

# **KIMBALL AREA SCHOOL DISTRICT #739**

## **ORGANIZATIONAL ANALYSIS STUDY**

**Prepared for**  
**James Wagner, Superintendent of Schools**  
**and**  
**School Board**  
**Independent School District #739**

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## CHAPTER I

### DESIGN OF THE STUDY

#### 1.0 Purpose of the Study

Kimball Area School District #739's School Board and Superintendent of Schools, James (Jim) Wagner, initiated discussions with Dr. Roger B. Worner and Dr. Kay T. Worner, Roger Worner Associates, Inc., Educational Systems Consultants, regarding the possibility of the independent, third-party, neutral firm undertaking an **Organizational Analysis Study** on behalf of the organization. The study was to be focused on an examination of the school district's status, conditions, and needs.

The purpose of the Kimball Area School District #739 **Organizational Analysis Study** was to examine, analyze, and as possible, tender recommendations to enhance the organization's effectiveness, efficiency, cost/effectiveness, and accountability.

The **Organizational Analysis Study** was intended to provide Kimball Area School District #739's Superintendent of Schools and School Board with findings, conclusions, and recommendations that could be utilized by the governing board and its administrative leadership in undertaking the development of a future comprehensive plan of action to achieve greater stability and student marketshare and enhanced effectiveness, efficiency, and cost/effectiveness to maintain a high level of fiscal viability and an attractive array of quality programs and services for students.

Dr. Roger B. Worner and Dr. Kay T. Worner are professorial staff members in the Department of Educational Administration at St. Cloud State University. They are also owners and lead Project Consultants of Roger Worner Associates, Inc., Educational Systems Consultants, an S Corporation in the State of Minnesota which has conducted over 350 studies of school districts (involving analysis of over 1,000 school districts), predominately in the Upper Midwest.

St. Cloud State University encourages its professorial staff members to engage in community service activities that are supportive of the communities and organizations in its service area. In a similar manner, Roger Worner Associates, Inc. selectively offers its services—without financial charge—to select public school districts which have experienced persistent and/or extraordinary challenges. In keeping with the service-oriented philosophies of St. Cloud State University and Roger Worner Associates, Inc., the Kimball Area School District #739 **Organizational Analysis Study** has been conducted on a **pro-bono** basis.

Dr. Roger B. Worner and Dr. Kay T. Worner of Roger Worner Associates, Inc. served as the Kimball Area School District #739 Project Consultants and functioned in the capacity of **Independent Third Party Neutrals**. Superintendent of Schools Jim Wagner served as the school district's key spokesperson and liaison throughout the course of Kimball Area School District #739's **Organizational Analysis Study**.

The timetable for the **Organizational Analysis Study** spanned four months, commencing on or about February 15, 2016 and concluding on or about June 15, 2016.

## 1.1 Need for the Study

An **Organizational Analysis Study** entails an examination of the five major components of a public school district's operations, including enrollment and enrollment trends; finances; programs and services; staffing; and facilities.

Following an initial examination of the school district's documents and data—as well as detailed information provided through public access to data reported by the Minnesota Department of Education—the Project Consultants concluded that there were three dominant issues that would appear to negatively impact the school district. Those issues were as follows: (1) the school district had experienced the significant out-migration of resident school district students to other school districts in the immediate geographic area. Such out-migration of resident school district students has resulted in the loss of organizational revenue and an exacerbation of conditions (e.g. budget cuts; staffing cuts; and others) that may impact the short-term and long-term viability of the organization; (2) the school district has operated imbalanced General Fund budgets and, indeed, been classified by the Minnesota Department of Education as an organization in **statutory operating debt**; and (3) the school district has been unable to generate taxpayer support of bond referenda to engage in facility improvements and the minimization of deferred maintenance projects, many of which may damage the organization's capabilities in retaining resident school district students and/or attracting non-resident school district students, both of which have the capabilities of further eroding the school district's enrollment and finances.

The challenges encountered by Kimball Area School District #739 could not have occurred at a more inopportune time. Over the course of the past decade, this school district and others in the State of Minnesota experienced minimal (and unpredictable) funding improvements from the State of Minnesota, funding losses/erosions from the State of Minnesota as a result of unfunded mandates (e.g. accountability measures; special education; others), and the predictable, annual reduction in organizational purchase power as a result of increases in the Consumer Price Index (CPI). These factors have conspired to require the school district to undertake General Fund budget reductions, (more recently) restructure the school district's grade level configuration, seek passage of an operating levy referendum, reduce staff, programs, services, and opportunities for its clientele, and participate in an expanded array of collaborative programs, services, and processes. All of these measures have been undertaken to both strengthen opportunities for the P-K-12 students entrusted to the school district and achieve enhanced cost/effectiveness through either/both revenue generation and/or cost reduction measures.

The Project Consultants determined that there was a high probability the School Board, Superintendent of Schools, and district and building administrative staffs in Kimball Area School District #739 would continue to be challenged to identify and implement creative solutions to the complex problems the organization faces and to ensure the maintenance and, if possible, expansion of quality, cost/effective programs, services, staffing, and operations for the pre-school, school-aged, and adult learners entrusted to the organization.

During the course of interviewing the Superintendent of Schools, members of the school district's administrative staff, and members of the School Board, the Project Consultants recorded other needs that were identified at the onset of or during the course of the study. They were as follows:

- ◆ The school district has a need to operate within the financial parameters of the organization's budget.
- ◆ The school district has a need to demonstrate financial, operational, and academic accountability.
- ◆ The school district has a need to increase the probability it will maintain (hold) or increase student marketshare.
- ◆ The school district has a need to ensure that its programs, services, staffing, class sizes, and facilities are both cost/effectively operated and also appealing to resident school district students and non-resident school district students.

## 1.2 Methodology of the Study

Methodological procedures were established by the Project Consultants at the onset of the study to address the purpose and needs for conducting Kimball Area School District #739's **Organizational Analysis Study**. The methodological procedures were as follows:

- ◆ Interview the Superintendent of Schools.
- ◆ Interview members of the School Board.
- ◆ Interview key district-level administrators.
- ◆ Interview building Principals.

- ◊ Interview a (small) sampling of key community patrons and/or conduct structured focus groups.
- ◊ Analyze area demographic data/trends.
- ◊ Analyze current K-12 enrollment data.
- ◊ Analyze enrollment trend (past) data.
- ◊ Analyze projected enrollment data.
- ◊ Analyze open enrollment, non-resident agreement, private, and home school data.
- ◊ Analyze financial trend data.
- ◊ Analyze class size data.
- ◊ Analyze school schedules.
- ◊ Analyze programs and services.
- ◊ Analyze course offerings.
- ◊ Analyze community education programming.
- ◊ Analyze special education programs, services, and staffing.
- ◊ Analyze facility ages, square footages, and square footage/student.
- ◊ Analyze facility operating costs.
- ◊ Analyze condition/status of facilities.
- ◊ Analyze educational adequacy of facilities.
- ◊ Analyze bonded indebtedness.
- ◊ Confer with or analyze data from the Minnesota Department of Education.
- ◊ Gather/analyze other data as may be warranted.
- ◊ Prepare the **Organizational Analysis Study** final document.
- ◊ Present the **Organizational Analysis Study**, conclusions, alternatives, and recommendations to the School Board and Superintendent.

### **1.3 Geographic Setting**

Kimball Area School District #739 is a moderately less than medium-sized critical student mass educational organization in the State of Minnesota (larger than approximately 140 of Minnesota's 335 school districts in a given year). The school district encompasses 127.04 miles and is situated in central Minnesota.

Kimball Area School District #739 is located in Stearns and Meeker Counties and includes the cities of Kimball, South Haven, St. Augusta (portion), and Watkins (portion).

According to the United States Census Bureau, the 2010 census population of Kimball Area School District #739 was 4,519 residents with a current population estimate of 4,544 residents. The 2010 census population of Kimball, the school district's largest community and location of the school district's two schools, was 764 residents.

The City of Kimball is situated approximately 80 miles northwest of the Minneapolis-St. Paul metropolitan area along Highway 15 and Interstate 94 and 15 miles south of the City of St. Cloud along Highway 15.

Kimball Area School District #739 is contiguous to six school districts: St. Cloud District; ROCORI School District; Eden Valley-Watkins School District; Litchfield School District; Dassel-Cokato School District; and Annandale School District.

Primary employers within the school district's geographic boundaries include Powder Ridge Ski Area (200 employees); Independent School



District #739 (92 employees); Mies Outland Inc. (55 employees); Hilltop Healthcare Center (50 employees); Kuechle Underground Inc. (50 employees); Arnold's of Kimball Inc. (40 employees); Bay Club (30 employees); International Barrier Tech Inc. (30 employees); Kimball Golf Club (30 employees); and Triple R Grill and Bar (30 employees). A substantial number of residents of Kimball Area School District #739 commute to other communities/localities for employment.

Among others, primary sources of employment for residents of the school district (and resident commuters) include farming; education; healthcare; tourism; manufacturing; governmental; commercial; recreation; and others.

The main headquarters of Kimball Area School District #739 is in the Kimball High School (Secondary School) facility at P.O. Box 368, Kimball, Minnesota 55353.

Superintendent Jim Wagner and the School Board of Kimball Area School District #739 conduct their regular and special meetings of the School Board at the Kimball High School facility location.

#### **1.4 Questions of the Study**

Critical questions were identified by the Project Consultants to aid in investigating the purpose of and needs for the Kimball Area School District #739 **Organizational Analysis Study**. Questions of the study were as follows:

- ◆ What is the current status of the school district, including its enrollment, enrollment trends, finances, programs, services, staffing, organizational configuration, facilities, and related issues?

- ◆ What conclusions may be drawn about the effectiveness, efficiency, and cost/effectiveness of the school district's operations?
- ◆ What alternatives are plausible for increasing the effectiveness, efficiency, and cost/effectiveness of the school district's operations?
- ◆ What recommendations do the Project Consultants suggest be implemented to increase the effectiveness, efficiency, and cost/effectiveness of the school district's operations in the future?

## 1.5 **Assumptions**

The Project Consultants identified several operating assumptions about the school district under investigation at the onset of the study. Prior to actually gathering and analyzing comprehensive data, presenting findings, drawing conclusions, identifying alternatives, and tendering recommendations, the Project Consultants established the following operating assumptions For Kimball Area School District #739:

- ◆ The school district is a slightly below mid-sized critical student mass school district—and will continue to be so—by State of Minnesota standards.
- ◆ The school district has experienced student enrollment decline in recent years, though—since acquiring a new Superintendent of Schools—has experienced a resurgence in re-capturing resident school district students who had previously out-migrated through the Minnesota Open Enrollment Options Program.

- ◆ The school district has experienced persistent financial challenges.
- ◆ The school district has demonstrated quality leadership by making reductions in its General Fund budget and, as necessary, restructuring programs, services, and grade level configurations.
- ◆ The school district has attempted to institute select measures to increase its organizational cost/effectiveness.
- ◆ The school district has inadequate General Fund budget reserves.
- ◆ The school district's parents and patrons desire that the organization will provide quality, modern-day programs, services, class sizes, course offerings, and teaching/learning processes to the P-K-12 students entrusted to it.
- ◆ The school district's parents, patrons, and community leaders believe that the organization is the **centerpiece** of the area's/community's infrastructure and essential to the vitality of its communities.
- ◆ The school district's parents and patrons will support, financially, improvement to and/or expansion of the organization's General Fund budget to maintain the quality and reputation of the school district.

## 1.6 Organization of the Study

Kimball Area School District #739's **Organizational Analysis Study** is organized in a six chapter format. Chapter I contains the study's design, including purpose, needs, methodology, geographic setting, questions,

assumptions, and organization. Chapters II-V present the Project Consultants' findings regarding the school district's enrollment and enrollment trends; finances; programs, services, staffing, class sizes, course offerings, organizational configuration; and additional information; and facilities. Chapter VI offers the Project Consultants' conclusions, alternatives, and recommendations for deliberation and future action by the Superintendent, School Board, parents, patrons, and administrative and teaching staffs of Kimball Area School District #739.

## CHAPTER II

### DISTRICT SIZE AND ENROLLMENT TRENDS

#### 2.0 Introduction

In virtually all states and public school districts, district size and enrollment trends represent the two most significant variables that impact the long-term financial and programmatic inability of the educational organization, whether that enterprise is small or large and geographically situated in a remote, rural, suburban, or urban setting.

Simplistically stated, student enrollment drives the finances of public school districts.

