

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2015



**independent school district #761**

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

**Owatonna Public Schools  
Independent School District No. 761  
515 West Bridge Street  
Owatonna, MN 55060**

**Owatonna Public Schools  
Independent School District No. 761  
Owatonna, Minnesota**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**PREPARED BY:  
DISTRICT BUSINESS OFFICE**

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# INTRODUCTORY SECTION

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INDEPENDENT SCHOOL DISTRICT NO. 761  
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**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2015**

**BOARD OF EDUCATION**

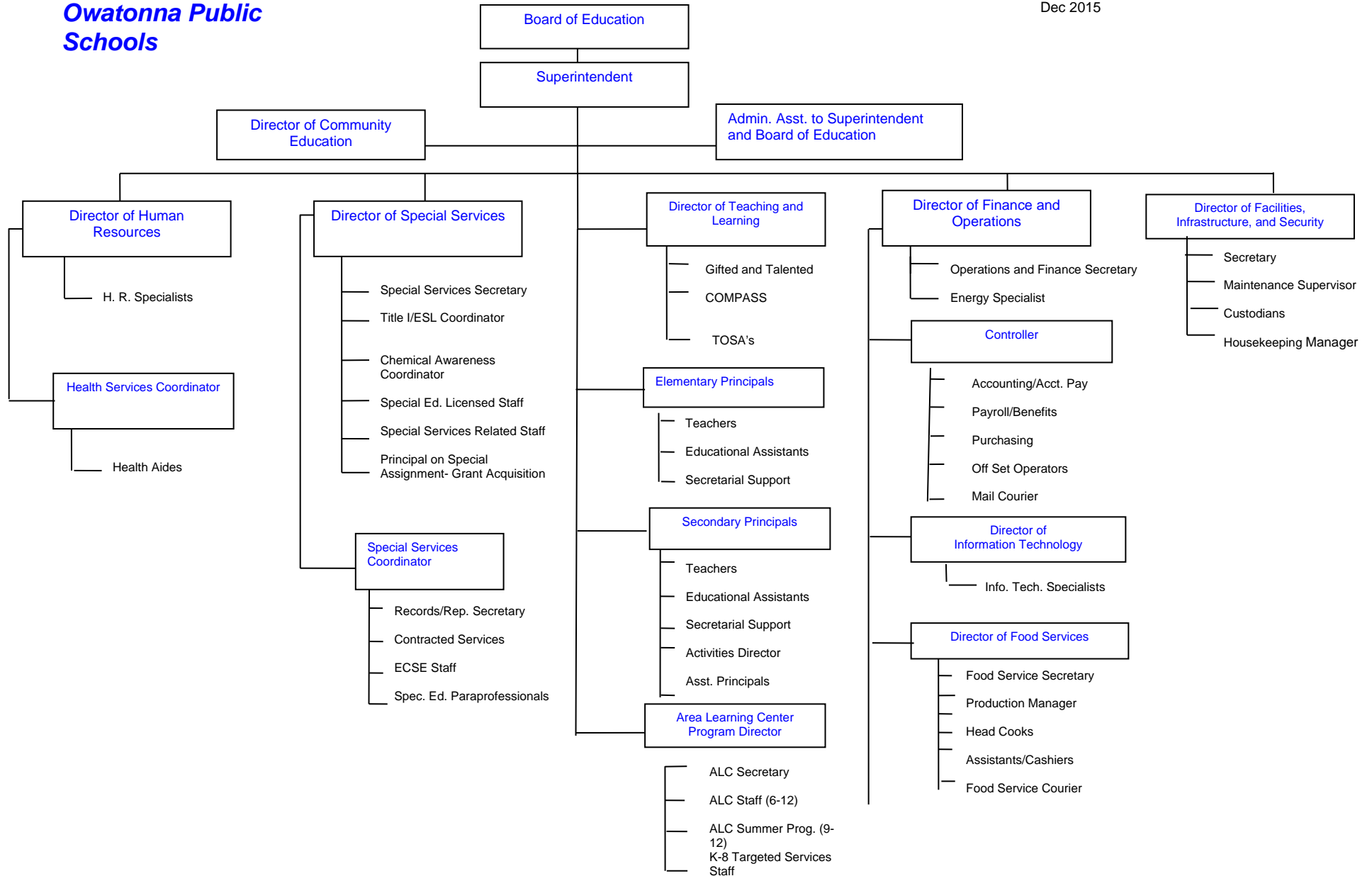
<b>NAME</b>	<b>TERM ON BOARD EXPIRES</b>	<b>BOARD POSITION</b>
Mark Sebring	1/7/2019	Chair
Lori Weisenburger	1/7/2019	Vice Chair
Ron Van Nurden	1/9/2017	Treasurer
Dave Anderson	1/9/2017	Clerk
Jolayne Mohs	1/7/2019	Director
Eric Schuster	1/9/2017	Director
Bob Wottreng	1/9/2017	Director

**CENTRAL ADMINISTRATION**

<b>NAME</b>	<b>TITLE</b>
Peter Grant	Superintendent
Mark Krug	Director of Special Services
Debbie McDermott-Johnson	Director of Community Education
Amy LaDue	Director of Teaching and Learning
Tom Sager	Director of Operations and Finance
Chris Picha	Director of Human Resources/Student Affairs
Amanda Heilman	Controller

# Owatonna Public Schools

Dec 2015





**January 20, 2016**

**To: The School Board, Citizens, and Employees of Owatonna Public Schools**

**Introduction**

We respectfully submit the Comprehensive Annual Financial Report of Independent School District 761, Owatonna, Minnesota, for the fiscal year ended June 30, 2015. Responsibility for the entire financial report rests with District management. The report contains all of the funds and government-wide statements of the District in conformity with auditing standards generally accepted in the United States of America for defining the reporting entity. The organization, form, and content of this report were prepared in accordance with standards prescribed by the Governmental Accounting Standards Board (GASB), the Association of School Business Officials International, the American Institute of Certified Public Accountants, and the Minnesota Department of Education. The District's annual financial reports are prepared according to School Board policy and Minnesota State Statutes.

This Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes a list of the Board of Education and central administrators, organizational chart, this transmittal letter, and a copy of the Certificate of Excellence in Financial Reporting for fiscal year ended June 30, 2014. The financial section includes the Independent Auditor's Report, Management's Discussion and Analysis, basic financial statements, required supplementary information, and supplementary information. The statistical section includes selected financial and general information presented on a multi-year comparative basis.

Management's Discussion and Analysis (MD&A) and the Notes to the Basic Financial Statements are provided in the financial section and are considered essential for fair presentation and adequate disclosure in the financial statements. The MD&A provides additional financial information, which is important to the reader's understanding of this report. The MD&A discusses the financial condition of the District at fiscal year-end in a narrative and graphic format. The notes include a summary of significant accounting policies for the District and other disclosures relating to the financial position of the District.

District management is responsible for the integrity of the financial data presented. We believe all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activity have been included. The District's accounting system and budgetary control records are maintained on the accrual basis. Revenues are recognized when earned. Expenditures are recognized when a liability is incurred. Capital assets are recorded at cost and depreciated over their estimated useful lives on the Statement of Net Position and the Statement of Activities found in the financial section.

### **Reporting Entity and Its Services**

Independent School District No. 761, also known as the Owatonna Public Schools, is an instrumentality of the State of Minnesota established to function as an educational institution. The District is an independent entity governed by an elected seven member School Board. The School Board receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The School Board has the power and duty to set budgets, certify tax levies, issue debt, and perform other tasks necessary to the operation of the District. The District is subject to the oversight of the Minnesota Department of Education. The District does not have any component units.

The District is a public educational system serving a 245 square mile area located in south central Minnesota. District boundaries encompass geographic portions of Steele and Waseca Counties, including the City of Owatonna, Minnesota. The adjusted net tax capacity as defined by the Minnesota Department of Revenue for the 2014 valuation year was \$28,008,846 or a 6.6 percent increase over 2013.

District facilities currently include four elementary schools, an intermediate school, a junior high school, a senior high school, a community education building, an area learning center, a district administration center, a storage facility, and a combination early childhood center, printing, and storage facility. The average age of these buildings is 41.46 years.

The District provides a full range of public education services appropriate to our students in grade levels ranging from pre-kindergarten through grade 12. These include regular and enriched academic education, special education, and vocational education. Food service and transportation are provided as supporting programs. The District's community education program includes Early Childhood and Family Education, Adult Basic Education, School Readiness, and a variety of classes for lifelong learning experience for children and adults.

### **Economic Condition and Outlook**

The District is dependent on the State of Minnesota for the majority of its revenue. In the opinion of the Board, legislated revenues make it difficult to meet the demands posed by a quality education system. As a result, the District has relied on property tax referenda to support its educational programs. In November of 2013, the District passed an extension to the existing operating referendum to FY21, from an original expiration year of FY16. This added an additional \$1.8 million in new revenue starting in FY 15.

For fiscal year 2015, the State of Minnesota did increase the general education aid for school districts by 1.5% percent. In addition, the state changed the pupil weightings making the pupil weighting a 1.0 for grades K-6 and 1.2 for grades 7-12. With this change, the state increased the basic formula to hold harmless any District the weighting changes would have negatively impacted bringing the basic formula amount to \$5,831. The consumer price index during the past five years has been running at 1.5 percent, and the basic formula allotment (currently at \$5,831 per pupil unit) state has increased on average 2.7 percent per year. The District is anticipating revenues to exceed expenditures by approximately \$50,067 in FY16. This will bring the total general fund balance to 13.01% percent.

The FY16 District budget is dependent on \$39.01 million in state general education aid. Approximately 95 percent of this revenue is derived from the basic per pupil allotment of \$5,831.

Total enrollment for the 2014-15 school year was 4,862. This represents an increase of 125 students from the previous year. This increase is largely due to the implementation of all-day kindergarten in FY15. At this time, total enrollment for FY16 will be more than FY 15, and is forecasted to increase during the next six years. In the past several years the kindergarten migration rate has dropped as low as 54%. However, for 2016 the migration rate is forecasted to be 64%.

The total enrollment for FY15 is more than FY14, as the District realized an increase of 125 students. The majority of the students were elementary aged, especially kindergarten, while the secondary forecast was very close to actual.

As is the case almost everywhere, the economy in Minnesota and Steele County in particular is improving. The housing market is also improving, though slowly. Residential property values are increasing. Commercial properties seem to have been assessed higher than usual, perhaps in response to local tax levies still requiring certain amounts of revenue generation. The local insurance industry (Federated Insurance) has remained strong, and the manufacturing based industries are beginning to show signs of recovery by bringing many people back to work. The local unemployment rate is under state average of 3.7 percent. Signs of a recovery are beginning to take root, but most business owners, local leaders, and residents remain cautiously optimistic.

## **STRATEGIC ROAD MAP and CONTINUOUS IMPROVEMENT**

During the spring and summer of 2014, the Owatonna Public Schools Board of Education worked collaboratively with staff and administrators to develop a Strategic Roadmap for the district.

The Roadmap aligns and gives direction for all work across the district. It helps answer questions like:

- What do the Owatonna Public Schools need to provide to ensure classrooms focus on all students learning at high levels without excuse?
- What are the career readiness benchmarks that students must meet to provide a pathway to graduate with options and choices for their future?
- What life skills do all students need to have to be successful upon graduation from Owatonna High School and beyond?

The District Roadmap below shows how we will deliver on our mission through a clear focus on student learning and development.

### **MISSION – what our schools ensure**

---

Learning Excellence,  
Life Readiness, and  
High Expectations for All  
*A Family, Staff, and Community Commitment*

### **DISTRICT CORE VALUES – what drives our behaviors and interactions**

---

Integrity: I will do the right thing in the right way at the right time  
Respect: I will listen to and value others for their diverse strengths, cultures, and viewpoints, treating others as I would like to be treated  
Collaboration: I will work together with others to achieve shared goals  
Persistence: I will embrace challenge and change to see things through to completion  
Equity: I will do my part to meet the needs of every student and help to address barriers to student engagement, learning, and development

### **VISION 2020 – how we want all to see our district**

---

Owatonna Public Schools will be -

A place of academic learning and life skill development with:

- Highly engaged students, parents and staff.
- Students, parents, and staff knowing the strengths, progress and needs in the student's journey of learning.
- Students owning their learning and ready for their next step.

A culture of partnership and shared purpose where:

- Parents, staff and the community collectively guarantee student learning, engagement and development.
- All employees know their role, add value, and work together to continuously improve.

A recognized community asset with:

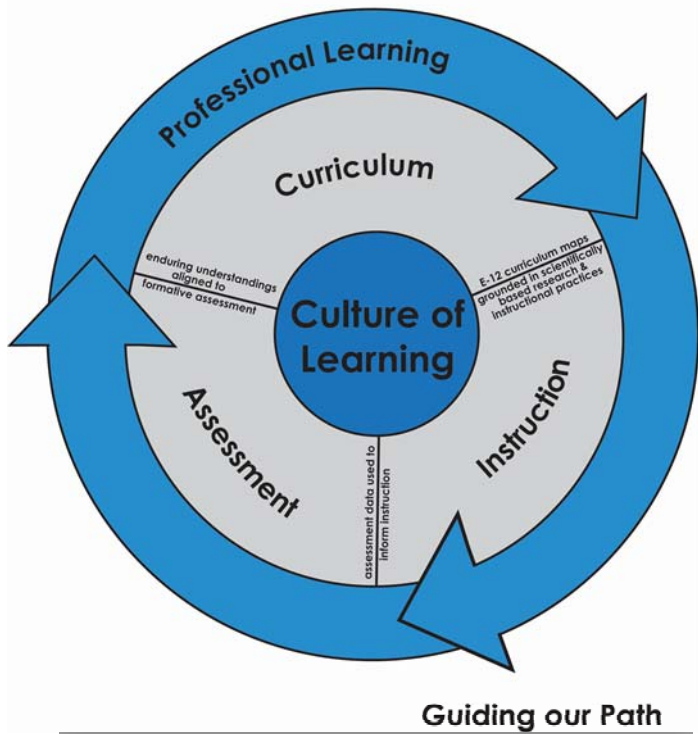
- Well-designed programs and facilities that function efficiently and effectively.
- Students and staff helping Owatonna to be a desirable place to work and live.

**KEY STRATEGIES – how we focus our time and resources**

---

- A. Developing Core Life Skills and Career Readiness in ALL Students
- B. Consistent Application of a Viable Curriculum and Common Assessments
- C. Consistent Application of the Professional Learning Community Process Focused on Ensuring Student Learning
- D. Aligning Our Programs, Choices and Facilities with Our Vision 2020

**Focus for Teaching and Learning**



**Teaching and Learning**

This graphic represents the system we use to create a guaranteed and viable curriculum that ensures all students will learn at high levels. Last year we focused on grounding ourselves in Curriculum, Assessment and Instruction in order to establish a consistent foundation.

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

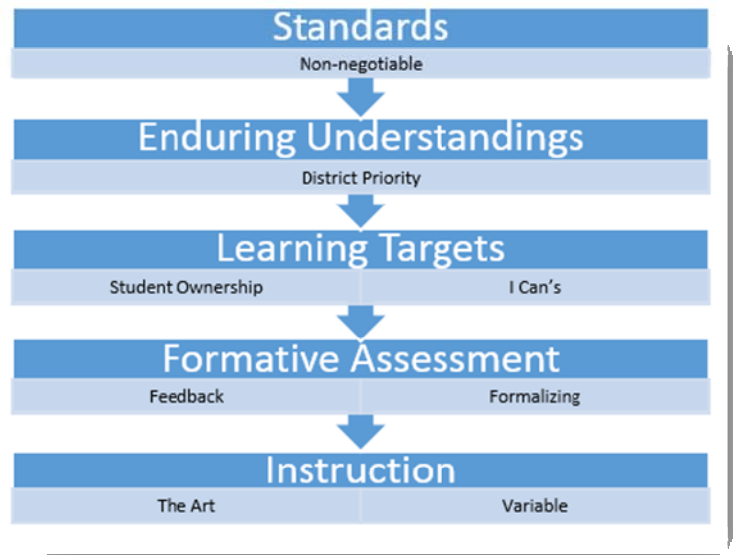
This systematic approach to curriculum development has been used by all curricular areas. District resources have been prioritized to support this effort.

Departments and grade level teams worked together to implement enduring understandings and learning targets for all required courses and selected electives. This aligned our work when answering the first question, what all students must know and be able to do.

Development and use of common assessments allowed teachers to begin answering question 2, how will we know if all students have learned?

Elementary teachers continued to focus on literacy instruction, emphasizing how to use a balance literacy or gradual release of responsibility structure. This supported us in beginning to answering question 3 and 4, how will we respond when students do not learn how when they already know it?

Elementary teachers also focused on literacy instruction, emphasizing how to use a balanced literacy or gradual release of responsibility approach. This supported us in beginning to answering question 3 and 4, how will we respond when students do not learn or when they already know it?



## 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.

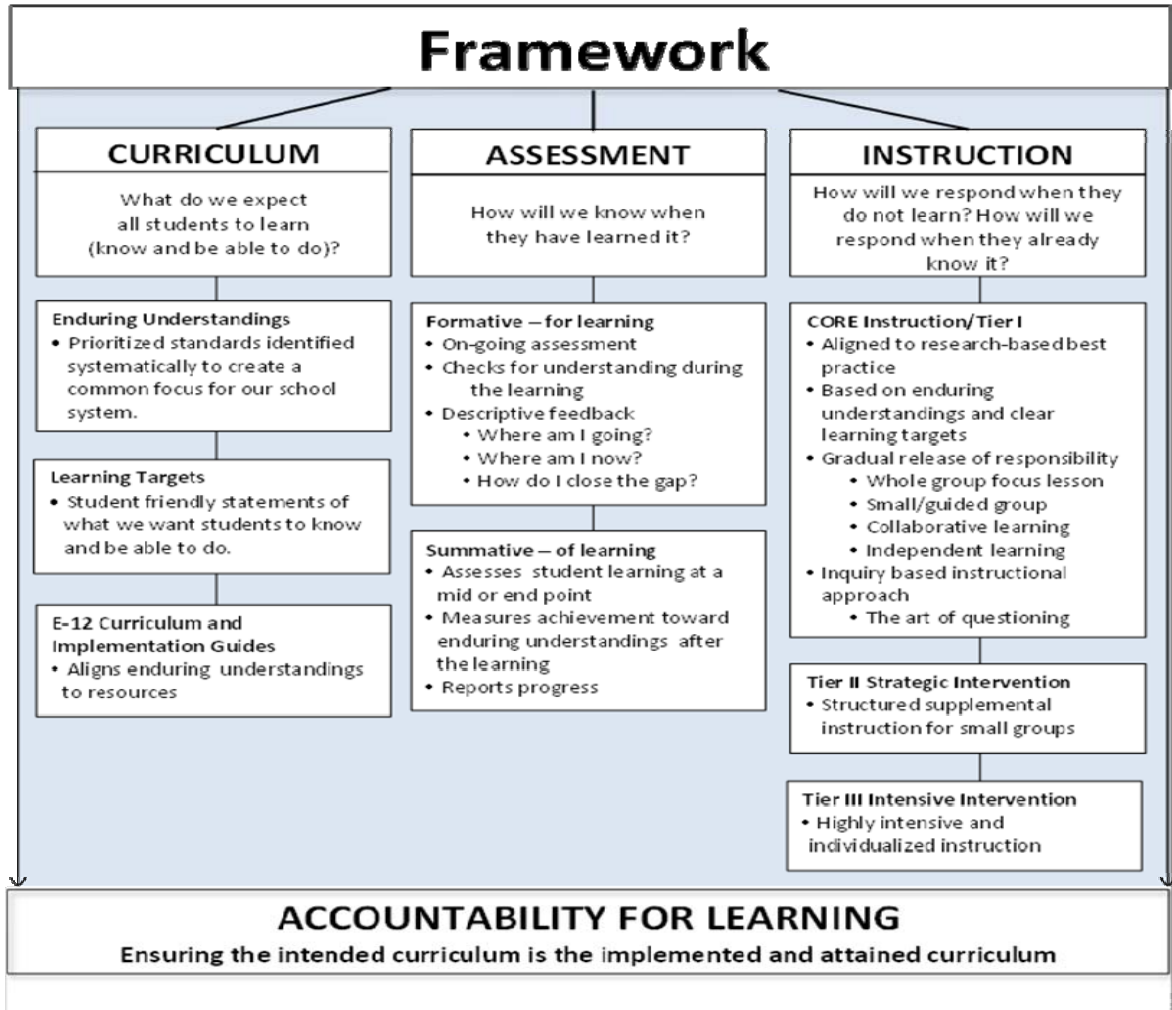
**Instruction** must be directly connected to enduring understandings, aligned to research based best practices, engage students in learning, be differentiated to reach all students, and be informed by formative assessments.

**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.





## **TECHNOLOGY**

Owatonna Public School's success with technology over the years can largely be attributed to the district's commitment to maintaining a four year Life Cycle Management (LCM) plan. In short this LCM plan is the replacement of approximately 25% of our computer inventory every year. This ensures that our hardware remains current and can be depended on. It is imperative that we budget for the cost of this LCM plan in the future to ensure students, faculty and staff have access to the technology necessary to succeed.

### **Increase/Improve Technology Access**

With students bringing in their own devices as early as first grade and with the ongoing increased use of audio and video access and collaboration with our district, we've increased our Internet bandwidth speed to 1GB for both uploads and downloads. This will allow faster and more consistent results with our staff and students when accessing such content.

### **Delivery of Ongoing Professional Development**

Over the course of the calendar year, personnel new to the District receive the appropriate technology training for their position during an orientation period. At the beginning of each school year, the District conducts a technology training session during "new teacher workshop" for all new instructional personnel.

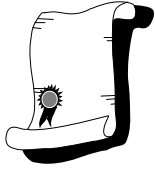
When introducing new software applications, the District will typically utilize the expertise of the software vendor to assist with the training program within the District. This then moves to a "train the trainer" model in order to create a sustainability system throughout the District.

The Information Technology & Teaching and Learning departments are responsible for providing training and support for hardware and software applications utilized in the district.

### **Technology Support Staff**

Our support staff consists of (1) Director of Information Technology, (1) IT Specialist II District Wide and (5) IT Specialist I positions that take care of eleven sites which consists of 5,700 users, 2,050 workstations, 220 Smartboards, 185 iPads, 98 documents cameras, plus many other additional peripherals.

IT support personnel pride themselves on meeting their goal of taking care of all technical issues the same day they are reported. If the issue is reported before noon, the support personnel will try to resolve the same day. If the issue I reported after noon, the support personnel will try to resolve the next business day.



## **SPECIAL SERVICES**

The Special Services department provides instruction and support services to students who have unique needs. Special Education, Title I, and English Language Learner are all included in this department. Special Education programs educate eligible students in the setting that is the least restrictive to meeting their identified specialized needs. The students receive educational and related services in the appropriate setting, whether it be the classroom or the Learning Center. Title I is a federally funded Special Services program that provides instructional help for qualifying students who need additional instructional support in reading and math. Title I services are provided by licensed teachers and educational assistants. English Language Learner is a program that assists students who are not native speakers of English. Programs are available at buildings throughout the District.

### **Internal and Budgetary Controls**

The District maintains a system of internal controls designed to safeguard the assets of the District. Also, there are budgetary controls in place that help prevent expenditures from going beyond those that are planned. The preliminary budget is adopted in June, and this budget is revised twice during the fiscal year.

### **Debt Administration**

The primary component of long-term debt on June 30, 2015 is outstanding bonds on school district facilities in the amount of \$4,865,000. The balance consists of one outstanding general obligation refunding bond and one outstanding general obligation capital equipment note. These bonds have varying maturity dates with the latest maturity date being in fiscal year 2020. These issues provided for the construction of Willow Creek Intermediate School, major additions to the senior high, junior high, and an elementary school, purchase of a district facilities building, and renovation to four other schools. The District also acquired \$1.855 million in certificates of participation debt to finance roof repair and maintenance throughout the District. This debt will be retired over the next five years through the use of operating capital revenue.

The District has six capital leases relating to copiers, portable classrooms, and a food service vending machine capital lease in 2015. The balance on the portable classrooms, vending machine, and copier capital leases totaled \$519,116 on June 30, 2015.

The Debt Service Fund is used to account for the current year payment of principal and interest on District bonded debt. The District is authorized to levy 105% of the amount needed to make timely debt service payments. That degree of levy authority has provided excess reserves in this fund that continue to be systematically depleted by levying less.

**Independent Audit**

District policy requires that an annual audit be completed on the financial statements of the District by an independent public accounting firm. This requirement has been complied with and the opinion of CliftonLarsonAllen is included in this report. The financial statements are the responsibility of the District's management. The auditor's responsibility is to express an opinion on those financial statements based on their audit.

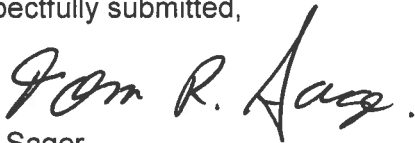
**Other Information**

The Association of School Business Officials International (ASBO) awarded the Certificate of Excellence in Financial Reporting to Independent School District No. 761 for its Comprehensive Annual Financial Report for the fiscal years ended June 30 of 1992 through 1995 and 1997 through 2014. Therefore, the District has received the award for 22 years. In order to be awarded a Certificate of Excellence in Financial Reporting by ASBO, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, which conforms to the program standard. Such reports must satisfy both auditing standards generally accepted in the United States of America and applicable legal requirements. A Certificate of Excellence is valid for a period of one year. We believe our current report conforms to the Certificate of Excellence in Financial Reporting program requirements. We will be submitting this year's report to ASBO to determine eligibility for the certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the District's business office staff.

We would like to express our appreciation to the School Board for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,



Tom Sager  
Director of Operations and Finance



Amanda Heilman  
Controller

# Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award  
is presented to*

## Owatonna Public Schools ISD No. 761

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2014*

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, appearing to read 'M. Pepera', written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO  
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA  
Executive Director

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# FINANCIAL SECTION



## INDEPENDENT AUDITORS' REPORT

Board of Education  
Independent School District No. 761  
Owatonna, Minnesota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 761, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 761 as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, and budgetary comparison for General Fund, Food Service Fund, and Community Service Fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of a Matter**

During fiscal year ended June 30, 2015, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the District reported a restatement for the change in accounting principle (see Note 1). Our auditors' opinion was not modified with respect to the restatement.

