 7 shows our 2013 Math Proficiency on the MCA III in relation to other Big 9 districts, as well as comparable districts to ISD 761.

Figure 7: Owatonna Public Schools Math Proficiency Comparisons



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

Determining AYP involves a formula, which varies each year as performance targets increase. In order for a school and district to make AYP, students must reach a designated proficiency level on mathematics and reading tests which is measured for up to nine different student groups (including such categories as Special Education, Free and Reduced Price Lunch, and ethnicity). The school must also meet state goals in test participation, attendance and graduation rates. The AYP target for graduation rate is 90%. The change at the state level for calculation of graduation rates had an impact on our District, with the Owatonna Public Schools graduation rate dropping to 89.62% (previous year- 89.97%).

Owatonna Public School District student results on the 2013 Minnesota Comprehensive Assessments showed improvement in the area of mathematics from the previous year, as well as having a higher percentage of students meet or exceed proficiency than the State at multiple grade levels. However, there was an increase in the number of schools not meeting AYP in the area of mathematics. Conversely, in the area of reading, with the implementation of the MCAIII, the Owatonna Public Schools showed a decrease in percentage at/above proficiency while the number of schools not meeting AYP in the area of reading improved. AYP targets increase each year with targets set based on a school or district's previous results. In 2013, student groups not meeting AYP in reading included: All Students (ALC). In 2013, student groups not meeting AYP in math included: All Students (District, ALC, McKinley, Willow Creek), Hispanic (District, Willow Creek), White (District, Willow Creek), Limited English Proficiency (District, OJHS), Special Education (District), and Free and Reduced (District).

The State of Minnesota moved from an accountability system focused on proficiency to one that also includes growth, achievement gap reduction, and graduation rate. This system is called Multiple Measurement Rating (MMR). 2011 results served as a baseline. The overarching goal of MDE is to reduce the achievement gap by 50% within six years. 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 as Priority Schools (lowest 5% in the state), Focus Schools (next lowest 10% in state), or Reward Schools (top 15% in state).

Owatonna MMR Ratings (2013):

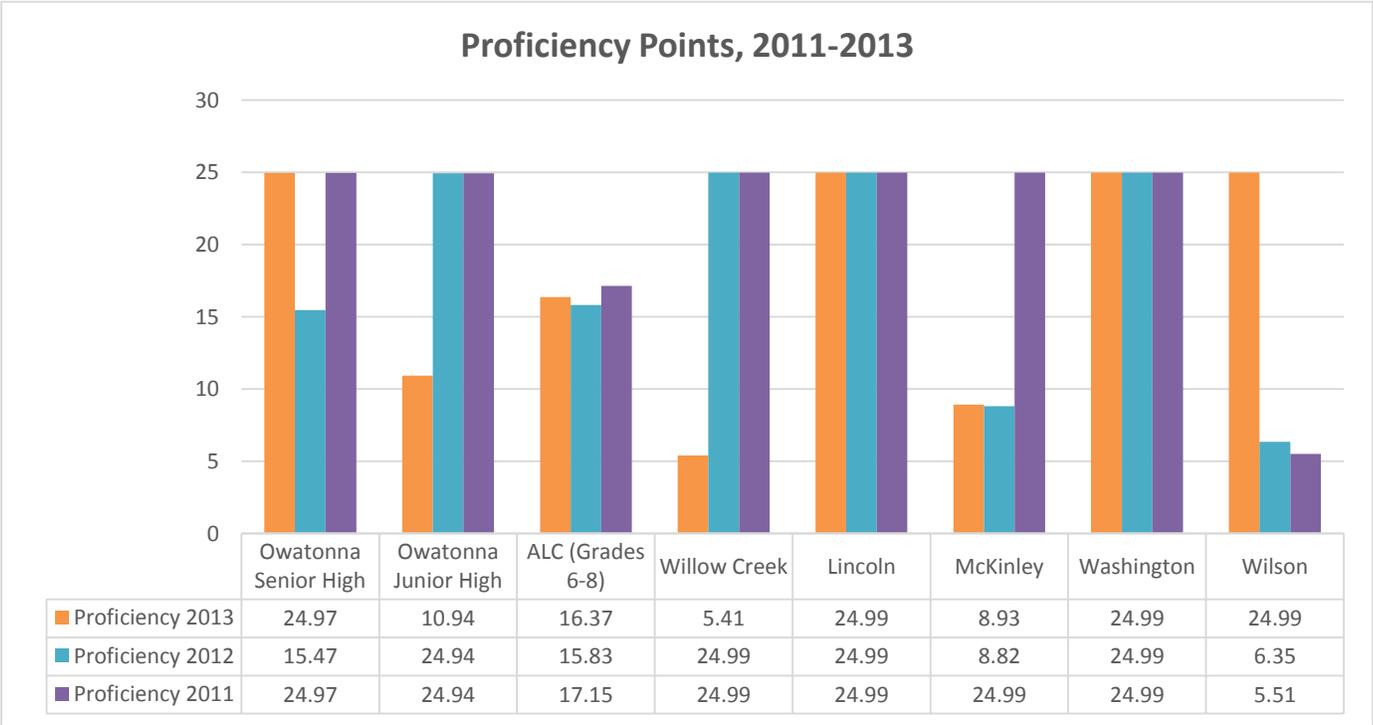
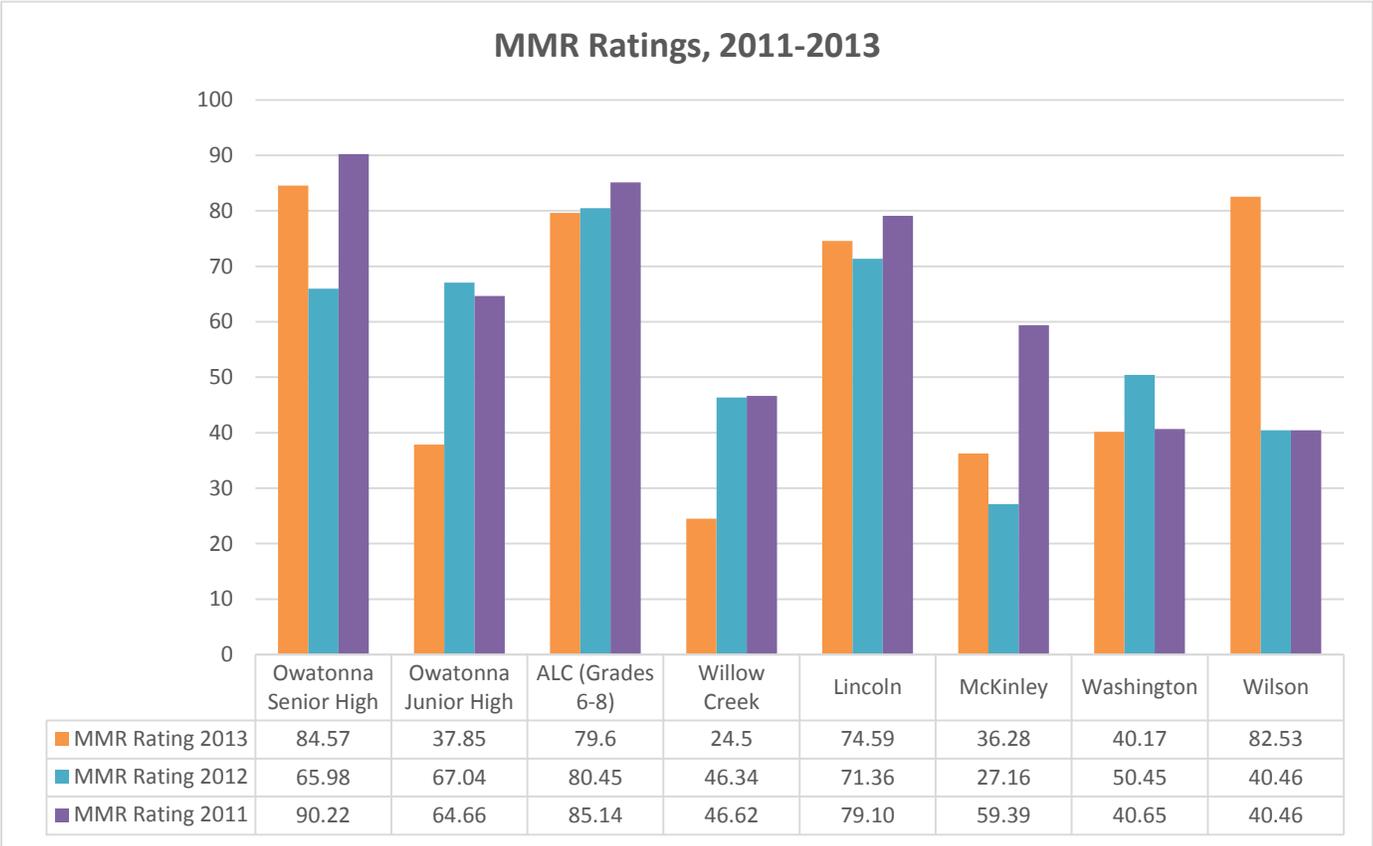
	MMR Rating (%)	Proficiency	Growth	Ach Gap Reduction	Graduation (Secondary only)	Title I?
Owatonna Senior High	84.57%	24.97	17.84	16.80	24.96	N
Owatonna Junior High	37.85%	10.94	7.61	9.83	X	N
ALC (Grades 6-8)	79.60%	16.37	20.99	22.34	X	N
Willow Creek	24.50%	5.41	5.93	7.03	X	Y
Lincoln	74.59%	24.99	19.55	11.41	X	N
McKinley	36.28%	8.93	7.30	10.98	X	Y
Washington	40.17%	24.99	3.14	2.00	X	N
Wilson	82.53%	24.99	17.73	19.18	X	Y