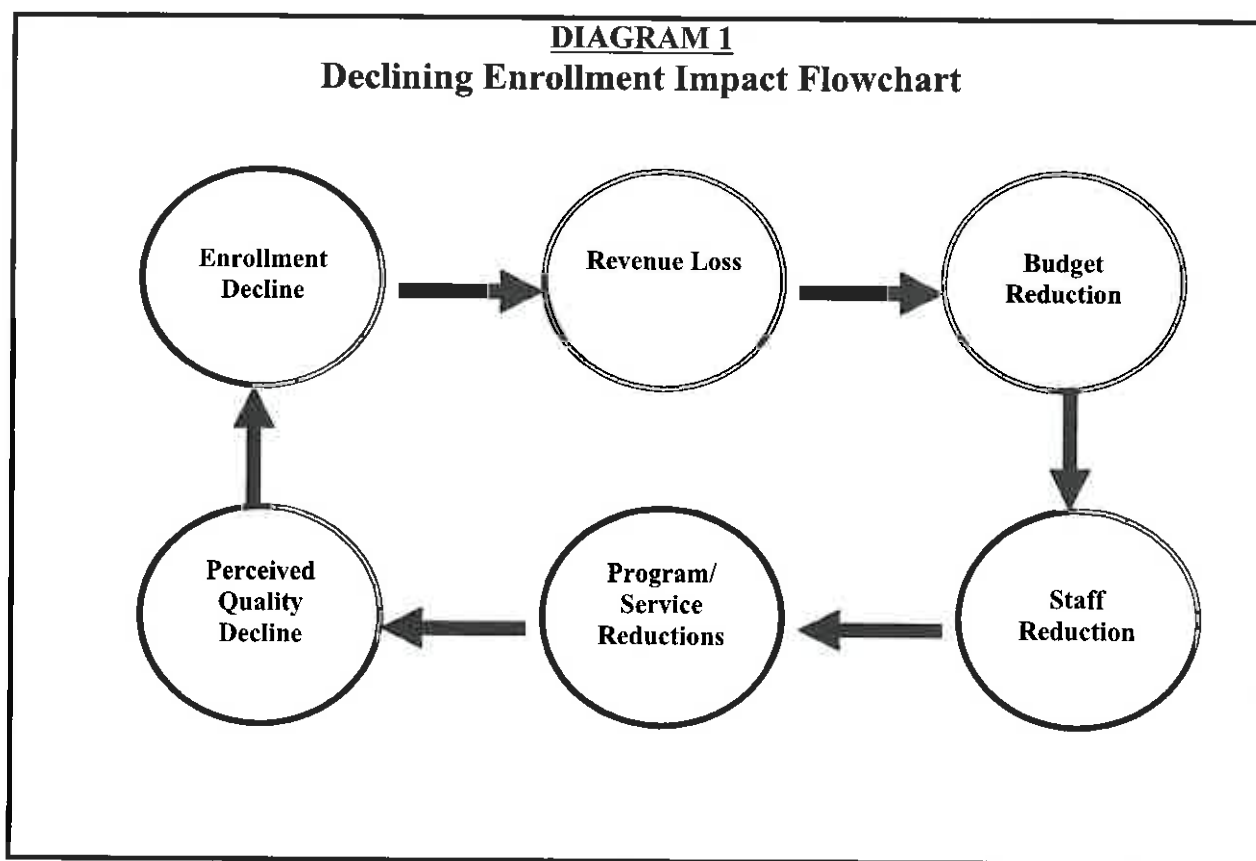
In light of the critical importance of district size and enrollment trends for all public school districts, the Project Consultants instituted the Kimball Area School District #739 **Organizational Analysis Study** by gathering and analyzing actual past and current student enrollments, projected enrollments, non-public school enrollments, open enrollment in-migration and out-migration, home school participation, recent census data, and related information. These data and trends are critical in every school district, structurally undergirding each organization's finances, programs, services, staffing, and facilities and the projected future needs and changes that would support the school district's mission and resources.

A school district's size provides a critical perspective on the status of any school enterprise. Large critical student mass educational organizations have eminently greater prospects for "survivability" than do small critical student mass school districts, displaying greater latitude in, resiliency to,

and flexibility for recovering from unanticipated events or conditions that could jeopardize an organization's long-term viability. Such events as high inflation, modest funding increases (generally from the State), increases in unfunded mandates (generally from the State), enrollment decline, changes in technology, new statutory requirements, and the like have the capability of seriously impacting the effectiveness, efficiency, cost/effectiveness, and quality of a school district.

A district's enrollment trend is an equally critical variable for gauging and projecting a school organization's future status. Enrollment is the variable which drives the funding of school districts in virtually every state in the United States (including Minnesota). Enrollment trends (growth, stability, and decline) signal changes in the school district's budget, budget reserves, tax rates, staffing, programs and services, facility utilization, facility needs, the ability to respond to changes in State requirements, and the organization's capabilities for addressing the needs, interests, and expectations of students, parents, and patrons.

The impact of declining enrollment on a school district is depicted in Diagram 1, revealing that—regardless of the size or location of a school district—enrollment decline consistently begets revenue decline; revenue decline begets budget reductions; budget reductions beget staffing reductions; staffing reductions beget reductions in programs and services; and the loss of programs and services begets a generalized decline in the quality of the school district and, often, a further erosion of student enrollment. The cycle of declining enrollment in any school district poses a significant challenge to the organization's leadership. Kimball Area School District #739 continues to face such a challenge.



## 2.1 District Size

Table 1 of the **Organizational Analysis Study** details the K-12 enrollment by grade level in Kimball Area School District #739 during the 2015-16 organizational year. The table delineates that the school district enrolled 708 students in grades K-12 (an additional 5 EC/FE students).

Table data reveal that 44 students were enrolled at the kindergarten level of instruction, 344 students were enrolled in grades 1-6, 94 students were enrolled in grades 7-8, and 226 students were enrolled in grades 9-12.

### Table Data Observations

- ◆ The school district's largest grade level enrollments in 2015-16 were located in grade 9 (66 students), grade 6 (63 students), and grade 5 (61 students).

- ◆ The school district's smallest grade level enrollments during the 2015-16 school year were found in kindergarten (44 students), grade 8 (45 students), and grades 7 and 11 (49 students each).

<b>TABLE 1</b> <b>KIMBALL AREA SCHOOL DISTRICT #739</b> <b>ENROLLMENT</b> <b>2015-16</b>		
<u>Grade</u>	<u>Enrollment</u>	<u>Rank by Size</u>
K	44 + (5 EC)	13
1	58	5-6
2	60	4
3	52	8
4	50	9
5	61	3
6	63	2
7	49	10-11
8	45	12
9	66	1
10	58	5-6
11	49	10-11
12	53	7
Total	708 + (5 EC)	
K	44 + (5 EC)	
1-6	344	
7-8	94	
9-12	226	
Total	708 + (5 EC)	
Largest three-grade level enrollment span: grades 4-6 = 174 students Smallest three-grade level enrollment span: grades 6-8 = 157 students		

- ◆ The largest three-grade level enrollment span occurred in grades 4-6 with 174 students enrolled.



- ◇ The smallest three-grade level enrollment span in the school district occurred in grades 6-8 with 157 students enrolled.
- ◇ The school district's largest three-grade level enrollment span (174 students) was 10.8% larger than the smallest three-grade level enrollment span (157 students) in 2015-16.
- ◇ The school district's 2015-16 enrollment in grades 10-12 (160 students) is only marginally larger than the organization's smallest three-grade level enrollment span (157 students) and only -14 students or -8% less than the organization's current, largest, three-grade level enrollment span (174 students).
- ◇ The school district's average grade level enrollment size during the 2015-16 school year was 54.5 students.
- ◇ The average grade level enrollment size (54.5 students) computed to the equivalent of three sections 18 students/section or two sections of 27 students/section.
- ◇ The Project Consultants concluded that the school district's grade level enrollments in 2015-16 generally accommodated reasonably cost/effective class section sizes of 19-26 students/section at each grade level, K-12.
- ◇ The Project Consultants concluded the school district's student enrollment by grade level in 2015-16 offered reasonable current and future potential for retaining cost/effective staffing and the ability to balance class section sizes throughout the school district.

## 2.2 Enrollment Trends: Actual

The actual past enrollment trends in Kimball Area School District #739—as recorded by the Minnesota Department of Education—are delineated in Table 2 for the 10 year span of time from 2005-06 (base year) through 2015-16. (It is to be noted that the actual past enrollment figures are those reported by the Minnesota Department of Education as “average daily membership served plus tuitioned out”).

Table 2 data provide the school district’s administration and School Board with the capability of evaluating changes in the organization’s enrollment over the mentioned 10 year span of time and, more particularly, assisting the organization’s leadership in projecting changes that have occurred or, indeed, may occur in organizational funding, staffing, program and service opportunities, and facility utilization in both the past and future.

<b>TABLE 2</b>											
<b>KIMBALL AREA SCHOOL DISTRICT #739</b>											
<b>ACTUAL PAST ENROLLMENT</b>											
<b>2005-06 / 2015-16</b>											
<u>District</u>	<u>05-06</u>	<u>06-07</u>	<u>07-08</u>	<u>08-09</u>	<u>09-10</u>	<u>10-11</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>	<u>14-15</u>	<u>15-16</u>
<b>#739</b>	<b>780</b>	<b>763</b>	<b>755</b>	<b>741</b>	<b>706</b>	<b>699</b>	<b>685</b>	<b>670</b>	<b>664</b>	<b>683</b>	<b>708</b>

### Table Data Observations

- ◆ In the 2005-06 base year, the school district enrolled an average daily membership (ADM served plus tuitioned out) of 780 students.

- ◆ By the 2015-16 school year, the school district's average daily membership was recorded at 708 students.
- ◆ Over the 10 year span of time from 2005-06 through 2015-16, the school district experienced an average daily membership loss of -72 students or -9.2%.
- ◆ From 2005-06 through 2015-16, the school district's highest enrollment figure occurred in 2005-06 when 780 students were enrolled.
- ◆ From 2005-06 through 2015-16, the school district's lowest enrollment figures occurred in 2013-14 when 664 students were enrolled.
- ◆ From 2005-06 through 2015-16, the school district recorded student enrollment decline on eight occasions and student enrollment increase on two occasions.
- ◆ The Project Consultants noted that the only two occasions where student enrollment increase occurred over the 10 year span of time from 2005-06 through 2015-16 were the organization's two most recent years (2014-15 and 2015-16).
- ◆ The Project Consultants concluded that the school district would appear to have instituted measures which were (or appear to be) positively impacting the organization's student enrollment.

### 2.3 Enrollment Trends: Projected

The administrative staff of Kimball Area School District #739 furnished the Project Consultants with enrollment projections over the five year span of time from the 2015-16 (base year) through 2020-21. As revealed in Table 3, projected enrollment figures provided by the school district illustrate a continuing, modest trend of student enrollment increase. The projected, future enrollment increase is supported by the Project Consultant's examination of the school district's most recent student enrollment growth and the generally strengthened average daily membership figures (reported in Table 1) in grades 1-6. (It should be noted that the enrollments of any three consecutive grades in the school district's grades 1-6 span exceed the enrollment in the organization's current grades 10-12).

TABLE 3 KIMBALL AREA SCHOOL DISTRICT #739 ENROLLMENT PROJECTIONS 2015-16 / 2020-21						
<u>District</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
#739	708	715	734	754	755	774

#### Table Data Observations

- ◆ The school district projects a modest increase in student enrollment in each of the five years from 2015-16 (base year) through 2020-21.
- ◆ The school district projects an increase of +66 students or +9.3% from 708 students in 2015-16 to 774 students in 2020-21.

## 2.4 Changes in Average Daily Membership

Kimball Area School District #739's average daily membership trends between 2005-06 and 2020-21 are documented in Table 4 of the study. Over the 16 years (15 year span of time) the school district's enrollment (actual and projected) reflects a decrease of -6 students or -0.8% from the base year enrollment (2005-06) figure of 780 students in grades P-K-12.

<b>TABLE 4</b> <b>KIMBALL AREA SCHOOL DISTRICT #739</b> <b>TRENDS IN AVERAGE DAILY MEMBERSHIP</b> <b>2005-06 / 2020-21</b>			
<b><u>District</u></b>	<b><u>Actual Change</u></b> <b><u>2005-06 / 2015-16</u></b>	<b><u>Projected Change</u></b> <b><u>2015-16 / 2020-21</u></b>	<b><u>Gain/Loss</u></b>
<b>#739</b>	<b>-72</b>	<b>+66</b>	<b>-6</b>

### Table Data Observations

- ◆ Assuming the school district's student enrollment projections are realized, a seven year trend (2014-15 through 2020-21) in student enrollment growth will have a positive impact on stabilizing the organization's General Fund budget, staffing, and programs and services.
- ◆ The Project Consultants concluded that assuming modest student enrollment growth in the school district over the five year span of time from 2015-16 through 2020-21 AND the traditionally conservative funding of school districts by the State

**of Minnesota, the organization will be challenged to continue its economization efforts in order to achieve balanced General Fund budgets in the future, a plight experienced by small critical mass school districts.**

## **2.5 Student In-Migration and Student Out-Migration**

Parents and guardians in the State of Minnesota are provided with an array of options they may choose for their school-aged youngsters to participate in educational programs and services beside the public school district which serves their place of residency. Among those options are the Minnesota Open Enrollment Options' Program, the Minnesota Post-Secondary Enrollment Options, charter schools, non-public schools, home school, tuition agreements, non-resident agreements, area learning centers, and others. Clearly, the State of Minnesota's Open Enrollment Options' Program is the most popular alternative available to parents and students.

The State of Minnesota's Open Enrollment Options' Program permits parents to enroll their youngsters in an alternative school district to the one in which they reside—providing that non-resident “receiving” school district has sufficient space available to accept such in-migrating students.

If a school district experiences the loss of a larger number of out-migrating resident students than it gains in in-migrating non-resident students, the school district's future could be destabilized through losses in enrollment, finances, staffing, programs, and services. Alternately, if a school district experiences the gain of a larger number of in-migrating non-resident students than its losses of out-migrating resident students, the school

district's future could be stabilized or strengthened through gains in enrollment which, in turn, strengthen finances, staffing, programs, and services.

Based on information provided by Kimball Area School District #739, the Project Consultants verified that the school district "out-migrated" 212 resident students to other school districts and "in-migrated" 130 non-resident students into Kimball Area School District #739's programs and services.

<b>TABLE 4-A</b> <b>KIMBALL AREA SCHOOL DISTRICT #739</b> <b>OPEN ENROLLMENT</b> <b>2014-15</b>			
<b><u>District</u></b>	<b><u>In-Migration</u></b>	<b><u>Out-Migration</u></b>	<b><u>Net</u></b>
<b>District #739</b>	<b>+130</b>	<b>-212*</b>	<b>-82</b>
*Students listed = 225; 13 students cited as "moved out of district"			

### **Table Data Observations**

- ◆ The school district's excess of out-migration of resident students to in-migration of non-resident students totaled a net loss of -82 students in 2014-15.
- ◆ The approximate revenue loss to the school district through open enrollment out-migration of resident students in 2014-15 amounted to \$1.2 million.

- ◆ **The approximate revenue gain to the school district as a result of open enrollment in-migration of non-resident students in 2014-15 amounted to \$.75 million.**
- ◆ **The approximate net loss of revenue to the school district in 2014-15 from open enrollment out-migration amounted to -\$.48 million.**

In 2014-15, Kimball Area School District #739 received its largest volume of non-resident student in-migration from St. Cloud School District #742 (58 students); Eden Valley-Watkins School District #463 (27 students); Annandale School District #876 (18 students); and Litchfield School District #465 (17 students).

