Fiscal Year 2027



Preliminary Budget Executive Summary

PELICAN RAPIDS PUBLIC SCHOOLS

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**
Andrew Sorum	**Director**	**1/1/2029**
Kris Lindberg	**Director**	**1/1/2027**

Administrative Staff

Brian Korf	Superintendent
Laura Januszewski	Secondary Principal
Davey Kosen	Dean of Students/Activities Director
Derrick Nelson	Elementary Principal
Trevor Steeves	Building & Ground Superintendent
Emily Evenson	Human Resource Manager
Rudy Martinez	Finance Director



OUR MISSION

Pelican Rapids Public Schools is committed to providing a variety of high-quality academic, arts, and athletic programs in a unique rural setting.

OUR BELIEF

We believe that education is a partnership between students, families, schools, and community and that our:

- Students are our top priority
- Highly qualified staff provide a positive and rigorous learning environment for academic excellence
- Rich diversity provides students with real-world perspectives and experiences
- Students are prepared for post-secondary education, the workforce, and lifelong learning

PRIORITIES

- Community engagement
- Educate the whole child
- Increase student enrollment
- Sound and transparent financial practices

DISTRICT GOALS

Goal 1: 75% of students are ready for kindergarten based on teacher assessment.
Goal 2: MCA reading and math proficiency rates for FRP (free/reduced price) students will increase by 3% per year.
Goal 3: 100% of students graduating from Pelican Rapids High School have a plan to attend postsecondary education, military, or work force.
Goal 4: Pelican Rapids High School graduation rate will exceed the statewide graduation rate.

Pelican Rapids Schools: Nurturing Minds, Building Futures

At Pelican Rapids Public Schools, students are at the center of everything we do. We are committed to providing high-quality educational experiences that foster academic excellence, personal growth, and student well-being. This work is made possible through the dedication of our staff, the support of our families, and a community that values education.

Meeting Educational Standards

This year, our staff has worked diligently to implement new and evolving Minnesota Department of Education requirements while continuing to provide exceptional learning experiences for all students. These efforts include the implementation of the Minnesota Read Act, updated academic standards, enhanced support for multilingual learners, and continued focus on meeting the needs of students receiving special education services. Through evidence-based instruction and a commitment to continuous improvement, we are ensuring that every student has access to rigorous learning opportunities and the support needed to achieve academic success, develop essential skills, and thrive in an ever-changing world.

Looking to the Future

As we plan for the future, we want to share insights about our district. Like many rural school districts across Minnesota, we anticipate gradual enrollment changes in the years ahead. While shifts in enrollment may impact funding, Pelican Rapids remains a strong and resilient community. We are confident that our collaborative spirit and innovative approach will enable us to adapt while continuing to provide outstanding educational opportunities for all students.

To maintain the exceptional, personalized experiences our students deserve, we will begin discussions about thoughtfully aligning district resources with future needs. This process will focus on long-term sustainability while preserving our commitment to educational excellence and student success.

Looking ahead, the district will begin a comprehensive long-range planning process this fall, running from August through November. This important work will help shape the future direction of Pelican Rapids Schools and ensure we continue meeting the evolving needs of our students and community. Meaningful stakeholder engagement will be a key component of this process, with opportunities for staff, students, families, and community members to share their perspectives through surveys, meetings, and collaborative discussions.

A year filled with growth and achievement

As another successful school year comes to a close, I reflect with gratitude and pride on all we have accomplished together. Our students have demonstrated remarkable dedication in the classroom, on the stage, in competition, and through service to others. Their achievements are a testament to the commitment of our outstanding staff, whose passion and care make a lasting impact on every student.

To our families and community members, thank you for your partnership, support, and trust. Your involvement is an essential part of what makes Pelican Rapids Schools such a special place.

We are also excited to offer a variety of summer opportunities that promote learning, leadership, teamwork, and personal growth. We encourage families to explore the registration information available on our website and take advantage of these enriching experiences.

Thank you again to our staff, students, and families for an outstanding school year. It is an honor to serve Pelican Rapids School District 548. We look forward to welcoming everyone back this fall as we continue our important work together.

Go Vikings!

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 (01)

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 (02)

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 (04)

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 (07)

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.

Budget Overview

The annual budget presented herein provides an analysis of the District's actual audited financial results as of June 30, 2025, along with projected financial positions for June 30, 2026, and June 30, 2027.

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 Policies in the 700's category. 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) 2027 budget is based on the Minnesota Education Laws of the biennial funding of the HF5 bill of 2025 and incorporates key funding provisions, including:

Minnesota 2025–2026 Legislative Session Summary

The 2025 session was the major budget-setting year, while the 2026 session focused on maintaining existing investments and addressing long-term fiscal concerns. Together, these sessions provide important context for district planning and school finance.