Owatonna Focus Ratings (2013):

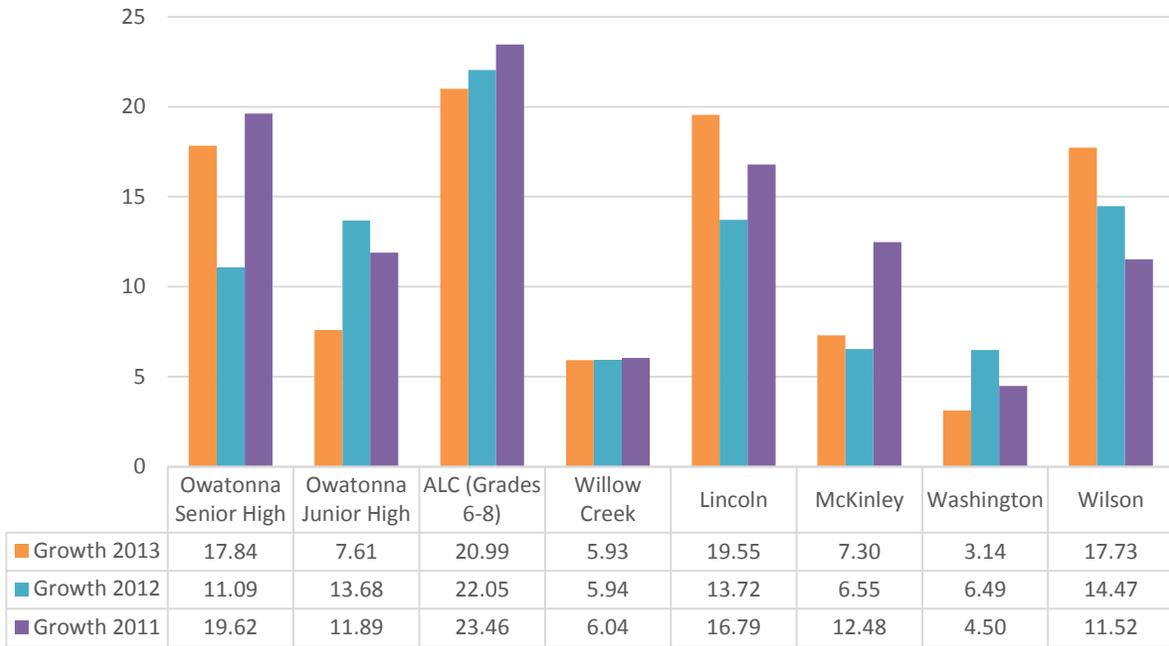
	Focus Rating (%)
Owatonna Senior High	83.53%
Owatonna Junior High	34.89%
ALC (Grades 6-8)	82.83%
Willow Creek	26.61%
Lincoln	72.80%
McKinley	71.93%
Washington	53.98%
Wilson	88.33%

Figure 8 shows our 2013 Multiple Measurement Ratings as identified by the State of Minnesota.