During the same year, Kimball Area School District #739 out-migrated its largest volume of resident students to Annandale School District #876 (86 students); Eden Valley-Watkins School District #463 (51 students); Litchfield School District #465 (29 students); and St. Cloud School District #742 (14 students).

In 2014-15, Kimball Area School District #739 realized a net gain in in-migrating non-resident students from St. Cloud School District #742 (+44 students) and net losses in out-migrating resident students to Annandale School District #876 (-68 students); Eden Valley-Watkins School District #463 (-24 students); and Litchfield School District #465 (-12 students).

The Project Consultants assessed that the imbalance in resident student out-migration and non-resident student in-migration results in an obvious



drain on the finances of Kimball Area School District #739. The net loss in resident student out-migration through the Minnesota Open Enrollment Options' Program equals 11.6% of the student population (708 students) enrolled in the school district during the 2015-16 school year. Any successes achieved in stemming the volume of resident student out-migration to other school districts in the future would clearly have multiple, positive benefits for Kimball Area School District #739.

The Project Consultants recommend the school district institute a study to ascertain factors which may have a correctable bearing on the out-migration of resident students and, subsequently, develop a plan of action to address those factors .

## 2.6 Non-Public and Home School Attendance

The State of Minnesota offers "choice options" for parents to educate their children beyond those provided by the Minnesota Open Enrollment Options' Program. Attendance in non-public or home school settings are available for parents (and their children) to choose as beliefs, desires, and/or opportunities may dictate.

<b>TABLE 4-B</b> <b>KIMBALL AREA SCHOOL DISTRICT #739</b> <b>NON-PUBLIC AND HOME SCHOOL ENROLLMENT</b> <b>2014-15</b>			
<u>District</u>	<u>Non-Public School</u>	<u>Home School</u>	<u>Total</u>
<b>District #739</b>	<b>No Data</b>	<b>46</b>	<b>-46</b>

Kimball Area School District #739's 2014-15 resident student enrollment in district or area non-public school and home school settings are recorded in Table 4-B.

### **Table Data Observations**

- ◆ **No data were received from the school district on student losses to private or parochial schools during the 2014-15 school year.**
- ◆ **The school district reported 46 resident students attended alternative programs and services in their homes (home schooling) during the 2014-15 school year.**
- ◆ **The school district's rate of resident students enrolled in home schooling amounted to 6.5% of the 2015-16 total enrollment, a figure that would be considered somewhat above average by State of Minnesota standards.**

## **2.7 Other Demographic Data**

The Project Consultants examined changes in the resident population of Stearns County, Minnesota and the City of Kimball over the 55 year span of time from 1960 through 2015. Those data were gathered and analyzed to provide a broader perspective on resident and student population trends in the area and the school district.

Historical population trend data for Stearns County reflect that, over the 55 year period of time from 1960 to 2015 (estimated), the County's population increased from 80,345 to 154,708, a gain of +74,363 residents or +92.6%. During that same span of time, the City of Kimball realized growth from 535

residents in 1960 to 764 residents in 2014 (estimated), a gain of +229 residents or +42.8%.

The demographic trends in Stearns County and the City of Kimball are very positive, indeed. Presuming a continuing in-migration of Minnesota (and immigrant) residents to urban centers in the future, Kimball Area School District #739 can anticipate more robust student enrollment growth **presuming** the district presents itself as a **competitive option**, preferable to other area school districts.

## **CHAPTER III**

### **FINANCES**

#### **3.0 Background Information**

Having examined Kimball Area School District #739's school district size, enrollment, and enrollment trends—those factors which most significantly impact the financial condition of a school district—the Project Consultants undertook an examination and analysis of the school district's financial condition.

The purposes of the financial analysis of Kimball Area School District #739 were to assess the quality of the organization's fiscal management, ascertain financial trends, determine the organization's reserves, compare the school district's spending patterns with the average of all Minnesota school districts and the average of all like-sized (peer group) school districts, determine the organization's debt load, establish options for increasing the school district's revenue and, conversely, reducing organizational expenditures in the future.

The Project Consultants determined through past experiences that school district patrons believe it is essential that they are apprised of the financial condition of the educational organization they are expected to support (by virtue of their residency) **prior to** approving potential, additional, local tax initiatives in the future.

#### **3.1 Financial Analysis**

The Project Consultants examined Kimball Area School District #739's audit reports for each of the six fiscal years from 2009-10 through 2014-15

as a part of the school district's **Organizational Analysis Study**. The Project Consultants focused on the status of the school district's General Fund budget and, to lesser degrees, the organization's Community Education and Debt Retirement funds.

The General Fund budget is the largest and most flexible fund operated by a school district and contains dollar allocations for the employment of administrators, teachers, specialists, custodians, secretaries, and other school district personnel and the purchase of textbooks, instructional materials, staff development, curriculum development, equipment, utilities, insurances, fringe benefits, and much more. Table 5 details the General Fund revenues, expenditures, and fund balances for Kimball Area School District #739 for the six inclusive years from 2009-10 through 2014-15.

Table 5 data delineate the school district's General Fund revenue increased from \$6,111,901 in 2009-10 (base year) to \$7,124,504 in 2014-15, an increase +\$1,012,603 or +16.6%. Within the same five year span of time, the school district's General Fund expenditures increased from \$6,156,442 in 2009-10 to \$7,258,960 in 2014-15, a gain of +\$1,102,518 or +17.9%.

Between 2009-10 (base year) and 2014-15, Kimball Area School District #739's General Fund balance decreased from \$205,134 (2009-10) to -\$96,251 (2014-15), a decline of -\$301,385 or -146.9%.

**TABLE 5**  
**KIMBALL AREA SCHOOL DISTRICT #739**  
**GENERAL FUND REVENUES, EXPENDITURES, FUND BALANCES**  
**2009-10 / 2014-15**

<u>Fiscal Year</u>	<u>Revenue</u>	<u>Expenditure</u>	<u>Fund Balance</u>
2009-10	\$6,111,901	\$6,156,442	\$205,134
2010-11	\$6,463,879	\$6,557,191	\$215,497
2011-12	\$6,952,893	\$7,324,178	-\$96,980
2012-13	\$6,690,456	\$6,870,948	-\$254,540
2013-14	\$6,684,643	\$6,918,092	-\$59,854
2014-15	\$7,124,504	\$7,258,960	-\$96,251
Change	+\$1,012,603	+\$1,102,518	-\$301,385
% Change	+16.6%	+17.9%	-146.9%

#### Table Data Observations

- ◆ The school district operated imbalanced General Fund budgets on six consecutive occasions from 2009-10 through 2014-15.
- ◆ In five of the six years (2009-10 through 2013-14) during which the school district experienced imbalanced General Fund budgets, the organization experienced student enrollment decline. Only in 2014-15 did the school district realize student enrollment gain from the previous year.
- ◆ On June 30, 2015, the school district's net unrestricted General Fund balance deficit was \$159,972, while 2.5% of the year's expenditures as defined by State Statutes was \$152,901.
- ◆ The school district was in statutory debt as of June 30, 2015.

The Project Consultants concluded that Kimball Area School District #739's five year trend in General Fund balance reflected—in part—the organization's persistent decline in student enrollment. Retaining the enrollment of a larger share of resident students in the school district is essential to ensure future financial stability. Increasing non-resident student marketshare among the school district's enrollees has the potential, obviously, of further enhancing the school district's General Fund revenue and General Fund balance.

The Project Consultants concluded that measures have been taken by the School Board and Superintendent of Schools to alleviate the school district's statutory operating debt condition through prudent fiscal management and oversight. Additionally, recent enhanced efforts to reduce the disparity between out-migrating and in-migrating open enrollment students resulted in a total net student increase during the 2014-15 organizational year, the first such student increase (minimally) in nine years. Such an accomplishment is worthy of commendation and, if continued, will strengthen the organization's fiscal position.

### **3.2 Five Year Comparative District Expenditures**

Employing multi-year data reported by the Minnesota Department of Education, the Project Consultants recorded and analyzed five year comparative expenditure data in Kimball Area School District #739 (Table 6) and the average of all school districts in the State of Minnesota (Table 6-A) for 2008-09 and 2013-14. The data are intended to compare Kimball Area School District #739's expenditures in select categories—against itself—over a five year span of time; make an identical comparison of select expenditures for the average of all school districts in the State of

Minnesota—against itself—over the same five year span of time; and permit comparisons between Kimball Area School District #739 and the average of all school districts in the State of Minnesota in both 2008-09 and 2013-14. In a third document, Table 6-B, the Project Consultants compared select 2013-14 General Fund expenditures in Kimball Area School District #739 against the average of all peer group (like-sized) school districts in the State of Minnesota and the average of all school districts in the State of Minnesota. The purpose of the comparative analysis of select General Fund expenditures was to permit the reader to draw numerous conclusions about the cost/effectiveness of and expenditure trends in Kimball Area School District #739 while providing reputable bases for comparisons.

Table 6 provides an analysis of select expenditures for Kimball Area School District #739 over the five year span of time from 2008-09 through 2013-14. Expenditure comparisons are detailed for the following, major cost centers: administration; regular instruction; career/technical instruction; special education; instructional support services; pupil support services; operations/maintenance; student transportation; and total P-K-12 operating expenditures.

In reviewing the comparative school district expenditures, the reader is encouraged to note that, between 2008-09 and 2013-14, Kimball Area School District #739 experienced a loss of -77 students or -10.0% (from 741 students in 2008-09 to 664 students in 2013-14). The casual reader should note that, in school districts experiencing declining enrollment, expenditures/pupil are artificially elevated (as a result of the diminished enrollment), often times causing the reader to conclude that the district has



significantly increased expenditures in all General Fund budget categories. Generally, that conclusion is inaccurate. In fact, increased expenditures are most often attributable to two factors: (1) loss of students and (2) response to inflation. Such was the case with Kimball Area School District #739 in data recorded in Table 6.

<b>TABLE 6</b> <b>KIMBALL AREA SCHOOL DISTRICT #739</b> <b>COMPARATIVE DISTRICT EXPENDITURES</b> <b>2008-09 / 2013-14</b>					
<u>Expenditure</u>	<u>2008-09</u>	<u>2013-14</u>	<u>Change</u>	<u>% Change</u>	<u>Adj Change</u>
Administration	\$853	\$1,074	+\$221	+25.9%	+12.8%
Regular Instruction	\$3,697	\$4,495	+\$798	+21.6%	+8.9%
Career/Technical	\$223	\$168	-\$55	-24.7%	-32.5%
Special Education	\$1,228	\$1,437	+\$209	+17.0%	+4.9%
Instructional Support Services	\$158	\$253	+\$95	+60.1%	+43.5%
Pupil Support Services	\$223	\$268	+\$45	+20.2%	+7.7%
Operations/Maintenance	\$728	\$868	+\$140	+19.2%	+6.8%
Pupil Transportation	\$663	\$853	+\$190	+28.6%	+15.3%
Total P-K-12 Operations	\$8,137	\$9,869	+\$1,732	+21.3%	+8.7%
Student Enrollment	741	664	-77	-10.0%	N/A

### Table Data Observations

- ◇ From 2008-09 through 2013-14, the school district's expenditures for career/technical education declined by -\$55/ADM or -24.7%.

- ◆ From 2008-09 through 2013-14, the school district's expenditures for instructional support services, the organization's smallest expenditure category, increased by +\$95/ADM or +60.1%.
- ◆ From 2008-09 through 2013-14, seven other school district cost categories—administration; regular instruction; special education; pupil support services; operations/maintenance; pupil transportation; and total P-K-12 operations—increased from +17.0% (special education) to +28.6% (pupil transportation). The largest expenditure categories in both 2008-09 and 2013-14 were regular instruction and special education.
- ◆ From 2008-09 through 2013-14, the average annual percentage cost increase for all General Fund expenditures amounted to approximately 4.3%/year. (This figure does not take into consideration the cost increase impact of declining enrollment).
- ◆ When the school district's expenditures are adjusted for declining enrollment, only instructional support services (+43.5%) exceeds an Average Annual increase of greater than 3.1%/year (8.7%). While other cost categories average less than +3.1% cost/year over the five year span of time from 2008-09 through 2013-14, including pupil transportation (+3.1%); administration (+2.6%); regular instruction (+1.8%); total P-K-12 operations (+1.7%); pupil support services (+1.5%); operations/maintenance (+1.4%); special education (+1.0%); and career/technical education (-6.5%).

- ◆ **The Project Consultants concluded that, after adjusting for declining enrollment, the school district's average annual expenditure increases for all General Fund budget categories were within acceptable parameters.**

### **3.3 Five Year Comparative Average State of Minnesota Expenditures**

Table 6-A details the changes in expenditures for the average of all school districts in the State of Minnesota over the five year span of time from 2008-09 through 2013-14. As was the case in Table 6, Table 6-A's data reveal changes in the average of all State of Minnesota school districts' expenditures in the identical cost centers examined in Kimball Area School District #739 over the same five year span of time: administration; regular instruction; career/technical instruction; special education; instructional support services; pupil support services; operations/maintenance; student transportation; and total P-K-12 operating expenditures.

It should be noted that over the five year span of time in question (2008-09 through 2013-14), total public school enrollment in the State of Minnesota **increased**, while student enrollment in Kimball Area School District #739 **decreased**. This is an important fact for the casual reader to consider (and understand) in that just as declining enrollment is a variable which negatively impacts an organization's expenditures per student, increasing enrollment is a variable which positively impacts an organization's expenditures per student. Stated another way, organizations with declining enrollment experience increases in expenditures per pupil which would seem to suggest that the governing board and administration are wantonly spending the organization's scarce resources during troubled times when, in fact, that is not generally the case. Conversely, organizations in which

student enrollment growth is occurring (adding additional revenue that generally exceeds new expenditure requirements) often experience much lower than typical expenditures per student, portraying an image (sometimes inaccurately) of frugality on the part of the organization's governing board and administration. This very point is a salient one as casual readers examine the contents of and make comparisons between Table 6-A and Table 6.

