

FY 2025-2026



# Adopted Budget Executive Summary



## GOVERNMENTAL FUND STRUCTURE

To understand this budget document, it is helpful to know that there are several legal restrictions on how school districts must spend and account for the public funds that they receive. Per state requirements and Generally Accepted Accounting Principles of the United States, Holdingford Public Schools separates its money into five areas.

They are as follows:

### General Fund

Used to account for the general operations of the school district. This fund includes salaries and benefits for teachers, principals, custodians, administrative support staff, paraprofessionals, and administrators; costs of supplies, textbooks, contracted services, utilities, repairs and equipment. This fund is also used for long-term facilities maintenance (LTFM) projects and capital expenditures.

### Food Service Fund

Used for all expenditures related to operating the District's food service program. This includes food, salaries, benefits, supplies, and equipment. Food Service revenues come primarily from federal and state aid along with sales of second meals to students, ala carte and adult meals.

### Community Services Fund

Used for expenditures related to community education programs including Early Childhood Family Education, Preschool, KidZone school age care, youth enrichment classes, and Community Education Programs. Community Services revenue primarily comes from fees charged for the programs and property tax revenue dedicated to community services.

### Debt Service Fund

Used to accumulate and account for resources that fund principal and interest payments on bonds sold to finance construction. These are akin to a homeowner's payments on a mortgage.

### Custodial Fund

Used to represent a flow through mechanism in which the School District receives funds and distributes these funds to an organization. There is no financial benefit to the School District. This fund was established in FY 24-25 as a method to provide transparency into scholarships.