Figure 8: Owatonna Public Schools Multiple Measurement Ratings



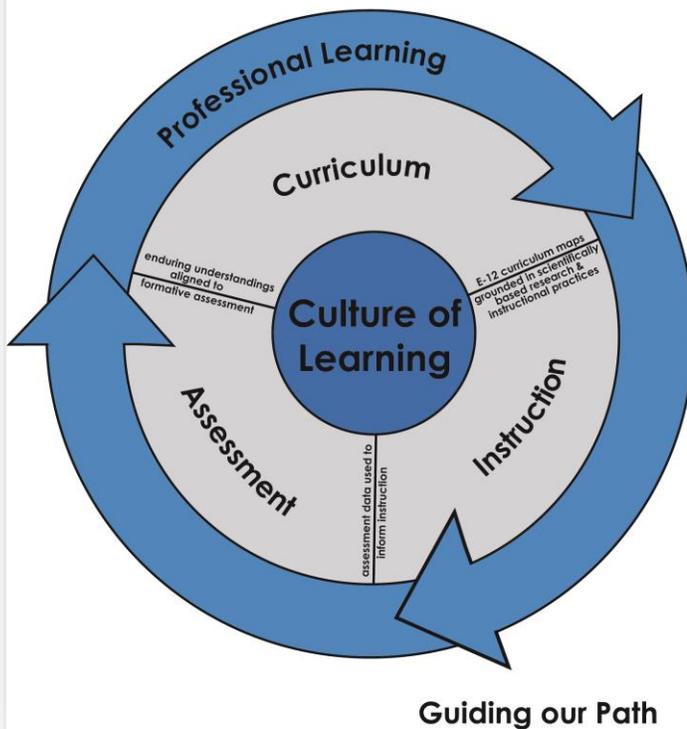
Growth Points, 2011-2013



Achievement Gap Points, 2011-2013



Focus for Teaching and Learning



Teaching and Learning

This graphic represents the system used to create a guaranteed and viable curriculum that ensures all students will learn at high levels. Our District continues to focus on development of a consistent foundation in Curriculum, Assessment and Instruction.

Our work has been aligned to allow us to answer DuFours' four critical questions of learning –

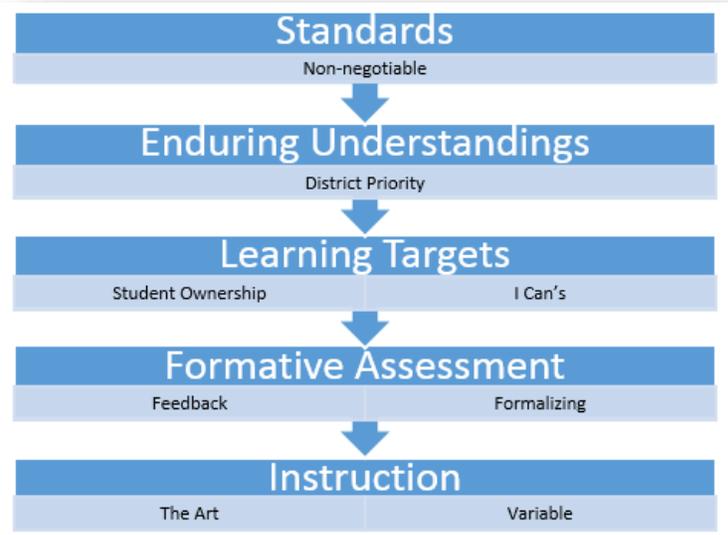
1. What do we want all students to learn – to know and be able to do?
2. How will we know when they have learned it?
3. How will we respond if they did not learn it?
4. How will we respond if they already know it?

Development Process

During the previous year this systematic approach to curriculum development continues to be used by all curricular areas. A tremendous amount of resources, both time and energy, continue to go into this effort.

Departments and work teams are collaborating to develop curriculum maps and common assessments for all required courses and selected elective courses. This work allows us to continue to answer question 1, what do we want all students to learn? while creating a consistency in answering question 2, how will we know if students have learned?

In the fall, all teaching staff participated in professional learning on the purpose for and implementation of an authentic professional learning community (PLCs) process focused on student learning. PLCs were implemented by all grade levels and departments with teams meeting bi-monthly throughout the year.



Elementary teachers also began focusing on math instruction, emphasizing how to use modeling and think aloud, the whole group aspect of the gradual release of responsibility approach, in math instruction. This will support us in

Teaching and Learning Beliefs

Curriculum must be based on agreed-upon enduring understandings and state standards, align grade levels and courses vertically and horizontally, be clearly understood and effectively implemented by all instructional staff.

Assessment must be purposeful, measure progress toward enduring understandings both during learning and after learning, guide instruction and be used to evaluate curriculum.