<b>TABLE 6-A</b> <b>KIMBALL AREA SCHOOL DISTRICT #739</b> <b>COMPARATIVE STATE (AVERAGE) EXPENDITURES</b> <b>2008-09 / 2013-14</b>				
<b><u>Expenditure</u></b>	<b><u>2008-09</u></b>	<b><u>2013-14</u></b>	<b><u>Change</u></b>	<b><u>% Change</u></b>
<b>Administration</b>	<b>\$852</b>	<b>\$926</b>	<b>+\$74</b>	<b>+8.7%</b>
<b>Regular Instruction</b>	<b>\$4,847</b>	<b>\$4,778</b>	<b>-\$69</b>	<b>-1.4%</b>
<b>Career/Technical</b>	<b>\$153</b>	<b>\$133</b>	<b>-\$20</b>	<b>-13.1%</b>
<b>Special Education</b>	<b>\$1,821</b>	<b>\$1,976</b>	<b>+\$155</b>	<b>+8.5%</b>
<b>Instructional Support Services</b>	<b>\$502</b>	<b>\$524</b>	<b>+\$22</b>	<b>+4.4%</b>
<b>Pupil Support Services</b>	<b>\$295</b>	<b>\$306</b>	<b>+\$11</b>	<b>+3.7%</b>
<b>Operations/Maintenance</b>	<b>\$850</b>	<b>\$868</b>	<b>+\$18</b>	<b>+2.1%</b>
<b>Pupil Transportation</b>	<b>\$579</b>	<b>\$640</b>	<b>+\$61</b>	<b>+10.5%</b>
<b>Total P-K-12 Operations</b>	<b>\$10,163</b>	<b>\$10,433</b>	<b>+\$270</b>	<b>+2.7%</b>

### Table Data Observations

- ◆ From 2008-09 through 2013-14, the average of all school districts in the State of Minnesota experienced a net decline in

**expenditures/ADM of -13.1% for career/technical education and -1.4% for regular instruction.**

- ◆ **From 2008-09 through 2013-14, expenditures for pupil transportation for the average of all school districts in the State of Minnesota increased by +10.5% or an annual average of +2.1%/year.**
- ◆ **From 2008-09 through 2013-14, there were six (of nine) cost categories in Table 6-A in which expenditures/ADM averaged less than +1.0%/year: career/technical education (-2.6%/year); regular instruction (-.3%/year); operations/maintenance (+.4%/year); total P-K-12 operations (+.5%/year); pupil support services (-.7%/year); and instructional support services (+.9%/year). The average of all school districts in the State of Minnesota also reported expenditures/ADM for administration of +8.7% (or +1.7%/year) and special education of +8.5% (or +1.7%/year) over the five year span of time from 2008-09 through 2013-14.**
- ◆ **The Project Consultants concluded that, in the aggregate, the average of ALL school districts in the State of Minnesota revealed minimal expenditures/ADM increases over the five year span of time from 2008-09 through 2013-14.**
- ◆ **The Project Consultants concluded that a small measure of the frugality revealed in expenditures/ADM improvements in the average of all State of Minnesota school districts occurred as a**

result of the modestly increasing state-wide student enrollment from 2008-09 through 2013-14.

### 3.4 Comparative District, Peer, and State Expenditures, 2013-14

Table 6-B details comparative expenditures for Kimball Area School District #739, the average of all like-sized (peer group) school districts in the State of Minnesota, and the average of all school districts in the State of Minnesota for the 2013-14 school year.

<b>TABLE 6-B</b> <b>KIMBALL AREA SCHOOL DISTRICT #739</b> <b>COMPARATIVE DISTRICT, PEER, AND STATE EXPENDITURES</b> <b>2013-14</b>			
<b><u>Expenditure</u></b>	<b><u>KIMBALL</u></b>	<b><u>PEER</u></b>	<b><u>STATE</u></b>
<b>Administration</b>	<b>\$1,074</b>	<b>\$1,035</b>	<b>\$926</b>
<b>Regular Instruction</b>	<b>\$4,495</b>	<b>\$4,308</b>	<b>\$4,778</b>
<b>Career/Technical</b>	<b>\$168</b>	<b>\$202</b>	<b>\$133</b>
<b>Special Education</b>	<b>\$1,437</b>	<b>\$1,592</b>	<b>\$1,976</b>
<b>Instructional Support Services</b>	<b>\$253</b>	<b>\$345</b>	<b>\$524</b>
<b>Pupil Support Services</b>	<b>\$268</b>	<b>\$214</b>	<b>\$306</b>
<b>Operations/Maintenance</b>	<b>\$868</b>	<b>\$953</b>	<b>\$868</b>
<b>Pupil Transportation</b>	<b>\$853</b>	<b>\$711</b>	<b>\$640</b>
<b>Total P-K-12 Operations</b>	<b>\$9,869</b>	<b>\$9,830</b>	<b>\$10,433</b>

Table data reveal expenditures/ADM for the following cost categories: administration; regular instruction; career/technical instruction; special education instruction; instructional support services; pupil support services; operations/maintenance; pupil transportation; and total P-K-12 operations.

## Table Data Observations

- ◆ In 2013-14, total P-K-12 operations' expenditures/ADM for the Kimball Area School District #739 (\$9,869/ADM) EXCEEDED by a paltry +.4% such expenditures in the average of all peer group school districts (\$9,830/ADM) and TRAILED such expenditures for the average of all State of Minnesota school districts (\$10,433) by -\$564/ADM or -5.4%.
- ◆ In 2013-14, Kimball Area School District #739's expenditures/ADM EXCEEDED those in the average of all peer group school districts in administration (\$1,074/ADM vs. \$1,035/ADM); regular instruction (\$4,495/ADM vs. \$4,308/ADM); pupil support services (\$268/ADM vs. \$214/ADM); and pupil transportation (\$853/ADM vs. \$711/ADM). Kimball Area School District #739's expenditures/ADM TRAILED those in the average of all peer group school districts in 2013-14 in the following cost categories: career/technical education (\$168/ADM vs. \$202/ADM); special education (\$1,437/ADM vs. \$1,592/ADM); instructional support services (\$253/ADM vs. \$345/ADM); and operations/maintenance (\$868/ADM vs. \$953/ADM).
- ◆ In 2013-14, Kimball Area School District #739 and the average of all peer group school districts' expenditures/ADM EXCEEDED those of the average of all State of Minnesota school districts in the following cost categories: administration; career/technical instruction; operations/maintenance (peer group only); and pupil transportation. Kimball Area School District #739 and the average of all peer group school districts' expenditures/ADM

**TRAILED** such expenditures in the average of all State of Minnesota school districts in the following cost categories: regular instruction; special education instruction; instructional support services; pupil support services; and total P-K-12 operations.

- ◆ In 2013-14, Kimball Area School District #739's expenditures/ADM **EXCEEDED** those in the average of all State of Minnesota school districts in the following cost categories: administration (\$1,074/ADM vs. \$926/ADM); career/technical education (\$168/ADM vs. \$133/ADM); pupil transportation (\$853/ADM vs. \$640/ADM). Operations/maintenance expenditures (\$868/ADM) were identical between Kimball Area School District #739 and the average of all school districts in the State of Minnesota.
- ◆ Kimball Area School District #739's expenditures/ADM **TRAILED** those in the average of all State of Minnesota school districts in the following cost categories in 2013-14: regular instruction (\$4,495/ADM vs. \$4,778/ADM); special education instruction (\$1,437/ADM vs. \$1,976/ADM); instructional support services (\$253/ADM vs. \$524/ADM); pupil support services (\$268/ADM vs. \$306/ADM); total P-K-12 operations (\$9,869/ADM vs. \$10,433/ADM).
- ◆ The Project Consultants concluded that Kimball Area School District #739 is a **BELOW AVERAGE SPENDING** school district when compared to the average of all State of Minnesota school districts.



- ◆ The Project Consultants concluded that when examining expenditures/ADM, Kimball Area School District #739 is an **AVERAGE SPENDING** school district when compared to the average of all like-sized (peer group) school districts in the State of Minnesota.

### 3.5 Sources of General Fund Revenue

Based on an examination of the school district's 2014-15 audit report, the Project Consultants reported in Table 7 Kimball Area School District #739's sources of General Fund revenue.

The school district's General Fund revenue for the 2014-15 organizational year totaled \$7,124,504.

<b>TABLE 7</b> <b>KIMBALL AREA SCHOOL DISTRICT #739</b> <b>SOURCES OF GENERAL FUND REVENUE</b> <b>2014-15</b>		
<b><u>Source</u></b>	<b><u>Actual</u></b>	<b><u>% of Total</u></b>
<b>Local Property Tax</b>	<b>\$921,502</b>	<b>12.9%</b>
<b>Other Local/County Revenues</b>	<b>\$314,269</b>	<b>4.4%</b>
<b>Revenue from State</b>	<b>\$5,681,317</b>	<b>79.7%</b>
<b>Revenue from Federal</b>	<b>\$207,331</b>	<b>2.9%</b>
<b>Sales and Other</b>	<b>\$85</b>	<b>0.0%</b>
<b>Total Revenues</b>	<b>\$7,124,504</b>	<b>100.0%</b>

## Table Data Observations

- ◆ In 2014-15, the largest amount of revenue to the school district's General Fund budget was received from the State of Minnesota in the amount of \$5,681,317 or 79.7% of total General Fund revenue.
- ◆ In 2014-15, the school district's taxpayers contributed \$921,502 or 12.9% of the organization's total General Fund revenue.
- ◆ In 2014-15, the school district's General Fund budget secured \$314,269 in other local/county revenue and \$207,331 in federal revenue. These revenue sources represented, respectively, 4.4% and 2.9% of the school district's General Fund budget in that year.
- ◆ The Project Consultants concluded that, during the 2014-15 organizational year, the school district's taxpaying residents contributed approximately \$1 in each \$6 expended to support the organization's General Fund revenue budget of \$7,124,504.

### 3.6 Unreserved General Fund Balance

Table 8 delineates the unreserved General Fund balances and the percentages of General Fund expenditures those balances represented for Kimball Area School District #739 for the five inclusive years of 2009-10 (base year) through 2014-15.

<p style="text-align: center;"><b>TABLE 8</b> <b>KIMBALL AREA SCHOOL DISTRICT #739</b></p>
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<b>UNRESERVED GENERAL FUND BALANCE AND PERCENT OF GENERAL FUND EXPENDITURES 2009-10 / 2014-15</b>						
<u>Unit</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
<b>Balance</b>	<b>\$103,512</b>	<b>\$53,988</b>	<b>(\$109,945)</b>	<b>(\$255,681)</b>	<b>(\$383,827)</b>	<b>(\$194,971)</b>
<b>% of G.F. Expenditures</b>	<b>+1.9%</b>	<b>-0.94%</b>	<b>-1.7%</b>	<b>-4.2%</b>	<b>-6.3%</b>	<b>-3.2%</b>

### **Table Data Observations**

- ◇ **The school district's unreserved General Fund balance decreased on four consecutive occasions from the 2009-10 base year (\$103,512) through 2013-14 (-\$383,827), a total of -\$487,339.**
- ◇ **The school district's unreserved General Fund balance increased—for the first time in five years—from -\$383,827 in 2013-14 to -\$194,971 in 2014-15, an improvement of +\$188,856.**
- ◇ **The school district's unreserved General Fund balance placed it in statutory operating debt for the most recent three fiscal years, 2012-13, 2013-14, and 2014-15.**
- ◇ **The school district projects that, upon receipt of the 2015-16 annual audit report, the organization will have improved its unreserved General Fund balance to a point where it will no longer be in statutory operating debt.**
- ◇ **The Project Consultants observed that measures are being undertaken by the school district's governing board and administration to strengthen the organization's General Fund**

**reserves to balance the General Fund budget. In large measure, the school district's fiscal condition has improved (and is projected to continue to improve) as a result of increasing student enrollment and reducing the rate of growth of General Fund expenditures.**

- ◆ The Project Consultants congratulate the Superintendent of Schools and governing board on measures being undertaken to strengthen the organization's student enrollment and on their prudent management of spending.**

### **3.7 Operating Levy**

The Project Consultants observed that Kimball Area School District #739's voting public approved an operating levy referendum in November 2015.

The school district's levy authorization is in the amount of \$760/pupil unit. The levy authorization period is 10 years.

The Project Consultants congratulate parents and patrons of Kimball Area School District #739 for their financial support in maintaining the operation of programs and services for the pre-school, school-aged, and adult populations of the school enterprise.

### **3.8 Adjusted Net Tax Capacity**

Table 9 provides a comparison of Kimball Area School District #739's adjusted net tax capacity with the average of all school districts in the State of Minnesota over the five year span of time from 2008-09 through 2013-14.

Adjusted net tax capacity (in the State of Minnesota) is a derivation of the market value of property in a governmental unit (school district, city, county, state) and in the case of Table 9 data furnishes comparative information on the property value/pupil in Kimball Area School District #739 and the average of all school districts in the State of Minnesota.

<b>TABLE 9</b> <b>KIMBALL AREA SCHOOL DISTRICT #739</b> <b>ADJUSTED NET TAX CAPACITY</b> <b>2008-09 / 2013-14</b>				
	<u>2008-09</u>	<u>2013-14</u>	<u>Change</u>	<u>% Change</u>
<b>District #739</b>	<b>\$6,741</b>	<b>\$6,400</b>	<b>-\$341</b>	<b>-5.1%</b>
<b>State Average</b>	<b>\$7,184</b>	<b>\$6,267</b>	<b>-\$917</b>	<b>-12.8%</b>
<b>Difference</b>	<b>-\$443</b>	<b>+\$133</b>		

### Table Data Observations

- ◆ Over the five year span of time from 2008-09 through 2013-14, the school district's adjusted net tax capacity decreased by **-\$341/ADM or -5.1%**, while the average of all State of Minnesota school districts' adjusted net tax capacity decreased by **-\$917/ADM or -12.8%**.
- ◆ The school district's adjusted net tax capacity was less than the average of all school districts in the State of Minnesota in 2008-09. By 2013-14 (five years into the 2008 recession), the school district's adjusted net tax capacity exceeded that of the average of all school districts in the State of Minnesota by **+\$133/ADM**.

