

# Fiscal Year 2026



## Preliminary Budget Executive Summary





## District Officials

### School Board

Jon Karger	Chair	1/1/2029
Molly Welch	Vice Chair	1/1/2029
Brenda Olson	Clerk	1/1/2027
Staci Allmaras	Treasurer	1/1/2027
Greg Larson	Director	1/2/2027
Andrew Sorum	Director	1/1/2029



Back row, left to right: Molly Welch, Brenda Olson, Staci Allmaras  
Front row, left to right: Greg Larson, Brian Korf, Jon Karger, Andrew Sorum



## **Administrative Staff**

**Brian Korf**

**Laura Januszewski**

**Davey Kosen**

**Derrick Nelson**

**Trevor Steeves**

**Emily Evenson**

**Rudy Martinez**

**Superintendent**

**Secondary Principal**

**Dean of Students/Activities Director**

**Elementary Principal**

**Building & Ground Superintendent**

**Human Resource Manager**

**Finance Director**





# Pelican Rapids Public School Strategic Plan

## Vision

Pelican Rapids Schools prepares students to be leaders of their own future.



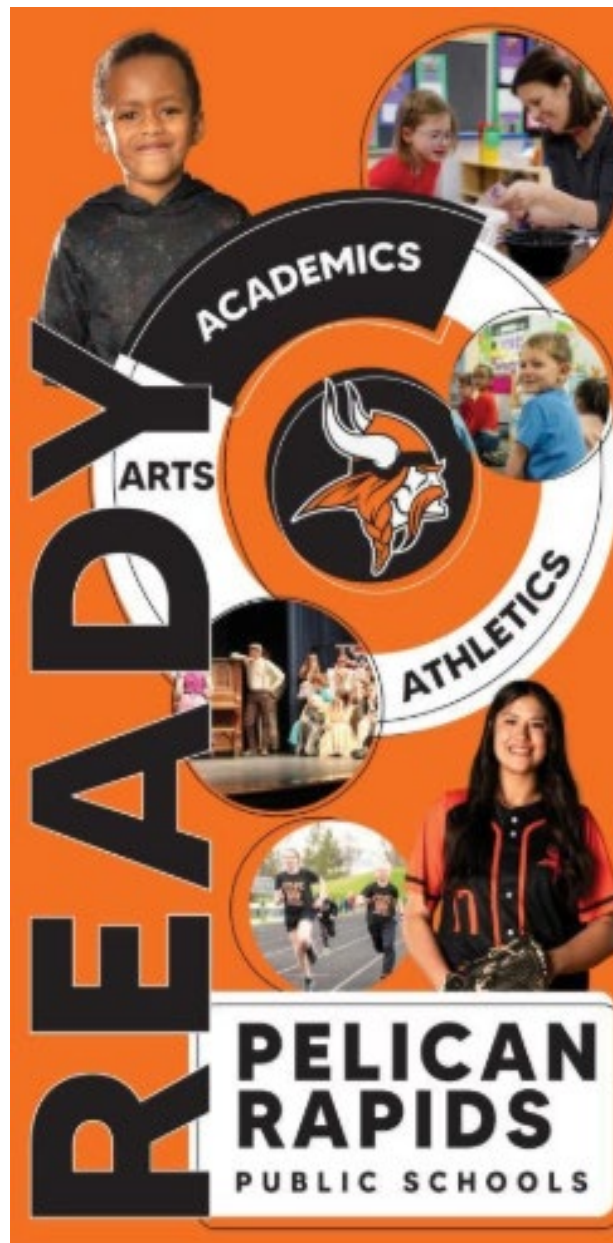


## We are guided by our CORE VALUES:

- ❖ Character
- ❖ Collaboration
- ❖ Communication
- ❖ Critical Thinking
- ❖ Relationships
- ❖ Resilience

## We are committed to these CORE BELIEFS:

- ❖ Students are our top priority.
- ❖ Education is a partnership between student, family, school and community.
- ❖ Our highly qualified staff provide a positive and rigorous learning environment for academic excellence.
- ❖ Our diversity provides students with a unique advantage.
- ❖ Our students are prepared for career, college and lifelong learning





## Pelican Rapids Schools: Nurturing Minds, Building Futures

At Pelican Rapids Public Schools, our students are at the heart of everything we do. We are dedicated to providing high-quality educational experiences that promote academic, social, and emotional growth. Our dedicated staff, engaged families, and a community that truly values education make this possible.