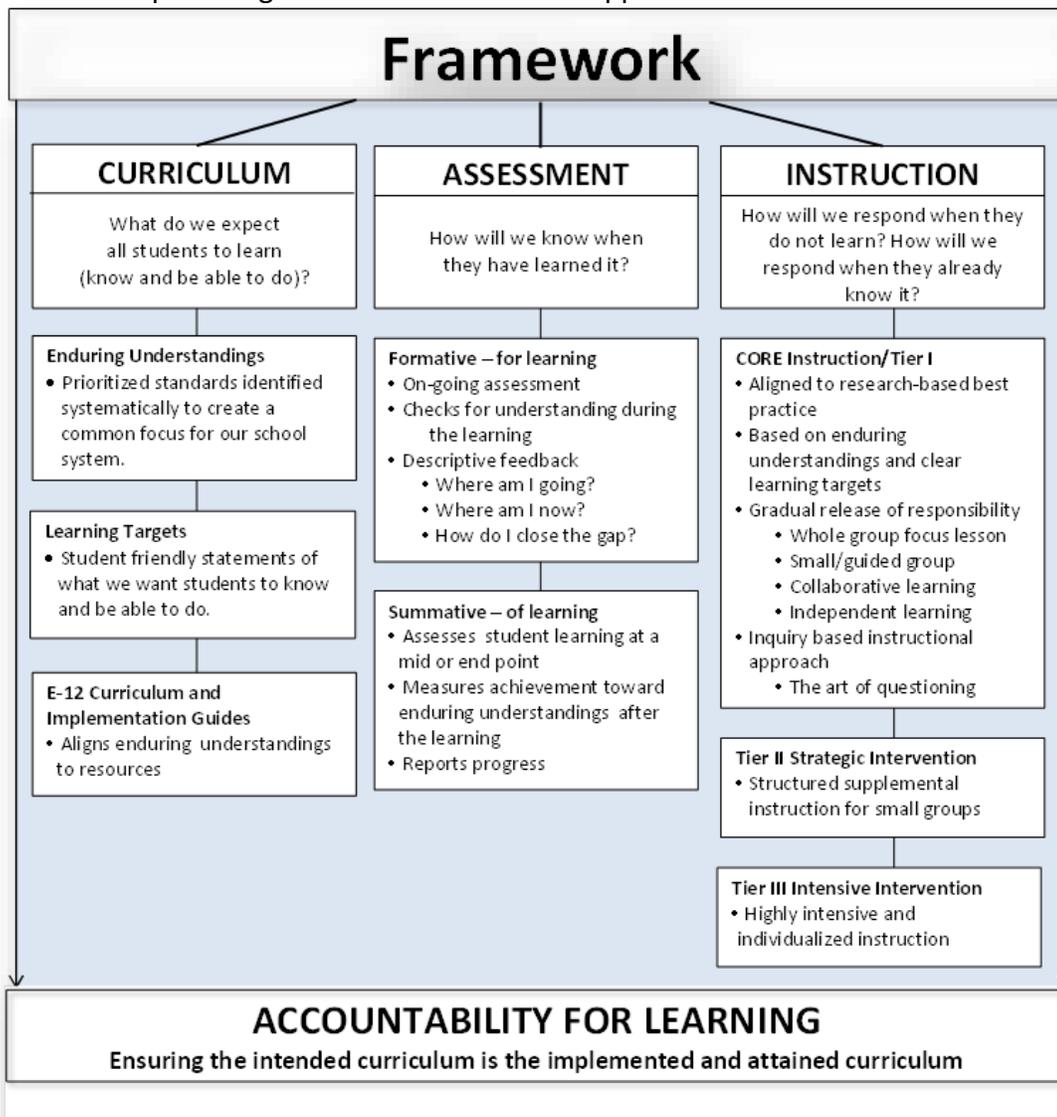
Instruction must be directly connected to enduring understandings, aligned to research based best practices, engage students in learning, be differentiated to reach all students, and be informed by formative assessments.

Professional Learning must be ongoing and job-embedded, be based on best practices, standards, and data trends in order to support teachers in ensuring the intended curriculum is the implemented curriculum.



A Systematic Approach to Teaching and Learning

This framework guides the implementation of our guaranteed and viable curriculum while providing direction for consistent application of our beliefs.



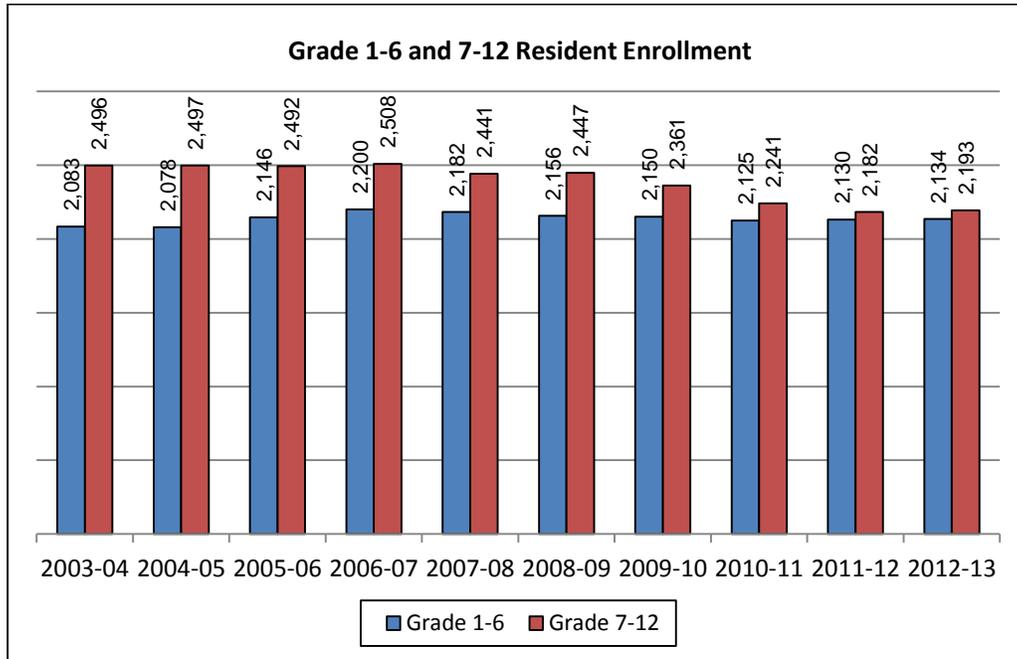
CHAPTER ELEVEN – DISTRICT BENCHMARKS

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.