- ◆ **The school district's adjusted net tax capacity reflects average property wealth/ADM when compared to the average of all State of Minnesota school districts.**
- ◆ **The school district would be neither considered a property poor nor a property wealthy school district by State of Minnesota standards.**

### **3.9 Average School Property Tax/Home**

During the course of interviewing residents of Kimball Area School District #739, numerous residents and, in fact, administrators and School Board members expressed a belief that Kimball Area School District #739's school property taxes were high when compared to the average of all school districts in the State of Minnesota. In fact, that assumption or assessment is inaccurate.

In 2008-09, the school district's average school property tax per home was \$712, while the average school property tax per home of all school districts in the State of Minnesota was \$755. By 2013-14, the school district's average school property tax per home was \$758, while the State average was \$790. Thus, Kimball Area School District #739's average school property tax per home was **less than** the average of all State of Minnesota school districts.

The Project Consultants examined the school property tax per home valued at \$100,000 (after credit) in Kimball Area School District #739 and the average of all State of Minnesota school districts. In 2008-09, the school property tax per \$100,000 in the school district was \$344, while the figure

for the average of all State of Minnesota school districts was \$311. By 2013-14, Kimball Area School District #739's figure (\$468) was virtually identical to the school property tax per \$100,000 value of the average of all State of Minnesota school districts (\$469).

The Project Consultants concluded that Kimball Area School District #739 is **not** a high school property tax school district.

### **3.91 Student Transportation**

The Project Consultants observed that, in 2013-14, Kimball Area School District #739's pupil transportation costs (\$853/ADM) compared **unfavorably** with those of the average of all like-sized school districts in the State of Minnesota (\$711/ADM) and the average of all school districts in the State of Minnesota (\$640/ADM). Thus, the school district expends +\$142/ADM or +20.0% more dollars on student transportation than the average of all like-sized Minnesota school districts and +\$213/ADM or +33.3% more than the average of all Minnesota school districts.

Based on information provided by the school district, it would appear that the district operates nine regular student transportation routes (regular buses) and conducts additionally—typically for special education runs—routes with two smaller units (mini-buses).

In total, the school district operates 13 regular buses, 9 of which are employed in conducting regular student transportation routes; 4 are spares; 2 mini-buses; and 1 seven-passenger van.

Regular student transportation drivers depart from their "home bases"—in the main—between 6:35 and 6:50 a.m. and arrive at either Kimball Area

Elementary School or Kimball Area High School (Secondary School) at or about 7:55 a.m.

The Project Consultants do not purport to be transportation consultants. Nonetheless, given the large disparity in student transportation costs/ADM between Kimball Area School District #739 and the average of all Minnesota peer group school districts and the average of all State of Minnesota school districts, it would appear prudent for the school district to engage the services of a transportation specialist to examine bus utilization and route design to ascertain procedures which may result in greater cost/effectiveness in the student transportation system.

## **CHAPTER IV**

### **EDUCATIONAL PROGRAMS, SERVICES, AND STAFFING**



## **4.0 Introduction**

The primary purpose of the operation of public school districts in Minnesota and throughout the United States is the delivery of instructional programs and services to resident and, through open enrollment and tuition agreements, non-resident P-K-12 students and, increasingly over the past three decades, pre-school youngsters and adults who reside in the district and neighboring school districts in the area. The breadth, scope, and sophistication of school district programs and services have increased and/or evolved over the course of the past four decades in response to changing business/industrial priorities, technological expansion, population aging, societal needs, family structure, global competition, and a number of other interacting and intersecting variables.

Following an analytical examination of Kimball Area School District #739's district size, enrollment, enrollment trends, and financial data, the Project Consultants gathered substantial data on the organization's educational programs, services, and staffing through source documents, interviews, brief visits, and observations.

As is the case of any Minnesota school district in all geographical settings, Kimball Area School District #739's organizational size, enrollment trends, and finances have a direct bearing on the number, breadth, scope, and sophistication of programs and services offered, the numbers and types of staff members employed, and the numbers, types, and sophistication of facilities employed in the delivery of instructional programs and services. As such, it is logical that the Project Consultants would undertake an investigation of the status of the school district's educational programs,

services, staffing, and related issues (including collaboration/cooperation with other private and public sector entities, the breadth and scope of community education programs and services, methodologies, delivery systems, class sizes, pupil/professional staff ratios, the organization's grade level configuration, and other pertinent factors) to serve the school district's pre-school, school-aged, and adult populations and their communities.

The Project Consultants' findings in examining programs, services, staffing, and other indicators, in part, are presented in this chapter. Analyses of such data were purposefully used to determine Kimball Area School District #739's status, assess the organization's strengths and needs, conduct comparative analyses, and, as appropriate, identify potential, future actions that were worthy of consideration by the School Board and Superintendent of Schools.

#### **4.1 Elementary Class Sizes**

Kimball Area School District #739's elementary class section sizes, in grades P-K-6 for the 2015-16 school year are summarized in Table 10.

Kimball Area Elementary School currently houses all the school district's P-K-6 student enrollment, comprised of 44 kindergarten students, and 344 grade 1-6 students for a total school population of 388 students (see Table 1).

<p style="text-align: center;"><b>TABLE 10</b></p> <p style="text-align: center;"><b>KIMBALL AREA SCHOOL DISTRICT #739</b></p> <p style="text-align: center;"><b>ELEMENTARY CLASS SIZES</b></p>
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2015-16					
<u>School</u>	<u>Less than 20</u>	<u>20-25</u>	<u>26-29</u>	<u>30 or larger</u>	<u>Total</u>
K-6	7	9	2	0	18
%	38.9%	50.0%	11.1%	0.0%	100.0%

### Table Data Observations

- ◆ The school district operated 18 elementary class sections during the 2015-16 school year.
- ◆ Seven elementary class sections or 38.9% enrolled less than 20 students, while nine elementary class sections or 50.0% enrolled 20-25 students/section. Two elementary class sections or 11.1% enrolled 26-29 students/section during the school year.
- ◆ The school district's average class section size in grades K-6 during the 2015-16 school year was computed at 19.4 students/section.
- ◆ The Project Consultants rated the school district's average elementary school class section size as highly desirable.
- ◆ The Project Consultants rated the school district's elementary class sections as staffed at a cost/effective level, though school leaders must be cautious to ensure that the "desirable" class section sizes do not become "undesirably cost/ineffective."

## 4.2 Secondary Class Section Sizes

Table 11 reports Kimball Area School District #739's junior high school and senior high school class section size data in grades 7-12 for the 2015-16 school year.

The school district's secondary class section size data were examined for **regular education** class sections and did not include special education, study hall, work experience, and other specialty course sections. These table data were gathered to provide a perspective for the Project Consultants and readers on the school district's regular education programming and staffing.

<b>TABLE 11</b> <b>KIMBALL AREA SCHOOL DISTRICT #739</b> <b>SECONDARY CLASS SIZES</b> <b>2015-16</b>					
<u>School</u>	<u>Less than 20</u>	<u>20-25</u>	<u>26-29</u>	<u>30 or larger</u>	<u>Total</u>
<b>Secondary*</b>	<b>69</b>	<b>79</b>	<b>20</b>	<b>13</b>	<b>181</b>
<b>%</b>	<b>38.1%</b>	<b>43.6%</b>	<b>11.0%</b>	<b>7.2%</b>	<b>100.0%</b>
>30 students: Math, Music, PE, Social Studies, Science, Health, English					

The Project Consultants customarily use class section sizes of less than 20 students as a threshold for assessing staffing cost/ineffectiveness and cost/effectiveness. The Project Consultants have found that school districts and schools which offer a preponderance of class section sizes with less than 20 students enrolled may anticipate difficulties in maintaining financial viability and/or providing a breadth of programs and services which will offer students in the educational organization comparative parity with school districts operating a proportionately larger number of

cost/effective class section sizes (that is, class section sizes enrolling 20 students or greater).

### **Table Data Observations**

- ◆ **The school district operated 181 secondary school course sections during the 2015-16 school year.**
- ◆ **148 secondary school course sections or 81.7% enrolled less than 25 students/section; only 13 secondary school course sections or 7.2% enrolled 30 or more students/section during the school year. Secondary school course sections enrolling 30 students or greater were located in the following disciplines: English; health; mathematics; music; physical education; science; and social studies.**
- ◆ **The Project Consultants rated the school district's secondary school course sections as marginally cost/effective with a comparatively large number and percentage of course offerings enrolling less than 20 students/section (69 course sections or 38.1%) and 20-25 students/section (79 course sections or 43.6%). Secondary school class section sizes which enrolled less than 20 students/section tended to be found in the following disciplines: art; industrial art/technology; family and consumer science; world languages; and advanced level electives.**
- ◆ **The Project Consultants concluded that the school district's leadership will need to continue to offer an array of marginally cost/ineffective course section sizes if it desires the**

maintenance of a broad array of secondary school course offerings.

- ◆ The Project Consultants concluded that select mergers of courses (e.g. FACS 7 and FACS 8 and Spanish I and Spanish II) to ensure maintenance of course offerings and the cost/effectiveness of those course offerings.

#### **4.3 Senior High School Semester Course Offerings**

Kimball Area School District #739 operates a single comprehensive secondary school: Kimball Area High School.

The Project Consultants reviewed Kimball Area School District #739's grades 9-12 course offerings during the 2015-16 school year for Kimball Area High School as described in **Kimball Area High School, Grades 9-12, 2015-2016 Course Registration**.

Table 12 reveals that Kimball Area High School made available 104 semester course offerings during the 2015-16 school year. Course offerings were found in 11 disciplines: agriculture; art; business education/computer; English; family and consumer science; mathematics; music; physical education and health; science; social studies; and world languages (and a Consultant designated set of course offerings entitled Other).

**TABLE 12**  
**KIMBALL AREA SCHOOL DISTRICT #739**  
**SEMESTER COURSE OFFERINGS, 9-12**  
**2015-16**

<u>Discipline/Subject</u>	<u>Credits</u>
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## **Table Data Observations**

- ◆ **The school district's high school students were afforded the broadest array of credit course offerings in the following disciplines: mathematics (17 credits); science (15 credits); social studies (13 credits); and English (12 credits).**
- ◆ **The school district's high school students were offered the narrowest range of high school credit course offerings in the following subject matter disciplines: physical education and health (3 credits); music (4 credits); world languages (4 credits); and family and consumer science (5 credits).**
- ◆ **The breadth and scope of the school district's grade 9-12 credit course offerings during the 2015-16 school year were comparable to offerings found in high schools with comparable critical student masses in the State of Minnesota.**
- ◆ **The school district provides select, concurrent enrollment courses for high school students. Concurrent enrollment courses fulfill both high school and college/university credit requirements and achieve advanced placement (credits) at the college/university level.**
- ◆ **The school district provides its high school students with the opportunity to participate in advanced placement (AP) courses.**

- ◆ **The school district provides high school students with the opportunity to participate in the Post-Secondary Education Options Program (PSEO), permitting those students to enroll in courses or programs located in eligible post-secondary institutions of higher learning.**
- ◆ **The Project Consultants commend the school district and high school for their organizational participation in collaborative arrangements with institutions of higher learning and/or area school districts for the purpose of enhancing curricular (and extra-curricular) opportunities/course offerings to their students.**

#### **4.4 Organizational Configuration**

Kimball Area School District #739's organizational configuration (grade level configuration) during the 2015-16 school year was a P-K-6; 7-8; 9-12 grade level structure.

Pre-kindergarten, kindergarten, and grade 1-6 students were located at Kimball Area Elementary School during the 2015-16 school year. Grades 7-8 and 9-12 students received instructional programs and services at the Kimball Area High School (Secondary School) facility.

It is intention of Kimball Area School District #739's administrative leadership to relocate grade 6 students from Kimball Area Elementary School to Kimball Area High School (Secondary School) at the onset of the 2016-17 school year. This relocation of grade 6 students is largely precipitated because of the expanding elementary enrollment and, hence, facility stresses at Kimball Area Elementary School.



The Project Consultants viewed the school district's organizational configuration as sound and appropriate for instructional program and service delivery. That is, each of the school district's facilities has the capability of offering sufficient space for students served and adequate/ mostly appropriate classroom and laboratory settings for delivery of programs and services provided to students.

The Project Consultants believe that relocation of the school district's grade 6 students to Kimball Area High School (Secondary School) will serve two highly positive purposes: (1) it will provide additional, quality space at Kimball Area Elementary School for the increased student volume and (2) will furnish possible, further curricular opportunities for grade 6 students, including the possibility of facilitating implementation of an enhanced (grade 6-8) middle school concept.

#### **4.5 Secondary School Schedule**

Kimball Area High School (Secondary School) operated a conventional 7 period schedule during the 2015-16 organizational year. Additionally, a 16 minute homeroom period was provided on Mondays, Wednesdays, and Fridays, while 36 minute homeroom/advisory was scheduled on Tuesdays and Thursdays.

Period lengths at Kimball Area High School (Secondary School) are 48 minutes in duration with 4 minutes allocated for passing. Period 1 convenes at 8:20 a.m., while Period 7 concludes at 3:04 p.m. Separate 25 minute lunch periods are provided daily to grade 7-8 students and grade 9-12 students.

Kimball Area High School's (Secondary School's) course offerings are structured on both a semester and year-long bases.

#### 4.6 Course Preparations

The master schedule of Kimball Area High School (Secondary School) for the 2015-16 school year was reviewed by the Project Consultants to provide an overview of the number of course preparations assigned to full-time and part-time teaching staff members in grades 7-12. The purposes of reviewing teacher course preparations were to establish the teaching load assigned to staff members and, further, make judgments about the cost/effectiveness of the school district's staffing.

It would appear that, as a general rule, full-time regular education teachers in Kimball Area High School (Secondary School) teach 5 course sections each day in each of the school's 2 semesters. In addition, each teaching staff member is accorded 1 period for preparation and 1 period for the supervision of a study hall or hall duty.