### Meeting Educational Standards

This school year, our teachers have been working hard to meet the new Minnesota Read Act requirements while managing their regular teaching duties. The goal of this legislation is for every Minnesota student to read at or above their grade level each year. It also aims to support multilingual learners and students with disabilities, helping them reach their personalized reading goals and achieve grade-level proficiency.

### Looking to the Future

As we plan ahead, we want to share some insights about our district. We anticipate gradual changes in student enrollment over the coming years, a trend seen in many rural school districts across Minnesota. However, Pelican Rapids continues to thrive as a resilient community. While changes in enrollment may affect funding, we are confident that our strong community spirit and innovative approaches will help us adapt and continue offering excellent educational opportunities for all students. Together, we will turn this challenge into an opportunity for growth and improvement. To continue providing the exceptional, personalized experiences our students deserve, we will begin discussions on "right-sizing" our budget over time. This does not mean compromising our standards or reducing our commitment to student success. Instead, it involves making thoughtful, proactive decisions to align our resources with our evolving needs.

### Summer Activities

We are excited to offer a variety of summer activities for our elementary-aged students, designed to inspire and engage. Options include: Baseball, Golf, Soccer, Pickleball; Football, Basketball, Volleyball Camps; Theatre & STEAM Camps; Band & Choir. We are pleased to be offering the Free Summer Meals program again from May 27-August 22. All of our summer programs provide opportunities for fun and learning while building teamwork and leadership skills. Online registration links can be found on the school website to make this summer an unforgettable experience filled with growth, joy, and friendship.

### Celebrating Achievements

Over the past eight months, our students have had numerous learning opportunities in the arts, academics, and athletics. As the school year comes to an end, we look forward to celebrating the accomplishments of the graduating Class of 2025. Commencement will be held in the Leaders Gymnasium at 7:00 p.m. on May 23, 2025. Congratulations to this year's graduating class; we wish them the very best in their future endeavors!

### Thank You for Your Support

Thank you for your on-going support of Pelican Rapids Public Schools. With your partnership, we are confident we will move forward together, stronger, smarter, and always student-centered. Your involvement is crucial as we strive to maintain the quality of education our students deserve, regardless of the challenges we face. Together, we can ensure that Pelican Rapids Public Schools remain a great place to learn and grow for all students.

**Brian Korf**, Superintendent





## Preliminary Budget Executive Summary

### Governmental Fund Structure

To fully understand this document and the District's budget, it is important to recognize that school districts are subject to several legal requirements governing the use and accounting of public funds. In accordance with Generally Accepted Accounting Principles (GAAP) in the United States, local government entities are required to utilize fund accounting. Accordingly, Pelican Rapids Public Schools organizes its revenue and expenditure budgets across four distinct governmental funds:

### General Fund

The General Fund is used to account for the District's core operational activities. It encompasses expenditures such as salaries and benefits for teachers, principals, custodians, administrative support staff, paraprofessionals, and administrators. In addition, it includes costs associated with instructional supplies, textbooks, contracted services, utilities, repairs, equipment, and other operational needs. The General Fund also supports Long-Term Facilities Maintenance (LTFM) projects, as well as expenditures related to the operating capital projects. Revenues and expenditures that do not meet the criteria of other designated funds are recorded within the General Fund such as Student Activities Fund and Trust Fund.

### Food Service Fund

The Food Service Fund is used to account for all revenues and expenditures associated with operating the District's child nutrition programs, Federal and State. This includes costs related to food, salaries, benefits, supplies, and equipment necessary to provide meal services. The primary sources of revenue for the Food Service Fund are state and federal reimbursements. Additional revenue is generated through the sale of à la carte items to students and adults.

### Community Services Fund

The Community Service Fund is used to account for revenues and expenditures related to a variety of community education programs. These include Early Childhood Family Education, Adult Basic Education, Club Vikes (school-age care), youth enrichment classes, and other community-focused initiatives. The primary sources of revenue for this fund are participation fees and property tax revenues designated specifically for the Community Service Fund.

### Debt Service Fund

The Debt Service Fund is used to accumulate and manage resources designated for the payment of principal and interest on bonds issued to finance construction projects within the District. This process is similar to a homeowner's mortgage payments, where funds are systematically set aside to meet scheduled debt obligations.