**Report on Summarized Comparative Information**

We have previously audited Independent School District No. 761's 2014 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and we expressed unmodified audit opinions on those audited financial statements in our report dated October 20, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Funding Progress for Post Employment Benefit Plans, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

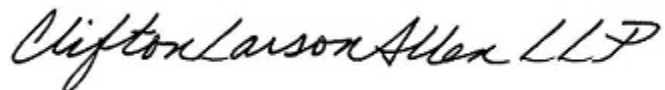
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Independent School District No. 761's basic financial statements. The Introductory Section, Supplementary Information and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2015 on our consideration of Independent School District No. 761's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Independent School District No. 761's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Austin, Minnesota  
November 10, 2015

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

This section of Owatonna Independent School District No. 761's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the District's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is required supplementary information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2014-15) and the prior year (2013-14) is presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2014-15 fiscal year include the following:

- Net position decreased by \$28,305,028 over the prior year. This is due to a change in accounting policy required by the adoption of Governmental Accounting Standards (GASB Statement 68). This statement required the District to restate beginning net position related to the recognition of the District's proportionate shares of the Public Employee's Retirement Association's and the Teacher's Retirement Association's net pension liabilities.
- In the Statement of Activities, overall revenues were \$61,563,324, while overall expenses totaled \$57,583,090.
- The General Fund balance increased by \$1,122,270, the Food Service Fund balance increased by \$20,042 and the Community Service Fund balance increased by \$105,142.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report consists of five parts - Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, supplementary information, and single audit and other required reports. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

- The governmental funds statements explain how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements provide short-term and long-term financial information about the activities the District operates similar to a business.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1  
Organization of Owatonna Public Schools Annual Financial Report**

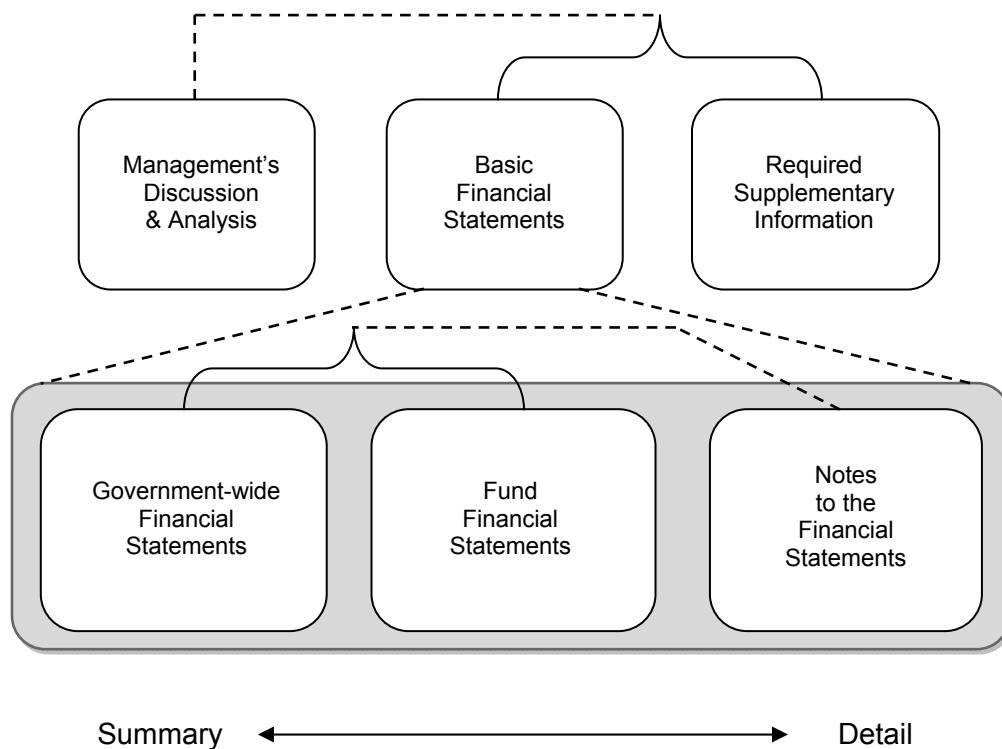


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and content of each of the statements.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

<b>Figure A-2 Major Features of the Government-wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as special education, building and maintenance, food service, and community education.	Activities the District operates similar to a private business; Internal Service Fund.	Instances in which the District administers resources on behalf of someone else, such as the District's museum.
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenue, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses, and Changes in Fund Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term.	Generally assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long term liabilities are included.	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, and short-term and long-term.	All assets and deferred outflows of resources, liabilities, and deferred inflows of resources both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during the year, regardless of when cash is received or paid.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**GOVERNMENT-WIDE STATEMENTS**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements the District's activities are shown in one category.

- Governmental activities – Includes most of the District's basic services, such as regular instruction, special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

**FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debt).

The District has three kinds of funds:

- **Governmental Funds** - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Since this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship (or differences) between these two types of financial statement presentations.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**FUND FINANCIAL STATEMENTS (CONTINUED)**

- **Proprietary Funds** – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
- The District uses proprietary funds to report activities that provide supplies and services for the District's other programs and activities. The District currently has one proprietary fund, an internal service fund for self-insured health benefits.
- **Fiduciary Funds** – The District is the trustee, or fiduciary, for assets that belong to others, such as the museum trust. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position.** The District's combined net position from Governmental activities was \$(7,480,187) on June 30, 2015. (See Table A-1) This was a decrease of \$28,305,028 over the prior year.

**Table A-1  
The District's Net Position**

	<b>Governmental Activities</b>		<b>Percentage Change</b>
	<b>2015</b>	<b>2014</b>	
Current and Other Assets	\$ 22,434,090	\$ 22,188,443	1.11%
Capital Assets	26,473,112	26,478,214	-0.02%
<b>Total Assets</b>	<u>48,907,202</u>	<u>48,666,657</u>	0.49%
<b>Deferred Outflows of Resources</b>	4,842,498	6,914	69939.02%
Current Liabilities	8,927,853	9,718,041	-8.13%
Long-Term Liabilities	34,850,825	9,992,088	248.78%
<b>Total Liabilities</b>	<u>43,778,678</u>	<u>19,710,129</u>	122.11%
<b>Deferred Inflows of Resources</b>	<u>17,451,209</u>	<u>8,138,601</u>	114.43%
Net Position			
Net Investment in Capital Assets	20,932,061	19,161,911	9.24%
Restricted	2,615,022	2,237,866	16.85%
Unrestricted	(31,027,270)	(574,936)	-5296.65%
<b>Total Net Position</b>	<u>\$ (7,480,187)</u>	<u>\$ 20,824,841</u>	-135.92%

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

**Change in Net Position.** The decrease in net position was the result of the District's adoption of GASB Statement 68 and the required restatement of the District's beginning net position as presented in Table A-2 below.

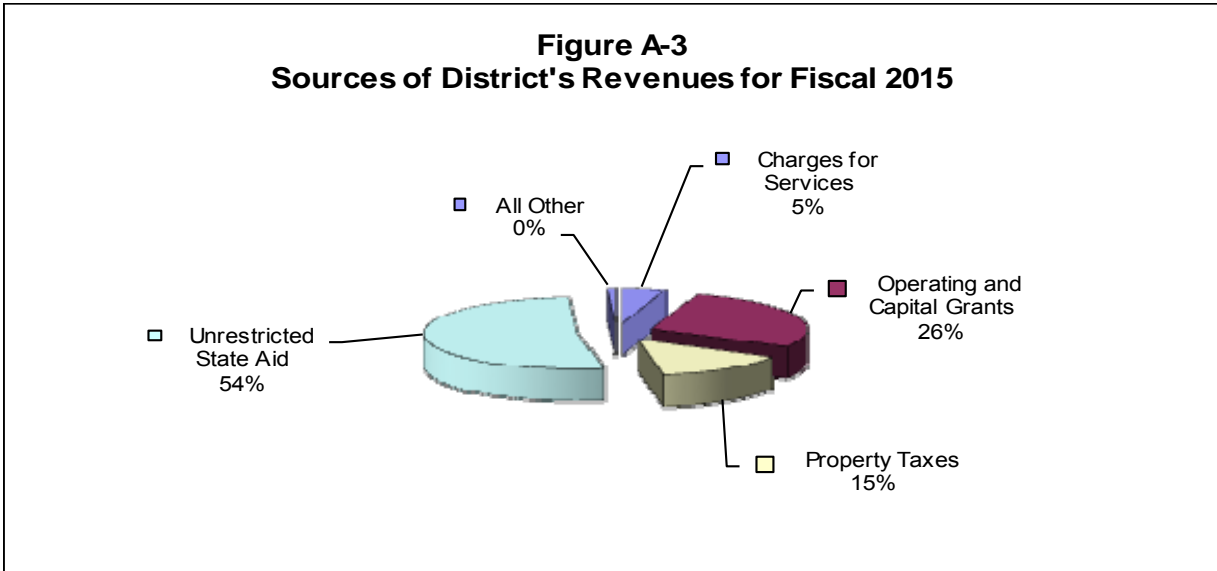
**Table A-2  
Change in Net Position**

	<b>Governmental Activities for the</b>		<b>Total % Change</b>
	<b>fiscal year ended June 30,</b>		
	<b>2015</b>	<b>2014</b>	
<b>Revenues</b>			
<u>Program Revenues</u>			
Charges for Services	\$ 2,891,928	\$ 2,705,267	6.90%
Operating Grants and Contributions	16,208,948	15,283,318	6.06%
Capital Grants and Contributions	1,344,754	814,588	65.08%
<u>General Revenues</u>			
Property Taxes	8,683,617	5,575,888	55.74%
Unrestricted State Aid	31,890,460	31,572,695	1.01%
Investment Earnings	13,374	3,874	245.22%
Gain on Sale of Fixed Assets	-	32,886	-100.00%
Miscellaneous	530,243	159,462	232.52%
Total Revenues	<u>61,563,324</u>	<u>56,147,978</u>	9.64%
<b>Expenses</b>			
Administration	1,962,158	1,895,700	3.51%
District Support Services	2,651,016	2,112,832	25.47%
Regular Instruction	24,983,484	22,903,003	9.08%
Vocational Education Instruction	963,470	879,531	9.54%
Special Education Instruction	9,794,757	9,070,850	7.98%
Instructional Support Services	2,232,335	2,071,416	7.77%
Pupil Support Services	3,868,506	3,721,881	3.94%
Sites and Buildings	5,315,351	4,906,176	8.34%
Fiscal and Other Fixed Cost Programs	161,149	125,231	28.68%
Food Service	2,867,876	2,584,227	10.98%
Community Service	2,728,023	2,912,620	-6.34%
Interest and Fiscal Charges on Long-Term Liabilities	54,965	224,363	-75.50%
Total Expenses	<u>57,583,090</u>	<u>53,407,830</u>	7.82%
<b>Change in Net Position</b>	3,980,234	2,740,148	
Beginning Net Position, As Previously Stated	20,824,841	18,084,693	
Prior Period Adjustment	(32,285,262)	-	
Beginning Net Position, As Restated	<u>(11,460,421)</u>	<u>18,084,693</u>	
Ending Net Position	<u>\$ (7,480,187)</u>	<u>\$ 20,824,841</u>	

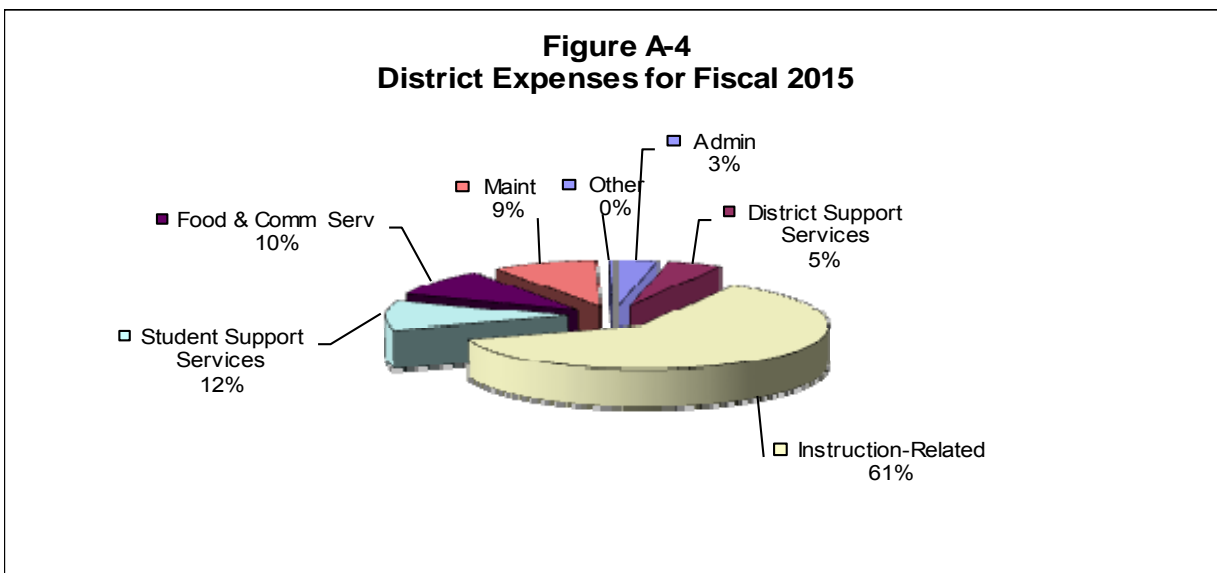
**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

The District's total revenues were \$61,563,324 for the year ended June 30, 2015. This is an increase of \$5,415,346 from June 30, 2014. (See Table A-2 on the previous page.) Revenues for the year were a mix of increases and decreases. Most notable was the increase in property taxes due mainly to the successful passage of an operating levy increase in November 2013. See Figure A-3 below for the related percentages of the District's revenues.



The total cost of all programs and services was \$57,583,090. The District's expenses are predominantly related to educating and caring for students and community members (83%) as shown in Figure A-4. Administrative activities of the District accounted for 5% of total costs.



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

Table A-3 presents the cost of twelve major District activities such as instruction, pupil and instructional services, administration, maintenance and operations, and others. The table also shows each activity's net costs (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

- The cost of all governmental activities this year was \$57.6 million.
- Of this cost, \$2.9 million was paid by the users of the District's programs.
- Federal and state governments, along with local donations, subsidized certain programs with grants and contributions of \$17.5 million.
- District property taxpayers financed \$8.7 million.
- State taxpayers financed \$31.9 million in the form of unrestricted state aid based on the statewide education aid formula.

**Table A-3  
Change in Net Position**

	<u>Total Cost of Services</u>		Percentage Change	<u>Net Cost of Services</u>		Percentage Change
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>	
Administration	\$ 1,962,158	\$ 1,895,700	3.51%	\$ 1,820,935	\$ 1,745,423	4.33%
District Support Services	2,651,016	2,112,832	25.47%	2,360,026	1,868,181	26.33%
Regular Instruction	24,983,484	22,903,003	9.08%	18,302,009	16,635,207	10.02%
Vocational Education Instruction	963,470	879,531	9.54%	934,448	802,177	16.49%
Special Education Instruction	9,794,757	9,070,850	7.98%	3,736,801	3,472,353	7.62%
Instructional Support Services	2,232,335	2,071,416	7.77%	1,503,520	1,365,748	10.09%
Pupil Support Services	3,868,506	3,721,881	3.94%	3,719,108	3,576,119	4.00%
Sites and Buildings	5,315,351	4,906,176	8.34%	4,368,419	4,350,269	0.42%
Fiscal and Other Fixed						
Cost Programs	161,149	125,231	28.68%	161,149	125,231	28.68%
Food Service	2,867,876	2,584,227	10.98%	(22,574)	(46,067)	-51.00%
Community Service	2,728,023	2,912,620	-6.34%	198,654	485,653	-59.10%
Interest and Fiscal Charges on Long-Term Liabilities	54,965	224,363	-75.50%	54,965	224,363	-75.50%
<b>Total</b>	<u>\$ 57,583,090</u>	<u>\$ 53,407,830</u>	7.82%	<u>\$ 37,137,460</u>	<u>\$ 34,604,657</u>	7.32%

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds. In the General Fund, Food Service, Community Service, and Debt Service funds revenues exceeded expenditures, thereby increasing the fund balance in this fund. In total, governmental funds increased by \$1,253,249 with an ending balance of \$8,485,330. The proprietary fund type had an increase of \$289 resulting in a balance of \$203,703.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

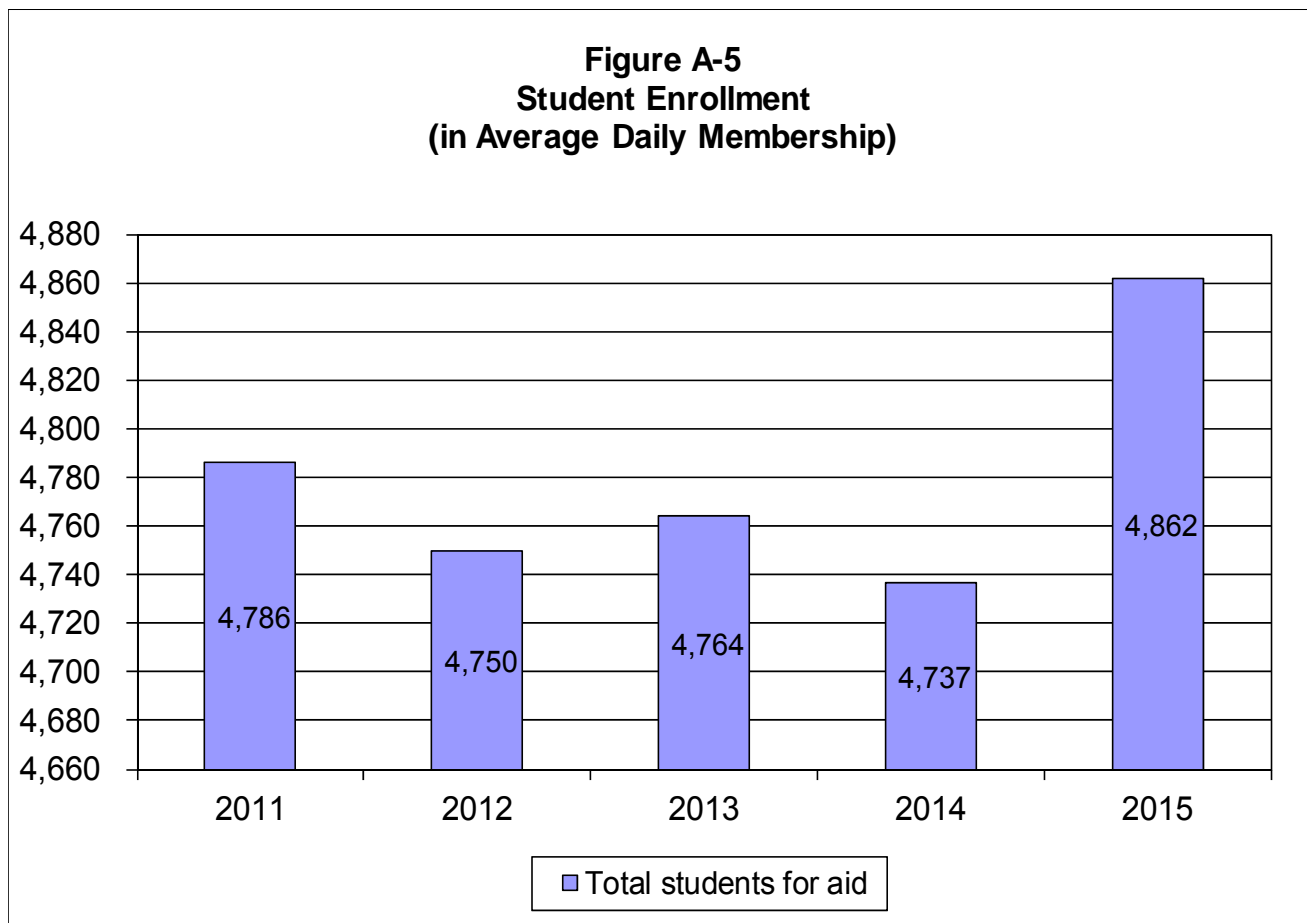
**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)**

**GENERAL FUND**

The General Fund is used to account for all revenues and expenditures of the school district not accounted for elsewhere. The General Fund is used to account for: K-12 educational activities, District instructional and student support programs, expenditures for the superintendent, District administration, normal operations and maintenance, pupil transportation, capital expenditures, and legal District expenditures not specifically designated to be accounted for in any other fund.

**Enrollment**

Funding for Minnesota school districts is largely driven by enrollment. In 2014-15, the District saw an increase in student enrollment of 125 students from 2013-14. This increase is due to the implementation of all-day kindergarten. The District has seen an overall increase in enrollment of 76 pupil units since 2011. As seen in Figure A-5, there was an enrollment increase for the year of 2.6% from the prior year.





**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)**

Table A-4 presents a summary of General Fund revenue.

**Table A-4  
General Fund Revenue**

<u>Fund</u>	<u>Year Ended</u>		<u>Change</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Increase (Decrease)</u>	<u>Percent</u>
Local Sources				
Property Taxes	\$ 6,126,535	\$ 3,154,143	\$ 2,972,392	94.2%
Earnings on Investments	8,863	2,560	6,303	246.2%
Other	1,547,309	1,155,998	391,311	33.9%
State Sources	43,665,805	42,325,660	1,340,145	3.2%
Federal Sources	1,696,897	1,643,853	53,044	3.2%
Total General Fund Revenue	<u>\$ 53,045,409</u>	<u>\$ 48,282,214</u>	<u>\$ 4,763,195</u>	9.9%

Total General Fund revenue increased \$4,763,195 or 9.9% from the previous year. Basic general education revenue is determined by a state per student funding formula. Other state-authorized revenue, including excess levy referenda, involves an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net change on revenue. The increase in property taxes is due mainly to the successful passage of an operating levy increase in November 2013. An increase in compensatory aid as well as the basic formula allowance of \$529 per pupil also attributed to the increase in state aid. Earnings on investments increased due to slightly higher interest rates during the year.

Table A-5 presents a summary of General Fund expenditures.

**Table A-5  
General Fund Expenditures**

	<u>Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>June 30, 2015</u>	<u>June 30, 2014</u>		
Salaries	\$ 29,384,205	\$ 26,716,468	\$ 2,667,737	10.0%
Employee Benefits	10,964,452	10,116,165	848,287	8.4%
Purchased Services	7,404,582	6,922,773	481,809	7.0%
Supplies and Materials	2,074,374	1,948,683	125,691	6.5%
Capital Expenditures	2,895,834	1,067,970	1,827,864	171.2%
Other Expenditures	318,473	335,917	(17,444)	-5.2%
Total Expenditures	<u>\$ 53,041,920</u>	<u>\$ 47,107,976</u>	<u>\$ 5,933,944</u>	12.6%

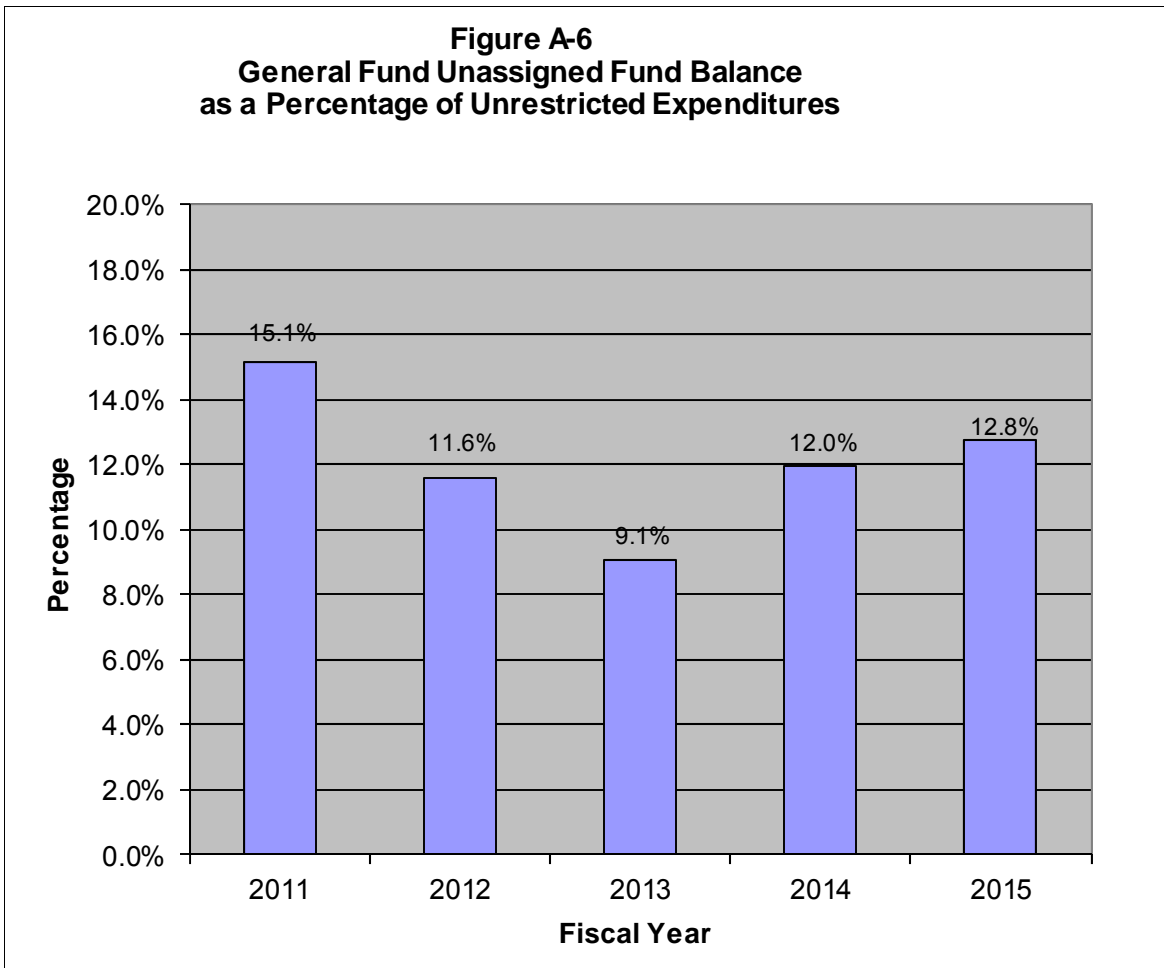
Total General Fund expenditures increased \$5,933,944 or 12.6% from the previous year. This is mainly due to the implementation of all-day kindergarten and salary increases.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)**

In 2014-15, General Fund expenditures and other financing uses were less than revenue and other financing sources by \$1,122,270, thereby increasing the total fund balance as of June 30, 2015. After deducting statutory restrictions, the unassigned fund balance increased from \$4,736,284 at June 30, 2014 to \$5,679,818 at June 30, 2015.

The School Board has adopted a fund balance policy to maintain an 8 to 10% fund balance in the unassigned General Fund fund balance. Figure A-6 shows the General Fund unassigned fund balance as a percentage of unrestricted expenditures.



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)**

**Table A-6  
General Fund Unassigned Fund Balance  
as a Percentage of Unrestricted Expenditures**

	2011	2012	2013	2014	2015
Unassigned Fund Balance	\$ 6,235,656	\$ 4,826,823	\$ 3,748,466	\$ 4,736,284	\$ 5,679,818
% Increase (Decrease)	-9.5%	-22.6%	-22.3%	26.4%	19.9%
Unrestricted Expenditures	\$ 41,198,245	\$ 41,570,366	\$ 41,371,972	\$ 39,570,548	\$ 44,497,233
% Increase (Decrease)	3.1%	0.9%	-0.5%	-4.4%	12.5%
Unassigned Fund Balance as a % of Unrestricted Expenditures	15.1%	11.6%	9.1%	12.0%	12.8%

The preceding table is the single best measure of overall financial health. The unassigned fund balance of \$5,679,818 at June 30, 2015 represents 12.8% of annual unrestricted expenditures. The \$5,679,818 represents about 7 weeks of average expenditures. The District closely monitors its fund balances.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget. The budget amendments fall into two categories:

- Implementing budgets for specially funded projects which include both federal and state grants, reinstating prior year purchase orders being carried over, and budgeting for donations received.
- Increases in appropriations for unbudgeted revenues or expenditures.

While the District's revised final budget for the General Fund anticipated a net increase in fund balance of \$363,898, the actual results for the year show a \$1,122,270 increase.

- Actual revenues were \$1,481,497 more than expected. The largest impact came from State Sources, specifically special education and general education aid. We had an increase in enrollment due to our all-day kindergarten programming which led to an increase in our general education aid. Other sources increased due to the OHS Auditorium Fire insurance proceeds and lighting rebates received in 2014-15.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)**

Overall, the actual expenditures were \$1,855,906 over budget. This was due mainly to the OHS Auditorium Fire and a lighting project the District completed in 2015. These two projects cost a total of approximately \$1,100,000 to complete. These expenditures were offset with additional revenue from insurance proceeds and lighting rebates. We also had increased district support services due to the District completing a facilities and demographic study to prepare for the bond referendum election in November 2015.