As revealed in Table 13, the Project Consultants found that 25 staff members appeared on Kimball Area High School's (Secondary School's) 2015-16 master schedule. Twenty-one of those staff members were **regular education** staff members and four were **special education** staff members. Of the 21 **regular education** staff members, 16 were assigned full-time duty to Kimball Area High School (Secondary School) while 4 **regular education** staff members were assigned part-time to Kimball Area High School (Secondary School) or held part-time contracts.

<b>TABLE 13</b>
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**KIMBALL AREA SCHOOL DISTRICT#739**  
**COURSE PREPARATIONS**

	<u><b>1-2</b></u>	<u><b>3-4</b></u>	<u><b>5-6</b></u>	<u><b>Total</b></u>
<b>Full-Time</b>	<b>0</b>	<b>12</b>	<b>4</b>	<b>16</b>
<b>Part-Time</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>5</b>
<b>Total</b>	<b>4</b>	<b>13</b>	<b>4</b>	<b>21</b>

## **Table Data Observations**

- ◆ **Twelve full-time REGULAR EDUCATION secondary school staff members or 75.0% were assigned 3-4 teaching preparations daily, while 4 REGULAR EDUCATION secondary teachers or 25.0% were assigned to 5 teaching preparations daily (no teachers were assigned to 6 teaching preparations daily).**
- ◆ **Four part-time REGULAR EDUCATION secondary school teachers or 80.0% were assigned to 1-2 preparations daily, while 1 part-time REGULAR EDUCATION secondary school teacher or 20.0 % was assigned 3 teaching preparations daily.**
- ◆ **The Project Consultants concluded that the number and distribution of daily preparations assigned to full-time REGULAR EDUCATION teaching staff members in Kimball Area High School (Secondary School) during the 2015-16 school year were commendable and, in fact, would be lower than the level of assignment of teacher preparations in other similarly-sized, comprehensive junior high school/senior high school programs.**
- ◆ **The Project Consultants suggest that the school district's leadership consider the possibility of increasing secondary school teacher assignments—for one semester only—from five classes, one preparation, and one study hall to six classes, one preparation, and no study hall or hall duty.**

## **4.7 Instructional Support Services**

Kimball Area School District #739 furnishes (or collaborates for) a broad and comprehensive array of instructional and support services for pre-school, school-aged, and adult populations that would be characteristic of Minnesota school districts with enrollments of similar or larger critical students masses than that which is found in the school district.

Instructional support services include programs and services which occur during the regular school day and, also, extend beyond those dispensed by professional teaching staff members in the regular/general classroom setting during the regular school day.

Kimball Area School District #739's instructional and support services—as reported in Table 14—include programs and services delivered by specialist personnel (e.g. computer; music; physical education); special education programs and services (e.g. learning disabilities; adaptive physical education; speech disorder); community education programs and services (e.g. adult enrichment); programs and services for under-achieving students (e.g. Title I); pre-school and Early Childhood programs and services (e.g. School Readiness; Early Childhood/Family Education; pre-school screening); school-aged child care services (e.g. child care); co-curricular and extra-curricular activities (e.g. athletics; band; dramatics); and the like.

While the content and delivery of regular/general education programs have evolved in public school districts over the past 50 years and precipitated the remodeling, retrofitting, and/or new construction of facilities, it is the creation and expansion of sophisticated instructional programs and

services—generally in response to parental needs and statutory changes—that have resulted in the most substantial changes in school facility designs, grade level configurations, and school (enrollment) sizes. Witness, for example, that a mere five decades ago, Minnesota school districts offered few women’s athletic programs (much less near equity in such programming), special education programs, computer technology, school-aged child care, Early Childhood/Family Education programming, alternative learning programs, and the like. Obviously then, school districts with facilities constructed prior to 1970 did not have in place many of the specifically designed teaching/learning spaces required to accommodate those instructional programs and services which were designed and implemented after 1970.

#### **4.8 Staffing**

The Project Consultants reviewed multi-year data from the Minnesota Department of Education on staffing trends in Kimball Area School District #739 over the five year span of time from 2008-09 through 2013-14.

The Project Consultants found that the school district’s total licensed professional staff members increased from 52 in 2008-09 to 53 in 2013-14, and the total licensed instructional staff increased from 44.6 in 2008-09 to 45 in 2013-14. These modest licensed professional staff and licensed instructional staff increases occurred during a time period when the school district’s student enrollment decreased from 741 students (2008-09) to 664 students (2013-14), a decline of -77 students or -10.4%.

<b>TABLE 14</b>
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<b>KIMBALL AREA SCHOOL DISTRICT #739</b> <b>INSTRUCTIONAL AND SUPPORT SERVICES</b> <b>2015-16</b>	
• Athletics	• Autism Spectrum Disorder
• Cooperatively Sponsored Athletics	• Learning Disability
• Dramatics/Plays	• Communication/Speech Disorder
• Speech	• Mental Disability
• Band/Marching Band	• Emotional/Behavioral Disability
• Choir	• Physical Disability
• Music Ensembles/Musicals	• Other Health Impaired
• Yearbook	• Psychological Services
• Newspaper	• Vision Services
• Academic Competitions	• Deaf/Hard of Hearing Disability
• Leadership Groups	• Physical Therapy
• Clubs	• Occupational Therapy
• Music Specialist	• Early Childhood/Special Education
• Physical Education Specialist	• Early Childhood/Family Education
• Library/Media Specialist	• School Readiness
• Computer Specialist	• Extended Day/Childcare
• Guidance Counselor	• Adult Education
• Nurse Service	• Adult Enrichment
• Title I	• Adult Basic Education/GED (Access)
• Pre-School Screening	• Youth Enrichment
• Pre-School	• Youth Recreation
• Summer School	• Area Learning Center (Access)
• Senior Citizens	• Cooperative Programming
• College in the School	

The Project Consultants concluded that one likely contributing factor to the school district's imbalanced General Fund budgets occurred as a result of modest staff increases during a time period when, as a result of student enrollment decline, regular and special education licensed professional staff reductions would seem to have been warranted.

Further data from the Minnesota Department of Education revealed that the school district's pupil/professional staff ratio decreased from 14/1 in 2008-09 to 13/1 in 2013-14, a lowering of the organization's pupil/professional staff ratio (during a time period when student enrollment was declining and licensed professional staffing reductions were not occurring).

The Project Consultants found that, as a result of increasing student enrollment in the school district in recent years, staffing balance has improved by comparison with district staffing between 2008-09 and 2013-14. The more refined synchronization of licensed professional staff member count and student enrollment has contributed to the school district's improving fiscal condition.

There is no mistaking that it is difficult to appropriately balance licensed professional staff member count and student enrollment in a lower critical student mass school district. The need/desire to provide the broadest range of programs and services for students entrusted to the school district must be balanced with staffing allocations that are cost/effective to ensure financial stability. The Project Consultants earlier noted that Kimball Area School District #739 offers a substantial number of highly desirable class and course section sizes at the elementary and secondary school levels which, if student enrollment were to decline and/or the number of marginally cost/ineffective classes or course sections were to increase, the organization would, once again, find it difficult to maintain balanced General Fund budgets in the future.

#### **4.9 Community Education Programs and Services**



Kimball Area School District #739 operates a Community Education Program which serves pre-school, school-aged, and adult populations within the school district's boundaries.

According to the school district's 2014-15 audit report, the Community Education Program received \$322,617 in revenue, expended \$331,036, and recorded a year-end fund balance of \$56,984. Between June 30, 2014 and June 30, 2015, the Community Education fund balance decreased by -\$8,419. The primary revenue sources for Kimball Area School District #739's Community Education Program budget were other local and county resources (\$228,600), local property taxes (\$67,035), and the State of Minnesota (\$26,982).

A review of Kimball Area School District #739's 2014-15 **Community Education Annual Report** revealed the number of participants involved in the following program, service, and activity areas (participant counts **may be** duplicated): Pre-Kindergarten: Age 0-5 (37); Youth: Academic (14); Childcare (102); Enrichment (362); Health/Safety (6); Recreation (603); Service (17); Adult: Enrichment (53); Health/Safety (59); Recreation (44); and Sports (34); Community: Community Concerns (65).

Kimball Area School District #739 jointly operated its Early Childhood/Family Education Program with Eden Valley-Watkins School District during the 2014-15 organizational year.

In reviewing the **2014-2015 Early Childhood Family Education Annual Report**, the Project Consultants observed that the Early Childhood Family

Education Program provided class services to 76 children, 0-5. The unduplicated count of participants in the 2014-15 year program totaled 160.

The unduplicated count of parents/adults participating in facets of the EC/FE Program—including classes, home visits, and/or one-time events/activities—totaled 131.

During the 2015-16 school year, 16 0-5 students participated in Kimball Area School District #739's classes. Thirty-seven students participated in classes and special events.

Kimball Area School District #739 operates a School-Aged Childcare Program (Cubs Clubs), a Pre-School Program (Play and Learn), and a Pre-School Enrichment Program. The Early Childhood/Family Education Program, Pre-School Program, and Pre-School Enrichment Program are housed in the school district's elementary school, while the School-Aged Childcare Program (Cubs Club) is headquartered at a local church.

Superintendent Jim Wagner serves as Kimball Area School District #739's Community Education Director.

#### **4.10 Special Education**

Kimball Area School District #739 is a member school district—along with five other area school districts—of the Benton-Stearns Education District, headquartered in Sartell, Minnesota.

The Benton-Stearns Education District staff provides administrative, supervisory, and coordination services for its member districts, augmented

by the following specialists personnel: psychologists; hearing impaired; vision impaired; occupational therapists; physical therapists; adaptive physical education; physical/health disabilities; and Early Childhood/Special Education instructors or consultants.

Kimball Area School District #739 employs 9.0 Full-Time Equivalent and 1.0 part-time special education teachers, licensed to deliver an array of programs and services for students with identified disabilities. Three FTE special education staff members are assigned to program and service delivery at the elementary school level, while four FTE are assigned to the school district's secondary school programs. One FTE is assigned to the school district's EC/SE Program, and one FTE is assigned to the delivery of speech/language services to EC-12 students. A part-time special education staff member is assigned to the delivery of adaptive physical education services to EC-12 students.

During the 2015-16 school year, 107 eligible students in Kimball Area School District #739 received special education programs and services. The following numbers of students received special education programs and services in the specified disability areas: other health impaired (24 students); speech and language (19 students); learning disabilities (17 students); emotional and behavioral disability (17 students); autism (17 students); early childhood (7 students); developmental cognitive delay—moderate (3 students); severe mental impairment (2 students); physical impairment (1 student).

All students in the school district who are eligible to receive special education services will either receive them directly in the school district

from school district personnel or through services provided by Benton-Stearns Education District. Among direct services provided by the Education District to Kimball Area School District #739 are the following: Special Education Coordinator (.20 FTE); School Psychologist (.427 FTE); Occupational Therapist/Physically Impaired/Physical Therapist (.42 FTE); Deaf and Hard of Hearing (.09 FTE); and Visual Consultant (.06 FTE as needed).

During the course of multiple interviews with administrative and teaching staff members, a number of issues emerged which—it would appear—are worthy of further, more detailed examination by the school district's administration (perhaps, in consultation with representatives of Benton-Stearns Education District), including the comparatively high turnover of special education staff members in the school district; the need for more intensive involvement with response to intervention (RTI) at the elementary school level; an examination of the comparatively large volume of paraprofessionals used in the school district's special education program; and the need to take greater advantage of services offered and training provided by the Benton-Stearns Education District.

#### **4.11 Collaboration**

The Project Consultants found through interviews with Kimball Area School District #739's School Board members, district administrators, Principals, and staff members that the organization cooperates and collaborates with other school districts, school district cities, colleges/universities, technical colleges, sub-divisions of governmental entities, and a host of other organizations and individuals in the delivery of its programs and services.

Kimball Area School District #739 enhances its organizational cost/effectiveness through its participation in multi-district organization memberships, collaborative and cooperative agreements, both formal and informal, associations, and voluntary affiliations.

The Project Consultants learned that Kimball Area School District #739 collaborates in its delivery of extra-curricular programs and services with Eden Valley-Watkins School District; Maple Lake School District; Annandale School District; Litchfield School District; St. Cloud School District; and others. The school district provides enhanced extra-curricular programs and services to its students through participating in the Central Minnesota Conference (athletics and activities).

The Project Consultants concluded that the school district's pre-school, school-aged, and adult populations benefit because of the school district's pro-activity in encouraging the development of collaborative and cooperative initiatives with a broad spectrum of organizations and individuals.

#### **4.12 Strategic Planning**

Kimball Area School District #739 engaged in a strategic planning process during the 1999-00 organizational year. The following six strategies were identified by the Strategic Planning Team:

- ❖ **We will ensure personalized learning and support for each student.**
- ❖ **We will provide safe and nurturing learning environments.**
- ❖ **We will guarantee the effectiveness of all staff.**

- ❖ **We will assure family and community involvement in the education of our students.**
- ❖ **We will design and implement a comprehensive marketing/communications plan that defines the district's new identity.**

Given the age of the strategic plan, turnover of School Board members, administrators, and staff members, and other changes that have occurred over the course of the past 15 years (e.g. economic, programmatic, political, legal, and others), the Project Consultants recommend the School Board, Superintendent, and administration undertake a broadly-based strategic planning process in the near future.

#### **4.13 Interview Perceptions**

The Project Consultants conducted interviews with the Superintendent of Schools, School Board members, Principals, other district administrative personnel, and a small sampling of community patrons and parents to secure perspectives about perceived strengths, needs, and priority ratings of Kimball Area School District #739.

The most frequently cited strengths of Kimball Area School District #739 among individuals interviewed were as follows: small size school district; small class sizes; ideal (geographical) location; supportive parents; students; staff; facilities; range of course offerings.

The most frequently identified needs/concerns of Kimball Area School District #739 among individuals interviewed were as follows: finances; facility aging; enrollment losses; retention of staff; lack of staff involvement

in community; test scores/low academic performance; divisions in community; open enrollment.