It is crucial to understand the fund structure because, with very few exceptions, resources cannot be transferred from one fund to another. For example, raising a la carte prices or Club Vikes tuition is not a solution to a shortfall in the General Fund. Similarly, the resources of the Debt Service Fund or the Building Construction Fund cannot be used for paraprofessional salaries. Additionally, there are additional intra-fund restrictions embedded in state statute, Categorical Funds, that are restricted for specific purposes and state initiatives.



## Expenditures By Program

### ❖ Administration

Includes all costs for general administration, instructional administration and school site administration. This area also covers the school board, superintendent, principals, and directors.

### ❖ District Support Services

Consists of activities related to general administrative support not listed in the administration category. This area covers federal programs, human resources, business and finance, government relations, school elections, and miscellaneous district administration not otherwise classified.

### ❖ Elementary and Secondary Regular Instruction

Elementary and secondary regular instruction consists of all activities dealing directly with the instruction of students, the interaction between instructional staff and students in the classroom and co-curricular activities at the kindergarten, elementary and secondary levels.

### ❖ Vocational Instruction

Courses and activities which develop knowledge, skills, attitudes, and behavioral characteristics for students seeking career exploration and employability.

### ❖ Special Education Instruction

Activities providing learning experiences for students of any age who, because of certain characteristics or conditions, need, or who would benefit by, educational programs differentiated from those provided to students in regular or vocational instruction.

### ❖ Instructional Support Services

Activities for assisting instructional staff with curriculum development, curriculum implementation, and the process of providing learning experiences for pupils in kindergarten through twelfth grade.

### ❖ Pupil Support Services

Includes services provided to students that do not qualify to be classified as instructional services such as counseling and guidance, health, psychological, social work, transportation, etc.

### ❖ Sites and Buildings

Activities related to the acquisition, operation, maintenance, repair and remodeling of all physical plant, facilities, and grounds of the District.

### ❖ Fiscal and Other Fixed Costs

Fiscal and fixed cost activities that are not recorded elsewhere.





## Expenditures By Object

### ❖ Salaries

Salaries related to personnel positions, extra-curricular assignments, overtime, substitute staff costs, and severance payments.

### ❖ Benefits

Medical, dental, life, long-term disability, workers' compensation, state pension contributions, deferred compensation contributions, and post-retirement benefits for eligible persons.

### ❖ Purchased Services

Includes consultants, postage, insurance, repair and maintenance services, utilities, student transportation contracts, travel/conferences, payments to other districts, and tuition.

### ❖ Supplies and Materials

Textbooks, instructional supplies, office and custodial supplies, computer software, and related copier costs. Includes fuel for buildings.

### ❖ Capital

Building construction, equipment, facility repair and maintenance, vehicles, technology equipment, and other items with a useful life of more than one year.

### ❖ Debt Service

Principal and interest payments for bonded debt.

### ❖ Other Expenditures

All other expenditures not classified in other categories.

## Preliminary Budget Fiscal Year 2026

FY2024	FUND									
AUDITED RESULTS	GENERAL FUND	FOOD SERVICE	COMMUNITY SERVICE	CONSTRUCTION	DEBT SERVICE	TRUST	STUDENT ACTIVITIES	OPEB	OPEB DEBT	Ending Balance
Starting Balance	(\$4,072,470)	(\$528,672)	(\$126,473)	(\$62,675)	(\$223,311)	(\$25,971)	(\$193,632)	\$0	\$0	(\$5,233,203)
Revenue	(\$12,518,886)	(\$949,033)	(\$377,751)	\$0	(\$2,282,667)	(\$48,009)	(\$196,652)	\$0	\$0	(\$16,372,997)
Expenses	\$13,542,563	\$938,514	\$377,210	\$62,675	\$2,256,684	\$21,589	\$175,424	\$0	\$0	\$17,374,659
<b>Ending Balance</b>	<b>(\$3,048,793)</b>	<b>(\$539,190)</b>	<b>(\$127,014)</b>	<b>(\$0)</b>	<b>(\$249,294)</b>	<b>(\$52,391)</b>	<b>(\$214,859)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$4,231,541)</b>