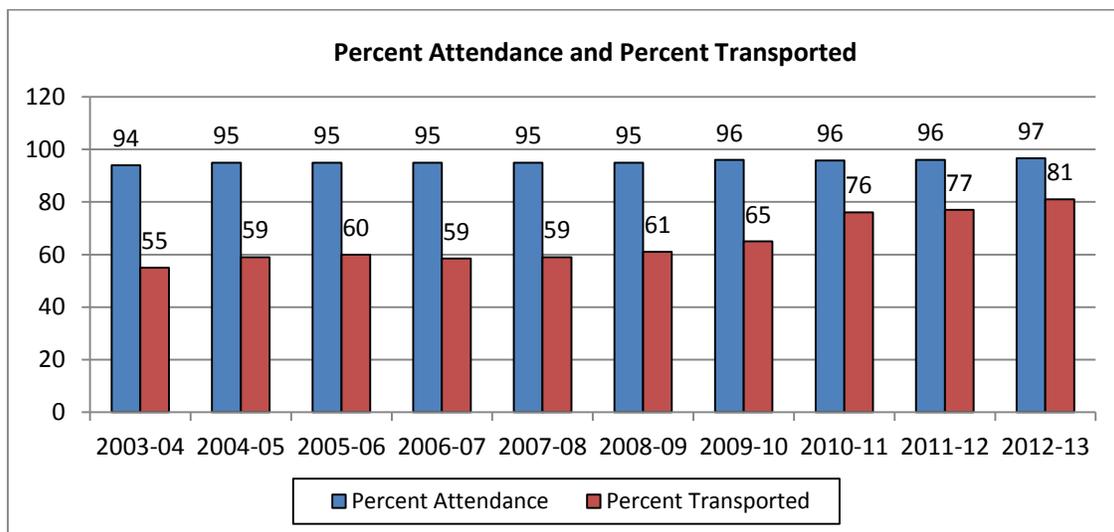
Working to Improve-

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.

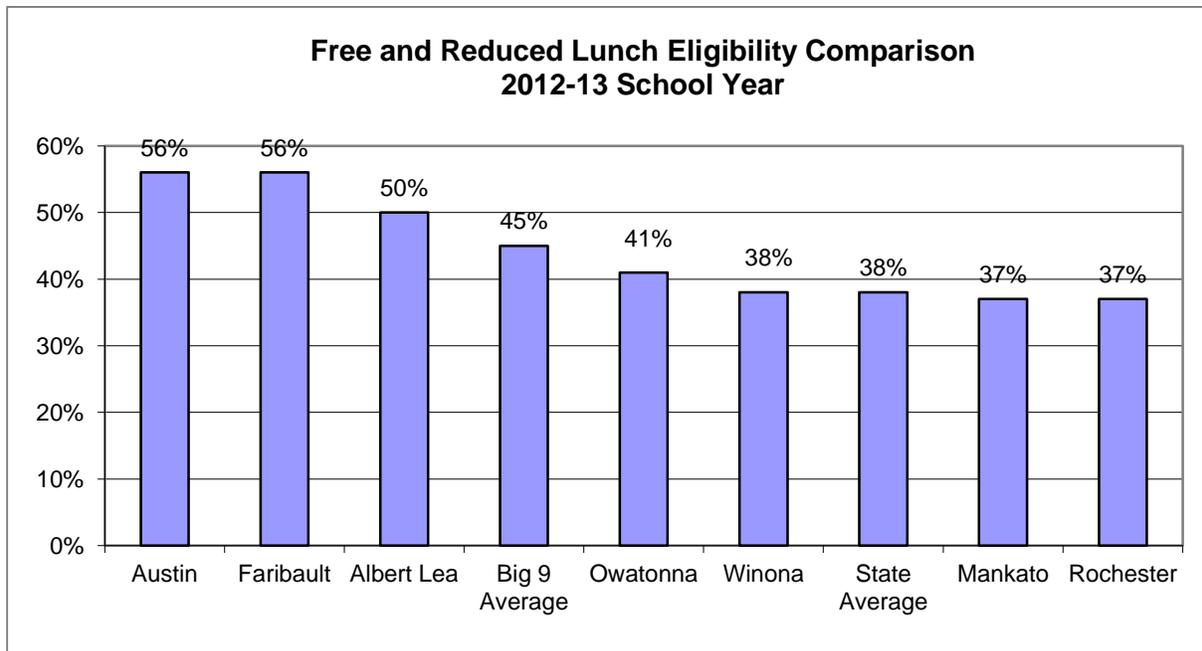
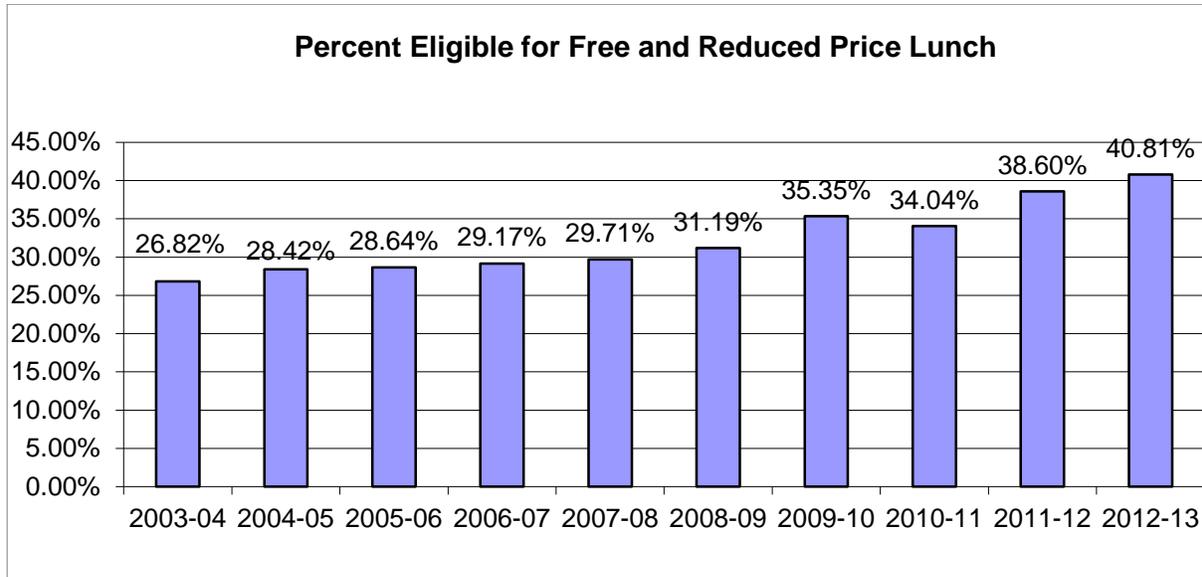
The graph below suggests that there is a difference between those students who reside in Owatonna and those who attend the Owatonna Public Schools. Certainly a large share of that disparity can be attributed to the existence of open enrollment options to other districts, faith-based schools, and other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