Individuals interviewed by the Project Consultants were asked to rate select quality factors/characteristics of Kimball Area School District #739 on a rating scale of 0 to 10 (lowest to highest). Respondents' assessments—when averaged—yielded the following quality ratings of organizational characteristics as reported in Table 15:

<b>TABLE 15</b> <b>KIMBALL AREA SCHOOL DISTRICT #739</b> <b>QUALITY FACTORS/CHARACTERISTICS</b> <b>2015-16</b>	
<b><u>Factors/Characteristics</u></b>	<b><u>Average Rating</u></b>
<b>Quality of the school district:</b>	<b>6.3</b>
<b>Quality of the School Board:</b>	<b>7.1</b>
<b>Quality of the administration:</b>	<b>7.9</b>
<b>Quality of the teaching staff:</b>	<b>6.8</b>
<b>Quality of programs and services:</b>	<b>6.4</b>
<b>Quality of district's planning for the future:</b>	<b>6.3</b>
<b>Quality of communication with public:</b>	<b>5.7</b>
<b>How burdensome do you believe the public believes school taxes are:</b>	<b>7.1</b>
<b>How likely is it that the public would approve a well-defined bond issue to improve the conditions of district buildings and grounds:</b>	<b>5.6</b>

## **CHAPTER V**

### **SCHOOL FACILITIES**

#### **5.0 Introduction**

Following the Project Consultants' examination of Kimball Area School District #739's district size, enrollment trends, finances, educational programs and services, staffing, and related issues, a context had been provided within which an assessment could be made of the condition of the school district's current facilities and their short-term and long-term usage.

#### **5.1 Importance of School Facilities**

Both private and public sector organizations and their leadership realize that the environment in which a process occurs and/or product is manufactured is supremely important to the organization's productivity, performance, and accountability and the level of quality of the process or product. School facilities provide the environment within which the teaching/learning process unfolds and the environment within which students either will or will not acquire skills, concepts, processes, and attributes necessary to function with distinction in the highly-competitive global economy that will characterize the 21<sup>st</sup> Century.

Surprisingly, it is only within the past three to four decades that school districts have given significant credence to the truism that school district facilities enhance or detract from the quality of delivery of educational programs and services to students and the achievement of those students.

Prior to the 1970's and the onset of special education programs, gender equity in the delivery of curricular, extra-curricular, and co-curricular



programs, handicapped accessibility, health and life safety issues, technology expansion, child-care, early childhood/family education programming, parenting education, Senior Citizen programming, multi-institutional collaboration, burgeoning recreational and enrichment programming, and a myriad of other programs and services, school facilities were simply designed to “house” instructional programs and services. In today’s and tomorrow’s information age, school facilities must do much more than “house” the needs of preschoolers, school-aged students, parents, and community patrons. Access to sophisticated laboratories, a range of co-educational programs, rapidly-changing technology, sophisticated media, child-care programming, early childhood opportunities, enhanced parent/patron involvement in the schools, business/educational partnerships, performance-based curricular design, multi-district telecommunication connectivity, co-location of governmental programs and services, expanded volunteerism, community-based and project-based learning, graduation standards’ implementation, and much, much more virtually make it mandatory that school district facilities **not be designed** in the same manner as characterized the unsophisticated, lecture-based, inflexible structures that reflected delivery systems and methodologies between 1900-1960. Consequently, program and service changes and public expectations—as reflected above—must be taken into consideration in appraising and assessing school facilities and teaching/learning environments which will prepare students for the world of work in the 21<sup>st</sup> Century.

One of the factors examined in Kimball Area School District #739’s **Organizational Analysis Study** was focused on assessing the teaching/learning environments in which students either will or will not

acquire the skills, concepts, and attributes necessary to function with distinction in the highly-competitive global economy that will characterize the 21<sup>st</sup> Century; offering conclusions, alternatives, and recommendations to assist the School Board, Superintendent, administrative and teaching staffs, and community patrons strengthen their organization's cost/effectiveness; and, indeed, provide a framework within which the school district can retain a larger marketshare of its resident students and, as well, attract prospective parents, patrons, and students to the school district and communities in the future.

## **5.2 Guidelines for School Facilities**

Presented below in Table 16 are Selected Guidelines for School Facilities—established by the State of Minnesota (Minnesota Department of Education)—which provide representative benchmarks for school districts to use when undertaking new construction, renovation, and remodeling projects and/or comparative facility appraisals.

Detailed in the table are guidelines for school site acreage and (facility) square footage per student in modern-day elementary, middle, junior high, senior high, junior-senior high, and campus school settings.

It is to be noted that, in the renovation of existing, construction of additions to existing, and/or construction of new school facilities which are costed at \$500,000 or greater dollar value, school districts must prepare, submit, and meet statutory specifications in a Review and Comment document to the Minnesota Department of Education for assessment and approval by the Minnesota Commissioner of Education (or his/her designee). The contents of the Review and Comment document are carefully analyzed and weighed

by the Minnesota Department of Education to insure that State of Minnesota school districts closely adhere to the "Selected Guidelines for School Facilities," insuring that teaching/learning environments meet Federal and State standards, State of Minnesota building code, space requirements, modern-day design standards, construction materials specifications, and a host of other qualitative criteria.

TABLE 16			
SELECTED GUIDELINES FOR SCHOOL FACILITIES			
<u>School Enrollment</u>	<u>Elementary SF</u>	<u>Middle Level SF</u>	<u>High School SF</u>
Less than 500	125-155	170-200	200-225
500-999	110-135	160-190	190-220
For Pool Addition	10-12	10-12	10-12
For Auditorium Addition	10-12	10-12	10-12
<u>Site</u>	<u>Acreage</u>	<u>Square Foot Per Student</u>	
Elementary	10	100 SF – 110 SF	
Middle School	20	48 SF or 25/1200 SF	
Junior High	25	36 SF or 25/900 SF	
Senior High	35	150 – 200 SF depending upon grade organization and enrollment	
Junior-Senior High	40	150-200 SF depending upon grade organization and enrollment	
Campus (Several Schools)	40 – 60	32 SF or 25/800 SF	
PLUS One acre for each 100 students of estimated capacity, including additions			

### 5.3 Overview of the School District's Facilities

At the time of the conduct of the **Organizational Analysis Study**, Kimball Area School District #739 owned and operated two teaching/learning

facilities: Kimball Area Elementary School (P-K-6) and Kimball High School (Secondary School) (7-12).

Table 17 below provides the dates of original construction of and additions to each of the school district's teaching/learning facilities; the grade level configuration of each building; facility square footages; 2015-16 enrollments; and 2015-16 square footages/student.

<b>TABLE 17</b> <b>KIMBALL AREA SCHOOL DISTRICT #739</b> <b>OVERVIEW OF FACILITIES</b> <b>2015-16</b>					
<b><u>School</u></b>	<b><u>Dates</u></b>	<b><u>Type</u></b>	<b><u>Square Feet</u></b>	<b><u>Enrollment</u></b>	<b><u>Sq. Ft./ Student</u></b>
<b>Kimball Area Elementary</b>	<b><u>1989</u></b>	<b>P-K-6</b>	<b>62,170</b>	<b>388</b>	<b>160.2</b>
<b>Kimball Area High School (Secondary)</b>	<b><u>1960</u> <u>1971</u> <u>2000</u></b>	<b>7-12</b>	<b>135,000</b>	<b>320</b>	<b>421.8</b>

Kimball Area Elementary School is a P-K-6 teaching/learning facility, located in the City of Kimball. The facility was constructed in 1989 and has received no subsequent additions. The Kimball Area Elementary School facility provided 62,170 square feet of teaching/learning, office, and support spaces for the 2015-16 student population of 388, offering 160.2 square feet/student.

Kimball Area High School (Secondary School) is located in the City of Kimball and housed a 2015-16 grade 7-12 student population of 320. The facility was constructed in 1960 and received two subsequent additions in

1971 and 2000. The Kimball Area High School (Secondary) structure provided 135,000 square feet of teaching/learning, office, and support spaces and offered an average of 421.8 square feet for each student enrolled in the facility in 2015-16.

#### **5.4 Facility Observations by the Project Consultants**

The Project Consultants toured Kimball Area School District #739's facilities to assess the **educational adequacy** of the facilities. **Educational adequacy** is a phrase employed to describe the capabilities of a school facility to enhance the delivery of modern-day programs, services, methodologies, and teaching experiences that will ensure the students are well-positioned to perform with distinction in a highly-competitive, global marketplace upon high school graduation and subsequent further training in an institution of higher learning (e.g. technical institution, college, university, military, or other).

Except in newly-constructed schools, most modern-day school facilities lack select components of **educational adequacy**, but in the main, they exhibit a significant majority of the following design components and characteristics:

- ◆ Adequate size, including space for parking, playgrounds, athletics/recreational/community usage, transportation access, other.
- ◆ Provide safe and secure entries—including visual inspection—to deter intruders.
- ◆ Meet health, life safety, and access statutes and codes.

- ◆ Display modern-day electrical and mechanical systems.
- ◆ Display current technology, including voice, video, and data access.
- ◆ Provide adequate classroom and specialty room space per student.
- ◆ Provide custom-designed teaching/learning spaces for art, music, physical education, technology, special education, science, business education, technical education, family and consumer science, fitness, media, and the like.
- ◆ Are flexibly-designed to accommodate multi-purpose functions.
- ◆ Accommodate modern-day teaching methodologies and delivery systems, including team teaching, project-based learning, applied learning, cooperative learning, community-based learning, interdisciplinary curricular delivery, performance-based assessment, co-located programming, inclusion model, resource-based model, multi-age level grouping, technology-based learning, peer tutoring, and the like.
- ◆ Provide adequate conferencing space.
- ◆ Furnish variable teaching/learning spaces, including independent study, small group, and large group spaces.
- ◆ Offer specialty spaces for teacher planning, teaming, and curriculum design.

- ◆ Offer a centrally-located, spacious, multi-purpose media center as the “hub” of the school.
- ◆ Provide teacher office areas.
- ◆ Incorporate contemporary equipment, furniture, and fixtures.
- ◆ Encourage before and after school usage by the community, while maintaining the integrity (security) of the school district’s properties.
- ◆ Facilitate usage of technology in the teaching/learning process.
- ◆ Other factors.

As the Project Consultants tour, review, and assess the **educational adequacy** of the school district’s schools, the comparative benchmark employed (by the Project Consultants) is/would be a typical, recently-constructed, mid-range costed, modern-day elementary school, middle school, or high school (as the comparisons may dictate) in the same state or general region (in this case the Midwest) of the United States. The Project Consultants examined each of the school district’s teaching/learning facilities in the light of the aforementioned **educational adequacy** components as those components would be found in the recently-constructed, modern-day school of like organizational level. Each school facility school component is ranked, employing the following coding system: Excellent (state-of-the-art); Good (definitely a higher quality than that which is typically found in most schools); Adequate (acceptable; workable; average, not necessarily deficient; not necessarily remarkable);

Marginal (below standard; deficient); Poor (inadequate; unacceptable as a teaching/learning environment).

To provide a broad spectrum perspective for the reader in assessing a school district's teaching/learning facilities, the Project Consultants would describe, for example, the educational adequacy of an "excellent" teaching/learning environment as follows: spacious; well lighted; modern-day flooring and ceilings; ample modern-day cabinetry; technology-laden (SMART Board); modern-day furniture; flexible seating; adequate storage; and the like. By comparison, the Project Consultants would characterize the educational adequacy of a "poor" teaching/learning environment as follows: under-sized; antiquated flooring; antiquated, soiled, and, potentially, missing ceiling components; insufficient electricity; aged and/or insufficient storage; absence of technology; period-dated furniture; aged heating and ventilation system; period-dated and inadequate lighting; poor air quality; and the like.

With the aforementioned guidelines in mind, the Project Consultants toured the teaching/learning facilities and examined the floor plans of Kimball Area School District #739 and noted the following, select, educational adequacies and inadequacies:

### **Kimball Area Elementary School**

- ◆ The school is situated on an ample site.



- ◆ The school is a single story structure and complies with the Americans with Disabilities Act (ADA); meets fire code; excellent curb appeal; modern-day.
- ◆ The school's office is carpeted; includes nurse station; two offices; shared office; work area; reception area; adequate.
- ◆ The school's general purpose classrooms are spacious; good lighting; excellent condition; SMART Board; white board; cabinets; storage; good to excellent.
- ◆ The school's kindergarten classrooms are carpeted; contain bathrooms; somewhat under-sized; SMART Board; white board; storage; cabinetry; good. (One of the general purpose kindergarten classrooms was used to house the school district's EC/FE office and storage).
- ◆ The school's media center/library is centrally located; carpeted; well-lighted; well-organized; excellent seating capacity; spacious; adjoining office and work space; good to excellent.
- ◆ The school's gymnasium is tile flooring; storage; office; bleachers; two stations; folding door; competition sized court; excellent.
- ◆ The school's cafeteria location is the aforementioned gymnasium.
- ◆ The school's special education classroom/spaces—including DAPE; speech; multi-categorical programming; and others—are typically spacious; carpeted; storage; modern-day (with exception); good.

- ◆ The school's computer facilities include one that is adjacent to the library/media center; SMART Board; carpeted; ample seating; spacious; 30 computers; good to excellent. A second computer room is spacious; carpeted; white board; 31 computers; adequate to good.
- ◆ The school's music suite is carpeted; small by modern-day standards; low risers; no acoustics; adequate. Second music facility is carpeted; spacious; storage; white board; adequate to good.
- ◆ The school's art instruction occurs in the Experience Center; spacious; un-appointed; does not appear to be specifically designed for the delivery of art instruction; marginally adequate.
- ◆ The school's faculty lunch/work area is adequate.
- ◆ The school's Title I classroom is minimally appointed; adequate.
- ◆ The school's conference room adjoin the library/media center; spacious; un-appointed; adequate.
- ◆ The school is highly suitable for the delivery of modern-day instructional programs and services.
- ◆ The school is approaching capacity and will incur facility stresses in subsequent years as a result of elementary school student population growth. The school district intends to relocate grade 6 students to Kimball Area High School (Secondary School) during the 2017-18 organizational year. That grade level relocation is supported by the Project Consultants.