**FOOD SERVICE FUND**

The Food Service Fund increased by \$20,042. An anticipated decrease in the fund balance of \$138,731 was expected when the budget was prepared. Total revenues were over budget by \$335,597 due mainly to an increase in federal revenue from increased meal participation in 2014-15. The increased meal participation was due mainly to increased meal participation with the implementation of all-day kindergarten.

**COMMUNITY SERVICE FUND**

The restricted balances for Community Education, Early Childhood and Family Education, School Readiness, Adult Basic Education, and Other Purposes increased fund balance by \$105,142 from the prior year.

**DEBT SERVICE FUND**

The Restricted for Other Purposes fund balance increased by \$5,795 as of June 30, 2015 due to the regular payment of principal and interest.

**PROPRIETARY FUND**

The Self-Insurance Internal Service Fund is the only proprietary fund for the District. Starting with fiscal year 2004, the District discontinued self-insuring its health costs but continues to maintain a balance in the fund for future use.

**FIDUCIARY FUND**

The museum trust fund is the District's fiduciary fund. The net position of the museum trust is \$4,608.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of fiscal year 2015, the District had net capital assets of \$26,473,112 representing a broad range of capital assets, including school buildings, computer and audio-visual equipment, and other equipment for various instructional programs. (See Table A-7.) More detailed information about capital assets can be found in Note 4 of the financial statements. Total depreciation expense for the year was \$1,647,667.

**Table A-7  
The District's Capital Assets**

	<u>2015</u>	<u>2014</u>	<u>Percentage Change</u>
Land	\$ 1,823,335	\$ 1,823,335	0.0%
Construction in Progress	34,900	261,180	-86.6%
Land Improvements	2,750,596	2,503,969	9.8%
Buildings and Improvements	40,268,980	39,080,643	3.0%
Equipment	9,729,154	10,147,448	-4.1%
Less: Accumulated Depreciation	<u>(28,133,853)</u>	<u>(27,338,361)</u>	<u>2.9%</u>
<b>Total</b>	<u><u>\$ 26,473,112</u></u>	<u><u>\$ 26,478,214</u></u>	<u><u>0.0%</u></u>

**Long-Term Liabilities**

At year-end, the District had \$4,865,000 in general obligation bonds outstanding. The decrease from 2014 was due to making principal payments on current bonds. The District had \$975,000 in outstanding Certificates of Participation at June 30, 2015. The District also had \$3.4 million in severance payable at June 30, 2015, a decrease of 6.7% over the previous year. More detailed information about the District's long-term liabilities is presented in Note 5 of the financial statements.

**Table A-8  
The District's Long-Term Liabilities**

	<u>2015</u>	<u>2014</u>	<u>Percentage Change</u>
General Obligation Bonds	\$ 4,865,000	\$ 7,095,000	-31.4%
Net Bond Premium and Discount	53,280	80,087	-33.5%
Certificates of Participation Payable	975,000	1,205,000	-19.1%
Capital Leases Payable	519,116	236,642	119.4%
Net Pension Liability	26,566,435	-	N/A
Other Post Employment Benefits Payable	1,516,889	1,191,534	27.3%
Severance Benefits Payable	3,455,507	3,239,746	6.7%
Compensated Absences Payable	<u>219,200</u>	<u>172,319</u>	<u>27.2%</u>
<b>Total</b>	<u><u>\$ 38,170,427</u></u>	<u><u>\$ 13,220,328</u></u>	<u><u>188.7%</u></u>
Long-Term Liabilities:			
Due Within One Year	\$ 3,319,602	\$ 3,228,240	
Due in More than One Year	<u>34,850,825</u>	<u>9,992,088</u>	
	<u><u>\$ 38,170,427</u></u>	<u><u>\$ 13,220,328</u></u>	

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

With the exception of the voter-approved levies and other minor levies, the District is dependent on the State of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation.

In November 2015 the District passed a bond referendum in the amount of \$77.9 million. The proceeds of this bond will be used for deferred maintenance, security upgrades, and elementary crowding.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, creditors, and other stakeholders with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Business Office, Independent School District No. 761, 515 West Bridge Street, Owatonna, Minnesota 55060.

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## **BASIC FINANCIAL STATEMENTS**



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**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
STATEMENT OF NET POSITION  
JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)**

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and Investments	\$ 10,222,626	\$ 11,106,119
Receivables		
Property Taxes	4,684,602	4,829,125
Other Governments	7,095,148	5,492,469
Other	129,928	398,404
Prepaid Items	179,050	266,742
Inventories	50,322	53,374
Prefunded Pension	72,414	42,210
Capital Assets		
Land and Construction in Progress	1,858,235	2,084,515
Other Capital Assets, Net of Depreciation	24,614,877	24,393,699
Total Assets	<u>48,907,202</u>	<u>48,666,657</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Loss on Bond Refunding	4,321	6,914
Pension Related	4,838,177	-
Total Deferred Outflows of Resources	<u>4,842,498</u>	<u>6,914</u>
<b>LIABILITIES</b>		
Salaries and Wages Payable	4,470,585	5,275,998
Accounts and Contracts Payable	492,979	751,984
Accrued Interest	33,128	44,445
Due to Other Governmental Units	558,220	373,037
Unearned Revenue	53,339	44,337
Long-Term Liabilities:		
Portion Due Within One Year	3,319,602	3,228,240
Portion Due in More Than One Year	34,850,825	9,992,088
Total Liabilities	<u>43,778,678</u>	<u>19,710,129</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes Levied for Subsequent Year	8,011,484	8,138,601
Pension Related	9,439,725	-
Total Deferred Inflows of Resources	<u>17,451,209</u>	<u>8,138,601</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	20,932,061	19,161,911
Restricted for:		
Operating Capital Purposes	139,244	39,770
State-Mandated Restrictions	949,311	792,102
Food Service	343,217	323,175
Community Service	664,346	561,688
Debt Service	518,904	521,131
Unrestricted	(31,027,270)	(574,936)
Total Net Position	<u>\$ (7,480,187)</u>	<u>\$ 20,824,841</u>

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS  
 INDEPENDENT SCHOOL DISTRICT NO. 761  
 STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2015  
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

Functions	2015		
	Expenses	Charges for Services	Program Operating Grants and Contributions
<b>Governmental Activities</b>			
Administration	\$ 1,962,158	\$ -	\$ 101,995
District Support Services	2,651,016	-	-
Regular Instruction	24,983,484	538,156	5,965,541
Vocational Education Instruction	963,470	-	29,022
Special Education Instruction	9,794,757	269,575	5,786,545
Instructional Support Services	2,232,335	-	727,366
Pupil Support Services	3,868,506	-	149,398
Sites and Buildings	5,315,351	48,014	65,445
Fiscal and Other Fixed Cost Programs	161,149	-	-
Food Service	2,867,876	1,263,543	1,626,907
Community Service	2,728,023	772,640	1,756,729
Interest and Fiscal Charges on Long-Term Liabilities	54,965	-	-
Total District	<u>\$ 57,583,090</u>	<u>\$ 2,891,928</u>	<u>\$ 16,208,948</u>

**General Revenues**

Property Taxes Levied for:  
 General Purposes  
 Community Service  
 Debt Service  
 State Aid Not Restricted to Specific Purposes  
 Earnings on Investments  
 Gain on Sale of Capital Assets  
 Miscellaneous  
 Total General Revenues  
 Change in Net Position

Net Position - Beginning of Year, As Previously Stated  
 Prior Period Adjustment  
 Net Position - Beginning of Year, Restated  
  
 Net Position - Ending

<u>2015</u>		<u>2014</u>	
<u>Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>	
<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>	<u>Total Governmental Activities</u>	
\$ 39,228	\$ (1,820,935)	\$ (1,745,423)	
290,990	(2,360,026)	(1,868,181)	
177,778	(18,302,009)	(16,635,207)	
-	(934,448)	(802,177)	
1,836	(3,736,801)	(3,472,353)	
1,449	(1,503,520)	(1,365,748)	
-	(3,719,108)	(3,576,119)	
833,473	(4,368,419)	(4,350,269)	
-	(161,149)	(125,231)	
-	22,574	46,067	
-	(198,654)	(485,653)	
-	(54,965)	(224,363)	
<u>\$ 1,344,754</u>	<u>(37,137,460)</u>	<u>(34,604,657)</u>	

6,107,724	3,179,245
315,344	159,876
2,260,549	2,236,767
31,890,460	31,572,695
13,374	3,874
-	32,886
530,243	159,462
<u>41,117,694</u>	<u>37,344,805</u>
3,980,234	2,740,148
20,824,841	18,084,693
<u>(32,285,262)</u>	-
<u>(11,460,421)</u>	<u>18,084,693</u>
<u>\$ (7,480,187)</u>	<u>\$ 20,824,841</u>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)**

Major

	General	Food Service	Community Service
<b>ASSETS</b>			
Cash and Investments	\$ 7,298,115	\$ 149,567	\$ 985,567
Receivables:			
Current Property Taxes	3,148,762	-	170,217
Delinquent Property Taxes	118,236	-	2,296
Due from Other Minnesota School Districts	98,422	-	-
Due from Minnesota Department of Education	5,751,426	33,004	171,695
Due from Federal through Minnesota Department of Education	788,331	174,284	69,875
Due from Other Governmental Units	5,285	-	-
Other Receivables	112,752	17,176	-
Prepaid Items	148,087	1,550	29,413
Inventory	12,686	37,636	-
Total Assets	<u>\$ 17,482,102</u>	<u>\$ 413,217</u>	<u>\$ 1,429,063</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>			
Liabilities			
Salaries and Wages Payable	\$ 4,433,207	\$ 10,408	\$ 26,970
Accounts and Contracts Payable	457,557	6,253	29,169
Due to Other Governmental Units	166,007	-	392,213
Unearned Revenue	-	53,339	-
Total Liabilities	<u>5,056,771</u>	<u>70,000</u>	<u>448,352</u>
Deferred Inflows of Resources			
Property Taxes Levied for Subsequent Year	5,411,520	-	316,365
Unavailable Revenue - Delinquent Property Taxes	84,665	-	231
Total Deferred Inflows of Resources	<u>5,496,185</u>	<u>-</u>	<u>316,596</u>
Fund Balance			
Nonspendable:			
Prepaid Items	148,087	1,550	29,413
Inventory	12,686	37,636	-
Restricted:			
Staff Development	280,791	-	-
Teacher Development and Evaluation	69,934	-	-
Basic Skills Programs	598,586	-	-
Operating Capital	139,244	-	-
Community Education Programs	-	-	360,009
Early Childhood and Family Education Programs	-	-	126,574
School Readiness	-	-	20,529
Adult Basic Education	-	-	97,846
Other Purposes	-	304,031	29,744
Unassigned	5,679,818	-	-
Total Fund Balance	<u>6,929,146</u>	<u>343,217</u>	<u>664,115</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 17,482,102</u>	<u>\$ 413,217</u>	<u>\$ 1,429,063</u>

See accompanying Notes to Basic Financial Statements.

<b>Funds</b>		<b>Total Governmental Funds</b>	
<b>Debt Service</b>	<b>2015</b>	<b>2014</b>	
\$ 1,585,674	\$ 10,018,923	\$ 10,902,705	
1,228,636	4,547,615	4,661,917	
16,455	136,987	167,208	
-	98,422	127,757	
2,826	5,958,951	4,522,352	
-	1,032,490	812,060	
-	5,285	30,300	
-	129,928	398,404	
-	179,050	266,742	
-	50,322	53,374	
<u>\$ 2,833,591</u>	<u>\$ 22,157,973</u>	<u>\$ 21,942,819</u>	
\$ -	\$ 4,470,585	\$ 5,275,998	
-	492,979	751,984	
-	558,220	373,037	
-	53,339	44,337	
-	5,575,123	6,445,356	
2,283,599	8,011,484	8,138,601	
1,140	86,036	126,781	
<u>2,284,739</u>	<u>8,097,520</u>	<u>8,265,382</u>	
-	179,050	266,742	
-	50,322	53,374	
-	280,791	164,952	
-	69,934	-	
-	598,586	627,150	
-	139,244	39,770	
-	360,009	332,293	
-	126,574	103,072	
-	20,529	10,887	
-	97,846	70,618	
548,852	882,627	826,939	
-	5,679,818	4,736,284	
<u>548,852</u>	<u>8,485,330</u>	<u>7,232,081</u>	
<u>\$ 2,833,591</u>	<u>\$ 22,157,973</u>	<u>\$ 21,942,819</u>	

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**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)**

	<b>2015</b>	<b>2014</b>
<b>Total Fund Balance for Governmental Funds</b>	<b>\$ 8,485,330</b>	<b>\$ 7,232,081</b>
 Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	1,823,335	1,823,335
Construction in Progress	34,900	261,180
Land Improvements, Net of Accumulated Depreciation	929,199	785,628
Buildings and Improvements, Net of Accumulated Depreciation	20,200,456	19,800,304
Equipment, Net of Accumulated Depreciation	3,485,222	3,807,767
 Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.		
	86,036	126,781
 Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
	(33,128)	(44,445)
 Contributions in excess of the pension liability recognized to date, are not current financial resources and therefore are not reported at the fund level.		
	72,414	42,210
 Internal service funds are used by management to charge the costs of health insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end is:		
	203,703	203,414
 Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:		
Net Pension Liability	(26,566,435)	
Deferred Outflows of Resources - Pensions	4,838,177	
Deferred Inflows of Resources - Pensions	(9,439,725)	
Bonds Payable	(4,865,000)	(7,095,000)
Unamortized Premiums	(53,280)	(80,087)
Unamortized Deferred Loss on Refunding	4,321	6,914
Certificates of Participation Payable	(975,000)	(1,205,000)
Capital Leases Payable	(519,116)	(236,642)
Other Postemployment Benefits Payable	(1,516,889)	(1,191,534)
Severance Benefits Payable	(3,455,507)	(3,239,746)
Compensated Absences Payable	(219,200)	(172,319)
<b>Total Net Position of Governmental Activities</b>	<b>\$ (7,480,187)</b>	<b>\$ 20,824,841</b>

See accompanying Notes to Basic Financial Statements.



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

	Major		
	General	Food Service	Community Service
<b>REVENUES</b>			
Local Sources			
Property Taxes	\$ 6,126,535	\$ -	\$ 317,828
Earnings on Investments	8,863	454	1,542
Other	1,547,309	1,263,543	816,839
State Sources	43,665,805	186,792	1,651,148
Federal Sources	1,696,897	1,440,115	69,875
Total Revenues	<u>53,045,409</u>	<u>2,890,904</u>	<u>2,857,232</u>
<b>EXPENDITURES</b>			
Current			
Administration	1,994,336	-	-
District Support Services	2,007,416	-	-
Regular Instruction	23,404,977	-	-
Vocational Education Instruction	986,583	-	-
Special Education Instruction	9,909,196	-	-
Instructional Support Services	2,231,225	-	-
Pupil Support Services	3,833,825	-	-
Sites and Buildings	5,371,578	-	-
Fiscal and Other Fixed Cost Programs	161,149	-	-
Food Service	-	2,815,798	-
Community Service	-	-	2,728,387
Capital Outlay	2,895,834	55,064	25,306
Debt Service			
Principal	230,000	-	-
Interest and Fiscal Charges	15,801	-	-
Total Expenditures	<u>53,041,920</u>	<u>2,870,862</u>	<u>2,753,693</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,489	20,042	103,539
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital Lease Proceeds	559,889	-	-
Judgments for School Districts	-	-	-
Sale of Equipment Proceeds	60,750	-	-
Insurance Recovery Proceeds	499,745	-	-
Transfers In	-	-	1,603
Transfers Out	(1,603)	-	-
Total Other Financing Sources (Uses)	<u>1,118,781</u>	<u>-</u>	<u>1,603</u>
Net Change in Fund Balances	1,122,270	20,042	105,142
Fund Balances - Beginning	5,806,876	323,175	558,973
Fund Balances - Ending	<u>\$ 6,929,146</u>	<u>\$ 343,217</u>	<u>\$ 664,115</u>

See accompanying Notes to Basic Financial Statements.

<b>Funds</b>		
<b>Debt Service</b>	<b>Total Governmental Funds</b>	
	<b>2015</b>	<b>2014</b>
\$ 2,279,999	\$ 8,724,362	\$ 5,575,389
2,226	13,085	3,772
-	3,627,691	3,182,431
28,265	45,532,010	44,244,658
-	3,206,887	2,943,102
<u>2,310,490</u>	<u>61,104,035</u>	<u>55,949,352</u>
-	1,994,336	1,858,308
-	2,007,416	1,534,178
-	23,404,977	21,594,864
-	986,583	851,994
-	9,909,196	8,945,039
-	2,231,225	2,041,098
-	3,833,825	3,638,496
-	5,371,578	5,225,798
-	161,149	125,231
-	2,815,798	2,518,030
-	2,728,387	2,871,959
-	2,976,204	1,878,653
2,230,000	2,460,000	2,575,000
74,695	90,496	117,119
<u>2,304,695</u>	<u>60,971,170</u>	<u>55,775,767</u>
5,795	132,865	173,585
-	559,889	-
-	-	4,800
-	60,750	32,886
-	499,745	160,339
-	1,603	127,494
-	(1,603)	(127,494)
-	<u>1,120,384</u>	<u>198,025</u>
5,795	1,253,249	371,610
543,057	7,232,081	6,860,471
<u>\$ 548,852</u>	<u>\$ 8,485,330</u>	<u>\$ 7,232,081</u>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

	<b>2015</b>	<b>2014</b>
<b>Net Change in Fund Balance-Total Governmental Funds</b>	<b>\$ 1,253,249</b>	<b>\$ 371,610</b>

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$1,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlays	1,892,273	1,551,686
Gain (Loss) on Disposal of Capital Assets	(188,958)	32,886
Proceeds from Sales of Capital Assets	(60,750)	(32,886)
Depreciation Expense	(1,647,667)	(1,581,116)

Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.

Other Financing Source - Capital Lease	(559,889)	-
Change in Accrued Interest Expense - Capital Leases	(111)	764
Principal Payments - Capital Leases	277,415	102,055

Pension expenses on the governmental funds are measured by current year employee contributions. Pension expenditures on the statement of activities are measured by the change in net pension liability and the related deferred inflows and outflows of resources.

	1,117,279	-
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The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of discounts and premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Repayment of Certificates of Participation Payable	230,000	225,000
Repayment of Bond Principal	2,230,000	2,350,000
Change in Accrued Interest Expense - General Obligation Bonds	11,428	30,353
Amortization of Bond Issuance Costs	-	(136,450)
Amortization of Bond Premium	24,961	24,961
Amortization of Bond Discount	-	(3,881)
Amortization of Deferred Loss on Refunding	(2,593)	(24,837)
Amortization of Certificates of Participation Premium	1,846	1,846

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS  
 INDEPENDENT SCHOOL DISTRICT NO. 761  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 (CONTINUED)  
 YEAR ENDED JUNE 30, 2015  
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

	<b>2015</b>	<b>2014</b>
<p>Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.</p>	(40,745)	\$ 499
<p>In the statement of activities, prefunded pensions are measured by amounts earned during the year. In the governmental funds, however, expenditures for this obligation are measured by the amount of financial resources used (essentially, the amounts actually paid).</p>	30,204	(54,243)
<p>In the statement of activities, certain operating expenses - severance benefits, other post employment health benefits, and compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).</p>	(587,997)	(69,466)
<p>Internal service funds are used by the District to charge the costs of employee health benefits to individual funds. The net revenue of the internal service funds is reported with governmental activities.</p>	289	(48,633)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 3,980,234</b>	<b>\$ 2,740,148</b>

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local Sources				
Property Taxes	\$ 6,091,060	\$ 6,087,639	\$ 6,126,535	\$ 38,896
Earnings on Investments	6,000	6,000	8,863	2,863
Other	1,065,441	1,098,496	1,547,309	448,813
State Sources	42,146,742	42,410,127	43,665,805	1,255,678
Federal Sources	1,781,904	1,961,650	1,696,897	(264,753)
Total Revenues	<u>51,091,147</u>	<u>51,563,912</u>	<u>53,045,409</u>	<u>1,481,497</u>
<b>EXPENDITURES</b>				
Current:				
Administration	1,854,022	1,920,523	1,994,336	73,813
District Support Services	1,889,375	1,681,672	2,007,416	325,744
Regular Instruction	23,783,333	23,306,204	23,404,977	98,773
Vocational Education Instruction	876,112	964,117	986,583	22,466
Special Education Instruction	10,305,843	10,336,182	9,909,196	(426,986)
Instructional Support Services	2,071,150	2,389,521	2,231,225	(158,296)
Pupil Support Services	3,788,644	3,932,819	3,833,825	(98,994)
Sites and Buildings	4,602,227	4,679,529	5,371,578	692,049
Fiscal and Other Fixed Cost Programs	98,295	170,728	161,149	(9,579)
Capital Outlay	1,175,806	1,574,719	2,895,834	1,321,115
Debt Service				
Principal	230,000	230,000	230,000	-
Interest and Fiscal Charges	-	-	15,801	15,801
Total Expenditures	<u>50,674,807</u>	<u>51,186,014</u>	<u>53,041,920</u>	<u>1,855,906</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	416,340	377,898	3,489	(374,409)
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Lease Proceeds	-	-	559,889	559,889
Sale of Equipment Proceeds	-	-	60,750	60,750
Insurance Recovery Proceeds	-	-	499,745	499,745
Transfers Out	(14,000)	(14,000)	(1,603)	12,397
Total Other Financing Sources (Uses)	<u>(14,000)</u>	<u>(14,000)</u>	<u>1,118,781</u>	<u>1,132,781</u>
Net Change in Fund Balances	<u>\$ 402,340</u>	<u>\$ 363,898</u>	<u>1,122,270</u>	<u>\$ 758,372</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>5,806,876</u>	
End of Year			<u>\$ 6,929,146</u>	

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOOD SERVICE FUND  
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local Sources				
Earnings on Investments	\$ 155	\$ 155	\$ 454	\$ 299
Other - Primarily Meal Sales	1,174,629	1,176,329	1,263,543	87,214
State Sources	123,117	123,117	186,792	63,675
Federal Sources	1,255,706	1,255,706	1,440,115	184,409
Total Revenues	<u>2,553,607</u>	<u>2,555,307</u>	<u>2,890,904</u>	<u>335,597</u>
<b>EXPENDITURES</b>				
Current				
Food Service	2,594,032	2,635,038	2,815,798	180,760
Capital Outlay	25,700	59,000	55,064	(3,936)
Total Expenditures	<u>2,619,732</u>	<u>2,694,038</u>	<u>2,870,862</u>	<u>176,824</u>
Net Change in Fund Balance	<u>\$ (66,125)</u>	<u>\$ (138,731)</u>	20,042	<u>\$ 158,773</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>323,175</u>	
End of Year			<u>\$ 343,217</u>	

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
COMMUNITY SERVICE FUND  
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local Sources				
Property Taxes	\$ 315,062	\$ 315,111	\$ 317,828	\$ 2,717
Earnings on Investments	700	700	1,542	842
Other - Primarily Tuition and Fees	721,200	721,200	816,839	95,639
State Sources	1,518,411	1,652,917	1,651,148	(1,769)
Federal Sources	57,000	59,880	69,875	9,995
Total Revenues	<u>2,612,373</u>	<u>2,749,808</u>	<u>2,857,232</u>	<u>107,424</u>
Community Service	2,726,131	2,818,176	2,728,387	(89,789)
Capital Outlay	18,297	18,297	25,306	7,009
Total Expenditures	<u>2,744,428</u>	<u>2,836,473</u>	<u>2,753,693</u>	<u>(82,780)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(132,055)	(86,665)	103,539	190,204
<b>OTHER FINANCING SOURCES</b>				
Transfer in	<u>14,000</u>	<u>14,000</u>	<u>1,603</u>	<u>(12,397)</u>
Net Change in Fund Balances	<u>\$ (118,055)</u>	<u>\$ (72,665)</u>	105,142	<u>\$ 177,807</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>558,973</u>	
End of Year			<u>\$ 664,115</u>	

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. 761**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2015**  
**(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)**

	<b>Governmental Activities - Internal Service Funds</b>	
	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Cash and Investments	\$ 203,703	\$ 203,414
Total Assets	\$ 203,703	\$ 203,414
<b>NET POSITION</b>		
Unrestricted	\$ 203,703	\$ 203,414
Total Net Position	\$ 203,703	\$ 203,414

See accompanying Notes to Basic Financial Statements.



**OWATONNA PUBLIC SCHOOLS  
 INDEPENDENT SCHOOL DISTRICT NO. 761  
 STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN NET POSITION  
 PROPRIETARY FUND  
 YEAR ENDED JUNE 30, 2015  
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

	<b>Governmental Activities - Internal Service Funds</b>	
	<b>2015</b>	<b>2014</b>
<b>OPERATING EXPENSES</b>		
Health Insurance Claim Payments	\$ -	\$ 48,735
Total Operating Expenses	-	48,735
Operating Income (Loss)	-	(48,735)
<b>NONOPERATING INCOME</b>		
Earnings on Investments	289	102
Change in Net Position	289	(48,633)
Total Net Position - Beginning	203,414	252,047
Total Net Position - Ending	\$ 203,703	\$ 203,414

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

	<b>Governmental Activities - Internal Service Funds</b>	
	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments for Medical Fees and Insurance Claims	\$ -	\$ (48,735)
Net Cash Used by Operating Activities	<u>-</u>	<u>(48,735)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	289	102
Net Cash Provided by Investing Activities	<u>289</u>	<u>102</u>
Cash and Cash Equivalents - Beginning	<u>203,414</u>	<u>252,047</u>
Cash and Cash Equivalents - Ending	<u>\$ 203,703</u>	<u>\$ 203,414</u>
Displayed on Statements of Net Position as:		
Cash and Investments	<u>\$ 203,703</u>	<u>\$ 203,414</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	<u>\$ -</u>	<u>\$ (48,735)</u>
Net Cash Used by Operating Activities	<u>\$ -</u>	<u>\$ (48,735)</u>

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015**

	<u>Private- Purpose Trust</u>
<b>ASSETS</b>	
Cash and Investments	\$ 4,608
Total Assets	<u>4,608</u>
<b>NET POSITION</b>	
Held in Trust for Other Purposes	<u>4,608</u>
Total Net Position	<u>\$ 4,608</u>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2015**

	<u>Private- Purpose Trust</u>
<b>ADDITIONS</b>	
Contributions	\$ 244
Interest Income	7
Total Additions	<u>251</u>
<b>DEDUCTIONS</b>	
Salaries	915
Benefits	98
Total Deductions	<u>1,013</u>
Change in Net Position	(762)
Net Position - Beginning of Year	<u>5,370</u>
Net Position - End of Year	<u>\$ 4,608</u>

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The financial statements of Independent School District No. 761 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

**B. Financial Reporting Entity**

Independent School District No. 761 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

Accounting Principles Generally Accepted in the United States of America (GAAP) require that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units - entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the District's governing body, significantly influencing the programs, projects, activities or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the District. These financial statements include all funds of the District. There are no other entities for which the District is financially accountable.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. However, in accordance with Minnesota State Statutes, the District's Board has not elected to control or exercise oversight responsibility with respect to the underlying student activities. Accordingly, the student activity accounts are not included in these financial statements.