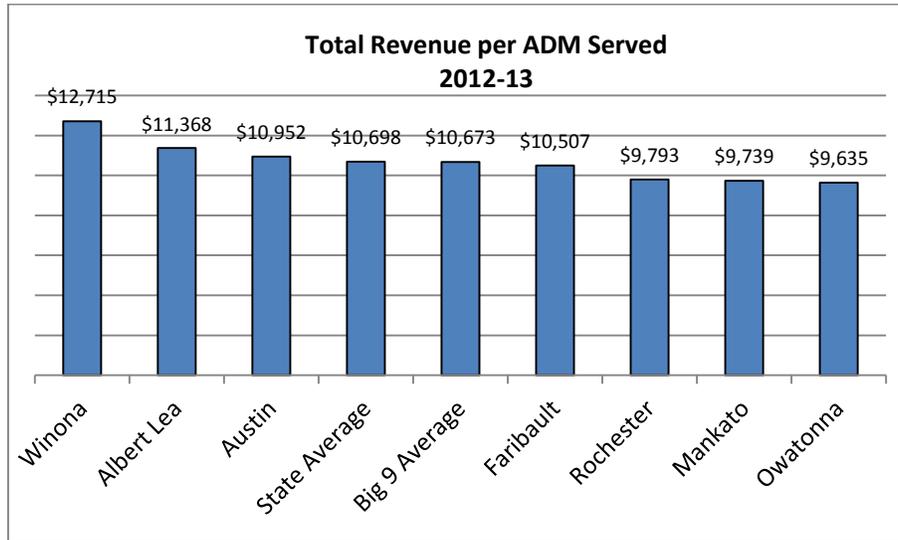


The graphs on this page illustrate the trend in the number of students attending the Owatonna Public Schools and eligible for free and/or reduced lunch and how Owatonna compares with the other Big 9 schools. While F&R percentages have risen in recent years, the district remains below the Big 9 average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

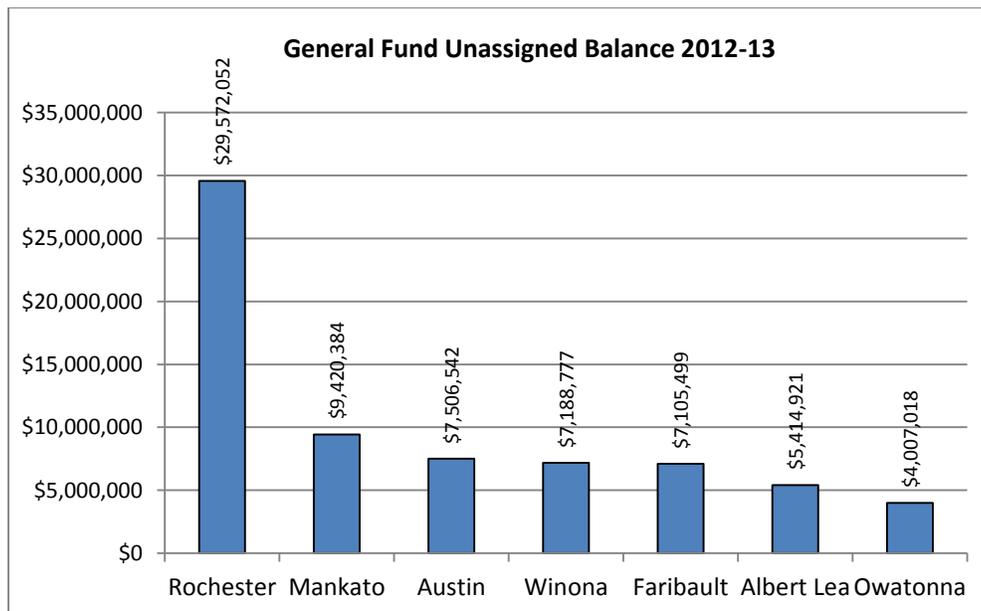


From the graph below, it can be shown that the revenue generated through state and federal aid, along with the local referendum, is relatively low when compared to other school districts in the Big 9. Winona's high ranking is because of their operating levy, which is \$1,550 per pupil as compared to Owatonna's \$691 per pupil. Owatonna's ranking will, however, improve slightly as a result of the successful passage of the additional operating levy of \$1.8 million in November 2013.

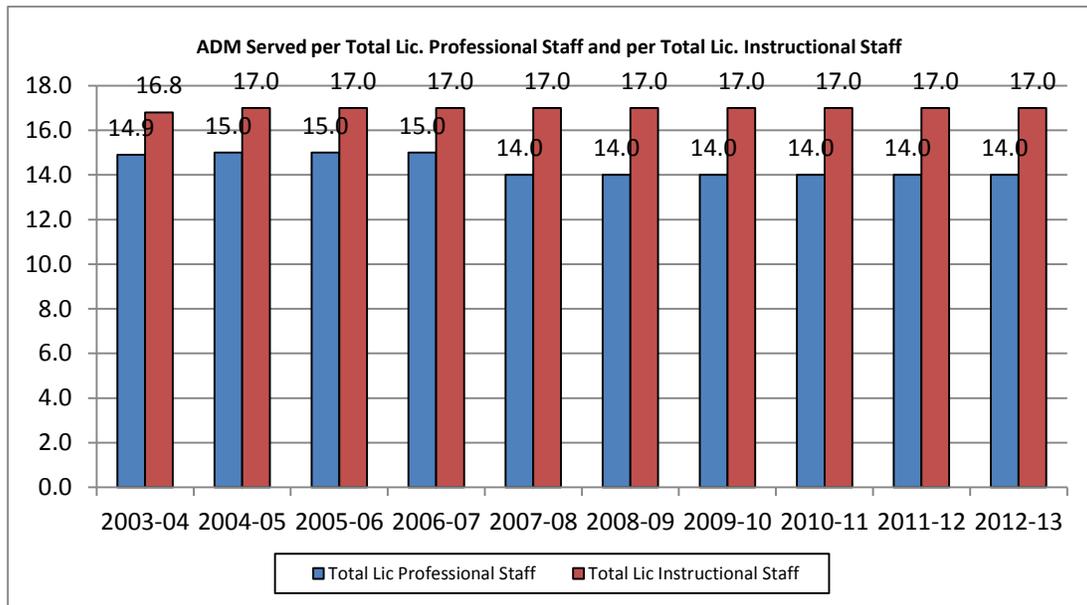
Historically, Owatonna's relatively lower revenue per ADM is also a result of lower compensatory aid, as well as special education funding.