## **Kimball Area High School (Secondary School)**

- ◆ The school is situated on an ample site.
- ◆ The school is a one-story structure; handicapped accessible; appears to meet American with Disabilities Act (ADA) requirements; appears to meet fire code.
- ◆ The school presents numerous deferred maintenance needs, customary for a facility that is largely four to five decades in age.
- ◆ The school's district administrative office includes a reception area (small); multiple offices; storage/workroom; School Board meeting room; marginally adequate.
- ◆ The school's high school/secondary administrative center includes reception areas (2); multiple offices; conference/workroom; bathroom; storage; study area; nurse area; conference rooms (2); adequate.
- ◆ The school's general purpose classrooms are typically carpeted; modernized lighting; modernized ceiling; standard sized to slightly under-sized; SMART Board; white board; cabinetry; storage; adequate.
- ◆ The school's library/media center is spacious; adjoining computer center; quality condition; office; conference rooms; small group rooms; adequate to good seating; excellent storage; excellent lighting; good to excellent.

- ◆ The school's computer center is carpeted; spacious; good lighting; tiered seating; SMART Board; white board; adjoining offices; excellent.
- ◆ The school's gymnasiums (2) are wood floor; adequate to spacious size; bleachers; two stations (each); adequate to good.
- ◆ The school's cafeteria is interior location; acceptable lighting; tile flooring; acceptable size; stage for presentations and/or modest theatrical performances; adequate (but clearly not the quality of typical Fine Arts Centers presented in most modern-day secondary schools).
- ◆ The school's special education classrooms are typically carpeted and range quite significantly in quality; select centers with adjoining classrooms; office; lounge; conference area; bathroom; storage; modestly adequate to adequate.
- ◆ The school's art classroom is spacious; tile floor; well lighted (natural lighting); storage; office; unkempt condition; adequate.
- ◆ The school's music suite has tile flooring; acoustics; risers; modestly sized; practice rooms; storage rooms; office; adequate.
- ◆ The school's family and consumer science suite has tile flooring; spacious; storage; office; select equipment is displaying aging; adequate.
- ◆ The school's science classrooms and laboratories are tiled; range in capacity, condition, and modernization; television; SMART Board;

white board; storage; lab tables; lecture/laboratory capacity; modestly adequate.

- ◇ The school's industrial education shop has concrete floor; open ceiling; inadequate lighting; crowded; unkempt; disorganized; unorganized storage; adjoining FFA classroom with tile floor; aged cabinetry; aged furniture; poor.
- ◇ The school's wrestling area is un-appointed; interior; air quality issues; crowded; poor to marginally adequate.
- ◇ The school's weight room has rubberized flooring; good lighting; interior location; free weights; electronic equipment; under-sized; adequate.
- ◇ Other observations: The Project Consultants found select classrooms in "unkempt condition" (messy). Such classrooms (often) do not inspire the confidence of parents and patrons that their tax dollars are being wisely expended.

## **5.5 General Obligation Bonds**

The Project Consultants examined Kimball Area School District #739's 2014-15 annual audit to ascertain the amount of General Obligation Bonds (GOB) that were payable at the conclusion of that year.

As delineated in Table 18, Kimball Area School District #739's principal payable on General Obligation Bonds amounted to \$3,990,000, while its interest obligation was \$289,855. The school district's total (principal and

interest) payable amount on General Obligation Bonds at the conclusion of the 2014-15 school year was \$4,279,855.

TABLE 18 KIMBALL AREA SCHOOL DISTRICT #739 GENERAL OBLIGATION DEBT 2014-15			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
District #739	\$3,990,000	\$289,855	\$4,279,855

The Project Consultants concluded that Kimball Area School District #739's general obligation debt was **below average** in comparison to the average of all Minnesota peer group school districts and the average of all school districts in the State of Minnesota.

The Project Consultants identified that, following conclusion of the 2015-16 fiscal year, the school district will have only five years of principal and interest payments remaining on its existing General Obligation Bonds. The school district is encouraged to consider conducting a no tax rate increase bond referendum during the 2016-17 fiscal year—folding in the remaining principal from the 2012 refunding bonds over the course of a 20 year issue—to address facility improvement and deferred maintenance needs to be identified through a strategic planning process.

## 5.6 Deferred Maintenance

In an examination of the 2013-14 comparative district, peer, and State expenditures for operations and maintenance, the Project Consultants noted that Kimball Area School District #739 expended \$85/ADM or 9%

less than the average of all like-sized school districts in the State of Minnesota. This low-end expenditure level when compared to peer group school districts was troublesome to the Project Consultants, given their observation of numerous deferred maintenance needs, particularly, at Kimball Area High School (Secondary School).

The Project Consultants examined the school district's 2015-16 operations and maintenance budget. The combined elementary and secondary school operations and maintenance expenditures totaled \$534,584. Virtually the entire elementary and secondary school operations and maintenance budgets were consumed by wages, benefits, utilities, and custodial supplies. Dollars allocated to repairs, maintenance, and upkeep of buildings and grounds were minimal.

The Project Consultants discussed with the Director of Buildings and Grounds (Head Custodian) the 2015-16 capital budget expenditures and those capital, deferred maintenance needs/priorities for 2016-17 and beyond. Major expenditure categories included high school improvements; high school custodial equipment; high school building repairs; high school heating system repair; improvements to elementary school; elementary school repairs; elementary school custodial equipment; driveway maintenance; repairs to grounds and athletic complex; health and safety; grounds maintenance equipment; Community Education/Early Childhood building; and others.

Based on an examination of the list of capital, deferred maintenance needs, the Project Consultants concluded that repairs, replacements, and improvements are typically functions of aging and usage.

The Project Consultants concluded that Kimball Area School District #739 has substantial, costly, capital, deferred maintenance needs.

## **5.7 Utility Expenditures**

The Project Consultants examined Kimball Area School District #739's 2014-15 utility expenditures—including electrical, natural gas, water and sewer, and garbage costs—for Kimball Area Elementary School and Kimball Area High School (Secondary School).

Kimball Area Elementary School expended \$47,913 or \$.77/square foot for electricity, natural gas, water and sewer, and garbage during the 2014-15 fiscal year. Kimball Area High School (Secondary School) spent \$85,159 or \$.63/square foot for those four utilities during the 2014-15 fiscal year.



## CHAPTER VI

### CONCLUSIONS AND RECOMMENDATIONS

#### 6.0 Introduction

The Kimball Area School District #739 **Organizational Analysis Study** was intended to provide the organization's Superintendent of Schools and School Board with findings, conclusions, and recommendations that could be utilized by the governing board and its administrative leadership in undertaking the development of a future comprehensive plan of action to achieve greater stability and student marketshare and enhanced effectiveness, efficiency, and cost/effectiveness to maintain a high level of fiscal viability and an attractive array of quality programs and services for students.

Dr. Roger B. Worner and Dr. Kay T. Worner of Roger Worner Associates, Inc. served as the Project Consultants and functioned in the capacity of **Independent Third Party Neutrals** in the conduct of Kimball Area School District #739's **Organizational Analysis Study**.

Critical questions were identified by the Project Consultants to aid in investigating the purpose of and needs for the Kimball Area School District #739 **Organizational Analysis Study**. Questions of the study were as follows:

- ◆ What is the current status of the school district, including its enrollment, enrollment trends, finances, programs, services, staffing, organizational configuration, facilities, and related issues?

- ◆ What conclusions may be drawn about the effectiveness, efficiency, and cost/effectiveness of the school district's operations?
- ◆ What alternatives are plausible for increasing the effectiveness, efficiency, and cost/effectiveness of the school district's operations?
- ◆ What recommendations do the Project Consultants suggest be implemented to increase the effectiveness, efficiency, and cost/effectiveness of the school district's operations in the future?

## **6.1 Conclusions**

Based on data gathered, analyzed, and presented in the previous four chapters of the **Organizational Analysis Study**, the Project Consultants offer the following conclusions to the School Board and Superintendent of Kimball Area School District #739.

### **District Size and Enrollment Trends**

- ◆ **The school district is a moderately less than medium-sized critical student mass educational organization in the State of Minnesota.**
- ◆ **The school district recorded student enrollment decline on eight occasions and student enrollment increase on two occasions from 2005-06 through 2015-16.**

- ◆ The school district projects a modest increase in student enrollment in each of the five years from 2015-16 through 2020-21.
- ◆ The school district “out-migrated” 212 resident students and “in-migrated” 130 non-resident students in 2014-15, experiencing a net “out-migration” of resident students to “in-migration” of non-resident students of -82 students.
- ◆ The school district’s approximate revenue loss through open enrollment “out-migration” of resident students in 2014-15 amounted to \$1.2 million.

### **Finances**

- ◆ The school district operated imbalanced General Fund budgets on six consecutive occasions from 2009-10 through 2014-15.
- ◆ The school district was in statutory operating debt as of June 30, 2015.
- ◆ The school district’s average annual expenditure increases for all General Fund budget categories from 2008-09 through 2013-14—after adjusting for declining enrollment—were within acceptable parameters.
- ◆ In 2013-14, the school district was a below average spending organization when compared to the average of all State of Minnesota school districts.

- ◆ In 2013-14, the school district was an average spending organization when compared to the average of all like-sized (peer group) school districts in the State of Minnesota.
- ◆ In 2014-15, the school district's taxpaying residents contributed approximately \$1 in each \$6 expended to support the organization's General Fund revenue budget.
- ◆ In 2014-15, the school district's fiscal condition had improved as a result of increasing student enrollment and reducing the rate of growth of General Fund expenditures.
- ◆ The school district would be neither considered a property poor nor a property wealthy school district by State of Minnesota standards.
- ◆ The school district expenditures for student transportation would appear to warrant further examination by the organization's leadership.

### **Educational Programs, Services, and Staffing**

- ◆ The school district's average elementary school class section size is rated as highly desirable.
- ◆ The school district's secondary school course sections are rated as marginally cost/effective with a comparatively large number and percentage of course offerings enrolling less than 20 students/section and 20-25 students/section.

- ◆ The school district may wish to consider select mergers of courses and alternative year offering of courses to ensure maintenance of course offerings and the cost/effectiveness of those course offerings.
- ◆ The school district's grade 9-12 credit course offerings were comparable to those found in high schools with comparable critical student masses in the State of Minnesota.
- ◆ The school district's proposed organizational re-configuration of its elementary and secondary school grade levels is warranted.
- ◆ Between 2008-09 and 2013-14, the school district's imbalanced General Fund budgets occurred, in part, as a result of modest staff increases during a period of time when, as a result of student enrollment decline, licensed professional staff reductions would seem to have been warranted.
- ◆ The school district would be advised to take greater advantage of services provided by/through the Benton-Stearns Education District.
- ◆ The school district would be well advised to update its strategic plan.

### **School Facilities**

- ◆ The school district operates two teaching/learning facilities.

- ◆ **The school district's Kimball Area Elementary School is a quality, modern-day, teaching/learning facility.**
- ◆ **The school district's Kimball Area High School (Secondary School) is a quality, mostly modern-day, teaching/learning facility.**
- ◆ **The school district presents itself with many facility modernization and deferred maintenance issues at Kimball Area High School (Secondary School).**
- ◆ **The school district appears to have inadequate capital financial resources available to address its facility modernization and deferred maintenance issues.**
- ◆ **It would appear the school district could consider conducting a no tax rate increase bond referendum to address modernization and deferred maintenance issues.**

## **6.2 Alternatives**

Kimball Area School District #739 is a below average-sized Minnesota educational enterprise, located in a county which has experienced and will continue to experience population growth. While geographically situated in a growth corridor, the school district faces competition from quality, contiguous school districts which has resulted in a net loss of resident students through the Minnesota Open Enrollment Options' Program. The school district has experienced persistent student enrollment decline in recent years (excepting 2014-15 and 2015-16). The school district's 2015-16 student enrollment is 72 students less than it was 10 years earlier

(2005-06). The loss of student enrollment has, in part, been a significant factor in undermining the organization's fiscal integrity.

From the Project Consultants' points of view, the alternatives available to the school district and, indeed, its communities must be related to a general mindset about the manner in which the future should be and/or will be addressed. There are those (community patrons, parents, and employees) who believe the school district should pursue a course of **aggressive development** and there are those who reflect an attitude of **passive stability**.

The former group tends to be committed to investing in the growth, development, and improvement of the educational enterprise, while the latter group appears committed to improvement of the educational enterprise **without investment**.

The Project Consultants support the former alternative. They believe the latter alternative—given the school district's location in a highly competitive educational marketplace—will be destructive, over time, to the enterprise. School districts do not remain high quality without growth, development, and **community investment**.

### **6.3 Recommendations**

Based on data gathered, analyzed, and presented in the **Organizational Analysis Study**, the Project Consultants offer the following recommendations to the School Board and Superintendent of Kimball Area School District #739:

### **Recommendation 1**

The Project Consultants recommend the school district create a broadly-based Strategic Planning Task Force and develop a focused, detailed, aggressive organizational strategic plan.

### **Recommendation 2**

The Project Consultants recommend the school district undertake a mini-study on the loss of resident students through the Minnesota Open Enrollment Options' Program.

### **Recommendation 3**

The Project Consultants recommend the school district secure the services of a transportation specialist to study the student transportation system and identify means/methodologies for increasing the cost/effectiveness of that operation.

### **Recommendation 4**

The Project Consultants recommend the School Board and Superintendent examine with a Facility Task Force the possibility of conducting a future school bond referendum to address facility improvements, enhancements, and deferred maintenance issues.

### **Recommendation 5**

The Project Consultants recommend the school district expand its usage of training, consultation, and other assistance from the Benton-Stearns Education District.



### **Recommendation 6**

The Project Consultants recommend the school district examine and, as appropriate, implement cost/effective practices in offering courses and classes to achieve more cost/effective class section sizes and reduce staffing.

### **Recommendation 7**

The Project Consultants recommend the school district enhance its secondary school course offerings and achieve more balanced and cost/effective class section sizes through assigning secondary school teachers, annually, 11 course sections and 1 supervisory period rather than 10 course sections and 2 supervisory periods.