FY2025	FUND									
PROJECTED BUDGET	GENERAL FUND	FOOD SERVICE	COMMUNITY SERVICE	CONSTRUCTION	DEBT SERVICE	TRUST	STUDENT ACTIVITIES	OPEB	OPEB DEBT	Ending Balance
Starting Balance	(\$3,048,793)	(\$539,190)	(\$127,014)	(\$0)	(\$249,294)	(\$52,391)	(\$214,859)	\$0	\$0	(\$4,231,541)
Revenue	(\$13,147,835)	(\$949,033)	(\$412,853)	\$0	(\$2,277,468)	(\$48,009)	(\$196,652)	\$0	\$0	(\$17,031,849)
Expenses	\$12,919,382	\$974,647	\$391,733	\$0	\$2,343,566	\$22,420	\$170,470	\$0	\$0	\$16,822,218
<b>Ending Balance</b>	<b>(\$3,277,246)</b>	<b>(\$513,576)</b>	<b>(\$148,135)</b>	<b>(\$0)</b>	<b>(\$183,196)</b>	<b>(\$77,979)</b>	<b>(\$241,040)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$4,441,172)</b>

FY2026	FUND									
PRELIMINARY BUDGET	GENERAL FUND	FOOD SERVICE	COMMUNITY SERVICE	CONSTRUCTIONS	DEBT SERVICE	TRUST	STUDENT ACTIVITIES	OPEB	OPEB DEBT	Ending Balance
Starting Balance	(\$3,277,246)	(\$513,576)	(\$148,135)	(\$0)	(\$183,196)	(\$77,979)	(\$241,040)	\$0	\$0	(\$4,441,172)
Revenue	(\$12,616,315)	(\$949,033)	(\$407,162)	\$0	(\$2,277,945)	(\$12,500)	(\$72,000)	\$0	\$0	(\$16,334,954)
Expenses	\$12,650,914	\$992,366	\$403,485	\$0	\$2,021,419	\$23,500	\$68,000	\$0	\$0	\$16,159,684
<b>Ending Balance</b>	<b>(\$3,242,647)</b>	<b>(\$470,242)</b>	<b>(\$151,812)</b>	<b>(\$0)</b>	<b>(\$439,722)</b>	<b>(\$66,979)</b>	<b>(\$245,040)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$4,616,442)</b>



## Budget Overview

The annual budget presented herein provides an analysis of the District's actual financial results as of June 30, 2024, along with projected financial positions for June 30, 2025, and June 30, 2026.

This budget has been prepared in accordance with Generally Accepted Accounting Principles (GAAP), the Uniform Financial Accounting and Reporting Standards (UFARS) for Minnesota school districts, and District Policy 714. It encompasses all governmental and proprietary funds managed by the District. In compliance with statutory requirements and applicable state and federal regulations, each fund is maintained as an independent accounting entity to ensure the appropriate use of revenue sources and adherence to designated expenditure purposes.

The fiscal year (FY) 2026 budget is based on the Minnesota Education Laws of the biennial funding of the HF5 bill of 2025 and incorporates key funding provisions, including:

### K–12 Education Highlights in HF 5

#### 1. Overall Funding Increase & Biennial Budget

- Allocates **\$25.7 billion** for K–12 education in FY 2026–27, representing a **4.8% increase** in biennial funding. ([minnesotareformer.com](https://www.minnesotareformer.com))
- **Basic per-pupil funding:** Indexed to inflation but guarantees at least 2% annual increases. The base rises to **\$7,481 per pupil for FY 2026**, then to **\$7,705** in FY 2027 ([minnesotareformer.com](https://www.minnesotareformer.com)).
- NAVIGATES looming budget constraints, with proposed **\$420 million reductions** in general education aid in FY 2028–29. ([house.mn.gov](https://house.mn.gov))

#### 2. Special Education & Student Supports

- **Reduces special education transportation reimbursement:** from full reimbursement to **95% in FY 2026** and **90% in FY 2027**, cutting \$43.2 million and \$48.2 million in consecutive biennia. ([house.mn.gov](https://house.mn.gov))
- Establishes a **Blue Ribbon Commission** with a mandate to identify **\$250 million in annual special education savings** by FY 2028–29. ([house.mn.gov](https://house.mn.gov))