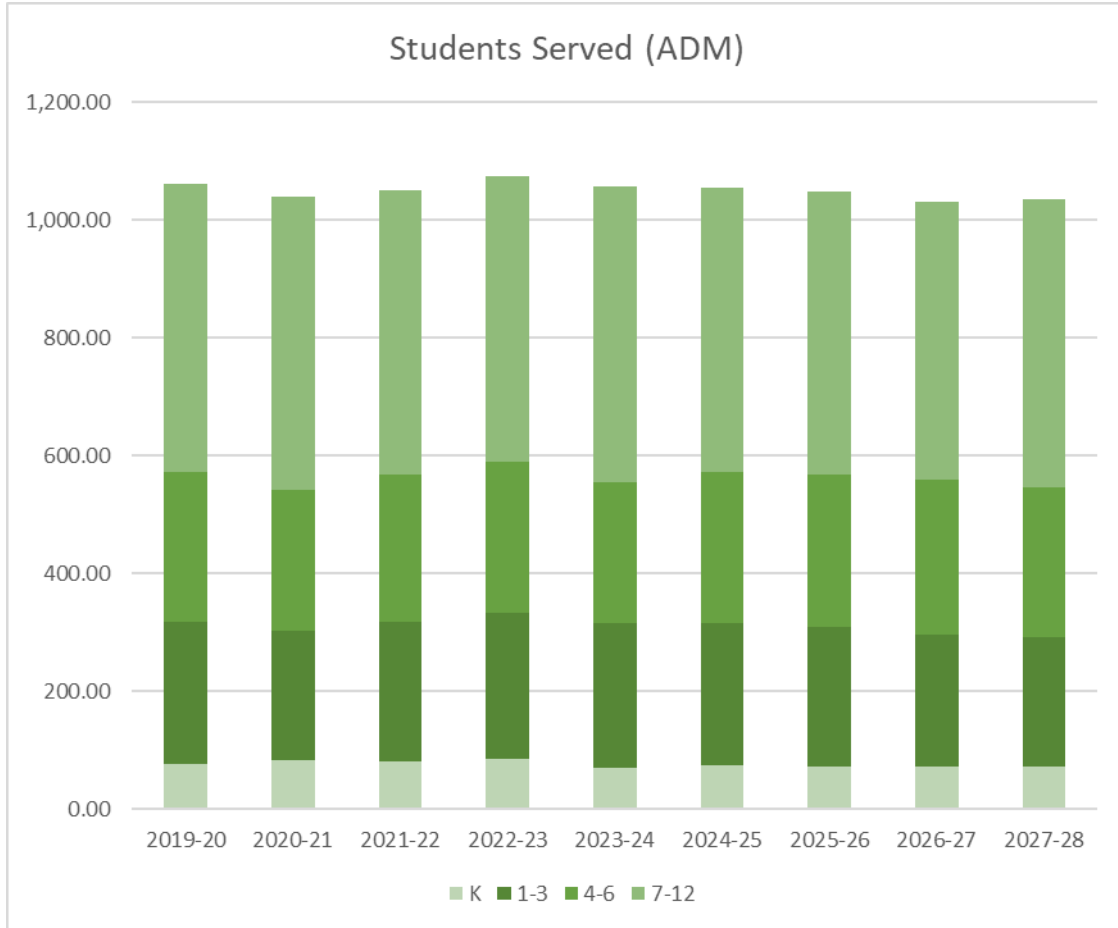
### OPEB Trust

Used to report resources set aside and held in a revocable trust arrangement for post-employment benefits. District contributions to this fund must be expensed to an operating fund. This was established in FY 2008-2009. In 2008, Minnesota allowed school districts to issue bonds without voter approval to fund OPEB liabilities. This authority expired on June 30, 2009. Districts had to act before that date, following specific notice and valuation requirements.

**Why** is this information important? It is important to understand the fund structure because, with very few exceptions, money cannot be transferred from one fund to another. For example, raising a la carte prices or KidsZone tuition is not a solution to a shortfall in the General Fund. Similarly, the resources of the Debt Service Fund or the Custodial Fund cannot be used to pay teacher salaries.

## ENROLLMENT HISTORY AND PROJECTIONS

Overall, historical enrollment trends are very stable with fluctuations around 2-3% per year. The student population is comprised of a large number of open-enrolled students. The district is an “enrollment winner”, gaining more students from surrounding districts than it loses. These students generate state aid and help support the district operations.



### Open Enrollment

	19-20	20-21	21-22	22-23	23-24
<b>Resident</b>	866.80	854.95	903.65	856.78	856.64
<b>Open Enrolled</b>	202.37	193.35	155.75	223.12	209.49
<b>Total Adj ADM</b>	1,069.17	1,048.30	1,059.40	1,079.90	1,066.13

**Why** is this information important? The largest single funding source for Minnesota school districts is basic General Education Aid. Each year, the State Legislature sets a basic formula allowance. Total basic general education revenue is calculated by multiplying the formula allowance by the number of pupil units for which a district is entitled to aid. Pupil Units (PU) are calculated using a legislatively determined weighting system applied to Average Daily Membership (ADM). A student present for the first day of school, the last day of school, and enrolled for all days in between, generates 1.0 ADM. A student that enrolls halfway through the year would generate 0.5 ADM. A pupil unit is determined by weighting the ADM. ADMs for students in 7-12 grade are multiplied by 1.2, whereas elementary students are weighted at 1.0.

## BUDGET OVERVIEW

The annual budget presented includes the actual financial results of the prior fiscal years' audited results, the current years' revised budget, and the next years' projected budget.

The budget was prepared in accordance with generally accepted accounting principles and District Policy 701, and includes all governmental funds. Each fund is treated as an independent accounting entity in accordance with statutory requirements and state and federal regulations governing the District's various revenue sources and expenditure purposes.

Budgets are based on preliminary information such as projected enrollment and state aid formulas that are not known until well after the budget is finalized. Every effort is made to accurately account for revenues and expenses.

