

2026-2027 PRELIMINARY BUDGET

**PRESENTED TO THE
SCHOOL BOARD
JUNE 29, 2026**

Owatonna Public Schools
Independent School District No. 761
333 East School Street
Owatonna, MN 55060

The logo for Owatonna Public Schools features the word "OWATONNA" in a large, bold, black sans-serif font. Above the letter "O" is a blue graphic element resembling a roofline or a stylized wave. Below "OWATONNA" are the words "PUBLIC SCHOOLS" in a smaller, bold, black sans-serif font. At the bottom of the logo is the tagline "INSPIRING EXCELLENCE • EVERY LEARNER • EVERY DAY" in a very small, black, all-caps sans-serif font, with small black dots separating the three phrases.**OWATONNA**
PUBLIC SCHOOLS
INSPIRING EXCELLENCE • EVERY LEARNER • EVERY DAY

GENERAL FUND BUDGET ASSUMPTIONS

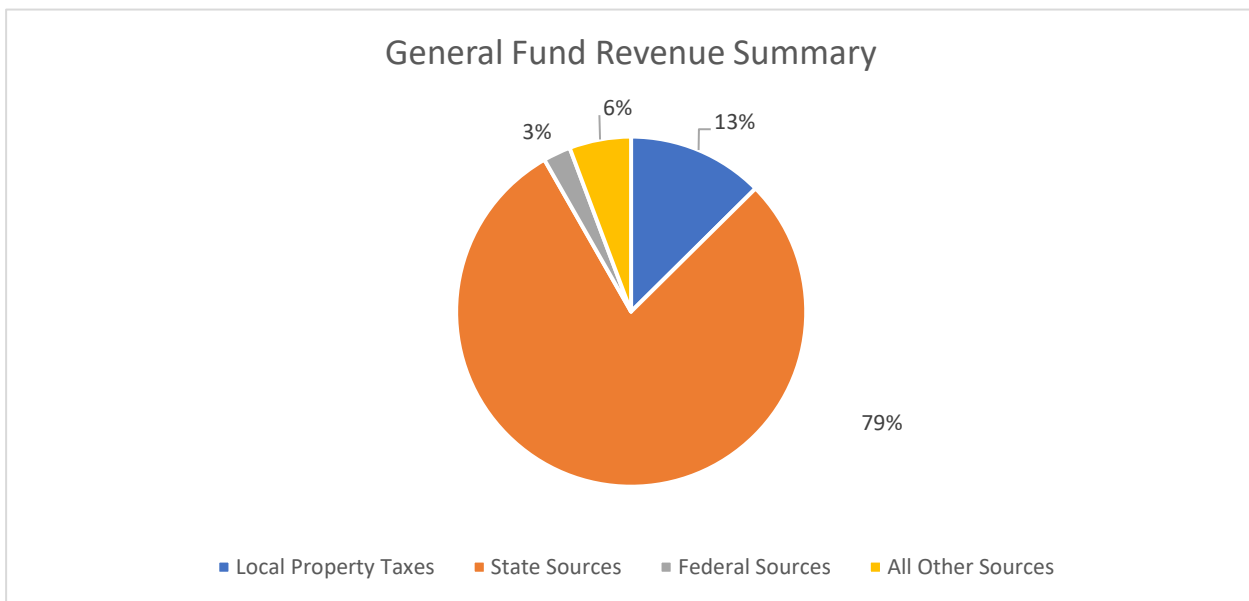
The projected unassigned fund balance at June 30, 2027 is 11.82% of total expenditures. The District's 2026-2027 preliminary budget unassigned fund balance is estimated to increase from the 2025-2026 amended budget unassigned fund balance by \$373,124 to \$10,114,347.

Following are notable adjustments from prior years, as well as those forecasted for 2026-2027:

- The District has an operating levy that was approved by voters in 2020. The operating levy is set to expire on June 30, 2031. The 2026-27 levy funding is \$556.02 per pupil after inflationary adjustments.
- Student enrollment has a significant impact on Minnesota public school budgets. The District projects student enrollment for the year based on the following factors: Average Daily Membership (ADM) statistics over the past ten years, birth to four-year old counts, preliminary enrollment, demographic studies, and grade progression ratios. In evaluating the enrollment numbers and monitoring the trends during the current year, the District is basing the preliminary 2026-2027 projected revenue on 4,817 ADMs. This is a decrease of 11 ADMs from the amended 2026-2027 budget projected revenue.
- The legislature set the funding formula adjustment for the 2026-2027 fiscal year at a 2.69% increase. The basic formula allowance will increase from \$7,481 per ADM in 2025-26 to \$7,683 per ADM in 2026-27.
- In 2023-24, the district opened Owatonna Online for students grades 4 - 12. The online school is anticipated to enroll 400 students, which includes students attending via tuition agreements, for the 2026-27 school year.
- The district receives compensatory aid to support students performing below grade level. Results of recent legislation reduce the amount of compensatory aid to be received for 2026-27 by approximately \$960,000.
- The district receives state aid for the purpose of serving English language (EL) learners. In 2026-27 EL expenditures are anticipated to exceed EL aid by approximately \$1,000,000. This will generate \$250,000 of cross-subsidy aid for the district in 2028-29.
- Beginning in 2024-25, the district began using eligible federal Special Education grant funding to pay for a significant portion of tuition costs for resident special education students to receive special education services in other school districts. Accounting for special education tuition costs in this manner generates significant additional special education state aid for the district. See increases in Special Education Aid beginning in 2025-26 on page 8 in this Budget Book.
- District administration proposed \$3,844,647 of budget savings adjustments, which were School Board approved in January 2026. These budget adjustments were incorporated into the 2025-26 Amended Budget and the 2026-27 Preliminary Budget in the form of reduced staffing, software, and other expenditures, as well as increases to certain user fees.
- All staff employment contracts are settled for the 2026-2027 fiscal year. Contracted wage and benefit costs for all employee groups are included in the 2026-2027 preliminary budget based on these settled employment contracts.

General Fund	REVENUES		
	Amended 2025-2026	Preliminary 2026-2027	Change Amended 2025-2026 to Preliminary 2026-2027
Local Property Taxes	10,286,171	10,680,050	393,879
State Sources	66,398,828	67,295,868	897,040
Federal Sources	2,318,813	2,159,753	(159,060)
All Other Sources	5,170,006	4,852,514	(317,492)
Total Revenues	\$ 84,173,818	\$ 84,988,185	\$ 814,367

Detailed State Sources			
Endowment	327,792	363,190	35,398
General Education Aid	48,357,954	48,564,299	206,345
Literacy Incentive Aid	235,100	218,957	(16,143)
Shared Time Aid	29,836	40,046	10,210
Abatement, Disparity Reduction, Homestead / Ag Market Value Credit	18,898	4,107	(14,791)
School Library Aid	84,832	54,161	(30,671)
Student Support Personnel Aid	89,939	159,054	69,115
Achievement and Integration Aid	389,763	456,361	66,598
Long-Term Facilities Maintenance Aid	672,470	672,042	(428)
Hourly Worker Unemployment Aid	341,705	304,767	(36,938)
Nonpublic Pupil Transportation Aid	131,815	97,397	(34,418)
Special Education	15,115,771	15,851,195	735,424
Miscellaneous Revenue from MDE	144,527	11,205	(133,322)
Direct TRA/PERA Aid	190,500	190,500	-
American Indian Education Aid	47,500	47,500	-
Grow Your Own Grant	220,426	261,087	40,661
Total State Sources	\$ 66,398,828	\$ 67,295,868	\$ 897,040



REVENUES

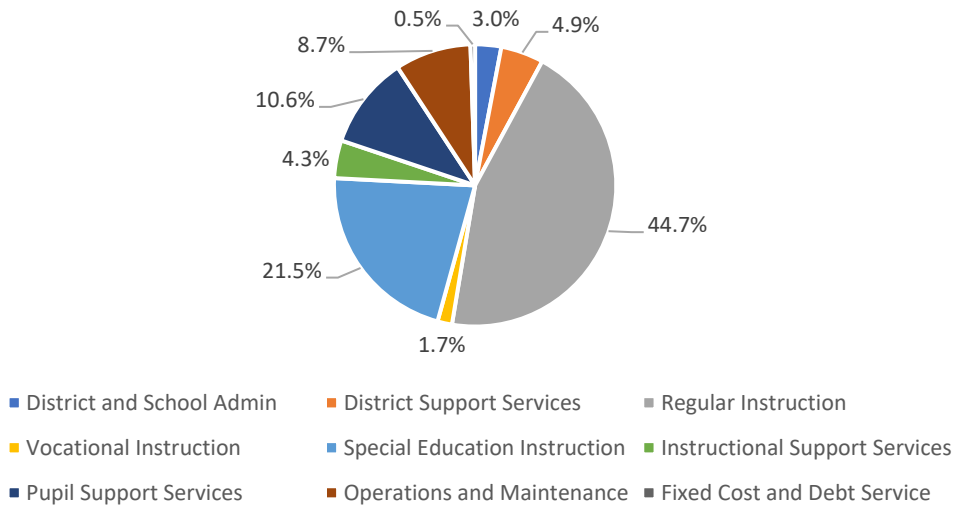
	Amended 2025-2026	Preliminary 2026-2027	Change Amended 2025-2026 to Preliminary 2026-2027
Food Service Fund			
State Sources	\$ 1,896,753	\$ 1,982,756	\$ 86,003
Federal Sources	2,035,351	2,165,607	130,256
All Other Sources	463,912	460,227	(3,685)
Total Revenues	<u>\$ 4,396,016</u>	<u>\$ 4,608,590</u>	<u>\$ 212,574</u>
Community Service Fund			
Local Property Taxes	\$ 319,968	\$ 308,877	\$ (11,091)
State Sources	2,692,051	2,864,374	172,323
Federal Sources	119,308	115,831	(3,477)
All Other Sources	985,200	1,104,491	119,291
Total Revenues	<u>\$ 4,116,527</u>	<u>\$ 4,393,573</u>	<u>\$ 277,046</u>
Building Construction Fund	<u>\$ 265,000</u>	<u>\$ 50,000</u>	<u>\$ (215,000)</u>
Debt Service Fund	<u>\$ 10,317,013</u>	<u>\$ 10,342,186</u>	<u>\$ 25,173</u>