2025 Legislative Session – Key Takeaways

- Inflationary increases to the basic education formula were preserved.
  Overall K-12 funding remained stable, with approximately $25.7 billion appropriated for E-12 education.
- Future budget pressures were identified, including projected reductions in future biennia and the creation of a Blue Ribbon Commission on Special Education.
- Compensatory revenue changes included a hold-harmless provision and creation of a task force to review future funding formulas.
- READ Act implementation continued with literacy training and reporting adjustments.
  Policy updates addressed attendance, online learning, PSEO, Adult Basic Education, and school calendar flexibility.
- Teacher workforce initiatives, including Grow Your Own programs and licensure pathways, were maintained.

2026 Legislative Session – Key Takeaways

- The session focused primarily on budget maintenance rather than major new investments.
- Inflation-indexed formula funding remained in place. **FY2027 Formula Allowance Increases by 2.69% to $7,683 per APU.**
- Compensatory revenue hold-harmless (FY27): Revenue for each district equals at least 77.46% of the revenue calculated at the site in FY26, after adjustment for any decline in total enrollment between October 1, 2024, and October 1, 2025. Appropriates $25.4 million in FY27. For ISD

#548 this means a loss of revenue of $203,410.

- Special education funding and cross-subsidy concerns remained a significant legislative focus.
- Lawmakers advanced a proposed Permanent School Fund constitutional amendment for voter consideration.
- School safety, student mental health, and emergency preparedness continued as priorities.
- Technical adjustments were made to READ Act implementation requirements.
- Education policy provisions were spread across multiple legislative packages rather than a single omnibus bill.
- Education Finance: $10M Comp Aid, $5M for anonymous threat reporting systems, $12.5M mental health student
- Ballot measure for Permanent School Trust Fund
- Tax bill:
    - Seasonal Recreational Tax Base Replacement Aid
    - One-time property tax relief (15% bump if you qualify for the homestead credit)

Key Themes for School Boards

- Funding stability in the short term, but significant fiscal pressures remain beyond 2027.
- Special education funding reform will likely remain a major legislative issue.
- Continued implementation of the READ Act requires ongoing staff development and planning.
- School safety and student support services remain priorities.
- Districts should monitor future state budget forecasts and potential changes to compensatory revenue and special education funding.

The Minnesota Legislature largely protected K-12 funding during the 2025 and 2026 sessions despite increasing fiscal pressures. Inflationary funding increases remain in place, major classroom funding reductions were avoided, and support continues for literacy initiatives and student services. However, school districts should continue to monitor special education funding reforms, compensatory revenue discussions, and long-term state budget challenges that may affect future educational funding.

The development of the FY 2026–2027 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 actual cost of the 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

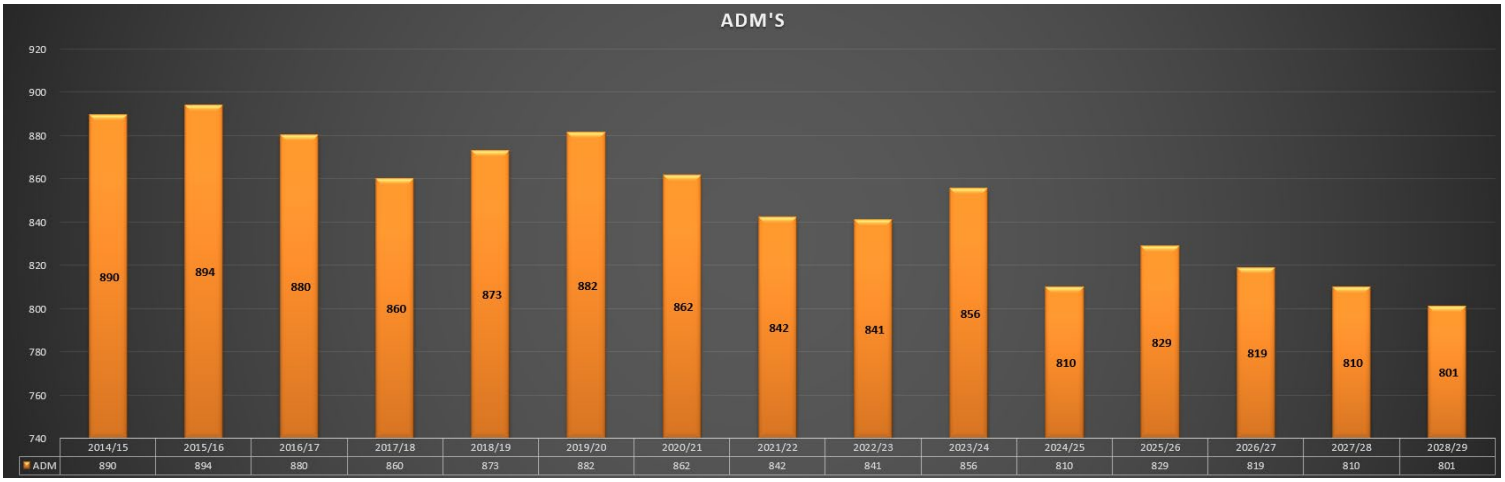
The District is currently experiencing a sustained decline in student enrollment. Recognizing the significance of this trend, the District partnered with TeamWorks during the academic year to conduct a comprehensive, data-driven analysis of local and regional enrollment patterns.