#### 3. Library & Student Support Staff Aid

- Cuts **school library aid** by **~\$20 million**, a reduction of \$19.6 million in FY 2026–27 and over \$22 million in FY 2028–29. ([house.mn.gov](https://house.mn.gov))
- Slashes funding for social workers, school nurses, and counselors by approximately **\$29 million**. ([minnesotareformer.com](https://www.minnesotareformer.com))

#### 4. Compensation & Apprenticeships

- Adds a **one-time \$55.6 million boost** to compensatory education revenue. ([house.mn.gov](https://house.mn.gov))
- Provides **\$4 million** to launch a **special education apprenticeship program** aimed at recruiting and retaining experienced teachers. ([house.mn.gov](https://house.mn.gov))

#### 5. Facilities & Infrastructure

- Allocates **\$1 million** for enhancing cardiac emergency response systems in schools. ([house.mn.gov](https://house.mn.gov))
- Increases **consolidation aid** by **\$487,000**. ([house.mn.gov](https://house.mn.gov))
- Authorizes districts to include **roof repair/ replacement costs of \$100,000+** within Long-Term Facilities Maintenance revenue authority. ([house.mn.gov](https://house.mn.gov))



## 6. Universal School Meals & Literacy

- Maintains support for **universal school meals** and protects funding for literacy under the **READ Act**. ([house.mn.gov](https://house.mn.gov))

## 7. Miscellaneous Policy Changes

- Permits broader use of epinephrine delivery systems (e.g., inhalers). ([house.mn.gov](https://house.mn.gov))
- Makes the **short-call emergency substitute teacher pilot permanent**. ([house.mn.gov](https://house.mn.gov))
- Allows high schools to administer **opiate antagonists** (e.g., naloxone) to students. ([house.mn.gov](https://house.mn.gov))
- Enables substitute teachers to serve **up to 10 consecutive days** and modifies pay requirements. ([house.mn.gov](https://house.mn.gov))
- Creates a **compensatory revenue task force**, funded at \$110,000 in FY 2026. ([house.mn.gov](https://house.mn.gov))
- Exempts schools from the **Native American mascot ban** if they secure approval from tribal nations and their American Indian Parent Advisory Committee. ([house.mn.gov](https://house.mn.gov))
- Allows school years to start after **September 1**, for 2026–27 and 2027–28, when Labor Day falls late. ([house.mn.gov](https://house.mn.gov))

The development of the FY 2025–2026 General Fund budget incorporates cost containment measures. These measures include, but are not limited to:

- Adjustments to the staffing models
- Strategic realignment of licensed staffing
- Recommendation of designation miscellaneous fiscal cost; and
- The projected contract labor settlements

A school district's budget is one of the most meaningful, strategic, and transparent instruments of public-school governance. Far beyond a financial statement, the budget serves as a reflection of the collective priorities, values, and long-term vision of the School Board, administration, staff, and broader community. It translates the District's educational mission into actionable fiscal decisions, guiding the allocation of resources to support student learning, equity, innovation, and operational excellence.

Through the budgeting process, the District ensures accountability to taxpayers and provides a clear framework for stewardship of public funds. It also fosters transparency and community engagement, inviting stakeholders to participate in shaping the financial choices that will impact students, families, and staff. In an environment of evolving educational needs and financial pressures, a well-crafted budget is an essential tool for sustaining the District's commitment to excellence and continuous improvement.