EXPENDITURES

General Fund

	Amended 2025-2026	Preliminary 2026-2027	Change Amended 2025-2026 to Preliminary 2026-2027
Salaries	\$ 48,911,652	\$ 48,888,871	\$ (22,781)
Employee Benefits	18,857,199	18,821,684	(35,515)
Purchased Services	11,731,448	11,513,632	(217,816)
Supplies and Materials	3,845,904	3,688,210	(157,694)
Capital Expenditures	1,146,383	1,498,348	351,965
Other Expenditures	1,169,510	1,159,591	(9,919)
Total Expenditures	\$ 85,662,096	\$ 85,570,336	\$ (91,760)
District and School Admin	\$ 2,494,234	\$ 2,558,652	\$ 64,418
District Support Services	3,649,092	4,206,078	556,986
Regular Instruction	39,133,226	38,264,660	(868,566)
Vocational Instruction	1,418,228	1,432,556	14,328
Special Education Instruction	18,232,952	18,421,994	189,042
Instructional Support Services	3,973,998	3,716,629	(257,369)
Pupil Support Services	8,829,080	9,068,030	238,950
Operations and Maintenance	7,406,251	7,451,737	45,486
Fixed Cost and Debt Service	525,035	450,000	(75,035)
Total Expenditures	\$ 85,662,096	\$ 85,570,336	\$ (91,760)

General Fund Expenditure Summary



EXPENDITURES

	Amended 2025-2026	Preliminary 2026-2027	Change Amended 2025-2026 to Preliminary 2026-2027
Food Service Fund			
Salaries	\$ 1,341,793	\$ 1,337,400	\$ (4,393)
Employee Benefits	433,736	458,062	24,326
Purchased Services	45,000	51,850	6,850
Supplies and Materials	2,266,024	2,339,018	72,994
Capital Expenditures	39,700	60,000	20,300
Other Expenditures	297,922	239,999	(57,923)
Total Expenditures	<u>\$ 4,424,175</u>	<u>\$ 4,486,329</u>	<u>\$ 62,154</u>
Community Service Fund			
Salaries	\$ 1,653,108	\$ 2,117,495	\$ 464,387
Employee Benefits	523,919	682,804	158,885
Purchased Services	2,045,513	2,222,584	177,071
Supplies and Materials	287,176	270,093	(17,083)
Capital Expenditures	9,000	11,000	2,000
Other Expenditures	14,136	12,526	(1,610)
Total Expenditures	<u>\$ 4,532,852</u>	<u>\$ 5,316,502</u>	<u>\$ 783,650</u>
Building Construction Fund	<u>\$ 4,000,723</u>	<u>\$ 2,356,382</u>	<u>\$ (1,644,341)</u>
Debt Service Fund	<u>\$ 10,189,843</u>	<u>\$ 10,348,000</u>	<u>\$ 158,157</u>