The study examined a range of demographic factors influencing enrollment, including population shifts, housing trends, migration patterns, and historical birth rates. The findings 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 region.

Understanding the root causes of enrollment decline is critical for informed decision-making and long-term sustainability. The TeamWorks study has provided valuable insights that will help guide the District's future planning efforts. As a result of this work, the District will launch the development of a new long-range strategic plan beginning in Fall 2026. This planning process will engage stakeholders in establishing priorities, evaluating programs and services, and identifying strategies to ensure the District remains responsive to changing enrollment trends and community needs.

The District will continue to monitor demographic shifts closely and incorporate these findings into long-range financial planning, staffing models, facility utilization discussions, and program development. Through proactive planning and community engagement, the District is committed to aligning resources with student needs while maintaining a strong educational experience for current and future learners.

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	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
ADM	890	894	880	860	873	882	862	842	841	856	810	829	819	810	801



Preliminary Budget FY2027

FY2026	FUND									
PROJECTED BUDGET	GENERAL FUND	FOOD SERVICE	COMMUNITY SERVICE	CONSTRUCTIONS	DEBT SERVICE	TRUST	STUDENT ACTIVITIES	OPEB	OPEB DEBT	Ending Balance
Starting Balance	($2,810,318)	($505,030)	($118,592)	($0)	($290,504)	($92,797)	($173,966)	$0	$0	($3,991,206)
Revenue	($12,667,000)	($949,031)	($403,956)	$0	($2,227,944)	($12,500)	($72,000)	$0	$0	($16,332,431)
Expenses	$12,425,662	$992,367	$414,410	$0	$2,221,630	$23,500	$72,000	$0	$0	$16,149,569
Ending Balance	**($3,051,656)**	**($461,694)**	**($108,137)**	**($0)**	**($296,818)**	**($81,797)**	**($173,966)**	**$0**	**$0**	**($4,174,068)**

FY2027	FUND									
PROJECTED BUDGET	GENERAL FUND	FOOD SERVICE	COMMUNITY SERVICE	CONSTRUCTION	DEBT SERVICE	TRUST	STUDENT ACTIVITIES	OPEB	OPEB DEBT	Ending Balance
Starting Balance	($3,051,656)	($461,694)	($108,137)	($0)	($296,818)	($81,797)	($173,966)	$0	$0	($4,174,068)
Revenue	($12,705,035)	($951,511)	($454,853)	$0	($2,276,431)	($12,875)	($74,160)	$0	$0	($16,474,864)
Expenses	$12,644,773	$1,022,138	$458,926	$0	$2,282,430	$24,205	$74,160	$0	$0	$16,506,632
Ending Balance	**($3,111,917)**	**($391,067)**	**($104,064)**	**($0)**	**($290,820)**	**($70,467)**	**($173,966)**	**$0**	**$0**	**($4,142,300)**

FY28	FUND									
PROJECTED BUDGET	GENERAL FUND	FOOD SERVICE	COMMUNITY SERVICE	CONSTRUCTION	DEBT SERVICE	TRUST	STUDENT ACTIVITIES	OPEB	OPEB DEBT	Ending Balance
Starting Balance	($3,234,182)	($391,067)	($104,064)	($0)	($290,820)	($70,467)	($173,966)	$0	$0	($4,264,565)
Revenue	($12,901,376)	($970,541)	($463,950)	$0	($2,276,431)	($13,133)	($75,643)	$0	$0	($16,701,073)
Expenses	$12,991,758	$1,052,802	$482,414	$0	$2,293,253	$24,931	$76,385	$0	$0	$16,921,543
Ending Balance	**($3,143,800)**	**($308,805)**	**($85,600)**	**($0)**	**($273,998)**	**($58,668)**	**($173,224)**	**$0**	**$0**	**($4,044,095)**

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 2026–2027 school year, the District's General Fund balance is projected to close at $3,111,917 representing approximately 24.61% 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.