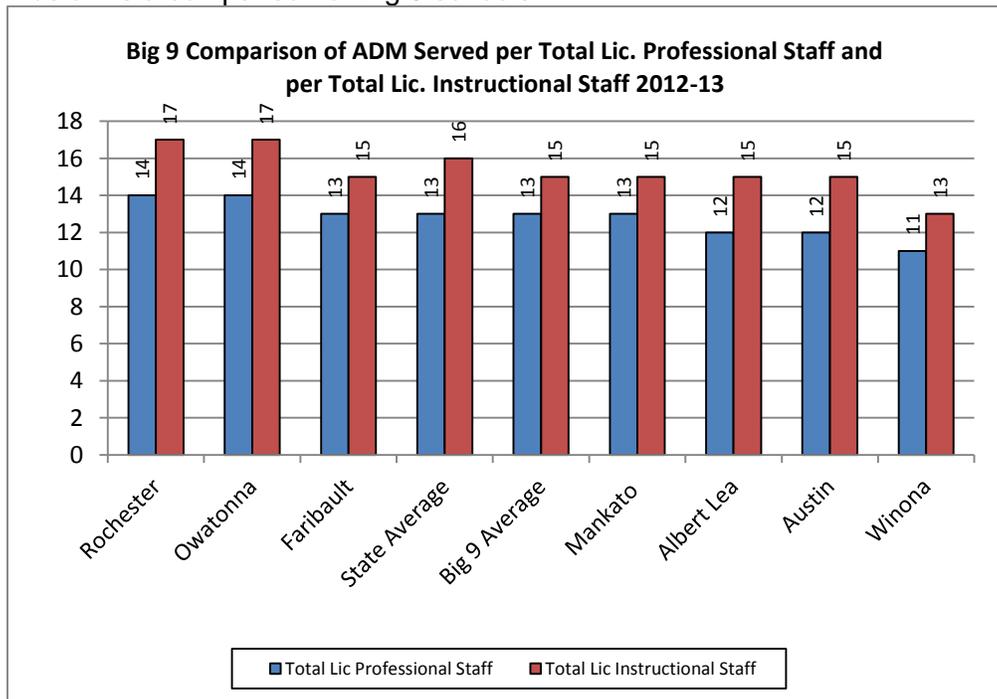
The size of our 'unassigned' fund balance, when compared to other Big 9 schools is comparable. While the district's fund balance appears to be healthy, due to several consecutive years of deficit spending, the district is on the lower end of the Big 9, in real dollars, and as a percentage of total budget, 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.



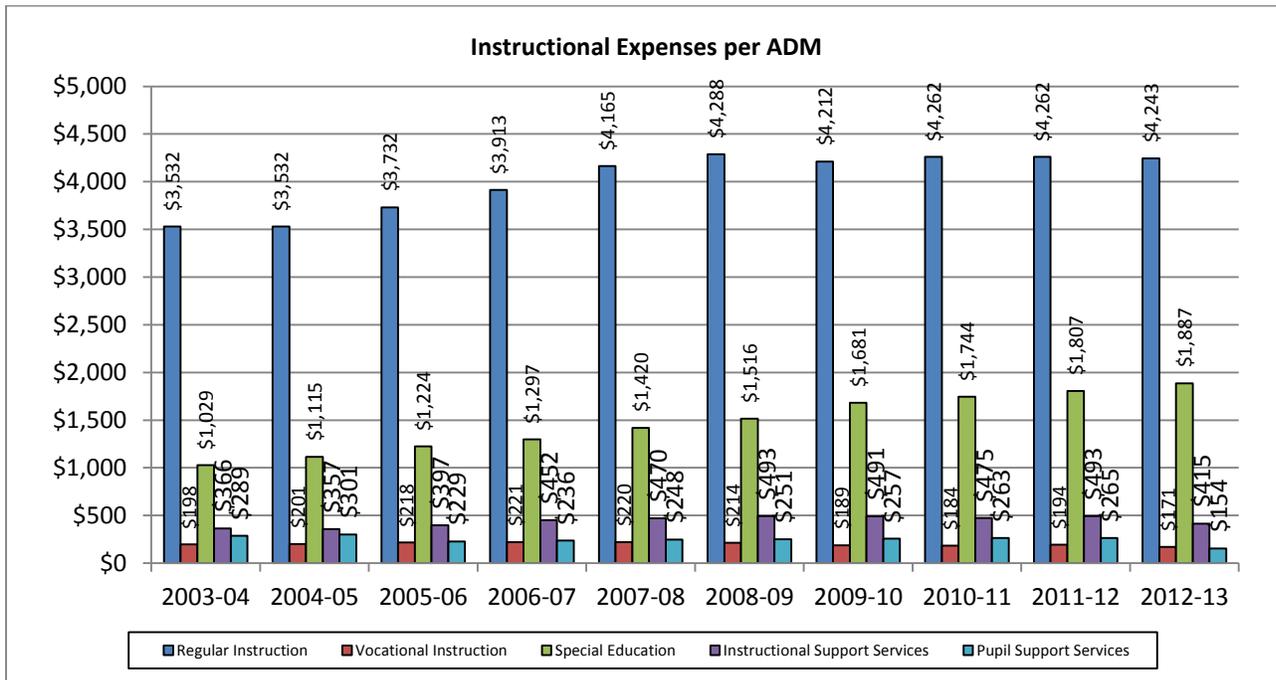
The graph suggests that little real change has occurred over the past several years, although fewer students were served (14) in FY 08, as compared to 15 students in recent past. The graph below is a comparison of Big 9 schools.



Owatonna is serving more students per licensed staff member than other Big 9 schools, except for Rochester, as of FY 12.