2026-27 PRELIMINARY BUDGET SUMMARY - YEAR ENDED JUNE 30, 2027

	General Fund	Food Service Fund	Community Service Fund	Building Construction Fund	Debt Service Fund	Trust Fund	Health Internal Service Fund	Dental Internal Service Fund
Revenues	\$ 84,988,185	\$ 4,608,590	\$ 4,393,573	\$ 50,000	\$ 10,342,186	\$ 119	\$ 12,116,223	\$ 519,749
Expenditures	<u>(85,570,336)</u>	<u>(4,486,329)</u>	<u>(5,316,502)</u>	<u>(2,356,382)</u>	<u>(10,348,000)</u>	<u>(399)</u>	<u>(12,050,764)</u>	<u>(552,030)</u>
Net Change in Fund Balance	(582,151)	122,261	(922,929)	(2,306,382)	(5,814)	(280)	65,459	(32,281)
FUND BALANCE								
Beginning of Year	<u>13,599,989</u>	<u>1,992,467</u>	<u>1,587,255</u>	<u>5,178,319</u>	<u>2,647,765</u>	<u>3,417</u>	<u>1,217,665</u>	<u>308,908</u>
End of Year	<u>\$ 13,017,838</u>	<u>\$ 2,114,728</u>	<u>\$ 664,326</u>	<u>\$ 2,871,937</u>	<u>\$ 2,641,951</u>	<u>\$ 3,137</u>	<u>\$ 1,283,124</u>	<u>\$ 276,627</u>
Restricted Fund Balance	\$ 2,150,763	\$ 2,057,266	\$ 643,094	\$ 2,871,937	\$ 2,641,951	\$ 3,137	\$ 1,283,124	\$ 276,627
Nonspendable Fund Balance	752,728	57,462	21,232	-	-	-	-	-
Committed Fund Balance	-	-	-	-	-	-	-	-
Assigned Fund Balance	-	-	-	-	-	-	-	-
Unassigned Fund Balance	<u>10,114,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>\$ 13,017,838</u>	<u>\$ 2,114,728</u>	<u>\$ 664,326</u>	<u>\$ 2,871,937</u>	<u>\$ 2,641,951</u>	<u>\$ 3,137</u>	<u>\$ 1,283,124</u>	<u>\$ 276,627</u>
Total Fund Balance as a Percentage of Expenditures	<u>15.21%</u>	<u>47.14%</u>	<u>12.50%</u>	<u>121.88%</u>	<u>25.53%</u>	<u>786.22%</u>	<u>10.65%</u>	<u>50.11%</u>
Unassigned Fund Balance as a Percentage of Expenditures	<u>11.82%</u>							

GENERAL FUND	June 30, 2026	June 30, 2027
Committed for Career Pathways	\$ -	\$ -
Assigned for Graduate Fellow	\$ -	\$ -
Assigned for Technology	-	-
Assigned for School Farm	9,047	-
Assigned Fund Balance	<u>\$ 9,047</u>	<u>\$ -</u>
Restricted for Staff Development	\$ 115,816	\$ 147,322
Restricted for Literacy Incentive Aid	-	-
Restricted for Learning & Development	-	-
Restricted for Area Learning Center	522,724	334,529
Restricted for Basic Skills	394,574	-
Restricted for Operating Capital	725,959	302,375
Restricted for Gifted & Talented	-	-
Restricted for Student Activities	97,666	90,741
Restricted for English Learner	-	-
Restricted for School Library Aid	-	-
Restricted for Achievement & Integration	-	-
Restricted for Safe Schools	-	-
Restricted for Long Term Facilities Maintenance	1,240,252	1,275,796
Restricted for Student Support Personnel	-	-
Restricted for Medical Assistance	-	-
Total General Fund Restricted Fund Balance	<u>\$ 3,096,991</u>	<u>\$ 2,150,763</u>
COMMUNITY SERVICE FUND		
Restricted for Community Education	\$ 896,156	\$ 476,723
Restricted for Early Childhood and Family Education	21,334	(5,653)
Restricted for School Readiness	489,199	16,476
Restricted for Adult Basic Education	166,568	166,568
Restricted for Other Purposes	(7,234)	(11,020)
Total Community Service Fund Restricted Fund Balance	<u>\$ 1,566,023</u>	<u>\$ 643,094</u>

SPECIAL EDUCATION REVENUE

Description	2022-23 Actual	2023-24 Actual	2024-25 Actual	2025-26 Amended	2026-27 Preliminary
Reimbursement for Spec. Ed Services	\$ 229,378	\$ 202,331	\$ 270,223	\$ 182,500	\$ 182,500
Medical Assistance Reimbursement	366,274	412,003	466,074	700,000	500,000
Miscellaneous Revenue	41,996	48,012	12,771	61,433	57,827
Special Education Aid	8,433,182	8,289,736	9,050,591	11,395,181	12,130,605
Cross Subsidy Aid	414,527	2,234,817	3,062,693	3,720,590	3,720,590
Federal Aids & Grants	1,306,307	1,856,769	1,530,843	1,331,503	1,213,902
Total Special Education Revenue	\$ 10,791,664	\$ 13,043,668	\$ 14,393,195	\$ 17,391,207	\$ 17,805,424

Total Special Education Expenditures \$ 16,164,359 \$ 18,402,896 \$ 20,654,084 \$ 20,441,910 \$ 21,064,522