**C. Basic Financial Statement Presentation**

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in the Statements of Fiduciary Net Position at the fund financial statement level.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basic Financial Statement Presentation (Continued)**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational; or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type. The District has only one type of fiduciary fund - Private-Purpose Trust. Since by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide statements.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statement of the Internal Service Fund is consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory "tax shift" described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Measurement Focus and Basis of Accounting (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

1. Revenue Recognition – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.
2. Recording of Expenditures – Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

**Description of Funds**

The existence of the various District funds has been established by the State of Minnesota, Department of Education. The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. A description of the funds included in this report is as follows:

*Major Governmental Funds*

General Fund - The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the District, as well as the capital related activities such as maintenance of facilities, equipment purchases, and health and safety projects.

Food Service Special Revenue Fund - The Food Service Fund is used to account for food service revenues and expenditures. Revenues for the Food Service Fund are generated from user fees, federal reimbursements and state aids.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**Description of Funds (Continued)**

*Major Governmental Funds (Continued)*

Community Service Special Revenue Fund - The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs or other similar services. Revenues for the Community Service Fund are generated primarily from user fees, local property taxes, federal reimbursements, and state credits.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term obligation bond principal, interest, and related costs.

*Proprietary Fund*

Internal Service Fund – The Internal Service Fund accounts for financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. Prior to 2004, the District's Internal Service Fund accounted for the District's health self-insurance program. The self-insurance program was discontinued at the end of fiscal year 2003. The District is retaining the balance remaining in this fund as start-up funds should a decision be made in the future to self-insure.

*Fiduciary Funds*

Private-Purpose Trust Fund – The Private-Purpose Trust Fund is used to account for trust arrangements under which principal and income benefits individuals, private organizations, or other governments. This fund accounts for gifts and bequests that are to be used for the school museum.

**E. Budgeting**

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, and Debt Service Funds. The approved budget is published in summary form in the District's legal newspaper by November 30 of each year. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by Board action. Revisions to budgeted amounts must be approved by the Board.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgeting (Continued)**

Total fund expenditures in excess of the budget require approval of the Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

Budgeted amounts include mid-year budget amendments that changed revenue and expenditure budgets as follows:

<u>Revenues and Other Financing Sources</u>	<u>Original Budget</u>	<u>Amendments</u>	<u>Amended Budget</u>
General Fund	\$ 51,091,147	\$ 472,765	\$ 51,563,912
Special Revenue Funds			
Food Service Fund	2,553,607	1,700	2,555,307
Community Service Fund	2,626,373	137,435	2,763,808
Debt Service Fund	2,294,819	-	2,294,819
<u>Expenditures and Other Financing Uses</u>			
General Fund	50,688,807	511,207	51,200,014
Special Revenue Funds			
Food Service Fund	2,619,732	74,306	2,694,038
Community Service Fund	2,744,428	92,045	2,836,473
Debt Service Fund	2,307,200	-	2,307,200

Unencumbered expenditure appropriations lapse at year-end. Encumbrances are generally not recorded.

Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

**F. Cash and Investments**

Cash and investments consist of interest and non-interest bearing checking and money market accounts, certificates of deposit, deposits in the Minnesota School District Liquid Asset Fund (MSDLAF), deposits in the MN Trust Investment Shares Portfolio and MN Trust Term Series, and negotiable certificates of deposit. All certificates of deposit are recorded at fair value. MSDLAF, MN Trust Investment Shares Portfolio, and MN Trust Term Series deposits are recorded at amortized cost, which approximates fair value.

Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Accounts Receivable**

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary. The only receivables not expected to be collected within one year are current property taxes receivable.

**H. Inventories**

Inventories are recorded using the consumption method of accounting and consist of paper, purchased food, supplies and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method, and surplus commodities are stated at standardized cost, as determined by the U.S. Department of Agriculture. Paper is recorded at latest invoice price, which approximates the first-in, first-out method.

**I. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

**J. Property Taxes**

Property tax levies are established by the Board of Education in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Such taxes become a lien on January 1. Taxes are due on May 15 and October 15. The County generally remits taxes to the District at periodic intervals as they are collected. A portion of property taxes levied is paid through various state tax credits which are included in revenue from state sources in the financial statements.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as a deferred inflow of resources (property taxes levied for subsequent year). The majority of District revenue in the General Fund (and to a lesser extent in the District's Community Service Special Revenue Fund) is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift."

In accordance with State law, the current tax shift consists of an amount equal to 31% of the District's 2000 Pay 2001 operating referendum levy, which is frozen at \$339,315 for the District. The tax shift also includes certain other levies that are recognized early based on statutory requirements.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Property Taxes (Continued)**

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is a deferred inflow of resources because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the State which will be recognized as revenue in the next fiscal year beginning July 1, 2015, are included in Property Taxes Levied for Subsequent Year to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

**K. Capital Assets**

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statement, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

**L. Deferred Outflows of Resources**

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until that time. The District has two items that qualify for reporting as this element – loss on bond refunding and pension related deferred outflows of resources. The loss on bond refunding is being amortized over the life of the bonds. The pension related deferred outflows of resources will be recognized as expenditures in subsequent years.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**N. Pensions**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on the same basis as they are reported by PERA and TRA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**O. Accrued Employee Benefits**

**Vacation Pay**

All full-time, non-certified employees earn annual vacation pay at various rates based on length of service. All outstanding unpaid vacation pay is payable upon termination of employment. At June 30, 2015, unpaid vacation pay totaling \$219,200 is recorded in the financial statements.

**Sick Pay**

Substantially all District employees are entitled to sick leave at various rates. For certain employees, unused sick leave enters into the calculation of severance pay upon termination.

**Severance Benefits Payable**

Severance benefits consist of convertible sick leave.

The District maintains various severance plans for its employee groups. Each employee group contract contains benefit formulas based on years of service and/or minimum age requirements. No employee can receive severance payments exceeding one year's salary.

**OWATONNA PUBLIC SCHOOLS  
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JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. Accrued Employee Benefits (Continued)**

**Severance Benefits Payable (Continued)**

The District has recorded a liability for accrued convertible sick leave based on the sick leave accumulated at June 30, 2015 for employees currently eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. Under this "vesting method," accruals for those employees expected to become eligible in the future are based on assumptions concerning the probability that the employees will become eligible to receive termination payments (vest) at some point in the future.

During fiscal year 2015, expenditures for convertible sick leave benefits totaled \$303,785. At June 30, 2015, the long-term portion of the convertible sick leave liability is included as part of severance benefits payable in the Statement of Net Position, totaling \$3,455,507.

**Other Post Employment Benefits Payable**

Under the terms of certain collective bargaining employment contracts, the District provides health care coverage until age 65 if certain age and minimum years of service requirements are met. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined, in accordance with GASB 45.

**P. Statement of Cash Flows**

For purposes of the statement of cash flows, the District considers cash on hand and demand deposits accounts to be cash and cash equivalents. Cash and cash equivalents are included in cash and investments.

**Q. Deferred Inflows of Resources**

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year end) under the modified accrual basis of accounting. The third type of deferred outflow is pension related as discussed in Note 8.

**R. Unearned Revenues**

Unearned revenues are those in which resources are received by the District before it has a legal claim to them. The District has reported unearned revenues for prepaid lunches in the Food Service Fund.

**OWATONNA PUBLIC SCHOOLS  
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JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**S. Fund Balance**

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance relate to prepaid items and inventories. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Education. The Board of Education passed a resolution authorizing the Superintendent, Director of Finance and Operations, and Controller to assign fund balances and their intended uses. Unassigned fund balances are considered the remaining amounts. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned amounts.

The District has a minimum fund balance policy, which identifies a minimum unassigned General Fund balance of no less than eight percent and no more than ten percent of the General Fund annual expenditure budget.

**T. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the government-wide, Proprietary Fund, and Fiduciary Fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

**U. Summarized Comparative Information**

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2014, from which the summarized information was derived. Certain comparative information has been reclassified to conform with the current year presentation.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**V. Change in Accounting Principle**

During fiscal year ended June 30, 2015, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the related GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date— an amendment of GASB Statement No. 68*. As a result, the District's net position as of June 30, 2014 has been restated to reflect the recognition of the District's proportionate share of the Public Employees' Retirement Association of Minnesota General Employees' Retirement Fund's net pension liability as well as their portion of the Teacher's Retirement Association's Coordinated and Basic Plan net pension liability.

	Governmental Activities
Net Position, June 30, 2014, as Previously Reported	\$ 20,824,841
Cumulative Affect of Application of GASB 68, Net Pension Liability	(34,196,302)
Cumulative Affect of Application of GASB 71, Deferred Outflow of Resources for District Contributions Made to the Plan During Fiscal Year Ending June 30, 2014	1,911,040
Net Position, June 30, 2014, as Restated	\$ (11,460,421)

**NOTE 2 STEWARDSHIP AND ACCOUNTABILITY**

**A. Excess of Expenditures Over Budget**

Expenditures exceeded budgeted amounts in the following funds:

	Budget	Expenditures	Excess
General Fund	\$ 51,186,014	\$ 53,041,920	\$ 1,855,906
Special Revenue Fund			
Food Service Fund	2,694,038	2,870,862	176,824

These additional expenditures were paid for with available fund balance.

**B. Interfund Transfers**

The District had the following interfund transfers at June 30, 2015:

	Transfer In:
	Community Service Fund
Transfer Out:	\$ 1,603
General Fund	

The purpose of the interfund transfer to the Community Service Fund was to fund the Kid's First Program that is run by the Community Service Fund.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 DEPOSITS AND INVESTMENTS**

**A. Deposits**

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned in full. The District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Investments." In accordance with Minnesota Statutes, the District maintains deposits at financial institutions which are authorized by the District's Board.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota statutes.

**B. Investments**

The District may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency and all of the investments have a final maturity of thirteen months or less.
- General obligations rated "A" or better; revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rated "A" or better.
- Banker's acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks, corporations, or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

At June 30, 2015, the District had the following investments:

**Investments Held with Broker –**

	Amortized Cost
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	\$ 118,428
Minnesota School District Liquid Asset Fund - MAX Series (MSDMAX)	2,454,460
MN Trust Term Series	1,600,000
MN Trust Investment Shares Portfolio	19,047
Total	\$ 4,191,935

The MSDLAF+, MSDMAX, and MN Trust Investment Shares Portfolio are external investment pools and their investments are valued at amortized cost, which approximates fair value in accordance with Rule 2a-7 of the Investment Company Act of 1940. The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of investments.

The MN Trust Term Series had an interest rate of .09% and matured in July 2015. Redemption prior to the maturity date of the MN Trust Term Series may result in a penalty.

**Investments Held with Broker –**

	Fair Value
Negotiable Certificates of Deposit	\$ 4,384,194

The negotiable certificates of deposit are held by PMA Financial Network as temporary investments of the District's cash.

***Custodial Credit Risk***

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2015 all investments and collateral were listed in the name of the District.

***Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The following chart summarizes year-end ratings for the District's investments as rated by Standard & Poor's:



**OWATONNA PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

	Credit Quality Rating
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	AAAm
Minnesota School District Liquid Asset Fund - MAX Series (MSDMAX)	AAAm
MN Trust Term Series	NR
MN Trust Investment Shares Portfolio	AAA
Negotiable Certificates of Deposit	NR

***Interest Rate Risk***

The District has a formal investment policy that addresses permissible investments, portfolio diversification and instrument maturities. Investment maturities are scheduled to coincide with projected District cash flow needs. Within these parameters, it is the District's policy to stagger portfolio maturities to avoid undue concentration of assets, provide for stability of income, and limit exposure to fair value losses arising from rising interest rates. Information about the sensitivity of the fair values of the District's investments to market interest rate risk fluctuations is provided by the distribution of the District's investments by maturity. As of June 30, 2015, the District's investments have the following maturities:

Type	Fair Value	12 Months or Less	13 - 24 Months
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	\$ 118,428	\$ 118,428	\$ -
Minnesota School District Liquid Asset Fund - MAX Series (MSDMAX)	2,454,460	2,454,460	-
MN Trust Term Series	1,600,000	1,600,000	-
MN Trust Investment Shares Portfolio	19,047	19,047	-
Negotiable Certificates of Deposit	4,384,194	3,139,194	1,245,000
	\$ 8,576,129	\$ 7,331,129	\$ 1,245,000

***Concentration of Credit Risk***

Except for amounts invested with Trustees, the District limits the amount of its total deposits and investments portfolio that may be invested with any one depository to 75% of the total portfolio.

The following investments individually comprise more than 5% of the District's total investments:

Type	Amount
Minnesota School District Liquid Asset Fund - MAX Series (MSDMAX)	\$ 2,454,460
MN Trust Term Series	1,600,000
	\$ 4,054,460

**OWATONNA PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**C. Balance Sheet Presentation**

The deposits and investments are presented in the financial statements as follows:

Deposits	\$ 1,651,105
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	118,428
Minnesota School District Liquid Asset Fund - MAX Series (MSDMAX)	2,454,460
MN Trust Term Series	1,600,000
MN Trust Investment Shares Portfolio	19,047
Negotiable Certificates of Deposit	4,384,194
Total Cash and Investments	<u><u>\$ 10,227,234</u></u>
Reconciliation of Cash and Investments:	
Cash and Investments - Statement of Net Position	\$ 10,222,626
Cash and Investments - Statement of Fiduciary Net Position	4,608
Total Cash and Investments	<u><u>\$ 10,227,234</u></u>

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 1,823,335	\$ -	\$ -	\$ 1,823,335
Construction in Progress	261,180	34,900	(261,180)	34,900
Total Capital Assets, Not Being Depreciated	2,084,515	34,900	(261,180)	1,858,235
Capital Assets, Being Depreciated				
Land Improvements	2,503,969	246,627	-	2,750,596
Buildings and Improvements	39,080,643	1,188,337	-	40,268,980
Equipment	10,147,448	683,589	(1,101,883)	9,729,154
Total Capital Assets, Being Depreciated	51,732,060	2,118,553	(1,101,883)	52,748,730
Accumulated Depreciation for				
Land Improvements	(1,718,341)	(103,056)	-	(1,821,397)
Buildings and Improvements	(19,280,339)	(788,185)	-	(20,068,524)
Equipment	(6,339,681)	(756,426)	852,175	(6,243,932)
Total Accumulated Depreciation	(27,338,361)	(1,647,667)	852,175	(28,133,853)
Total Capital Assets, Being Depreciated, Net	24,393,699	470,886	(249,708)	24,614,877
Governmental Activities				
Capital Assets, Net	\$ 26,478,214	\$ 505,786	\$ (510,888)	\$ 26,473,112

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions of the District as follows:

**Governmental Activities**

Administration	\$ 11,645
District Support Services	188,595
Regular Instruction	1,275,548
Vocational Education Instruction	16,251
Special Education Instruction	11,643
Instructional Support Services	4,326
Pupil Support Services	52,965
Sites and Buildings	14,627
Food Service	50,263
Community Service	21,804
Total Depreciation Expense, Governmental Activities	<u>\$ 1,647,667</u>

**NOTE 5 GENERAL LONG-TERM DEBT**

**A. Components of General Long-Term Debt**

The District has issued general obligation school building bonds to finance the construction of capital facilities or refinance previous bond issues. Assets of the Debt Service Fund, together with scheduled future tax levies, are dedicated for the retirement of these bonds. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

Issue Date	Interest Rate	Original Issue	Final Maturity	Principal Outstanding	
				Due Within One Year	Total
11/15/2012	1.00%	\$ 8,690,000	2/1/2017	\$ 2,150,000	\$ 4,320,000
5/2/2013	1.50%	755,000	2/1/2020	105,000	545,000
Total General Obligation Bonds				2,255,000	4,865,000
Bond Premium				26,807	53,280
Certificates of Participation Payable				235,000	975,000
Capital Leases Payable				138,395	519,116
Net Pension Liability				-	26,566,435
Other Post Employment Benefits Payable				-	1,516,889
Severance Benefits Payable				500,000	3,455,507
Compensated Absences Payable				164,400	219,200
Total				<u>\$ 3,319,602</u>	<u>\$ 38,170,427</u>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 5 GENERAL LONG-TERM DEBT (CONTINUED)**

**B. Minimum Debt Payments**

Minimum annual principal and interest payments required to retire long-term bonds and the certificate of participation payable are as follows:

Year Ending June 30	General Obligation Bonds Payable		Certificates of Participation Payable	
	Principal	Interest	Principal	Interest
2016	\$ 2,255,000	\$ 51,375	\$ 235,000	\$ 23,238
2017	2,280,000	28,300	240,000	18,538
2018	110,000	4,950	245,000	13,138
2019	110,000	3,300	255,000	7,013
2020	110,000	1,650	-	-
	<u>\$ 4,865,000</u>	<u>\$ 89,575</u>	<u>\$ 975,000</u>	<u>\$ 61,927</u>

**C. Description of Long-Term Debt**

**General Obligation Bonds**

On November 15, 2012, the District issued \$8,690,000 of General Obligation Refunding Bonds, Series 2012B. The proceeds of this issue were used to refund the outstanding principal and interest of the District's General Obligation School Building Refunding Bonds, Series 2004 on February 1, 2013. The new issue was issued at a premium of \$93,014. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated to retire these bonds.

On May 2, 2013, the District issued \$755,000 of General Obligation Capital Equipment Notes, Series 2013A. The proceeds of this issue were used to acquire capital equipment. Capital facilities revenues under Minnesota Statute Section 124.2455 are dedicated to the retirement of these bonds. In the event the capital facilities revenues are not sufficient, the District will levy property taxes for the deficiency.

**Certificates of Participation Payable**

On September 1, 2010, the District issued \$1,855,000 of Certificates of Participation, Series 2010A. The proceeds of this issue were used to finance capital improvements to various District buildings. Future operating capital tax levies are dedicated to the retirement of these certificates.

**Capital Leases Payable**

During 2010, the District entered into a lease agreement for a vending machine. The total lease for \$6,687 had principal and interest payments due monthly through October 2013. The District continues to lease the vending machine at the same terms.

During 2011, the District entered into a lease agreement for four copy machines. The total lease for \$201,918 has principal and interest payments due monthly at a rate of 7.0%.

**OWATONNA PUBLIC SCHOOLS  
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JUNE 30, 2015**

**NOTE 5 GENERAL LONG-TERM DEBT (CONTINUED)**

**C. Description of Long-Term Debt (Continued)**

**Capital Leases Payable (Continued)**

During 2012, the District entered into a lease agreement for copy machines. The total lease for \$266,136 had principal and interest payments due monthly at a rate of 12.0%. This lease was terminated early and replaced with a new lease in June 2015. The new lease of \$181,288 has principal and interest payments due monthly at a rate of 12.0%.

The District entered into an additional copier lease in November 2014 for \$23,919. The total lease has principal and interest payments due monthly at a rate of 6.731%.

The District entered into two leases for portable classrooms in August 2014. The leases of \$354,682 have principal and interest payments due monthly at a rate of 3.013%.

Total cost of assets held under capital leases is \$808,071. Related accumulated depreciation of assets under capital leases at June 30, 2015 is \$216,820.

Annual payments required under capital leases are as follows:

<u>Year Ending June 30,</u>	
2016	\$ 167,346
2017	139,429
2018	139,429
2019	139,429
2020	<u>2,353</u>
Total Minimum Lease Payments	587,986
Less Amounts Representing Interest	<u>68,870</u>
Present Value of Net Minimum Lease Payments	<u>\$ 519,116</u>

**Compensated Absences Payable**

Compensated absences payable consists of unused vacation as of June 30, 2015. In the past, vacation expense has been paid by the General Fund, the Food Service Fund, and the Community Service Fund.

**Severance Benefits Payable**

Severance benefits payable consist of severance payments and accumulated sick leave. In the past, severance benefits have been liquidated by the General Fund, the Food Service Fund, and the Community Service Fund.

**OWATONNA PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 5 GENERAL LONG-TERM DEBT (CONTINUED)**

**D. Changes in Long-Term Debt**

	June 30, 2014, As Restated	Additions	Retirements	June 30, 2015
Bonds Payable	\$ 7,095,000	\$ -	\$ 2,230,000	\$ 4,865,000
Bond Premium	80,087	-	26,807	53,280
Certificates of Participation Payable	1,205,000	-	230,000	975,000
Capital Leases Payable	236,642	559,889	277,415	519,116
Net Pension Liability	34,196,302	-	7,629,867	26,566,435
Other Post Employment Benefits Payable	1,191,534	587,811	262,456	1,516,889
Severance Benefits Payable	3,239,746	519,546	303,785	3,455,507
Compensated Absences Payable	172,319	215,440	168,559	219,200
	<u>\$ 47,416,630</u>	<u>\$ 1,882,686</u>	<u>\$ 11,128,889</u>	<u>\$ 38,170,427</u>

**E. Subsequent Event**

On November 9, 2015 the District passed a bond referendum relating to General Obligation School Building Bonds of \$77.9 million to fund various building improvements.

**NOTE 6 SHORT-TERM LIABILITIES**

For the purposes of providing funds to meet current operating expenses of the District, a line of credit was established with PMA Financial Network. This revolving line of credit was issued in the amount of \$1,500,000 with an interest rate of 2.201%. There was no borrowing or interest paid on the line of credit for fiscal year 2015. There was no balance outstanding on the line at June 30, 2015.

**NOTE 7 RESTRICTED FUND BALANCES**

**Fund Equity**

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. The following is a summary of the restricted fund balances for the governmental funds:

**A. Restricted for Staff Development**

Restricted for staff development represents general education aid resources to be expended for staff development programs.

**B. Restricted for Teacher Development and Evaluation**

Restricted for teacher development and evaluation represents resources available for teacher development and evaluation uses.

**C. Restricted for Basic Skills Programs**

In accordance with state statute, this restriction represents available resources dedicated exclusively for meeting the educational needs of pupils who enroll under-prepared for learners of their age.

**OWATONNA PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 7 RESTRICTED FUND BALANCES (CONTINUED)**

**D. Restricted for Operating Capital**

The District levies taxes and receives state aid to be used for the purchase of equipment, books, and vehicles, and to purchase, rent, improve, and repair school facilities as allowed by state statute. The cumulative excess of such revenues over equipment and facilities expenditures is reported as a restriction of fund balance in the General Fund.

**E. Restricted for Community Education Programs**

The fund balance restriction represents accumulated resources available to provide general community education programming.

**F. Restricted for Early Childhood and Family Education Programs**

This fund balance restriction represents accumulated resources available to provide services for early childhood and family education programming.

**G. Restricted for School Readiness**

This fund balance restriction represents accumulated resources available to provide school readiness programming in accordance with funding made available for that purpose.

**H. Restricted for Adult Basic Education**

This fund balance restriction represents accumulated resources available to provide services for adult basic education.

**I. Restricted for Other Purposes**

Represents amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**NOTE 8 PENSION PLANS**

**A. Plan Description**

The District participates in the following defined benefit pension plans administered by the Public Employees Retirement Association (PERA) and Teachers Retirement Fund (TRA). PERA and TRA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*. PERA and TRA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (GERF)

PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. All full-time and certain part-time employees of the District other than teachers are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

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**NOTE 8 PENSION PLANS (CONTINUED)**

**A. Plan Description (Continued)**

2. Teachers Retirement Fund (TRA)

TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with *Minnesota Statutes*, Chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member and three statutory officials.

Teachers employed in Minnesota's public elementary and secondary schools, charter schools, and certain educational institutions maintained by the state (except those teachers employed by the cities of Duluth and St. Paul, and by the University of Minnesota system) are required to be TRA members. State university, community college, and technical college teachers first employed by the Minnesota State College and Universities (MnSCU) may elect TRA coverage within one year of eligible employment. Alternatively, these teachers may elect coverage through the Defined Contribution Retirement Plan (DCR) administered by MnSCU.

**B. Benefits Provided**

PERA and TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

PERA: Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

TRA: Postretirement benefit increases are provided to eligible benefit recipients each January. The TRA increase is 2.0%. After the TRA funded ratio exceeds 90% for two consecutive years, the annual postretirement benefit will increase to 2.5%.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.



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**NOTE 8 PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

1. GERS Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members, and are based upon years of service and average high-five salary.

2. TRA Benefits

TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota Statute and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age, and a formula multiplier based on years of credit at termination of service.

Two methods are used to compute benefits for TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989, receive the greater of the Tier I or Tier II benefits as described.

*Tier 1 Benefits*

<u>Tier 1</u>	<u>Step Rate Formula</u>	<u>Percentage</u>
Basic	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years of Service are Up to July 1, 2006	1.2% per Year
	First Ten Years, if Service Years are July 1, 2006 or After	1.4% per Year
	All Other Years of Service If Service Years are Up to July 1, 2006	1.7% per Year
	All Other Years of Service If Service Years are July 1, 2006 or After	1.9% per Year

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**NOTE 8 PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

2. TRA Benefits (Continued)

*Tier 1 Benefits*

With these provisions:

- (a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- (b) 3.0% per year early retirement reduction factor for all years under normal retirement age.
- (c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

*Tier II Benefits*

For years of service prior to July 1, 2006, a level formula of 1.7% per year for coordinated members and 2.7% per year for basic members. For years of service July 1, 2006 and after, a level formula of 1.9% per year for Coordinated members and 2.7% for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statute. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

Members first employed after June 30, 1989, receive only the Tier II calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree - no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

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**NOTE 8 PENSION PLANS (CONTINUED)**

**C. Contributions**

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

1. GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.25%, respectively, of their annual covered salary in calendar year 2014. Coordinated Plan members contributed 6.5% of pay in 2015. In calendar year 2014, the District was required to contribute 11.78% of pay for Basic Plan members and 7.25% for Coordinated Plan members. In 2015, employer rates increased to 7.5% in the Coordinated Plan. The District's contributions to the GERF for the plan's fiscal year ended June 30, 2015, were \$551,347. The District's contributions were equal to the required contributions for each year as set by state statute.

2. TRA Contributions

Per *Minnesota Statutes*, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year were:

	Ending June 30, 2014		Ending June 30, 2015	
	Employee	Employer	Employee	Employer
Basic	10.5%	11.0%	11.0%	11.5%
Coordinated	7.0%	7.0%	7.5%	7.5%

The District's contributions to TRA for the plan's fiscal year ended June 30, 2015, were \$1,750,113. The District's contributions were equal to the required contributions for each year as set by state statute.

**D. Pension Costs**

1. GERF Pension Costs

At June 30, 2015, the District reported a liability of \$5,890,664 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2013, through June 30, 2014, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2014, the District's proportion was 0.1254%.

For the year ended June 30, 2015, the District recognized pension expense of \$437,294 for its proportionate share of GERF's pension expense.

**OWATONNA PUBLIC SCHOOLS  
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**NOTE 8 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

At June 30, 2015, the District reported its proportionate share of GERS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 90,404	\$ -
Changes in Actuarial Assumptions	607,092	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,591,652
District Contributions Subsequent to the Measurement Date	551,347	-
Total	<u>\$ 1,248,843</u>	<u>\$ 1,591,652</u>

Of the resources related to pensions resulting from District contributions to GERS subsequent to the measurement date, \$551,347 reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to GERS pensions will be recognized in pension expense as follows:

Year Ended June 30	Pension Expenses Amount
2016	\$ (165,415)
2017	(165,415)
2018	(165,415)
2019	(397,911)

**2. TRA Pension Costs**

At June 30, 2015, the District reported a liability of \$20,675,773 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. The District's proportionate share was 0.4487% at the end of the measurement period and 0.4771% for the beginning of the period.

**OWATONNA PUBLIC SCHOOLS  
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**NOTE 8 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

2. TRA Pension Costs (Continued)

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

**TRA Pension Costs**

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	\$ 20,675,773
State's Proportionate Share of TRA's Net Pension Liability Associated with the District	1,454,618

A change in benefit provisions that affected the measurement of the total pension liability since the prior measurement date was an increase of the contribution rates for both the member and employer.