## Enrollment

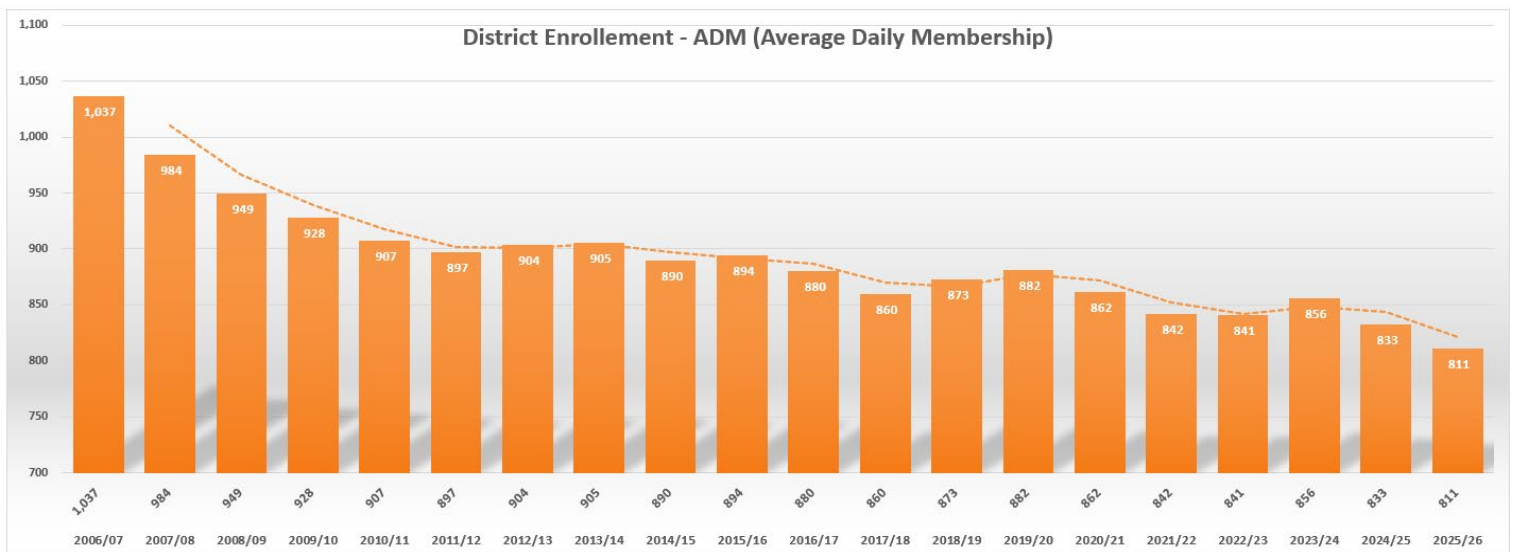
The District is currently experiencing a sustained decline in student enrollment. Recognizing the significance of this trend, the District partnered with **TeamWorks** to conduct a comprehensive, data-driven analysis of local and regional enrollment patterns during the academic year.

The study examined a range of demographic factors influencing enrollment, including population shifts, housing trends, migration patterns, and historical birth rates. The findings clearly indicate that the primary driver of the District's declining student population is a reduction in local birth rates. This demographic trend is consistent with patterns observed in neighboring communities and across the broader metropolitan region.





Understanding the root causes of enrollment decline is critical for informed strategic planning. The District will continue to monitor these demographic shifts closely and will incorporate these insights into long-range financial planning, staffing models, and program development to ensure that resources are aligned with the evolving needs of the community.





## Key Performance Indicators (KPI's)

### Preliminary Budget FY2026

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FY2025	FUND									
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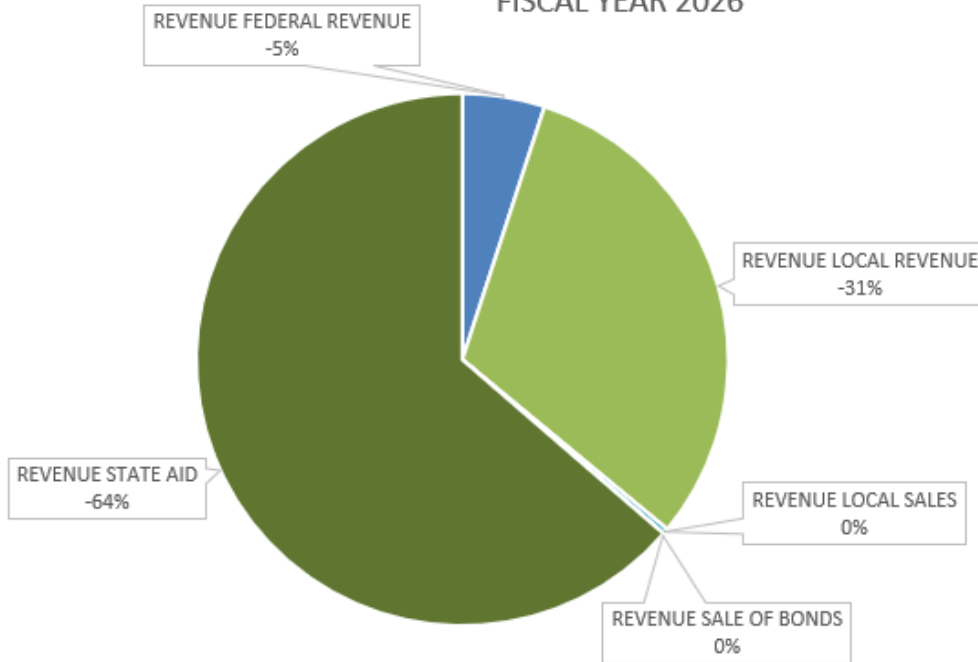
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### Preliminary Budget FY2026: Revenue & Expenditures by Program