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

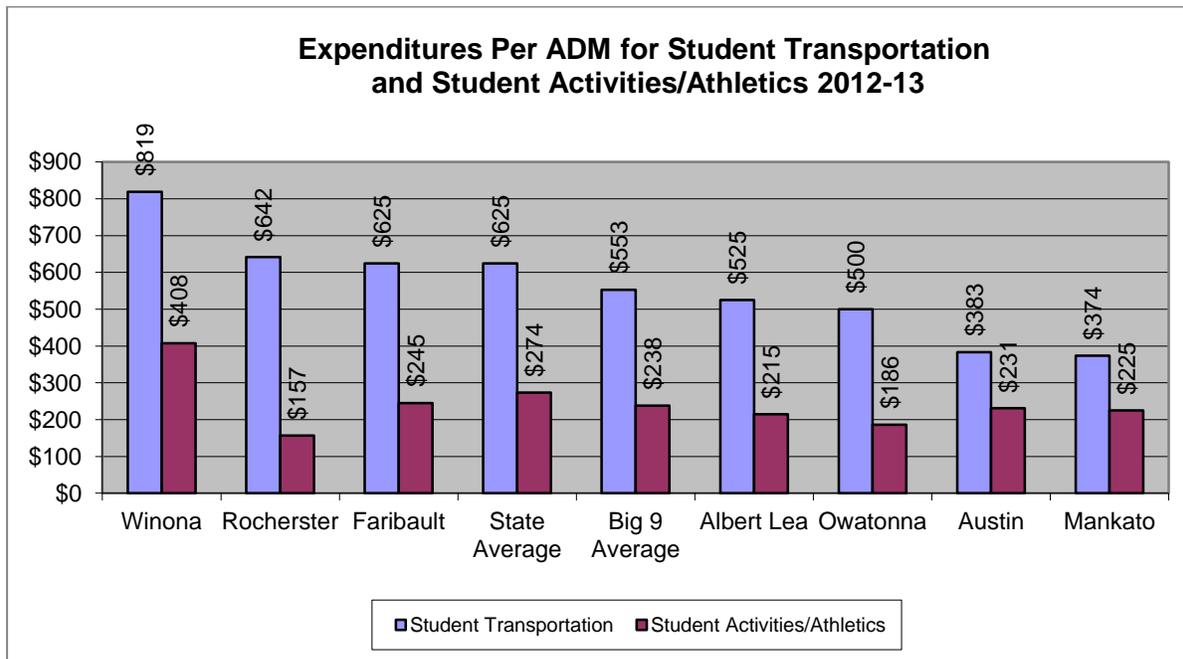
Below, it can be seen that over the past several years there has been little or no change in the relationship between budget allocations to various instructional areas. Although, regular instruction has increased on average 2.5. percent per year. Special education has increased by 8.78 percent per year over the past eight years.



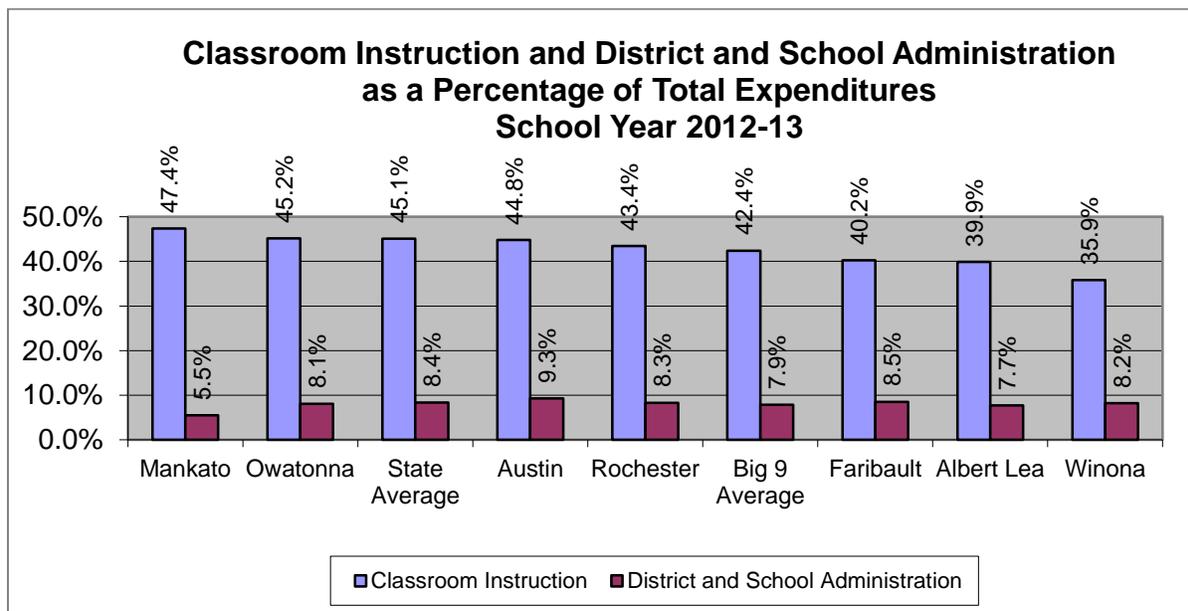
Critical data such as this is important to maintain as decisions are made related to budget development. The information provided suggests that no dramatic shifts in program have taken place in the District over the last eight years. It also indicates that the current level of allocation across various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

2012-13	Total PPU	District & School Administration	Student Instruction (Includes Sp. Ed.)	Special Education	Regular / Technical Instruction
Mankato	9,666	524	6,553	1,976	4,577
Albert Lea	11,575	898	7,681	3,065	4,616
Austin	10,703	1,003	7,044	2,252	4,792
Rochester	10,681	885	6,315	1,674	4,641
Faribault	10,348	880	6,490	2,325	4,165
Owatonna	9,773	793	6,301	1,887	4,414
Winona	13,467	1,099	7,952	3,124	4,828
Big 9 Average	10,888	869	6,905	2,329	4,576
State Average	9,983	880	6,617	1,870	4,747

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 13 Owatonna is slightly higher than Big 9 averages, but slightly lower than state average. In classroom instruction for FY 13, Owatonna ranks above Big 9 average, and also above average as compared to the entire state.



In FY 13, Owatonna's expense per ADM in maintenance and capital was below both state averages and Big 9 averages.