For the year ended June 30, 2015, the District recognized pension expense of \$748,827. It also recognized \$63,455 as pension expense for the support provided by direct aid.

At June 30, 2015, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 1,764,204	\$ -
Net Difference Between Projected and Actual Investment Earnings	-	6,500,254
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	75,017	1,347,819
District Contributions Subsequent to the Measurement Date	1,750,113	-
Total	<u>\$ 3,589,334</u>	<u>\$ 7,848,073</u>

**OWATONNA PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 8 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

2. TRA Pension Costs (Continued)

Of the resources related to pensions resulting from District contributions to TRA subsequent to the measurement date, \$1,750,113 reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ended June 30	Pension Expenses Amount
2016	\$ (1,522,474)
2017	(1,522,474)
2018	(1,522,474)
2019	(1,522,474)
2020	81,044

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.75% per Year	3.50%
Active Member Payroll Growth	3.50% per Year	3.75% Based on Years of Service
Investment Rate of Return	7.90%	8.25%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments.

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of actuarial experience studies. The actuarial assumptions used in the June 30, 2014, valuation were based on the results of the actuarial experience study for the period of July 1, 2004, to June 30, 2008, and a limited scope experience study dated August 29, 2014. The limited scope experience study addressed only inflation and long-term rate of return for the GASB 67 valuation.

The following changes in actuarial assumptions for GERF occurred in 2014: As of July 1, 2013, the postretirement benefit increase rate was assumed to increase from 1.0% to 2.5% on January 1, 2046. As of July 1, 2014, the postretirement benefit increase rate was assumed to increase from 1.0% to 2.5% on January 1, 2031.

There was a change in actuarial assumptions that affected the measurement of the total liability for TRA since the prior measurement date. Postretirement benefit adjustments are now assumed to increase from 2.0% annually to 2.5% annually once the legally specified criteria are met. This is estimated to occur July 1, 2034.

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**NOTE 8 PENSION PLANS (CONTINUED)**

**E. Actuarial Assumptions (Continued)**

The long-term expected rate of return on pension plan investments is 7.9% for GERP and 8.25% for TRA. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	5.50%
International Equity	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%
Totals	<u>100%</u>	

**F. Discount Rate**

The discount rate used to measure the total pension liability was 7.9% for GERP and 8.25% for TRA. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Pension Liability Sensitivity**

The following presents the District's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

**GERF AND TRA PENSION LIABILITY**

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
<u>GERF Discount Rate</u>	6.90%	7.90%	8.90%
District's Proportionate Share of the GERP Net Pension Liability	\$ 9,495,988	\$ 5,890,664	\$ 2,924,331
<u>TRA Discount Rate</u>	7.25%	8.25%	9.25%
District's Proportionate Share of the TRA Net Pension Liability	\$ 34,169,972	\$ 20,675,773	\$ 9,426,276

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**NOTE 8 PENSION PLANS (CONTINUED)**

**H. Pension Plan Fiduciary Net Position**

Detailed information about GERF's fiduciary's net position is available in a separately-issued PERA financial report. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org); by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

Detailed information about TRA's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at [www.MinnesotaTRA.org](http://www.MinnesotaTRA.org); by writing to TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-652-9026.

**I. Supplemental Pension Plan**

**1. Plan Description**

The District operates a single-employer defined benefit supplemental pension benefit for eligible principals and directors. Currently, principals and directors are eligible after 5 years of service. There are 22 active participants in the plan as of July 1, 2014. The pension payment is equal to a percentage of the final annual salary. Benefit and eligibility provisions are established through negotiations between the District and the employee or the union and are negotiated each bargaining period. The Plan does not issue a publicly available financial report.

**2. Funding Policy**

Payments under the plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated for payment of future benefits. The General Fund is used for funding all pension benefits. The employer makes all contributions. For fiscal year 2015, the District contributed \$87,093 to the plan.

**3. Annual Pension Cost and Net Pension Asset**

The annual required contribution for the current year was determined as part of the July 1, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included a 4.5% discount rate and projected salary increases at 3%. Mortality, disability and retirement rates are based on the District's employment history.

	2015
Annual Required Contribution	\$ 56,326
Interest on Net Pension Calculation	(1,900)
Adjustment to Annual Required Contribution	2,463
Annual Pension Cost (Expense)	56,889
Contributions Made	(87,093)
Increase in Net Pension Asset	(30,204)
Net Pension Asset - Beginning of Year	(42,210)
Net Pension Asset - End of Year	\$ (72,414)



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**NOTE 8 PENSION PLANS (CONTINUED)**

**I. Supplemental Pension Plan (Continued)**

The District's annual pension cost, the percentage of the annual pension cost contributed to the plan, and the net pension asset for 2015 and the two preceding years were:

Fiscal Year Ended	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Asset
6/30/15	\$ 56,889	153.1%	\$ (72,414)
6/30/14	54,243	0.0%	(42,210)
6/30/13	52,922	265.9%	(96,453)

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level dollar amount. The remaining amortization period at June 30, 2015 does not exceed thirty years.

**4. Funded Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the District's unfunded actuarial accrued liability (UAAL) was \$362,903. The annual payroll for active employees covered by the plan in the actuarial valuation was \$2,157,751 for a ratio of UAAL to covered payroll of 16.8%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and salary increases. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrual for pension benefits.

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**NOTE 9 OTHER POST EMPLOYMENT BENEFIT PLAN**

**A. Plan Description**

The District operates a single-employer retiree benefit plan (“the Plan”) that provides health, dental and life insurance to eligible employees and their spouses through the District’s insurance plans. There are 566 active participants and 100 retired participants. Benefit and eligibility provisions are established through negotiations between the District and various unions representing the District’s employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report.

**B. Funding Policy**

Contribution requirements are also negotiated between the District and the union representatives. The District contributes up to 100% of the cost of current year premiums for eligible retired plan members and their spouses. For fiscal year 2015, the District contributed \$262,456 to the plan.

**C. Annual OPEB Cost and Net OPEB Obligation**

The District’s annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually paid from the plan, and changes in the District’s net OPEB obligation.

	2015
Annual Required Contribution	\$ 608,744
Interest on Net OPEB Calculation	53,619
Adjustment to Annual Required Contribution	(74,552)
Annual OPEB Cost (Expense)	587,811
Contributions Made	(262,456)
Increase in Net OPEB Obligation	325,355
Net OPEB Obligation - Beginning of Year	1,191,534
Net OPEB Obligation - End of Year	\$ 1,516,889

The District’s annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/15	\$ 587,811	44.6%	\$ 1,516,889
6/30/14	490,041	59.2%	1,191,534
6/30/13	494,453	51.6%	991,669

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**NOTE 9 OTHER POST EMPLOYMENT BENEFIT PLAN (CONTINUED)**

**D. Funded Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the District's unfunded actuarial accrued liability (UAAL) was \$4,056,706. The annual payroll for active employees covered by the plan in the actuarial valuation was \$26,496,738 for a ratio of UAAL to covered payroll of 15.3%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**E. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 7.5% reduced by decrements to an ultimate rate of 5.0% after ten years. The UAAL is being amortized as a level dollar amount on a closed basis. The remaining amortization period at June 30, 2015 does not exceed thirty years.

**NOTE 10 FLEXIBLE BENEFIT PLAN**

The District has a flexible benefit plan that is classified as a "cafeteria plan" under Section 125 of the Internal Revenue Code. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the plan for health care and dependent care benefits.

**OWATONNA PUBLIC SCHOOLS  
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**NOTE 10 FLEXIBLE BENEFIT PLAN (CONTINUED)**

The current plan year runs from September 1 to August 31. Before the beginning of the plan year, each participant designates a total amount of pre-tax dollars to be contributed to the plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions for the health care portion of the plan, whether or not such contributions have been made.

Payments of health insurance premiums are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General, Food Service, and Community Service Funds.

Payments for amounts withheld for medical reimbursement and dependent care are made to participating employees upon submitting a request for reimbursement of eligible expenses.

All plan property and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to eligible health care and dependent care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

**NOTE 11 PROPRIETARY FUND**

The District elected to discontinue self-insuring their employee health insurance program as of June 30, 2003. The District continued to pay claims they incurred before June 30, 2003. As of June 30, 2015, the District is not aware of any remaining unpaid claims. The District is retaining the balance remaining in this fund as start-up funds should a decision be made in the future to self-insure.

**NOTE 12 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and workers compensation.

The District has joined together with other school districts in Minnesota in the Southeast Service Cooperative Gross Self-Insured Health Insurance Plan, a public entity risk pool currently operating as common risk management and insurance program for member districts. The District pays an annual premium to this plan for its health insurance coverage. These premiums are used to purchase reinsurance through commercial companies. The administrators of the plan believe assessment to participating districts for future losses sustained is extremely remote.

The District continues to purchase commercial insurance coverage for all other risks. There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

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**NOTE 13 COMMITMENTS AND CONTINGENCIES**

**A. Lease Commitments**

The District has entered into various operating leases for vehicles, equipment and buildings. Rent expense under annual operating leases for the year ending June 30, 2015 was \$453,916.

Minimum rental commitments on leases in effect at June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	
2016	\$ 196,228
2017	1,428
Total Minimum Lease Payments	<u>\$ 197,656</u>

**B. Federal and State Programs**

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

**NOTE 14 JOINT POWERS AGREEMENT**

Effective March 1999, the City of Owatonna, Steele County, and the District entered into a joint powers agreement to provide for the operation and maintenance of a joint ice arena. The ice arena is run and maintained by the County, with the City contributing up to \$55,000 annually in the form of public utilities. Under the terms of the agreement, the District made financial contributions to the construction of the ice arena totaling \$250,000 between March 1999 and 2002. In addition, the District agreed to maintain its present level of use of the ice arena during the term any bonds are outstanding related to the project. Total payments for the use of the ice arena were \$51,362 for the year ended June 30, 2015. The bonds matured in various increments through 2011.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS FOR POST EMPLOYMENT BENEFIT PLANS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<b><u>Pension</u></b>						
7/1/2014	\$ -	\$ 362,903	\$ 362,903	0.0%	\$ 2,157,751	16.8%
7/1/2012	-	312,114	312,114	0.0%	2,052,382	15.2%
7/1/2010	-	312,836	312,836	0.0%	2,060,987	15.2%
<b><u>Other Post Employment Benefits</u></b>						
7/1/2014	\$ -	\$ 4,056,706	\$ 4,056,706	0.0%	\$ 26,496,738	15.3%
7/1/2012	-	3,526,547	3,526,547	0.0%	24,897,274	14.2%
7/1/2010	-	3,498,294	3,498,294	0.0%	24,479,751	14.3%



**OWATONNA PUBLIC SCHOOLS  
 INDEPENDENT SCHOOL DISTRICT NO. 761  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
 JUNE 30, 2015**

<b>Fiscal Year</b>	<u><b>2015</b></u>
Measurement Date	June 30, 2014
<b>PERA</b>	
District's Proportion of the Net Pension Liability	0.13%
District's Proportionate Share of the Net Pension Liability	\$5,890,664
District's Covered-Employee Payroll	6,595,242
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	89.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.70%
<b>TRA</b>	
District's Proportion of the Net Pension Liability	0.45%
District's Proportionate Share of the Net Pension Liability	\$20,675,773
State's Proportionate Share of the Net Pension Liability Associated with District	1,454,618
Total	22130391
District's Covered-Employee Payroll	20,480,518
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	100.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.50%

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
JUNE 30, 2015**

**Schedule of District Contributions**

	<u>2015</u>	<u>2014</u>
<b>PERA</b>		
Statutorily Required Contribution	\$ 551,347	\$ 477,404
Contributions in Relation to the Statutorily Required Contribution	<u>(551,347)</u>	<u>(477,404)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 7,459,313	\$ 6,595,242
Contributions as a Percentage of Covered Employee Payroll	7.39%	7.24%
<b>TRA</b>		
Statutorily Required Contribution	\$ 1,750,113	\$ 1,433,636
Contributions in Relation to the Statutorily Required Contribution	<u>(1,750,113)</u>	<u>(1,433,636)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 22,797,535	\$ 20,480,518
Contributions as a Percentage of Covered Employee Payroll	7.68%	7.00%

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## **SUPPLEMENTARY INFORMATION**

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**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
GENERAL FUND  
BALANCE SHEET  
JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and Investments	\$ 7,298,115	\$ 8,153,714
Receivables		
Current Property Taxes	3,148,762	3,245,654
Delinquent Property Taxes	118,236	130,853
Due from Other Minnesota School Districts	98,422	127,757
Due from Minnesota Department of Education	5,751,426	4,348,081
Due from Federal through the Minnesota Department of Education	788,331	738,268
Due from Other Governmental Units	5,285	30,300
Other Receivables	112,752	344,882
Prepaid Items	148,087	231,993
Inventory	12,686	6,727
Total Assets	<u>\$ 17,482,102</u>	<u>\$ 17,358,229</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
Liabilities		
Salaries and Wages Payable	\$ 4,433,207	\$ 5,223,276
Accounts and Contracts Payable	457,557	583,213
Due to Other Governmental Units	166,007	110,896
Total Liabilities	<u>5,056,771</u>	<u>5,917,385</u>
Deferred Inflows of Resources		
Property Taxes Levied for Subsequent Year	5,411,520	5,530,492
Unavailable Revenue - Delinquent Property Taxes	84,665	103,476
Total Deferred Inflows of Resources	<u>5,496,185</u>	<u>5,633,968</u>
Fund Balance		
Nonspendable:		
Prepaid Items	148,087	231,993
Inventory	12,686	6,727
Restricted:		
Staff Development	280,791	164,952
Teacher Development and Evaluation	69,934	-
Basic Skills Programs	598,586	627,150
Operating Capital	139,244	39,770
Unassigned	5,679,818	4,736,284
Total Fund Balance	<u>6,929,146</u>	<u>5,806,876</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 17,482,102</u>	<u>\$ 17,358,229</u>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

	2015			2014	
	Original Budget	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>					
Local Sources					
Property Taxes	\$ 6,091,060	\$ 6,087,639	\$ 6,126,535	\$ 38,896	\$ 3,154,143
Earnings on Investments	6,000	6,000	8,863	2,863	2,560
Other	1,065,441	1,098,496	1,547,309	448,813	1,155,998
State Sources	42,146,742	42,410,127	43,665,805	1,255,678	42,325,660
Federal Sources	1,781,904	1,961,650	1,696,897	(264,753)	1,643,853
Total Revenues	<u>51,091,147</u>	<u>51,563,912</u>	<u>53,045,409</u>	<u>1,481,497</u>	<u>48,282,214</u>
<b>EXPENDITURES</b>					
Current					
Administration					
Salaries	1,261,754	1,306,874	1,338,862	31,988	1,244,383
Employee Benefits	431,110	454,981	483,489	28,508	435,079
Purchased Services	73,639	73,139	72,167	(972)	92,622
Supplies and Materials	57,956	55,966	73,004	17,038	60,236
Capital Expenditures	58,716	58,716	70,114	11,398	72,557
Other Expenditures	29,563	29,563	26,814	(2,749)	25,988
Total Administration	<u>1,912,738</u>	<u>1,979,239</u>	<u>2,064,450</u>	<u>85,211</u>	<u>1,930,865</u>
District Support Services					
Salaries	1,084,867	946,767	939,094	(7,673)	818,658
Employee Benefits	370,369	321,403	323,157	1,754	323,689
Purchased Services	360,596	338,459	628,484	290,025	320,191
Supplies and Materials	60,727	62,227	108,439	46,212	63,659
Capital Expenditures	619,536	619,536	737,227	117,691	725,885
Other Expenditures	12,816	12,816	8,242	(4,574)	7,981
Total District Support Services	<u>2,508,911</u>	<u>2,301,208</u>	<u>2,744,643</u>	<u>443,435</u>	<u>2,260,063</u>
Elementary and Secondary					
Regular Instruction					
Salaries	16,164,970	15,827,790	16,032,584	204,794	14,664,425
Employee Benefits	5,963,286	5,823,272	5,739,102	(84,170)	5,424,873
Purchased Services	942,084	855,654	856,373	719	900,225
Supplies and Materials	691,078	756,536	764,411	7,875	571,816
Capital Expenditures	341,619	767,332	778,683	11,351	176,336
Other Expenditures	21,915	42,952	12,507	(30,445)	33,525
Total Elementary and Secondary Regular Instruction	<u>24,124,952</u>	<u>24,073,536</u>	<u>24,183,660</u>	<u>110,124</u>	<u>21,771,200</u>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

	2015			Over (Under)	2014
	Original Budget	Final Budget	Actual Amounts	Final Budget	Actual Amounts
<b>EXPENDITURES (Continued)</b>					
Current (Continued)					
Vocational Education Instruction					
Salaries	\$ 578,361	\$ 632,794	\$ 662,679	\$ 29,885	\$ 561,387
Employee Benefits	232,860	260,830	244,241	(16,589)	222,676
Purchased Services	26,012	26,012	21,307	(4,705)	18,210
Supplies and Materials	38,681	44,283	57,539	13,256	48,921
Capital Expenditures	10,000	10,000	6,831	(3,169)	15,853
Other Expenditures	198	198	817	619	800
Total Vocational Education Instruction	886,112	974,117	993,414	19,297	867,847
Special Education Instruction					
Salaries	6,540,480	6,632,861	6,622,937	(9,924)	6,033,842
Employee Benefits	2,916,504	2,859,978	2,755,726	(104,252)	2,387,120
Purchased Services	644,936	647,936	449,956	(197,980)	413,293
Supplies and Materials	159,108	150,592	75,653	(74,939)	76,597
Capital Expenditures	78,007	48,007	7,729	(40,278)	3,592
Other Expenditures	44,815	44,815	4,924	(39,891)	34,187
Total Special Education Instruction	10,383,850	10,384,189	9,916,925	(467,264)	8,948,631
Instructional Support Services					
Salaries	1,210,353	1,509,574	1,371,533	(138,041)	1,267,790
Employee Benefits	392,137	432,139	442,787	10,648	405,663
Purchased Services	138,906	138,906	162,570	23,664	131,216
Supplies and Materials	320,611	299,759	237,516	(62,243)	229,017
Capital Expenditures	10,090	10,090	20,856	10,766	18,469
Other Expenditures	9,143	9,143	16,819	7,676	7,412
Total Instructional Support Services	2,081,240	2,399,611	2,252,081	(147,530)	2,059,567
Pupil Support Services					
Salaries	692,898	789,473	805,607	16,134	694,625
Employee Benefits	227,801	275,401	267,799	(7,602)	224,204
Purchased Services	2,848,319	2,848,319	2,745,785	(102,534)	2,705,018
Supplies and Materials	19,626	19,626	14,344	(5,282)	13,979
Capital Expenditures	-	-	-	-	244
Other Expenditures	-	-	290	290	670
Total Pupil Support Services	3,788,644	3,932,819	3,833,825	(98,994)	3,638,740



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

	2015			2014	
	Original Budget	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>EXPENDITURES (Continued)</b>					
Current (Continued)					
Sites and Buildings					
Salaries	\$ 1,389,451	\$ 1,487,909	\$ 1,610,909	\$ 123,000	\$ 1,431,358
Employee Benefits	716,594	698,638	708,151	9,513	692,861
Purchased Services	1,841,698	1,838,498	2,306,791	468,293	2,216,767
Supplies and Materials	620,815	620,815	743,468	122,653	884,458
Capital Expenditures	57,838	61,038	1,274,394	1,213,356	55,034
Debt Service	230,000	230,000	230,000	-	225,000
Other Expenditures	33,669	33,669	2,259	(31,410)	354
Total Sites and Buildings	<u>4,890,065</u>	<u>4,970,567</u>	<u>6,875,972</u>	<u>1,905,405</u>	<u>5,505,832</u>
Fiscal and Other Fixed Cost Programs					
Employee Benefits	10,894	10,894	-	(10,894)	-
Purchased Services	87,401	159,834	161,149	1,315	125,231
Debt Service	-	-	15,801	15,801	-
Total Fiscal and Other Fixed Costs Programs	<u>98,295</u>	<u>170,728</u>	<u>176,950</u>	<u>6,222</u>	<u>125,231</u>
Total Expenditures	<u>50,674,807</u>	<u>51,186,014</u>	<u>53,041,920</u>	<u>1,855,906</u>	<u>47,107,976</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	416,340	377,898	3,489	(374,409)	1,174,238
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital Lease Proceeds	-	-	559,889	559,889	-
Judgments for School Districts	-	-	-	-	4,800
Sale of Equipment Proceeds	-	-	60,750	60,750	32,886
Insurance Recovery Proceeds	-	-	499,745	499,745	160,339
Transfers Out	(14,000)	(14,000)	(1,603)	12,397	(127,494)
Total Other Financing Sources (Uses)	<u>(14,000)</u>	<u>(14,000)</u>	<u>1,118,781</u>	<u>1,132,781</u>	<u>70,531</u>
Net Change in Fund Balances	<u>\$ 402,340</u>	<u>\$ 363,898</u>	<u>1,122,270</u>	<u>\$ 758,372</u>	<u>1,244,769</u>
Fund Balance					
Beginning of Year			<u>5,806,876</u>		<u>4,562,107</u>
End of Year			<u>\$ 6,929,146</u>		<u>\$ 5,806,876</u>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
FOOD SERVICE SPECIAL REVENUE FUND  
BALANCE SHEET  
JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and Investments	\$ 149,567	\$ 386,136
Receivables		
Due from Minnesota Department of Education	33,004	3,298
Due from Federal through Minnesota Department of Education	174,284	31,859
Other Receivables	17,176	53,522
Prepaid Items	1,550	1,349
Inventory	37,636	46,647
Total Assets	<u>\$ 413,217</u>	<u>\$ 522,811</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Salaries and Wages Payable	\$ 10,408	\$ 12,605
Accounts and Contracts Payable	6,253	139,963
Due to Other Governmental Unit	-	2,731
Unearned Revenue	53,339	44,337
Total Liabilities	<u>70,000</u>	<u>199,636</u>
 Fund Balance		
Nonspendable:		
Prepaid Items	1,550	1,349
Inventory	37,636	46,647
Restricted:		
Other Purposes	304,031	275,179
Total Fund Balance	<u>343,217</u>	<u>323,175</u>
 Total Liabilities and Fund Balance	<u>\$ 413,217</u>	<u>\$ 522,811</u>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
FOOD SERVICE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

	2015			2014	
	Original Budget	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>					
Local Sources					
Earnings on Investments	\$ 155	\$ 155	\$ 454	\$ 299	\$ 197
Other - Primarily Meal Sales	1,174,629	1,176,329	1,263,543	87,214	1,278,313
State Sources	123,117	123,117	186,792	63,675	121,883
Federal Sources	1,255,706	1,255,706	1,440,115	184,409	1,230,098
Total Revenues	<u>2,553,607</u>	<u>2,555,307</u>	<u>2,890,904</u>	<u>335,597</u>	<u>2,630,491</u>
<b>EXPENDITURES</b>					
Current					
Salaries	895,199	926,041	932,124	6,083	821,513
Employee Benefits	297,108	306,272	295,961	(10,311)	281,306
Purchased Services	81,556	82,556	71,346	(11,210)	62,430
Supplies and Materials	1,319,169	1,319,169	1,515,653	196,484	1,352,225
Other Expenditures	1,000	1,000	714	(286)	556
Capital Outlay	25,700	59,000	55,064	(3,936)	194,556
Total Expenditures	<u>2,619,732</u>	<u>2,694,038</u>	<u>2,870,862</u>	<u>176,824</u>	<u>2,712,586</u>
Net Change in Fund Balance	<u>\$ (66,125)</u>	<u>\$ (138,731)</u>	20,042	<u>\$ 158,773</u>	(82,095)
<b>FUND BALANCE</b>					
Beginning of Year			323,175		405,270
End of Year			<u>\$ 343,217</u>		<u>\$ 323,175</u>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
COMMUNITY SERVICE SPECIAL REVENUE FUND  
BALANCE SHEET  
JUNE 30, 2015**

**(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Cash and Investments	\$ 985,567	\$ 788,210
Receivables		
Current Property Taxes	170,217	173,387
Delinquent Property Taxes	2,296	4,252
Due from Minnesota Department of Education	171,695	168,135
Due from Federal Government through the Minnesota Department of Education	69,875	41,933
Prepaid Items	29,413	33,400
Total Assets	\$ 1,429,063	\$ 1,209,317
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
Liabilities		
Salaries and Wages Payable	\$ 26,970	\$ 40,117
Accounts and Contracts Payable	29,169	28,808
Due to Other Governmental Units	392,213	259,410
Total Liabilities	448,352	328,335
Deferred Inflows of Resources		
Property Taxes Levied for Subsequent Year	316,365	319,294
Unavailable Revenue - Delinquent Property Taxes	231	2,715
Total Deferred Inflows of Resources	316,596	322,009
Fund Balance		
Nonspendable:		
Prepaid Items	29,413	33,400
Restricted:		
Community Education Programs	360,009	332,293
Early Childhood and Family Education Programs	126,574	103,072
School Readiness	20,529	10,887
Adult Basic Education	97,846	70,618
Other Purposes	29,744	8,703
Total Fund Balance	664,115	558,973
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 1,429,063	\$ 1,209,317

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
COMMUNITY SERVICE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2015**

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

	2015			Over (Under) Final Budget	2014
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
<b>REVENUES</b>					
Local Sources					
Property Taxes	\$ 315,062	\$ 315,111	\$ 317,828	\$ 2,717	\$ 162,237
Earnings on Investments	700	700	1,542	842	455
Other - Primarily Tuition and Fees	721,200	721,200	816,839	95,639	748,120
State Sources	1,518,411	1,652,917	1,651,148	(1,769)	1,768,739
Federal Sources	57,000	59,880	69,875	9,995	69,151
Total Revenues	2,612,373	2,749,808	2,857,232	107,424	2,748,702
<b>EXPENDITURES</b>					
Current:					
Salaries	842,378	892,922	800,530	(92,392)	825,235
Employee Benefits	268,997	233,175	225,517	(7,658)	265,274
Purchased Services	1,554,348	1,597,514	1,592,255	(5,259)	1,668,182
Supplies and Materials	58,208	92,365	106,105	13,740	110,372
Other Expenditures	2,200	2,200	3,980	1,780	2,896
Capital Outlay	18,297	18,297	25,306	7,009	5,972
Total Expenditures	2,744,428	2,836,473	2,753,693	(82,780)	2,877,931
Excess (Deficiency) of Revenues Over (Under) Expenditures	(132,055)	(86,665)	103,539	190,204	(129,229)
<b>OTHER FINANCING SOURCES</b>					
Transfers In	14,000	14,000	1,603	(12,397)	14,000
Net Change in Fund Balance	\$ (118,055)	\$ (72,665)	105,142	\$ 177,807	(115,229)
<b>FUND BALANCE</b>					
Beginning of Year			558,973		674,202
End of Year			\$ 664,115		\$ 558,973

**OWATONNA PUBLIC SCHOOLS  
 INDEPENDENT SCHOOL DISTRICT NO. 761  
 DEBT SERVICE FUND  
 BALANCE SHEET  
 JUNE 30, 2015  
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Cash and Investments	\$ 1,585,674	\$ 1,574,645
Receivables		
Current Property Taxes	1,228,636	1,242,876
Delinquent Property Taxes	16,455	32,103
Due from Minnesota Department of Education	2,826	2,838
Total Assets	\$ 2,833,591	\$ 2,852,462
 <b>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Deferred Inflows of Resources		
Property Taxes Levied for Subsequent Year	\$ 2,283,599	\$ 2,288,815
Unavailable Revenue - Delinquent Property Taxes	1,140	20,590
Total Deferred Inflows of Resources	2,284,739	2,309,405
 Fund Balance		
Restricted:		
Other Purposes	548,852	543,057
Total Deferred Inflows of Resources and Fund Balance	\$ 2,833,591	\$ 2,852,462

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

	2015			2014	
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>					
Local Sources					
Property Tax	\$ 2,265,116	\$ 2,265,225	\$ 2,279,999	\$ 14,774	\$ 2,259,009
Earnings on Investments	1,328	1,328	2,226	898	560
State Sources	28,375	28,266	28,265	(1)	28,376
Total Revenues	<u>2,294,819</u>	<u>2,294,819</u>	<u>2,310,490</u>	<u>15,671</u>	<u>2,287,945</u>
<b>EXPENDITURES</b>					
Debt Service:					
Bond Principal	2,230,000	2,230,000	2,230,000	-	2,350,000
Bond Interest	74,200	74,200	74,200	-	117,119
Paying Agent Fees and Other	3,000	3,000	495	(2,505)	-
Total Expenditures	<u>2,307,200</u>	<u>2,307,200</u>	<u>2,304,695</u>	<u>(2,505)</u>	<u>2,467,119</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,381)	(12,381)	5,795	18,176	(179,174)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	-	113,494
Net Change in Fund Balances	<u>\$ (12,381)</u>	<u>\$ (12,381)</u>	5,795	<u>\$ 18,176</u>	(65,680)
Fund Balance - Beginning			<u>543,057</u>		<u>608,737</u>
Fund Balance - Ending			<u>\$ 548,852</u>		<u>\$ 543,057</u>

# STATISTICAL SECTION



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Statistical Section  
(unaudited)**

This part of the District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends Information</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	<b>84-109</b>
<b>Revenue Capacity Information</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	<b>110-118</b>
<b>Debt Capacity Information</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	<b>119-124</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	<b>125-127</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	<b>128-139</b>

Sources: Unless otherwise noted, the information in these schedules is derived from the Independent Auditor's Report for the relevant year.