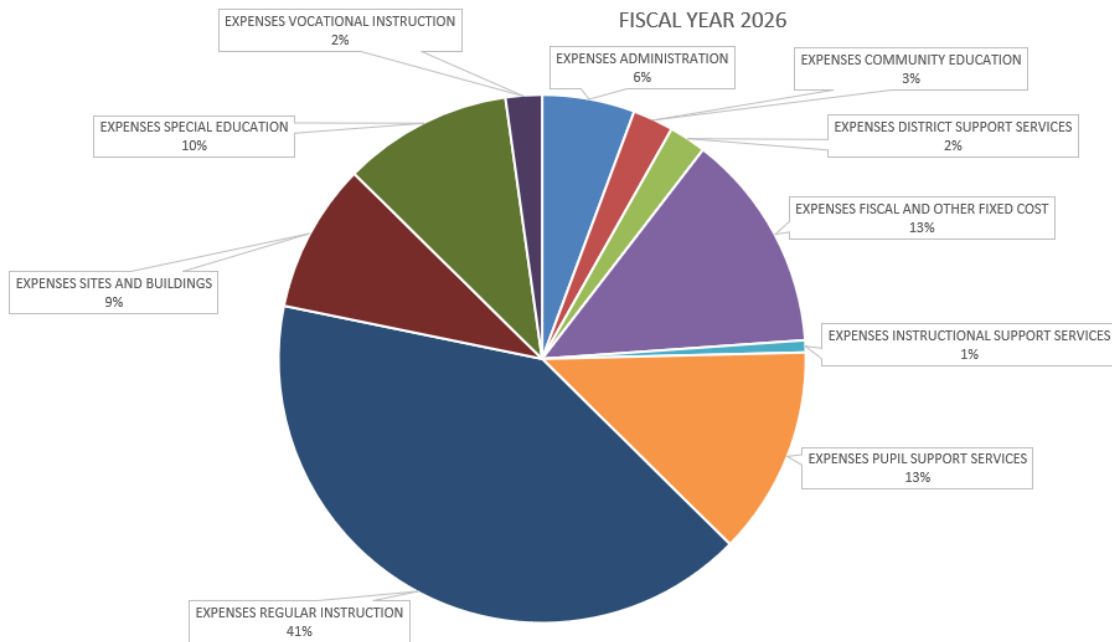
BUDGET SUMMARY		FISCAL YEAR 2026
REVENUE		
STATE AID		(\$10,397,816)
LOCAL REVENUE		(\$5,062,209)
FEDERAL REVENUE		(\$817,613)
LOCAL SALES		(\$57,316)
SALE OF BONDS		\$0
<b>REVENUE Total</b>		<b>(\$16,334,954)</b>
EXPENSES		
REGULAR INSTRUCTION		\$6,601,397
FISCAL AND OTHER FIXED COST		\$2,169,919
PUPIL SUPPORT SERVICES		\$2,063,806
SPECIAL EDUCATION		\$1,680,769
SITES AND BUILDINGS		\$1,478,557
ADMINISTRATION		\$918,036
COMMUNITY EDUCATION		\$403,485
DISTRICT SUPPORT SERVICES		\$367,270
VOCATIONAL INSTRUCTION		\$360,596
INSTRUCTIONAL SUPPORT SERVICES		\$119,850
<b>EXPENSES Total</b>		<b>\$16,163,684</b>
<b>Grand Total</b>		<b>(\$171,271)</b>