# Financial Trends Information

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
\* Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(unaudited)**

	<u>2015 **</u>	<u>2014</u>	<u>2013</u>
<b>GOVERNMENTAL ACTIVITIES:</b>			
Net Investment in Capital Assets	\$ 20,932,061	\$ 19,161,911	\$ 17,576,923
Restricted	2,615,022	2,237,866	2,343,043
Unrestricted	(31,027,270)	(574,936)	(1,835,273)
<b>Total Net Position</b>	<b><u>\$ (7,480,187)</u></b>	<b><u>\$ 20,824,841</u></b>	<b><u>\$ 18,084,693</u></b>

Source: Independent Auditor's Report

\* The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 63 for the year ended June 30, 2013. This standard renames the residual of all other amounts presented in the statement of financial position from "net assets" to "net position."

\*\* The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statements 68 and 71 for the year ended June 30, 2015. Accordingly, this change in principle resulted in the restatement of beginning net position related to the recognition of the District's proportionate share of the Public Employees' Retirement Association and Teacher's Retirement Association net pension liabilities.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 15,763,708	\$ 13,921,139	\$ 11,702,040	\$ 8,374,839	\$ 6,661,006	\$ 5,147,551	\$ 3,696,488
1,930,064	1,779,406	1,974,164	2,331,612	1,744,977	1,723,634	1,700,442
(1,677,498)	(399,224)	56,380	183,475	(807,023)	(1,449,444)	(2,024,487)
<b><u>\$ 16,016,274</u></b>	<b><u>\$ 15,301,321</u></b>	<b><u>\$ 13,732,584</u></b>	<b><u>\$ 10,889,926</u></b>	<b><u>\$ 7,598,960</u></b>	<b><u>\$ 5,421,741</u></b>	<b><u>\$ 3,372,443</u></b>

**OWATONNA PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. 761**  
**Government-wide Expenses, Program Revenues, and Net (Expense)/Revenue**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(unaudited)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>EXPENSES:</b>			
Governmental Activities:			
Administration	\$ 1,962,158	\$ 1,895,700	\$ 1,855,310
District Support Services	2,651,016	2,112,832	2,066,752
Regular Instruction	24,983,484	22,903,003	22,253,825
Vocational Education Instruction	963,470	879,531	857,644
Special Education Instruction	9,794,757	9,070,850	9,229,338
Instructional Support Services	2,232,335	2,071,416	2,242,796
Pupil Support Services	3,868,506	3,721,881	3,619,996
Sites and Buildings	5,315,351	4,906,176	5,180,489
Fiscal and Other Fixed Cost Programs	161,149	125,231	137,108
Food Service	2,867,876	2,584,227	2,691,837
Community Service	2,728,023	2,912,620	2,466,413
Interest and Fiscal Charges on Long-Term Liabilities	54,965	224,363	303,988
<b>Total Government-wide Expenses</b>	<u>57,583,090</u>	<u>53,407,830</u>	<u>52,905,496</u>
<b>PROGRAM REVENUES:</b>			
Governmental Activities:			
Charges for Services:			
District Support Services	-	-	-
Regular Instruction	538,156	536,263	545,092
Special Education Instruction	269,575	210,772	198,302
Instructional Support Services	-	-	-
Pupil Support Services	-	-	-
Sites and Buildings	48,014	41,199	44,563
Food Service	1,263,543	1,178,313	1,213,603
Community Service	772,640	738,720	625,895
Operating Grants and Contributions	16,208,948	15,283,318	14,313,633
Capital Grants and Contributions	1,344,754	814,588	651,823
<b>Total Government-wide Program Revenues</b>	<u>20,445,630</u>	<u>18,803,173</u>	<u>17,592,911</u>
<b>Net (Expense)/Revenue</b>			
<b>Total Government-wide Net Expense</b>	<u>\$ (37,137,460)</u>	<u>\$ (34,604,657)</u>	<u>\$ (35,312,585)</u>

Source: Independent Auditor's Report

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 2,042,444	\$ 1,871,259	\$ 1,802,903	\$ 1,867,489	\$ 2,017,978	\$ 2,043,610	\$ 1,897,371
2,381,115	2,400,208	2,424,401	1,876,749	2,235,492	1,954,163	1,689,963
22,586,215	22,918,131	23,186,502	23,038,470	22,530,340	21,733,532	20,265,718
985,654	947,088	962,345	1,104,251	1,151,186	1,180,673	1,133,464
8,918,235	8,487,358	8,459,955	7,624,288	7,071,990	6,673,018	6,162,871
2,646,055	2,602,566	2,710,329	2,631,900	2,618,775	3,006,111	2,346,645
3,590,963	3,597,773	3,390,886	3,282,534	3,263,988	2,846,914	3,183,385
4,546,753	4,610,789	4,829,529	4,591,971	4,386,242	4,278,259	4,145,207
117,021	97,980	97,686	97,836	211,020	238,805	436,758
2,622,427	2,517,812	2,534,855	2,549,840	2,533,141	2,383,782	1,695,085
2,403,407	1,853,866	1,862,951	1,709,072	1,716,448	1,677,294	1,562,122
<u>484,230</u>	<u>503,226</u>	<u>596,940</u>	<u>679,085</u>	<u>748,219</u>	<u>811,003</u>	<u>1,514,332</u>
53,324,519	52,408,056	52,859,282	51,053,485	50,484,819	48,827,164	46,032,921
-	-	-	-	3,483	358	-
642,220	497,422	567,537	570,321	541,507	389,021	450,017
360,893	211,809	730,155	623,828	74,198	65,280	87,779
-	-	-	-	142,171	197,492	166,887
-	-	-	-	103,018	103,018	143,018
38,154	28,686	25,456	35,775	25,854	28,841	31,101
1,281,616	1,346,758	1,338,938	1,426,068	1,373,330	1,315,917	1,283,275
609,207	613,790	610,292	561,795	545,477	518,614	488,373
13,683,114	13,411,316	15,508,360	12,669,616	8,105,522	7,429,462	6,948,704
602,199	748,976	564,322	928,090	833,062	772,308	994,018
17,217,403	16,858,757	19,345,060	16,815,493	11,747,622	10,820,311	10,593,172
<u>\$ (36,107,116)</u>	<u>\$ (35,549,299)</u>	<u>\$ (33,514,222)</u>	<u>\$ (34,237,992)</u>	<u>\$ (38,737,197)</u>	<u>\$ (38,006,853)</u>	<u>\$ (35,439,749)</u>

**OWATONNA PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. 761**  
\* Government-wide General Revenues and Total Change in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(unaudited)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Net (Expense)/Revenue</b>			
Total Government-wide Net Expense (1)	\$ (37,137,460)	\$ (34,604,657)	\$ (35,312,585)
<b>General Revenues and Changes in Net Position</b>			
Governmental Activities:			
Property Taxes Levied for:			
General Purposes	6,107,724	3,179,245	5,243,922
Community Service	315,344	159,876	313,998
Debt Service	2,260,549	2,236,767	2,652,516
State Aid Not Restricted to Specific Purposes	31,890,460	31,572,695	29,089,562
Earnings on Investments	13,374	3,874	10,359
Gain on Sale of Fixed Assets	-	32,886	19,500
Miscellaneous	530,243	159,462	51,147
<b>Total General Revenues and Changes in Net Position</b>	<u><b>41,117,694</b></u>	<u><b>37,344,805</b></u>	<u><b>37,381,004</b></u>
<b>Change in Net Position</b>			
<b>Total Government-wide</b>	<u><b>\$ 3,980,234</b></u>	<u><b>\$ 2,740,148</b></u>	<u><b>\$ 2,068,419</b></u>

(1) See previous page for these numbers.

\* The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 63 for the year ended June 30, 2013. This standard renames the residual of all other amounts presented in the statement of financial position from "net assets" to "net position."

Source: Independent Auditor's Report

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ (36,107,116)	\$ (35,549,299)	\$ (33,514,222)	\$ (34,237,992)	\$ (38,737,197)	\$ (38,006,853)	\$ (35,439,749)
5,098,253	7,077,607	5,231,020	4,674,624	4,598,114	4,025,066	2,362,335
292,039	432,268	287,300	251,077	283,708	264,375	131,357
2,386,440	2,449,394	3,135,148	3,152,927	2,788,744	2,867,578	3,182,380
28,951,399	26,927,364	26,001,620	29,257,214	32,841,048	32,451,762	32,357,569
3,091	7,010	29,226	189,148	402,802	447,370	103,528
-	17,610	-	-	-	-	-
90,847	206,783	25,976	3,968	-	-	-
<u>36,822,069</u>	<u>37,118,036</u>	<u>34,710,290</u>	<u>37,528,958</u>	<u>40,914,416</u>	<u>40,056,151</u>	<u>38,137,169</u>
<u>\$ 714,953</u>	<u>\$ 1,568,737</u>	<u>\$ 1,196,068</u>	<u>\$ 3,290,966</u>	<u>\$ 2,177,219</u>	<u>\$ 2,049,298</u>	<u>\$ 2,697,420</u>



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Governmental Funds Revenues  
\* Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(unaudited)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Federal Sources:				
Federal Grants	\$ 1,766,772	\$ 1,713,004	\$ 1,783,378 *****	\$ 2,869,223
Food Service	<u>1,440,115</u>	<u>1,230,098</u>	<u>1,247,788</u>	<u>1,202,516</u>
Total Federal Sources	<u>3,206,887</u>	<u>2,943,102</u>	<u>3,031,166</u>	<u>4,071,739</u>
State Sources:				
General Education Aid	43,665,805	42,325,660 *****	38,806,389 *****	37,146,909
Food Service	186,792	121,883	123,037	136,743
Community Service	1,651,148	1,768,739	1,549,457	1,491,873
Debt Service Aid	<u>28,265</u>	<u>28,376</u>	<u>34,282</u>	<u>211,467</u>
Total State Sources	<u>45,532,010</u>	<u>44,244,658</u>	<u>40,513,165</u>	<u>38,986,992</u>
Local Sources:				
Property Taxes	8,724,362	5,575,389 *****	8,212,858	7,766,105 ****
Food Service Sales	1,263,543	1,278,313	1,213,603	1,281,616
Other Revenues	<u>2,377,233</u>	<u>1,907,890</u>	<u>1,985,859</u>	<u>1,893,945</u>
Total Local Sources	<u>12,365,138</u>	<u>8,761,592</u>	<u>11,412,320</u>	<u>10,941,666</u>
<b>Total Revenues</b>	<b><u>\$ 61,104,035</u></b>	<b><u>\$ 55,949,352</u></b>	<b><u>\$ 54,956,651</u></b>	<b><u>\$ 54,000,397</u></b>

\* Includes general, food service, community service, capital projects - building construction, and debt service funds.

\*\* Federal Grant increased in fiscal year 2010 due to ARRA funds but State General Education Aid decreased by this same amount.

\*\*\* Property Taxes increased in fiscal year 2011 due to property tax shift at 48.6%. This resulted in advance recognition of tax revenue in the District's General Fund and Community Service Fund and a corresponding state aid holdback totaling \$2,078,197 and \$150,770, respectively.

\*\*\*\* Property Taxes decreased in fiscal year 2012. The tax shift in the General Fund resulted in an increase in state aid of \$69,184 and a corresponding decrease to property taxes. The tax shift in the Community Service Fund resulted in an increase to property taxes of \$3,541 and a corresponding decrease to state aids.

\*\*\*\*\* General Education increased due to an additional \$50 per pupil in the basic formula allowance, additional compensatory revenue, and an increased enrollment from FY 12.

\*\*\*\*\* Federal Grants decreased due to Education Jobs funding that was received in FY 12.

\*\*\*\*\* General Education increased in fiscal year 2014 due to an additional 1.5% increase in the basic formula allowance, additional compensatory revenue, and the payback of the tax shift.

\*\*\*\*\* Property Taxes decrease in fiscal year 2014 due to property tax shift payback which resulted in an increase in general education aid.

Source: Independent Auditor's Report

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 2,914,456	\$ 5,730,099 **	\$ 2,263,177	\$ 2,172,536	\$ 2,141,264	\$ 1,653,585
1,134,338	1,106,870	957,097	894,210	835,793	738,098
<u>4,048,794</u>	<u>6,836,969</u>	<u>3,220,274</u>	<u>3,066,746</u>	<u>2,977,057</u>	<u>2,391,683</u>
35,747,140	33,580,948 **	38,054,283	37,174,860	36,131,373	35,846,257
140,524	156,190	145,574	155,216	134,165	125,730
742,064	862,432	864,186	808,696	780,790	837,874
211,140	263,159	279,141	274,695	319,470	386,691
<u>36,840,868</u>	<u>34,862,729</u>	<u>39,343,184</u>	<u>38,413,467</u>	<u>37,365,798</u>	<u>37,196,552</u>
10,004,765 ***	8,636,276	8,062,364	7,632,068	7,132,050	5,669,146
1,346,758	1,338,938	1,426,068	1,373,329	1,315,918	1,283,276
1,624,930	2,196,143	2,270,263	2,125,573	2,050,079	2,359,037
<u>12,976,453</u>	<u>12,171,357</u>	<u>11,758,695</u>	<u>11,130,970</u>	<u>10,498,047</u>	<u>9,311,459</u>
<u><b>\$ 53,866,115</b></u>	<u><b>\$ 53,871,055</b></u>	<u><b>\$ 54,322,153</b></u>	<u><b>\$ 52,611,183</b></u>	<u><b>\$ 50,840,902</b></u>	<u><b>\$ 48,899,694</b></u>

**OWATONNA PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. 761**  
**Governmental Funds Expenditures and Debt Service Ratio**  
**\* Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(unaudited)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Administration	\$ 1,994,336	\$ 1,858,308	\$ 1,853,688	\$ 2,111,976
District Support Services	2,007,416	1,534,178	1,730,390	1,976,172
Regular Instruction	23,404,977	21,594,864	21,547,782	21,499,307
Vocational Education Instruction	986,583	851,994	833,950	940,505
Special Education Instruction	9,909,196	8,945,039	9,180,796	8,734,486
Instructional Support Services	2,231,225	2,041,098	2,292,712	2,650,922
Pupil Support Services	3,833,825	3,638,496	3,670,854	3,580,587
Sites and Buildings	5,371,578	5,225,798	4,902,410	4,852,149
Fiscal and Other Fixed Cost Programs	161,149	125,231	137,108	117,021
Food Service	2,815,798	2,518,030	2,587,328	2,502,500
Community Service	2,728,387	2,871,959	2,415,777	2,405,876
Capital Outlay	2,976,204	1,878,653	1,764,382	1,358,898
Debt Service				
Principal	2,460,000	2,575,000	2,545,000	2,425,000
Interest and Fiscal Charges	90,496	117,119	505,489	515,048
<b>Total Expenditures</b>	<b><u>\$ 60,971,170</u></b>	<b><u>\$ 55,775,767</u></b>	<b><u>\$ 55,967,666</u></b>	<b><u>\$ 55,670,447</u></b>
<b>Debt Service as a percentage of non-capital expenditures</b>	<b>4.40%</b>	<b>4.99%</b>	<b>5.63%</b>	<b>5.41%</b>

\* Includes general, food service, community service, capital projects - building construction, and debt service funds.

Source: Independent Auditor's Report

<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
\$ 1,794,161	\$ 1,738,247	\$ 1,841,561	\$ 1,819,936	\$ 1,892,973	\$ 1,836,977
2,216,781	1,843,598	1,456,988	1,630,028	1,369,566	1,266,343
21,632,973	21,686,361	22,214,364	21,668,324	20,558,356	19,444,698
897,302	933,799	1,064,263	1,097,481	1,114,893	1,095,027
8,500,187	8,311,029	7,536,903	7,080,734	6,541,282	6,145,447
2,549,555	2,671,979	2,711,242	2,591,934	2,521,187	2,242,265
3,507,532	3,438,413	3,299,933	3,252,298	2,820,826	3,128,295
4,603,163	4,454,311	4,413,649	4,281,716	3,839,111	3,633,760
97,980	97,686	97,836	324,121	348,059	436,758
2,446,111	2,465,945	2,433,616	2,416,249	2,257,205	2,202,249
1,796,287	1,814,794	1,693,415	1,669,301	1,616,814	1,518,921
3,983,269	1,606,460	1,597,799	1,412,225	1,856,652	2,052,425
2,265,000	2,905,000	2,805,000	2,510,000	2,425,000	2,055,000
532,685	620,671	700,101	764,221	822,424	2,003,652
<b>\$ 56,822,986</b>	<b>\$ 54,588,293</b>	<b>\$ 53,866,670</b>	<b>\$ 52,518,568</b>	<b>\$ 49,984,348</b>	<b>\$ 49,061,817</b>
<b>5.29%</b>	<b>6.65%</b>	<b>6.71%</b>	<b>6.41%</b>	<b>6.75%</b>	<b>8.63%</b>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761**  
Other Financing Sources and Uses and Net Change in Fund Balances,  
Governmental Funds  
\* Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(unaudited)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Total Revenues (1)</b>	<b>\$ 61,104,035</b>	<b>\$ 55,949,352</b>	<b>\$ 54,956,651</b>	<b>\$ 54,000,397</b>
<b>Total Expenditures (2)</b>	<b>60,971,170</b>	<b>55,775,767</b>	<b>55,967,666</b>	<b>55,670,447</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>132,865</b>	<b>173,585</b>	<b>(1,011,015)</b>	<b>(1,670,050)</b>
<b>Other Financing Sources (Uses)</b>				
Capital Lease Proceeds	559,889	-	266,136	-
Judgments for School Districts	-	4,800	-	28,333
Sale of Equipment Proceeds	60,750	32,886	19,500	-
Insurance Recovery Proceeds (4)	499,745	160,339	-	-
Certificate of Participation Proceeds	-	-	-	-
Certificates of Participation Premium	-	-	-	-
Bond Proceeds	-	-	9,445,000	-
Bond Premium	-	-	110,816	-
Payment to Refunded Bond Escrow Agent	-	-	(8,690,000)	-
Total Other Financing Sources (Uses)	<u>1,120,384</u>	<u>198,025</u>	<u>1,151,452</u>	<u>28,333</u>
<b>Net Change in Fund Balances</b>	<b><u>\$ 1,253,249</u></b>	<b><u>\$ 371,610</u></b>	<b><u>\$ 140,437</u></b>	<b><u>\$ (1,641,717)</u></b>

\* Includes general, food service, community service, capital projects - building construction, and debt service funds.

(1) From Governmental Funds Revenues spreadsheet.

(2) From Governmental Funds Expenditures and Debt Service Ratio spreadsheet.

(3) The large change in fiscal year 2006 was due to a refunding bond. The bonds were sold in fiscal year 2004 and the original bonds were refunded in 2006.

(4) Insurance recovery proceeds due to a fire in the High School Auditorium.

Source: Independent Auditor's Report

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 53,866,115	\$ 53,871,055	\$ 54,322,153	\$ 52,611,183	\$ 50,840,902	\$ 48,899,694
<u>56,822,986</u>	<u>54,588,293</u>	<u>53,866,670</u>	<u>52,518,568</u>	<u>49,984,348</u>	<u>49,061,817</u>
(2,956,871)	(717,238)	455,483	92,615	856,554	(162,123)
201,918	6,687	277,292	-	-	-
138,357	149,550	1,789	733	358	42,167
20,256	16,600	5,114	34,615	14,629	8,200
-	-	-	2,750	461	-
1,855,000	-	-	-	-	-
14,771	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(20,675,000)
<u>2,230,302</u>	<u>172,837</u>	<u>284,195</u>	<u>38,098</u>	<u>15,448</u>	<u>(20,624,633)</u>
<u>\$ (726,569)</u>	<u>\$ (544,401)</u>	<u>\$ 739,678</u>	<u>\$ 130,713</u>	<u>\$ 872,002</u>	<u>\$ (20,786,756)</u>

(3)

**OWATONNA PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. 761**  
**General School System Revenues by Source - Government-wide**  
**Last Ten Fiscal Years**  
**(unaudited)**

<b>Fiscal Year</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>General Revenues</b>	<b>Total</b>
2006	2,650,450 6%	6,948,704 14%	994,018 2%	38,137,169 78%	48,730,341 100%
2007	2,618,541 5%	7,429,462 15%	772,308 1%	40,056,151 79%	50,876,462 100%
2008	2,809,038 5%	8,105,522 15%	833,062 2%	40,914,416 78%	52,662,038 100%
2009	3,217,787 6%	12,669,616 23%	928,090 2%	37,528,958 69%	54,344,451 100%
2010	3,272,378 6%	15,508,360 29%	564,322 1%	34,710,290 64%	54,055,350 100%
2011	2,698,465 5%	13,411,316 25%	748,976 1%	37,118,036 69%	53,976,793 100%
2012	2,932,090 5%	13,683,114 25%	602,199 1%	36,822,069 69%	54,039,472 100%
2013	2,627,455 5%	14,313,633 26%	651,823 1%	37,381,004 68%	54,973,915 100%
2014	2,705,267 5%	15,283,318 27%	814,588 1%	37,344,805 67%	56,147,978 100%
2015	2,891,928 5%	16,208,948 26%	1,344,754 2%	41,117,694 67%	61,563,324 100%

Source: Independent Auditor's Report

**OWATONNA PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. 761**  
**General School System Revenues by Source - Fund Level**  
**\* Last Ten Fiscal Years**  
**(unaudited)**

<b>Fiscal Year</b>	<b>Local Property Tax Levies</b>	<b>Other Local Sources</b>	<b>State Sources</b>	<b>Federal Sources</b>	<b>Total Revenues</b>
2006	5,669,146 12%	3,642,313 7%	37,196,552 76%	2,391,683 5%	48,899,694 100%
2007	7,132,050 14%	3,365,997 7%	37,365,798 73%	2,977,057 6%	50,840,902 100%
2008	7,632,068 14%	3,498,902 7%	38,413,467 73%	3,066,746 6%	52,611,183 100%
2009	8,062,364 15%	3,696,331 7%	39,343,184 72%	3,220,274 6%	54,322,153 100%
2010 (1)	8,636,276 16%	3,535,081 7%	34,862,729 65%	6,836,969 13%	53,871,055 100%
2011 (2)	10,004,765 19%	2,971,688 6%	36,840,868 68%	4,048,794 8%	53,866,115 100%
2012 (3)	7,766,105 14%	3,175,561 6%	38,986,992 72%	4,071,739 8%	54,000,397 100%
2013	8,212,858 15%	3,199,462 6%	40,513,165 74%	3,031,166 6%	54,956,651 100%
2014 (4)	5,575,389 10%	3,186,203 6%	44,244,658 79%	2,943,102 5%	55,949,352 100%
2015 (5)	8,724,362 14%	3,640,776 6%	45,532,010 75%	3,206,887 5%	61,104,035 100%

\* Includes general, food service, community service, capital projects - building construction, and debt service funds.

- (1) Federal Grant increased in fiscal year 2010 due to ARRA funds but State General Education Aid decreased by this same amount.
- (2) Property Taxes increased in fiscal year 2011 due to property tax shift at 48.6%. This resulted in advance recognition of tax revenue in the District's General Fund and Community Service Fund and a corresponding state aid holdback totaling \$2,078,197 and \$150,770, respectively.
- (3) Property Taxes decreased in fiscal year 2012. The tax shift in the General Fund resulted in an increase in state aid of \$69,184 and a corresponding decrease to property taxes. The tax shift in the Community Service Fund resulted in an increase to property taxes of \$3,541 and a corresponding decrease to state aids.
- (4) Property Taxes decreased in fiscal year 2014. During Fiscal Year 2014 there was a tax shift payback which resulted in a reduction of property taxes and an offsetting increase to State Aids of \$2,305,142.
- (5) Property Taxes increased in fiscal year 2015. During Fiscal Year 2014 there was a tax shift payback which resulted in a reduction of property taxes and an offsetting increase to State Aids.

Source: Independent Auditor's Report



**OWATONNA PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. 761**  
**General School System Expenses by Function - Government-wide**  
**Last Ten Fiscal Years**  
**(unaudited)**

<b>Fiscal Year</b>	<b>Administration</b>	<b>District Support Services</b>	<b>Regular Instruction</b>	<b>Vocational Education Instruction</b>	<b>Special Education Instruction</b>	<b>Instructional Support Services</b>
2006	1,897,371 4%	1,689,963 4%	20,265,718 44%	1,133,464 3%	6,162,871 13%	2,346,645 5%
2007	2,043,610 4%	1,954,163 4%	21,733,532 45%	1,180,673 2%	6,673,018 14%	3,006,111 6%
2008	2,017,978 4%	2,235,492 4%	22,530,340 45%	1,151,186 2%	7,071,990 14%	2,618,775 5%
2009	1,867,489 4%	1,876,749 4%	23,038,470 45%	1,104,251 2%	7,624,288 15%	2,631,900 5%
2010	1,802,903 3%	2,424,401 5%	23,186,502 44%	962,345 2%	8,459,955 16%	2,710,329 5%
2011	1,871,259 4%	2,400,208 5%	22,918,131 44%	947,088 2%	8,487,358 16%	2,602,566 5%
2012	2,042,444 4%	2,381,115 4%	22,586,215 41%	985,654 2%	8,918,235 17%	2,646,055 5%
2013	1,855,310 4%	2,066,752 4%	22,253,825 42%	857,644 2%	9,229,338 17%	2,242,796 4%
2014	1,895,700 4%	2,112,832 4%	22,903,003 43%	879,531 2%	9,070,850 17%	2,071,416 4%
2015	1,962,158 3%	2,651,016 5%	24,983,484 43%	963,470 2%	9,794,757 17%	2,232,335 4%

Source: Independent Auditor's Report

<b>Pupil Support Services</b>	<b>Sites and Buildings</b>	<b>Fiscal and Other Fixed Cost Programs</b>	<b>Food Service</b>	<b>Community Service</b>	<b>Interest and Fiscal Charges on Long-term Liabilities</b>	<b>Total</b>
3,183,385 7%	4,145,207 9%	436,758 1%	1,695,085 4%	1,562,122 3%	1,514,332 3%	46,032,921 100%
2,846,914 6%	4,278,259 9%	238,805 0%	2,383,782 5%	1,677,294 3%	811,003 2%	48,827,164 100%
3,263,988 7%	4,386,242 9%	211,020 0%	2,533,141 5%	1,716,448 3%	748,219 2%	50,484,819 100%
3,282,534 7%	4,591,971 9%	97,836 0%	2,549,840 5%	1,709,072 3%	679,085 1%	51,053,485 100%
3,390,886 6%	4,829,529 9%	97,686 0%	2,534,855 5%	1,862,951 4%	596,940 1%	52,859,282 100%
3,597,773 7%	4,610,789 9%	97,980 0%	2,517,812 5%	1,853,866 4%	503,226 1%	52,408,056 100%
3,590,963 7%	4,546,753 9%	117,021 0%	2,622,427 5%	2,403,407 5%	484,230 1%	53,324,519 100%
3,619,996 7%	5,180,489 10%	137,108 0%	2,691,837 5%	2,466,413 4%	303,988 1%	52,905,496 100%
3,721,881 7%	4,906,176 9%	125,231 0%	2,584,227 5%	2,912,620 5%	224,363 0%	53,407,830 100%
3,868,506 7%	5,315,351 9%	161,149 0%	2,867,876 5%	2,728,023 5%	54,965 0%	57,583,090 100%

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
General School System Expenditures by Function - Fund Level  
\* Last Ten Fiscal Years  
(unaudited)**

<b>Fiscal Year</b>	<b>Administration</b>	<b>District Support Services</b>	<b>Regular Instruction</b>	<b>Vocational Education Instruction</b>	<b>Special Education Instruction</b>	<b>Instructional Support Services</b>	<b>Pupil Support Services</b>
2006	1,836,977 4%	1,266,343 3%	19,444,698 40%	1,095,027 2%	6,145,447 13%	2,242,265 5%	3,128,295 6%
2007	1,892,973 4%	1,369,566 3%	20,558,356 41%	1,114,893 2%	6,541,282 13%	2,521,187 5%	2,820,826 6%
2008	1,819,936 3%	1,630,028 3%	21,668,324 41%	1,097,481 2%	7,080,734 14%	2,591,934 5%	3,252,298 6%
2009	1,841,561 3%	1,456,988 3%	22,214,364 41%	1,064,263 2%	7,536,903 14%	2,711,242 5%	3,299,933 6%
2010	1,738,247 3%	1,843,598 3%	21,686,361 40%	933,799 2%	8,311,029 15%	2,671,979 5%	3,438,413 6%
2011	1,794,161 3%	2,216,781 4%	21,632,973 38%	897,302 2%	8,500,187 15%	2,549,555 4%	3,507,532 6%
2012	2,111,976 4%	1,976,172 4%	21,499,307 39%	940,505 2%	8,734,486 16%	2,650,922 5%	3,580,587 6%
2013	1,853,688 3%	1,730,390 3%	21,547,782 39%	833,950 1%	9,180,796 16%	2,292,712 4%	3,670,854 7%
2014	1,858,308 3%	1,534,178 3%	21,594,864 39%	851,994 2%	8,945,039 16%	2,041,098 4%	3,638,496 7%
2015	1,994,336 3%	2,007,416 3%	23,404,977 38%	986,583 2%	9,909,196 17%	2,231,225 4%	3,833,825 6%

\* Includes general, food service, community service, capital projects - building construction, and debt service funds.

Source: Independent Auditor's Report

<b>Sites and Buildings</b>	<b>Fiscal and Other Fixed Cost Programs</b>	<b>Food Service</b>	<b>Community Service</b>	<b>Capital Outlay and Building Construction</b>	<b>Debt Service</b>	<b>Total Expenditures</b>
3,633,760 7%	436,758 1%	2,202,249 4%	1,518,921 3%	2,052,425 4%	4,058,652 8%	49,061,817 100%
3,839,111 8%	348,059 1%	2,257,205 4%	1,616,814 3%	1,856,652 4%	3,247,424 6%	49,984,348 100%
4,281,716 8%	324,121 1%	2,416,249 5%	1,669,301 3%	1,412,225 3%	3,274,221 6%	52,518,568 100%
4,413,649 8%	97,836 0%	2,433,616 5%	1,693,415 3%	1,597,799 3%	3,505,101 7%	53,866,670 100%
4,454,311 8%	97,686 0%	2,465,945 5%	1,814,794 3%	1,606,460 3%	3,525,671 6%	54,588,293 100%
4,603,163 8%	97,980 0%	2,446,111 4%	1,796,287 3%	3,983,269 7%	2,797,685 5%	56,822,986 100%
4,852,149 9%	117,021 0%	2,502,500 4%	2,405,876 4%	1,358,898 2%	2,940,048 5%	55,670,447 100%
4,902,410 9%	137,108 0%	2,587,328 5%	2,415,777 4%	1,764,382 3%	3,050,489 5%	55,967,666 100%
5,225,798 9%	125,231 0%	2,518,030 5%	2,871,959 4%	1,878,653 3%	2,692,119 5%	55,775,767 100%
5,371,578 9%	161,149 0%	2,815,798 5%	2,728,387 4%	2,976,204 5%	2,550,496 4%	60,971,170 100%

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Statement of Revenues and Expenditures  
General Fund  
Last Ten Fiscal Years  
(unaudited)**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b><u>REVENUES:</u></b>				
Local Property Tax Levies	\$ 6,126,535	\$ 3,154,143 **	\$ 5,250,419	\$ 5,073,899
Other Local Sources	1,556,172	1,158,558	1,080,473	1,257,752
State Sources	43,665,805	42,325,660	38,806,389	37,146,909
Federal Sources	1,696,897	1,643,853	1,748,422	2,819,076
<b>TOTAL REVENUES</b>	<b>\$ 53,045,409</b>	<b>\$ 48,282,214</b>	<b>\$ 46,885,703</b>	<b>\$ 46,297,636</b>
<b><u>EXPENDITURES:</u></b>				
<i>Current</i>				
Administration	\$ 1,994,336	\$ 1,858,308	\$ 1,853,688	\$ 2,111,976
District Support Services	2,007,416	1,534,178	1,730,390	1,976,172
Regular Instruction	23,404,977	21,594,864	21,547,782	21,499,307
Vocational Education Instruction	986,583	851,994	833,950	940,505
Special Education Instruction	9,909,196	8,945,039	9,180,796	8,734,486
Instructional Support Services	2,231,225	2,041,098	2,292,712	2,650,922
Pupil Support Services	3,833,825	3,638,496	3,670,854	3,580,587
Sites and Buildings	5,371,578	5,225,798	4,902,410	4,852,149
Fiscal and Other Fixed Cost Programs	161,149	125,231	137,108	117,021
Capital Outlay	2,895,834	1,067,970	1,424,053	1,218,831
Debt Service *	245,801	225,000	248,196	233,660
<b>TOTAL EXPENDITURES</b>	<b>\$ 53,041,920</b>	<b>\$ 47,107,976</b>	<b>\$ 47,821,939</b>	<b>\$ 47,915,616</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 3,489</b>	<b>\$ 1,174,238</b>	<b>\$ (936,236)</b>	<b>\$ (1,617,980)</b>
<b>OTHER FINANCIAL SOURCES (USES)</b>				
Capital Lease Proceeds	559,889	-	266,136	-
Insurance Recovery Proceeds	499,745	160,339	-	-
Judgments for School Districts	-	4,800	-	28,333
Transfers Out	(1,603)	(127,494)	(14,000)	(27,688)
Sale of Equipment Proceeds	60,750	32,886	19,500	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 1,118,781</b>	<b>\$ 70,531</b>	<b>\$ 271,636</b>	<b>\$ 645</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>5,806,876</b>	<b>4,562,107</b>	<b>5,226,707</b>	<b>6,844,042</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 6,929,146</b>	<b>\$ 5,806,876</b>	<b>\$ 4,562,107</b>	<b>\$ 5,226,707</b>

\* Debt Service payments are for Certificates of Participation Series 2010A. Fiscal Year 2012 was the first year principal and interest payments were due.

\*\* In FY 14 there was a property tax shift payback which led to a decrease in property taxes and an increase in state aid.

Source: Independent Auditor's Report

<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
\$ 7,090,035	\$ 5,199,524	\$ 4,665,697	\$ 4,574,604	\$ 3,988,868	\$ 2,379,543
992,297	1,575,926	1,654,693	1,464,452	1,412,935	1,240,597
35,747,140	33,580,948	38,054,283	37,174,860	36,131,373	35,846,257
2,888,963	5,696,310	2,213,624	2,133,087	2,091,269	1,603,459
<b>\$ 46,718,435</b>	<b>\$ 46,052,708</b>	<b>\$ 46,588,297</b>	<b>\$ 45,347,003</b>	<b>\$ 43,624,445</b>	<b>\$ 41,069,856</b>
\$ 1,794,161	\$ 1,738,247	\$ 1,841,561	\$ 1,819,936	\$ 1,892,973	\$ 1,836,977
2,216,781	1,843,598	1,456,988	1,630,028	1,369,566	1,266,343
21,632,973	21,686,361	22,214,364	21,668,324	20,558,356	19,444,698
897,302	933,799	1,064,263	1,097,481	1,114,893	1,095,027
8,500,187	8,311,029	7,536,903	7,080,734	6,541,282	6,145,447
2,549,555	2,671,979	2,711,242	2,591,934	2,521,187	2,242,265
3,507,532	3,438,413	3,299,933	3,252,298	2,820,826	3,128,295
4,603,163	4,454,311	4,413,649	4,281,716	3,839,111	3,633,760
97,980	97,686	97,836	324,121	348,059	436,758
2,120,939	1,563,501	1,541,164	1,369,823	1,848,126	1,826,752
-	-	-	-	-	-
<b>\$ 47,920,573</b>	<b>\$ 46,738,924</b>	<b>\$ 46,177,903</b>	<b>\$ 45,116,395</b>	<b>\$ 42,854,379</b>	<b>\$ 41,056,322</b>
<b>\$ (1,202,138)</b>	<b>\$ (686,216)</b>	<b>\$ 410,394</b>	<b>\$ 230,608</b>	<b>\$ 770,066</b>	<b>\$ 13,534</b>
201,918	-	260,917	-	-	-
-	-	-	2,750	461	-
138,357	149,550	1,789	733	358	42,167
(18,654)	(15,219)				
20,256	16,600	5,114	34,615	14,629	8,000
<b>\$ 341,877</b>	<b>\$ 150,931</b>	<b>\$ 267,820</b>	<b>\$ 38,098</b>	<b>\$ 15,448</b>	<b>\$ 50,167</b>
<b>7,704,303</b>	<b>8,239,588</b>	<b>7,561,374</b>	<b>7,292,668</b>	<b>6,507,154</b>	<b>6,443,453</b>
<b>\$ 6,844,042</b>	<b>\$ 7,704,303</b>	<b>\$ 8,239,588</b>	<b>\$ 7,561,374</b>	<b>\$ 7,292,668</b>	<b>\$ 6,507,154</b>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
General Fund Compared to the Prior Year  
Fiscal Years Ended June 30  
(unaudited)**

	2015	2014	Increase/ (Decrease)	% Inc/(Dec)
<b><u>REVENUES:</u></b>				
Local Property Tax Levies	\$ 6,126,535	\$ 3,154,143	\$ 2,972,392	94.24%
Other Local Sources	1,556,172	1,158,558	397,614	34.32%
State Sources	43,665,805	42,325,660	1,340,145	3.17%
Federal Sources	1,696,897	1,643,853	53,044	3.23%
<b>Total Revenue</b>	<b>\$ 53,045,409</b>	<b>\$ 48,282,214</b>	<b>\$ 6,747,773</b>	<b>14.65%</b>
<b><u>EXPENDITURES:</u></b>				
<i>Current:</i>				
Administration	\$ 1,994,336	\$ 1,858,308	\$ 136,028	7.32%
District Support Services	2,007,416	1,534,178	473,238	30.85%
Regular Instruction	23,404,977	21,594,864	1,810,113	8.38%
Vocational Education Instruction	986,583	851,994	134,589	15.80%
Special Education Instruction	9,909,196	8,945,039	964,157	10.78%
Instructional Support Services	2,231,225	2,041,098	190,127	9.31%
Pupil Support Services	3,833,825	3,638,496	195,329	5.37%
Sites and Buildings	5,371,578	5,225,798	145,780	2.79%
Fiscal and Other Fixed Cost Programs	161,149	125,231	35,918	28.68%
Capital Outlay	2,895,834	1,067,970	1,827,864	171.15%
Debt Service	245,801	225,000	20,801	9.24%
<b>TOTAL EXPENDITURES</b>	<b>\$ 53,041,920</b>	<b>\$ 47,107,976</b>	<b>5,126,304</b>	<b>10.97%</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 3,489</b>	<b>\$ 1,174,238</b>		
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Lease Proceeds	559,889	-		
Insurance Recovery Proceeds	499,745	160,339		
Judgments for School Districts	-	4,800		
Transfers Out	(1,603)	(127,494)		
Sale of Equipment Proceeds	60,750	32,886		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 1,118,781</b>	<b>\$ 70,531</b>		
<b>FUND BALANCES JULY 1:</b>				
Nonspendable	\$ 238,720	\$ 133,846		
Restricted/Reserved	831,872	679,795		
Unassigned	4,736,284	3,748,466		
<b>TOTAL</b>	<b>\$ 5,806,876</b>	<b>\$ 4,562,107</b>		
<b>FUND BALANCES JUNE 30:</b>				
Nonspendable	\$ 160,773	\$ 238,720		
Restricted/Reserved	1,088,555	831,872		
Unassigned	5,679,818	4,736,284		
<b>TOTAL</b>	<b>\$ 6,929,146</b>	<b>\$ 5,806,876</b>		

Source: Independent Auditor's Report

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**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(unaudited)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>General Fund</b>				
Nonspendable	\$ 160,773	\$ 238,720	\$ 133,846	\$ 125,661
Restricted/Reserved	1,088,555	831,872	679,795	274,223
Unassigned	5,679,818	4,736,284	3,748,466	4,826,823
Reserved	-	-	-	-
Unreserved	-	-	-	-
<b>Total General Fund</b>	<b><u>\$ 6,929,146</u></b>	<b><u>\$ 5,806,876</u></b>	<b><u>\$ 4,562,107</u></b>	<b><u>\$ 5,226,707</u></b>
<b>All Other Governmental Funds</b>				
Nonspendable	\$ 68,599	\$ 81,396	\$ 54,462	\$ 56,100
Restricted/Reserved	1,487,585	1,343,809	2,243,902	1,437,227
Unassigned:				
Special Revenue Funds	-	-	-	-
Capital Projects Fund	-	-	-	-
Debt Service Fund	-	-	-	-
Reserved	-	-	-	-
Unreserved:				
Special Revenue Funds	-	-	-	-
Capital Projects Fund	-	-	-	-
Debt Service Fund	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b><u>\$ 1,556,184</u></b>	<b><u>\$ 1,425,205</u></b>	<b><u>\$ 2,298,364</u></b>	<b><u>\$ 1,493,327</u></b>

\* The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted as of June 30, 2011. This standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications: nonspendable, restricted/reserved, committed, assigned and unassigned fund balance.

Source: Independent Auditor's Report

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 178,919 *	\$ -	\$ -	\$ -	\$ -	\$ -
429,467 *	-	-	-	-	-
6,235,656 *	-	-	-	-	-
-	810,945	1,451,977	1,106,183	841,136	991,064
-	6,893,358	6,787,611	6,455,191	6,451,532	5,516,090
<b><u>\$ 6,844,042</u></b>	<b><u>\$ 7,704,303</u></b>	<b><u>\$ 8,239,588</u></b>	<b><u>\$ 7,561,374</u></b>	<b><u>\$ 7,292,668</u></b>	<b><u>\$ 6,507,154</u></b>
\$ 58,044 *	\$ -	\$ -	\$ -	\$ -	\$ -
1,459,665 *	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	194,658	206,816	203,973	164,931	146,702
-	376,210	265,217	161,382	187,601	155,783
-	-	-	-	-	-
-	813,149	921,100	966,314	1,117,130	1,080,689
<b><u>\$ 1,517,709</u></b>	<b><u>\$ 1,384,017</u></b>	<b><u>\$ 1,393,133</u></b>	<b><u>\$ 1,331,669</u></b>	<b><u>\$ 1,469,662</u></b>	<b><u>\$ 1,383,174</u></b>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Unassigned General Fund Balance Compared to Annual Expenditures  
Last Ten Fiscal Years  
(unaudited)**

<u>Fiscal Year</u>	<u>Unassigned Fund Balance</u>	<u>Following Year Expenditures</u>	<u>Balance As Percent of Expenditures</u>
2006	5,516,090	42,854,379	12.87%
2007	6,451,532	45,116,395	14.30%
2008	6,455,191	46,177,903	13.98%
2009	6,787,611	46,738,924	14.52%
2010	6,773,060	49,139,161	13.78%
2011	** 6,235,656	47,058,637	13.25%
2012	4,826,823	48,658,357	9.92%
2013	3,748,466	47,867,815	7.83%
2014	4,736,284	53,043,523	8.93%
2015	5,679,818	53,634,665 *	10.59%

\* Total expenditures from the 2015-16 Final Budget.

\*\* The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted as of June 30, 2011. This standard replaces the previous unreserved/undesignated fund balance categories with unassigned fund balance.

Source: Independent Auditor's Report

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**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Cash and Investment Balances by Fund  
Last Ten Fiscal Years  
(unaudited)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund without Tax and Aid Anticipation Certificate	\$ 7,298,115	\$ 8,153,714	\$ 2,843,730	\$ (3,975,523)
General Fund - Tax and Anticipation Certificate	-	-	-	8,076,394
<b>Sub Total General Fund</b>	<b>\$ 7,298,115</b>	<b>\$ 8,153,714</b>	<b>\$ 2,843,730</b>	<b>\$ 4,100,871</b>
Food Service	\$ 149,567	\$ 386,136	\$ 388,940	\$ 487,985
Community Service	985,567	788,210	722,011	226,724
Debt Service	1,585,674	1,574,645	1,611,632	1,744,137
Building Construction	-	-	610,155	-
Internal Service Fund	203,703	203,414	252,047	251,861
Trust Funds	4,608	5,370	4,946	5,592
Agency Funds	-	-	-	-
<b>TOTAL</b>	<b><u>\$ 10,227,234</u></b>	<b><u>\$ 11,111,489</u></b>	<b><u>\$ 6,433,461</u></b>	<b><u>\$ 6,817,170</u></b>

Source: Independent Auditor's Report

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ -	\$ 2,935,311	\$ 8,886,808	\$ 9,131,038	\$ 9,317,079	\$ 7,174,126
-	-	-	-	-	-
<b>\$ -</b>	<b>\$ 2,935,311</b>	<b>\$ 8,886,808</b>	<b>\$ 9,131,038</b>	<b>\$ 9,317,079</b>	<b>\$ 7,174,126</b>
\$ -	\$ 325,431	\$ 83,591	\$ 17,369	\$ 58,469	\$ 140,567
-	198,582	373,083	365,394	396,344	264,098
1,744,930	1,849,657	2,186,059	2,522,699	2,476,766	2,330,737
84,855	-	-	-	-	-
81,035	251,539	250,586	246,341	237,467	227,695
2,136	3,007	3,065	4,239	4,855	4,096
-	-	-	-	-	-
<b><u>\$ 1,912,956</u></b>	<b><u>\$ 5,563,527</u></b>	<b><u>\$ 11,783,192</u></b>	<b><u>\$ 12,287,080</u></b>	<b><u>\$ 12,490,980</u></b>	<b><u>\$ 10,141,319</u></b>

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# Revenue Capacity Information



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Schedule of Tax Capacity, Tax Rates, and Tax Levied for June 30, 2015  
(unaudited)**

	<b>Levy Collectible in Calendar Year 2015</b>
<b>TAX CAPACITY</b>	
Real Agriculture	\$ 7,235,305
Real Nonagricultural	19,556,087
Personal Property	521,380
Tax Increment	(497,383)
<b>Total Tax Capacity Rate Determination Valuation</b>	<b>\$ 26,815,389</b>
<b>TAX CAPACITY RATE *</b>	
General Fund	7.145%
Community Service Fund	1.180%
Debt Service Fund	8.516%
<b>Total Tax Capacity Rate</b>	<b>16.841%</b>
<b>REFERENDUM MARKET VALUE</b>	<b>\$ 1,898,521,000</b>
<b>REFERENDUM MARKET VALUE TAX RATE **</b>	<b>0.21041%</b>
<b>COUNTY AUDITOR ADJUSTED CERTIFIED LEVY</b>	
General Fund - Referendum	\$ 3,994,460
General Fund - Other	1,915,714
Community Service Fund	316,335
Debt Service Fund - Voter Approved	2,171,443
Debt Service Fund - Other	111,872
<b>Total</b>	<b>\$ 8,509,824</b>
<b>COUNTY AUDITOR COMPUTED LEVY ***</b>	
General Fund - Referendum	\$ 3,994,678
General Fund - Other	1,916,016
Community Service Fund	316,365
Debt Service Fund - Voter Approved	2,171,510
Debt Service Fund - Other	112,088
<b>Total</b>	<b>\$ 8,510,657</b>

\* Applicable tax capacity rate is determined by dividing the computed levy by the total tax capacity rate determination valuation.

\*\* Applicable referendum market value tax rate is determined by dividing the computed levy by the referendum market value.

\*\*\* The computed levy is net of abatements, fiscal disparities, and other adjustments.

Source: School Tax Report - 2014 Payable 2015

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
(unaudited)**

<b>Fiscal Year</b>	<b>Total Tax Levy *</b>	<b>Current Tax Collections</b>	<b>% of Current Tax Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>% of Total Tax Collected</b>
2006	7,524,988	7,488,014	99.51%	31,220	7,519,234	99.92%
2007	7,484,582	7,429,447	99.26%	35,001	7,464,448	99.73%
2008	7,912,422	7,850,329	99.22%	37,719	7,888,048	99.69%
2009	8,335,653	8,259,186	99.08%	54,262	8,313,448	99.73%
2010	8,808,838	8,735,780	99.17%	89,135	8,824,915	100.18%
2011	8,243,950	8,193,619	99.39%	80,692	8,274,311	100.37%
2012	8,046,320	7,989,621	99.30%	80,723	8,070,344	100.30%
2013	7,875,069	7,822,548	99.33%	86,992	7,909,540	100.44%
2014	8,609,018	8,567,279	99.52%	95,615	8,662,894	100.63%
2015	8,492,653	8,464,266	99.67%	74,585	8,538,851	100.54%

\* County auditor spread levy plus additional assessments less abatements and other reductions.

Note: The State of Minnesota has funded a portion of the above levies through tax credits as follows:

Fiscal Year 2006	497,030
Fiscal Year 2007	423,422
Fiscal Year 2008	403,709
Fiscal Year 2009	378,645
Fiscal Year 2010	373,969
Fiscal Year 2011	331,035
Fiscal Year 2012	376,433
Fiscal Year 2013	60,965 **
Fiscal Year 2014	58,955
Fiscal Year 2015	69,612

\*\* In fiscal year 2013 the homestead market value credit was eliminated by legislation causing a significant decrease in the portion of the above levies funded through tax credits.

Source: Steele County Auditor School Tax Report - 2014 Payable 2015, Steele and Waseca County Auditors Taxes Receivable Reports, and District Records

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Assessed Value and Estimated Actual Value of Property  
Last Ten Years  
(unaudited)**

<b>Fiscal Year Ended June 30,</b>	<b>Residential Property</b>	<b>Non-Homestead Residential Property</b>	<b>Commercial/ Industrial Property</b>	<b>Agricultural Property</b>	<b>Utility and Railroad Property</b>
2005	14,535,289	687,714	4,443,633	2,437,027	168,636
2006	16,306,517	1,391,115	4,512,191	2,643,193	166,416
2007	16,560,216	1,572,338	5,061,421	3,056,604	159,897
2008	16,202,800	1,802,096	5,929,658	3,446,966	191,097
2009	14,842,349	2,092,863	6,290,172	3,823,350	213,935
2010	13,335,868	2,248,391	5,901,557	4,255,863	208,249
2011	11,024,730	2,179,811	5,357,801	4,277,735	208,903
2012	10,370,631	2,219,362	5,809,551	5,053,617	233,512
2013	10,428,229	2,372,789	5,859,690	6,263,479	248,402
2014	10,529,656	2,432,004	6,333,299	7,183,577	256,357

Note: The City Assessor, pursuant to State law, is responsible for the assessment of all taxable property located within a city. State law provides, with certain exceptions, that all taxable property is to be valued at its market value. All real property subject to taxation must be listed and may be revalued each year with reference to its value as of January 2. The assessor views and reappraises all parcels at maximum intervals of four years. Personal property subject to taxation must also be listed and assessed annually as of January 2. Property is appraised at Estimated Market Value, defined as the usual selling price of the property which would be obtained at private sale and not at a forced auction sale. The 2014 sales ratio was 95.6%. The taxable value of property, upon which taxes are levied, extended and collected, is a percentage of the Estimated Market Value. Taxable value is referred to as Net Tax Capacity. Net Tax Capacity equals Estimated Market Value multiplied by a given percentage called a class rate for the particular classification of property.

Source: Minnesota Department of Education Levy Limitation and Certification Reports and Steele County Auditor

<b>Commercial/ Residential Seasonal Property</b>	<b>Total Net Tax Capacity</b>	<b>Estimated Market Value</b>	<b>% Total Net Tax Capacity of Estimated Market Value</b>	<b>Total Direct Rate</b>
-	22,272,299	2,059,081,778	1.08%	24.661
8,565	25,027,997	2,290,212,228	1.09%	20.425
8,692	26,419,168	2,445,201,914	1.08%	19.057
11,512	27,584,129	2,532,571,400	1.09%	19.291
11,682	27,274,351	2,533,303,000	1.08%	16.986
33,354	25,983,282	2,244,092,283	1.16%	17.478
28,010	23,076,990	2,159,392,700	1.07%	20.181
26,532	23,713,205	2,242,110,800	1.06%	19.573
28,183	25,200,772	2,418,746,000	1.04%	18.374
30,304	26,765,197	2,609,490,040	1.03%	17.066

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Net Tax Capacity and Adjusted Net Tax Capacity  
Last Ten Years  
(unaudited)**

<u>Year of Valuation</u>	<u>Net Tax Capacity (1)</u>	<u>Sales Ratio</u>	<u>Adjusted Net Tax Capacity (2)</u>
2005	22,272,299	83.1%	26,801,503
2006	25,027,997	84.4%	29,654,059
2007	26,419,168	84.5%	31,264,769
2008	27,584,129	92.9%	29,692,800
2009	27,274,351	94.2%	28,954,484
2010	25,983,282	95.5%	27,208,570
2011	23,076,990	92.7%	24,893,987
2012	23,713,205	96.4%	24,599,279
2013	25,200,772	96.0%	26,262,877
2014	26,765,197	95.6%	28,008,846

(1) The net tax capacity of a parcel of property is calculated by applying the appropriate classification rate as defined in State law to the estimated market valuation of the parcel.

(2) The adjusted net tax capacity is calculated by dividing the net tax capacity by the sales ratio.