FISCAL YEAR 2026



FISCAL YEAR 2026

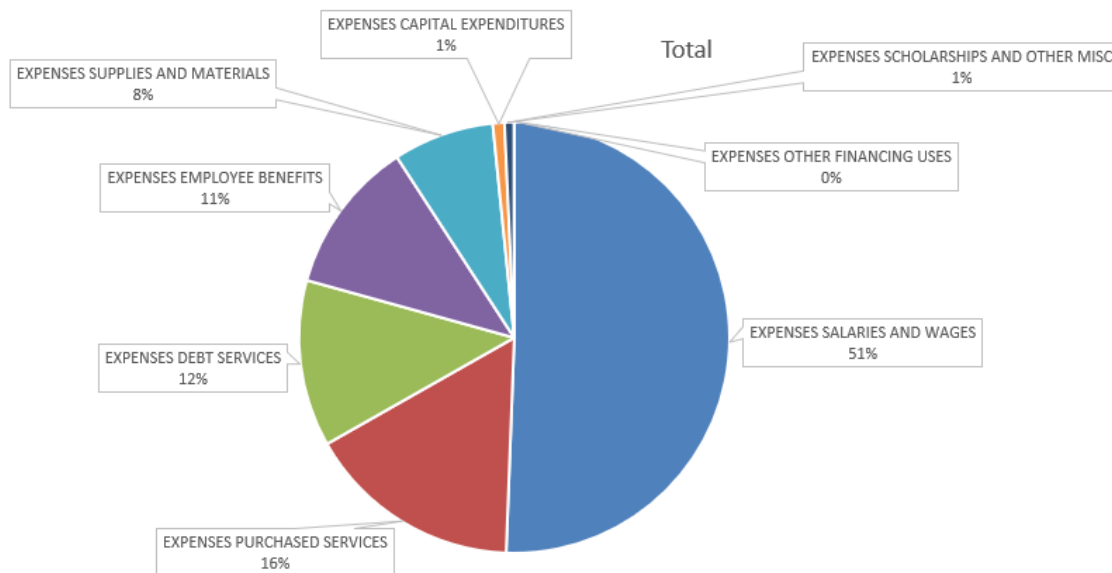






## Preliminary Budget FY2026: Expenditures by Object

BUDGET SUMMARY		FISCAL YEAR 2026
EXPENSES		
SALARIES AND WAGES		\$8,178,953
PURCHASED SERVICES		\$2,616,982
DEBT SERVICES		\$2,021,419
EMPLOYEE BENEFITS		\$1,863,290
SUPPLIES AND MATERIALS		\$1,225,035
CAPITAL EXPENDITURES		\$141,233
SCHOLARSHIPS AND OTHER MISC		\$116,772
OTHER FINANCING USES		\$0
<b>EXPENSES Total</b>		<b>\$16,163,684</b>
<b>Grand Total</b>		<b>\$16,163,684</b>





## Fund Balance

A school district's fund balance, often referred to as "reserves," is a key indicator of its overall financial health, stability, and operational efficiency. Fund balance represents the difference between assets and liabilities in the District's General Fund at the end of the fiscal year. It provides a financial cushion to manage cash flow needs, address unforeseen expenses, and support long-term fiscal sustainability.

For the 2025–2026 school year, the District's General Fund balance is budgeted to close at \$3,144,088, representing approximately 24.66% of annual General Fund expenditures. This level of reserve reflects sound fiscal management and aligns with both state guidance and local policy.

According to the Minnesota Office of the State Auditor (OSA), local governments—including municipalities and counties—are generally advised to maintain an unrestricted fund balance of approximately 35–50% of operating expenditures, or a minimum of five months' worth of operating expenses. However, because Minnesota school districts benefit from a more predictable and consistent flow of state aid and other revenues throughout the fiscal year, a somewhat lower reserve target is typically considered both appropriate and prudent for school operations.

In recognition of this dynamic, the District has established a fund balance policy that strives to maintain an unassigned General Fund balance between 22%-25% of the annual operating budget. Additionally, the District's long-range financial planning goal is to build and maintain a reserve equivalent to approximately three months of operating expenditures. This policy is designed to ensure that the District can weather economic fluctuations, address unexpected funding shortfalls or cost increases, and provide continuity of educational services without disruption.

Maintaining a strong fund balance also supports the District's creditworthiness, enhances its flexibility in managing future investments, and demonstrates responsible stewardship of taxpayer resources. As the District continues to navigate changing enrollment trends, legislative funding shifts, and evolving community needs, a well-managed fund balance remains an essential component of its overall financial strategy.