Source: Minnesota Department of Education Levy Limitation and Certification Reports

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
School Tax Levies, Initial Tax Rates by Fund  
Last Ten Years  
(unaudited)**

	<u>Year Collectible</u>	<u>General Fund</u>	<u>Community Service</u>	<u>Debt Service</u>	<u>Total All Funds</u>
<b>Levies</b>	2006	4,021,553	292,924	3,179,843	7,494,320
	2007	4,614,669	308,095	3,048,435	7,971,199
	2008	4,663,952	271,331	3,416,741	8,352,024
	2009	5,081,435	314,464	3,429,135	8,825,034
	2010	5,224,892	309,304	2,658,972	8,193,168
	2011	5,125,826	310,240	2,596,454	8,032,520
	2012	5,058,733	317,539	2,686,797	8,063,069
	2013	5,313,028	318,705	2,265,142	7,896,875
	2014	5,933,249	319,294	2,375,157	8,627,700
	2015	5,910,694	316,365	2,171,510	8,398,569
<b>Initial Tax Rate *</b>	2006	4.83%	1.32%	14.28%	20.42%
	2007	5.96%	1.23%	12.17%	19.36%
	2008	5.08%	1.02%	12.80%	18.89%
	2009	5.56%	1.14%	12.42%	19.12%
	2010	5.94%	1.15%	12.57%	19.66%
	2011	6.12%	1.19%	9.99%	17.30%
	2012	6.43%	1.19%	9.99%	17.61%
	2013	7.96%	1.19%	9.99%	19.14%
	2014	7.48%	1.27%	9.42%	18.17%
	2015	7.16%	1.18%	8.11%	16.45%

\* Applicable initial tax rate is determined by dividing the computed levy by total taxable net tax capacity.

Note1: The State of Minnesota has funded a portion of the General Fund levies as follows:

Year Collectible 2006	497,030
Year Collectible 2007	423,422
Year Collectible 2008	403,709
Year Collectible 2009	378,645
Year Collectible 2010	373,969
Year Collectible 2011	331,035
Year Collectible 2012	376,433
Year Collectible 2013	60,965 **
Year Collectible 2014	58,955
Year Collectible 2015	69,612

\*\* In fiscal year 2013 the homestead market value credit was eliminated by legislation causing a significant decrease in the portion of the above levies funded through tax credits.

Source: School Tax Report - 2014 Payable 2015 and District Records

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Direct and Overlapping Property Tax Rates  
Last Ten Years  
(unaudited)**

<b>Fiscal Year</b>	<b>District Direct Rates</b>			<b>Overlapping Rates</b>	
	<b>Referendum Purposes</b>	<b>General Purposes</b>	<b>Total</b>	<b>Steele County</b>	<b>City of Owatonna</b>
2006	0.170	20.255	20.425	49.849	41.017
2007	0.162	19.361	19.523	49.536	41.190
2008	0.163	18.894	19.057	51.726	44.650
2009	0.170	19.121	19.291	52.839	45.336
2010	0.177	16.809	16.986	53.736	46.687
2011	0.182	17.296	17.478	56.751	50.197
2012	0.182	19.999	20.181	64.343	58.051
2013	0.178	19.395	19.573	63.780	59.756
2014	0.220	18.154	18.374	60.440	59.018
2015	0.210	16.856	17.066	59.187	58.102

Note: The information provided includes Steele County only. Information was not obtained from Waseca County.

Source: Steele County Auditor

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Net Tax Capacity by Category  
(unaudited)**

<u>Real Estate Type</u>	<u>Net Tax Capacity Value * Taxes Payable 2014</u>	<u>% of Total Property</u>
Residential	\$ 10,529,656	38.59%
Agricultural	7,183,577	26.33%
Commercial/Industrial	6,333,299	23.21%
Utility and Railroad	256,357	0.94%
Non-Homestead Residential	2,432,004	8.91%
Commercial & Residential Seasonal/Recreational	30,304	0.11%
<b>Total Real Estate</b>	<b>\$ 26,765,197</b>	<b>98.09%</b>
Personal Property	521,342	1.91%
<b>Total Real and Personal Property</b>	<b>\$ 27,286,539</b>	<b>100.00%</b>

\* The taxes payable in 2014 are recorded as revenue for the 2014-15 fiscal year. The net tax capacity per county differ slightly from the amount used in the certified levy calculation.

Source: Steele County Auditor and Waseca County Auditor



**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Principal Property Taxpayers  
Current Year and Nine Years Ago  
(unaudited)**

	2015 *			2006		
	2015 Net Tax Capacity	Rank (1)	% of Total Net Tax Capacity \$ 26,765,197	2006 Net Tax Capacity	Rank (2)	% of Total Net Tax Capacity \$25,027,997
Viracon, Inc.	\$ 373,788	1	1.40%	N/A	1	N/A
Federated Mutual Ins Co.	203,258	2	0.76%	N/A	10	N/A
Cabelas Retail Inc.	173,756	3	0.65%	N/A	2	N/A
Mills Properties Inc	167,176	4	0.62%		3	
Owatonna Clinic - Mayo	158,678	5	0.59%	N/A	9	N/A
Armstrong/Charles J/ Et al	121,705	6	0.45%			
JAS Realty, L.L.C.	119,742	7	0.45%	N/A	4	N/A
Cybex International, Inc.	115,536	8	0.43%	N/A		N/A
Wal-Mart	115,258	9	0.43%		5	
Lowe's Home Centers, Inc	113,420	10	0.42%	N/A		N/A
Continental Beverage, Inc.				N/A	8	N/A
J.R. Holdings, LLC				N/A	6	N/A
Lakeside Foods, Inc.				N/A	7	N/A

\* As of December 31, 2014

N/A - Information was not available.

(1) The ranking for 2015 is based on the total taxes paid by the taxpayer. Therefore, the related net tax capacity and percentage may not agree to the ranking.

(2) The ranking for 2006 was based on the market value of the company as of December 1, 2006, not the total taxes paid or net tax capacity.

Source: Steele County Auditor and 2006 CAFR Report

# Debt Capacity Information

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Outstanding Debt by Type  
Last Ten Fiscal Years  
(unaudited)**

<b>Fiscal Year</b>	<b>Bonded Debt</b>	<b>Lease Purchase Obligations</b>	<b>Capital Loan</b>	<b>Aid &amp; Tax Anticipation Certificates</b>	<b>Certificates of Participation</b>	<b>Total Primary Government</b>	<b>% of Personal Income</b>	<b>Per Capita (1)</b>
2006	26,145,000	1,154,419	200,000	-	-	27,499,419	2.29%	982
2007	23,720,000	767,577	100,000	-	-	24,587,577	1.99%	878
2008	21,210,000	365,938	-	-	-	21,575,938	1.59%	770
2009	18,405,000	297,758	-	-	-	18,702,758	1.38%	668
2010	15,500,000	172,332	-	-	-	15,672,332	1.12%	535
2011	13,235,000	285,211	-	-	1,855,000	15,375,211	1.06%	525
2012	11,010,000	167,339	-	8,076,394	1,655,000	20,908,733	1.34%	714
2013	9,445,000	338,697	-	-	1,430,000	11,213,697	0.73%	383
2014	7,095,000	236,642	-	-	1,205,000	8,536,642	0.55%	291
2015	4,865,000	519,116	-	-	975,000	6,359,116	N/A	217

N/A - Personal income for 2015 is not available, so the calculation cannot be completed.

(1) The ratio was calculated by using the Independent School District No. 761 population.

Note1: Information of the District's current outstanding debt can be found in the Notes to Basic Financial Statements.

Note2: The District issued General Obligation School Building Refunding Bonds in January 2004. The proceeds were used to advance refund the General Obligation School Building Bonds of 1996. The 1996 bonds were retired in February 2006. Therefore, this resulted in the large increase and decrease in total outstanding debt and the ratios.

Note3: The decrease in 2008 was due to one lease purchase obligation and the capital loan being paid off in 2008.

Note3: The increase in 2012 was due to aid and tax anticipation certificates being issued.

Note 4: The decrease in 2013 was due to aid and tax anticipation certificates being paid off.

Source: Independent Auditor's Report, Bureau of Economic Analysis

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Ratios of Outstanding Debt  
Last Ten Fiscal Years  
(unaudited)**

Fiscal Year	<u>General Bonded Debt Outstanding</u>			Net Tax Capacity	Percent of Net Debt to Net Tax Capacity	Percent of Personal Income	Per Capita
	General Obligation Bonds	Less: Debt Service Fund Balance (Deficit)	Net Bonded Debt				
2006	26,145,000	1,080,689	25,064,311	22,272,299	112.54%	2.08%	895
2007	23,720,000	1,117,130	22,602,870	25,027,997	90.31%	1.83%	807
2008	21,210,000	966,314	20,243,686	26,419,168	76.62%	1.49%	723
2009	18,405,000	921,100	17,483,900	27,584,129	63.38%	1.29%	624
2010	15,500,000	813,147	14,686,853	27,274,351	53.85%	1.05%	501
2011	13,235,000	725,061	12,509,939	25,983,282	48.15%	0.87%	427
2012	11,010,000	629,550	10,380,450	23,076,990	44.98%	0.67%	354
2013	9,445,000	608,737	8,836,263	23,713,205	37.26%	0.58%	302
2014	7,095,000	543,057	6,551,943	25,200,772	26.00%	0.42%	224
2015	4,865,000	548,852	4,316,148	26,765,197	16.13%	N/A	147

N/A - Personal income for 2015 is not available, so the calculation cannot be completed.

Source: Independent Auditor's Report, Minnesota Department of Education Levy Limitation and Certification Reports, and Bureau of Economic Analysis

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Ratio of Annual Debt Service Expenditures  
for General Obligation Bonded Debt  
to Total General Governmental Expenditures\*  
Last Ten Fiscal Years  
(unaudited)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Fees</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Service to Gen. Gov't Expenditures</u>
2006	2,055,000	2,003,652	4,058,652	49,061,817	8.27%
2007	2,425,000	822,424	3,247,424	49,984,348	6.50%
2008	2,510,000	764,221	3,274,221	52,518,568	6.23%
2009	2,805,000	700,101	3,505,101	53,866,670	6.51%
2010	2,905,000	620,670	3,525,670	54,596,797	6.46%
2011	2,265,000	532,685	2,797,685	56,822,986	4.92%
2012	2,225,000	481,388	2,706,388	55,670,447	4.86%
2013	2,320,000	482,293	2,802,293	55,967,666	5.01%
2014	2,350,000	117,119	2,467,119	55,775,767	4.42%
2015	2,230,000	74,695	2,304,695	60,971,170	3.78%

\* Includes general, food service, community service, capital projects - building construction, and debt service funds.

Source: Independent Auditor's Report

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Direct and Overlapping Governmental Activities Debt  
(unaudited)**

<b>Governmental Unit (1)</b>	<b>General Obligation Debt</b>	<b>Estimated Applicable Percentage (2)</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
Steele County	\$ 14,220,000	98.14%	\$ 13,954,890
Waseca County	3,365,000	0.04%	1,486
City of Owatonna	18,818,928	35.98%	<u>6,770,753</u>
Subtotal, Overlapping Debt			\$ 20,727,129
District Direct Debt			<u>7,095,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 27,822,129</u></u>

(1) There were three taxing jurisdictions which overlap the District and had general obligation debt outstanding as of December 31, 2014.

(2) The Estimated Applicable Percentage is determined by dividing the Taxable Net Tax Capacity of the Governmental Unit within the District by Total Taxable Net Tax Capacity of the entire Governmental Unit.

Source: Independent Auditor's Report, Steele and Waseca County Auditors, City of Owatonna Finance Department.

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Legal Debt Margin Information  
Last Ten Fiscal Years  
(unaudited)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assessed Value	\$ 2,609,490,040	\$ 2,418,746,000	\$ 2,242,110,800	\$ 2,159,392,700
Debt Limit Percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt Limit	391,423,506	362,811,900	336,316,620	323,908,905
Total Net Debt Applicable to Limit	<u>4,865,000</u>	<u>7,095,000</u>	<u>9,445,000</u>	<u>11,010,000</u>
Legal Debt Margin	<u>\$ 386,558,506</u>	<u>\$ 355,716,900</u>	<u>\$ 326,871,620</u>	<u>\$ 312,898,905</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	1.24%	1.96%	2.81%	3.40%

Note1: Minnesota Statutes, Section 475.53, Subdivision 4, presently limits the outstanding indebtedness of school districts, net of debt redemption funds, to 15% of the actual market value.

Source: Independent Auditor's Report and Minnesota Department of Education Levy Limitation and Certification Reports

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 2,244,092,283	\$ 2,533,303,000	\$ 2,532,571,400	\$ 2,445,201,914	\$ 2,290,212,228	\$ 2,059,081,778
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
336,613,842	379,995,450	379,885,710	366,780,287	343,531,834	308,862,267
<u>13,235,000</u>	<u>15,500,000</u>	<u>18,405,000</u>	<u>21,210,000</u>	<u>23,720,000</u>	<u>26,145,000</u>
<u>\$ 323,378,842</u>	<u>\$ 364,495,450</u>	<u>\$ 361,480,710</u>	<u>\$ 345,570,287</u>	<u>\$ 319,811,834</u>	<u>\$ 282,717,267</u>
3.93%	4.08%	4.84%	5.78%	6.90%	8.46%



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# Demographic and Economic Information

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
(unaudited)**

Fiscal Year	Steele County			ISD No. 761	
	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Unemployment Rate (2)	District Population (3)
2006	35,992	1,202,668,000	33,415	3.80%	28,005
2007	36,229	1,235,314,000	34,097	4.40%	28,005
2008	36,594	1,354,738,000	37,021	5.00%	28,005
2009	36,775	1,356,807,000	36,895	9.40%	28,005
2010	36,529	1,395,623,000	38,206	7.80%	29,301
2011	36,534	1,445,080,000	39,554	5.10%	29,301
2012	36,322	1,559,882,000	42,946	4.70%	29,301
2013	36,465	1,527,446,000	41,888	3.70%	29,301
2014	36,573	1,548,216,000	42,332	2.70%	29,301
2015	N/A	N/A	N/A	2.40%	29,301

N/A - Information is not available.

Note: The District includes parts of Steele County and Waseca County. Since the District is mostly in Steele County, we have decided to include information for Steele County only.

Source: (1) Bureau of Economic Analysis  
(2) Minnesota Department of Employment and Economic Development  
(3) Minnesota State Demographer

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Principal Employers  
Current Year and Nine Years Ago  
(unaudited)**

<b>Employer</b>	<b>2015</b>			<b>2006</b>		
	<b>Number of Employees</b>	<b>*Rank</b>	<b>% of Total Employment 21,296</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>% of Total Employment 19,320</b>
Federated Mutual Ins. Co.	1,375	1	6.46%	1,521	1	7.87%
Viracon, Inc.	1,200	2	5.63%	1,434	2	7.42%
Amesbury Truth	735	3	3.45%	803	3	4.16%
Owatonna Public Schools	688	4	3.23%	757	4	3.92%
Bosch Automotive Service Solutions	540	5	2.54%			
Josten's Inc.	416	6	1.95%	440	6	2.28%
Wenger Corporation	370	7	1.74%	410	7	2.12%
Owatonna Hospital	323	8	1.52%			
Cybex Corporation	295	9	1.39%	262	9	1.36%
Owatonna Clinic	250	10	1.17%			0.00%
SPX Corporation				729	5	3.77%
Cabela's				329	8	1.70%
Walmart Supercenter				251	10	1.30%
<b>Total</b>	<u>6,192</u>		<u>29.08%</u>	<u>6,936</u>		<u>35.90%</u>

\* - The information is the most recent data available as of September 2015.

Source: Owatonna Chamber of Commerce, 2006 CAFR Report, and Minnesota Department of Employment and Economic Development

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Property Value and Construction  
Last Ten Fiscal Years  
(unaudited)**

<b>Calendar Year</b>	<b>Total Permits</b>	<b>Total Value</b>
2006	2,123	66,868,490
2007 (1)	1,864	54,963,880
2008 (2)	1,800	78,052,658
2009	1,708	27,536,343
2010	2,193	29,978,492
2011 (3)	1,945	55,237,955
2012 (4)	1,697	29,383,382
2013 (5)	1,705	39,699,930
2014	1,698	42,033,158
2015 * (6)	1,716	31,170,127

(1) - The decrease is due to a downturn of the economy.

(2) - The decrease in the number of permits is due to new dwellings. The increase in total value is due to new commercial projects. One of the permits was for the new hospital.

(3) - The decrease in the number of permits is due to new dwellings. The increase in total value is due to new commercial projects. One of the permits was for a new nursing facility.

(4) - The decrease in the number of permits is due to new dwellings. The decrease in total value is due to several large new commercial permits issued in 2011.

(5) - The increase in the number of permits is due to new dwellings and new commercial projects. The increase in total value is due to several large new commercial permits issued in 2013.

(6) - The decrease in total value is due to several large commercial permits that were issued in 2014.

\* - Most recent data available from November 30, 2015.

Source: City of Owatonna, Minnesota

# Operating Information

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Financial Information  
(unaudited)**

**Financial Consultants**

PMA Securities, Inc has acted as Financial Consultants to the District. Requests for information concerning the District should be addressed to PMA Securities, Inc., 5301 Kyler Ave NE, Albertville, Minnesota 55301.

**Rating**

The District participates in the Minnesota Credit Enhancement Program for School Districts (Minnesota Statutes, Section 126C.55), which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation.

The District's bond rating, from Moody's Investors Service, as of June 30, 2015 was "Aa3". An investor should communicate with the rating agency for an explanation of the significance of the rating.

Source: District Records

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**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
General Information  
Last Ten Fiscal Years  
(unaudited)**

Year Established: 1865

Accreditation: North Central Association of Colleges and Schools

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Geographical Area - Square Miles	245	245	245
District Population	29,301	29,301	29,301
Student Enrollment - by Average Daily Membership (ADM)	4,862	4,748	4,788
<b><u>Facilities</u></b>			
Senior High School (Grades 9-12)	1	1	1
Junior High School (Grades 7-8)	1	1	1
Intermediate School (Grade 6)	1	1	1
Elementary Schools (Grades K-5)	4	4	4
Community Education Building	1	1	1
Central Administration Building	1	1	1
District Receiving, Storage, and Area Learning Center Building	1	1	1
Storage Building	1	1	1

Source: Minnesota Department of Education, Minnesota State Demographer, and District Records

<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
245	245	245	245	245	245	245
29,301	29,301	29,301	28,005	28,005	28,005	28,005
4,755	4,786	4,797	4,880	4,865	4,953	4,931
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
4	4	4	4	4	4	4
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Average Daily Membership by Grade Level  
Last Ten Fiscal Years  
(unaudited)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Early Childhood</b>	52.25	55.93	58.44	54.55	61.48
<b>Kindergarten</b>	379.75	324.87	330.63	323.37	291.42
<b>Grades 1-6</b>	2,215.75	2,125.15	2,135.42	2,131.23	2,126.98
<b>Grades 7-12</b>	<u>2,213.98</u>	<u>2,242.28</u>	<u>2,263.64</u>	<u>2,245.84</u>	<u>2,305.87</u>
<b>Total</b>	<u><u>4,861.73</u></u>	<u><u>4,748.23</u></u>	<u><u>4,788.13</u></u>	<u><u>4,754.99</u></u>	<u><u>4,785.75</u></u>

Note: Student enrollment numbers for 2014 and prior are from the final numbers issued in January after the fiscal year ended.

Source: Minnesota Department of Education

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
47.40	34.69	32.08	26.40	25.97
348.62	338.95	294.94	341.84	349.45
2,107.03	2,108.85	2,143.33	2,136.40	2,106.87
<u>2,293.57</u>	<u>2,397.16</u>	<u>2,394.71</u>	<u>2,448.32</u>	<u>2,448.54</u>
<u><b>4,796.62</b></u>	<u><b>4,879.65</b></u>	<u><b>4,865.06</b></u>	<u><b>4,952.96</b></u>	<u><b>4,930.83</b></u>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Full-time and Part-time District Employees by Function  
Last Ten Fiscal Years  
(unaudited)**

<b>Function</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Administrators	12	11	10
Adult Basic Education	2	2	2
Central Office Personnel	23	23	22
Clerical and Media Educational Assistants	7	7	7
Custodial/Cleaning/Maintenance	42	40	38
Directors	10	10	13
Early Childhood Family Education Learning Readiness	10	10	13
Food Service	39	37	34
Health Services	10	10	10
Noon Supervisors	24	22	22
Offset	2	1	1
School Aged Child Care	11	11	10
Secretarial/Office Personnel	22	22	22
Special Education Educational Assistants	90	81	80
Student Supervision Educational Assistants	7	7	9
Teacher Educational Assistants	63	52	38
Teachers	341	333	333
Tutors	0	0	0
<b>Total</b>	<b>715</b>	<b>679</b>	<b>664</b>

Source: District Records

<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2005</b>	<b>2006</b>
9	9	9	12	12	12	12	12
1	1	1	2	2	2	2	2
22	22	16	24	23	20	20	20
7	7	8	8	8	10	10	10
38	40	42	45	42	43	44	44
13	13	13	11	11	11	11	11
15	14	15	25	25	25	25	25
33	33	36	36	33	38	38	38
12	10	9	10	10	10	10	10
10	10	17	10	7	17	18	18
1	1	1	2	2	2	2	2
7	10	12	12	12	12	12	12
28	25	30	22	22	22	22	22
73	71	75	75	74	76	66	73
13	16	16	4	5	5	4	6
47	34	43	40	43	34	30	30
337	326	376	340	326	330	323	323
9	8	9	7	7	7	7	7
<b>675</b>	<b>650</b>	<b>728</b>	<b>685</b>	<b>664</b>	<b>676</b>	<b>656</b>	<b>665</b>

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Operating Statistics  
Last Ten Fiscal Years  
(unaudited)**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (1)</u>	<u>Cost per Pupil</u>	<u>% Change</u>	<u># of Teachers</u>	<u>Pupil - Teacher Ratio</u>	<u>% of Students Receiving Free or Reduced Price Lunch (2)</u>
2006	4,931	43,523,908	8,827	2.41%	323	15.3	28.36%
2007	4,953	45,324,087	9,151	3.67%	330	15.0	28.85%
2008	4,865	47,813,075	9,828	7.40%	326	14.9	29.71%
2009	4,880	49,058,788	10,054	2.30%	340	14.4	31.19%
2010	4,797	49,529,178	10,326	2.71%	376	12.8	35.35%
2011	4,786	50,549,647	10,563	2.29%	326	14.7	34.30%
2012	4,755	51,421,163	10,814	2.38%	337	14.1	38.60%
2013	4,788	51,203,857	10,694	-1.11%	333	14.4	37.50%
2014	4,748	51,253,720	10,794	0.94%	333	14.3	41.30%
2015	4,862	55,690,271	11,455	6.12%	341	14.3	43.40%

(1) Operating expenditures are calculated by taking the total districtwide expenditures less debt service fund, capital projects - building construction fund, and reserved operating capital expenditures.

(2) The percentage is based on the number of students enrolled in the free or reduced lunch program and number of students enrolled as of October 1 of each fiscal year.

Source: District Records and Minnesota Department of Education

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Teacher Base Salaries  
Last Ten Fiscal Years  
(unaudited)**

<b>Fiscal Year</b>	<b>Minimum Salary</b>	<b>Maximum Salary</b>
2006	30,853	62,131
2007	31,778	63,995
2008	32,414	65,775
2009	33,386	67,748
2010	33,386	68,948
2011	33,386	68,948
2012	33,636	69,465
2013	33,973	70,160
2014	34,313	70,861
2015	35,399	72,679

Note: Amounts do not include fringe benefits, such as health insurance, pension, etc.

Source: Owatonna Education Association Contract



**OWATONNA PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. 761**  
**School Building Information**  
**Last Ten Fiscal Years**  
**(unaudited)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Elementary (Grades K-5)</b>							
Lincoln (1959)							
Square Feet	59,884	59,884	59,884	59,884	59,884	59,884	59,884
Enrollment	515	529	529	528	532	546	548
Acres	40	40	40	40	40	40	40
McKinley (1955)							
Square Feet	54,437	54,437	54,437	54,437	54,437	54,437	54,437
Enrollment	586	493	493	503	501	502	507
Acres	13	13	13	13	13	13	13
Washington (1949)							
Square Feet	54,779	54,779	54,779	54,779	54,779	54,779	54,779
Enrollment	464	540	540	536	420	548	541
Acres	3	3	3	3	3	3	3
Wilson (1968)							
Square Feet	67,327	67,327	67,327	67,327	67,327	67,327	67,327
Enrollment	590	546	546	527	529	511	508
Acres	10	10	10	10	10	10	10
<b>Intermediate (Grade 6)</b>							
Willow Creek (1990)							
Square Feet	55,433	55,433	55,433	55,433	55,433	55,433	55,433
Enrollment	410	364	364	375	384	356	337
Acres	60	60	60	60	60	60	60
<b>Junior High (Grades 7-8)</b>							
Junior High (1968)							
Square Feet	166,564	166,564	166,564	166,564	166,564	166,564	166,564
Enrollment	667	698	698	679	692	709	727
Acres	18	18	18	18	18	18	18
<b>High School (Grades 9-12)</b>							
High School (1921)							
Square Feet	353,710	353,710	353,710	353,710	353,710	353,710	353,710
Enrollment	1,463	1,465	1,465	1,480	1,494	1,529	1,561
Acres	19	19	19	19	19	19	19
<b>Area Learning Center</b>							
Rose Street Center (1956)							
Square Feet	12,930	12,930	12,930	12,930	12,930	12,930	12,930
Enrollment	82	80	80	95	103	58	65
Acres	0.88	0.88	0.88	0.88	0.88	0.88	0.88
<b>Community Center</b>							
Roosevelt (1954)							
Square Feet	15,694	15,694	15,694	15,694	15,694	15,694	15,694
Enrollment (Early Childhood)	167	152	152	167	150	49	35
Acres	8	8	8	8	8	8	8

Source: District Records and Minnesota Department of Education

<u>2008</u>	<u>2007</u>	<u>2006</u>
59,884	59,884	59,884
535	560	533
40	40	40
54,437	54,437	54,437
487	499	484
13	13	13
54,779	54,779	54,779
526	545	528
3	3	3
67,327	67,327	67,327
507	507	528
10	10	10
55,433	55,433	55,433
378	359	375
60	60	60
166,564	166,564	166,564
713	722	741
18	18	18
353,710	353,710	353,710
1,563	1,611	1,612
19	19	19
12,930	12,930	12,930
67	71	63
0.88	0.88	0.88
15,694	15,694	15,694
32	26	26
8	8	8

**OWATONNA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 761  
Schedule of Insurance Coverage  
Fiscal Year Ended June 30, 2015  
(unaudited)**

<b>Coverage</b>	<b>Amount</b>	<b>Description</b>
Property	\$ 98,512,566	Blanket Real and Personal Property
	400,000	Musical Instruments and Uniforms
	45,000	Miscellaneous Property
General Liability	2,000,000	General Aggregate
	2,000,000	Products/Completed Operations Aggregate
	1,000,000	Each Occurrence
	1,000,000	Personal/Advertising Injury Limit
	100,000	Damage to Premises Rented to You Limit
	5,000	Medical Expense Limit
Professional Liability	2,000,000	Aggregate
	1,000,000	Each Occurrence
Automobile Liability	1,000,000	Combined Single Limit
	1,000,000	Uninsured/Underinsured Motorists
		Deductible: \$250-\$500 Collision
		\$100-\$250 Comprehensive
Worker's Compensation		
Employer's Liability	500,000	Each Accident
	500,000	By Disease, Policy Limits
	500,000	By Disease, Each Employee
Umbrella Excess Liability	1,000,000	Each Occurrence and Aggregate
Boiler and Machinery	15,000,000	Comprehensive

Source: Tinch Peterson Sincok