	Adopted Budget Fiscal Year 2026		
	FY 2024 Audited Results	FY 2025 Revised Budget	FY 2026 Adopted Budget
<b>Revenues</b>			
General Fund	14,168,436	14,244,656	14,594,153
Food Service	1,111,739	1,064,927	1,098,209
Community Service	556,717	509,529	493,897
Construction	-	-	-
Debt Service	1,323,867	1,338,169	1,130,729
Custodial	-	9,500	9,500
OPEB Rev. Trust	19,930	8,391	8,391
<b>Total Revenue</b>	<b>17,180,689</b>	<b>17,175,172</b>	<b>17,334,878</b>
<b>Expenditures</b>			
General Fund	13,982,999	14,923,071	14,663,210
Food Service	988,713	1,226,216	1,087,744
Community Service	562,308	474,290	488,542
Construction	-	-	-
Debt Service	1,329,816	1,305,020	1,160,528
Custodial	-	9,500	9,500
OPEB Rev. Trust	295	1,250	1,313
<b>Total Expenditures</b>	<b>16,864,130</b>	<b>17,939,348</b>	<b>17,410,837</b>

# BUDGET NARRATIVE

## General Fund

The general fund budgeting process begins with projecting student enrollment, as it drives state aid calculations. The district uses historical trends, current year counts, and birth data to estimate enrollment. Revenue is then forecast using Minnesota's funding formulas, which include per-pupil basic revenue, categorical aids, and levy amounts. Expenditure projections are built from current staffing levels, contract obligations, inflation estimates, and department input.

Restricted revenues are reviewed and treated as mini-budgets. The largest of which are LTFM and Operating Capital. Those areas are reviewed with a 3-year outlook of maintenance and capital needs.

The budget needs to target a minimum unassigned fund balance of 15%. Generally, restricted revenues are expended first, followed by unrestricted. If the expenses in unrestricted revenues becomes too great to maintain a 15% fund balance through a 2-year outlook, reductions in expenditures (materials, services, and/or staffing) needs to occur.

## Food Service Fund

Revenues are project for this fund based on historical average meal service, student population changes, and projected meal cost changes. In 2023, Minnesota passed legislation to provide all meals to students free of charge. The reimbursement amount per meal matches the Federal allocation for free meals to qualifying students. Expenses are projected using an average of previous years along with an inflationary escalator. Capital expenditures are figured when equipment is needed. The fund balance of the Food Services Fund is not to exceed 3 months of operating expenses.

## Community Services Fund

Community services is unique because it is one of the few funds that is able to generate additional revenue to meet expenses. Revenue is projected using preschool enrollment numbers, the average of previous tuition from community education classes, and projected KidZone utilization for child care along with state aid and levy numbers. Expenses come from teacher salaries, community ed hourly workers, and outside professional services along with supplies and materials necessary to run programming. Previous year's averages are reviewed, with inflationary adders and projections incorporated accordingly.

## Debt Service Fund

Projections for expenditures in this fund come from the debt schedule for principal and interest and projected agency fees. Any revenues associated with the account are related to investment (interest) income. All revenue generated by the debt service fund must be used to reduce debt liability.

## Custodial Fund

The revenue and expenses are set to be offsetting each year. The amounts are based on averages and projections. Established in FY24, there is limited historical data on which to base the amounts. This fund represents no financial benefit to the district and is meant to be for transparency only.

## OPEB Trust

The projected revenue for this fund comes from investments made by our financial advisor. Expenses projected for the fund come from the same advisor and banking fees. If needed, this fund can be leveraged to meet the costs of retirees on the District health insurance. However, the fund has not been used to meet OPEB obligations since 2015 where the general fund has paid for such obligations.

## EXPENDITURES BY PROGRAM

The school district budget consists of expenditures made for the following programs or activities:

### 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 above. 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 teaching of pupils, the interaction between teachers and pupils 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 pupils of any age who, because of certain atypical characteristics or conditions, need, or who would benefit by, educational programs different from those provided pupils in regular or vocational instruction.

### Instructional Support Services

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

### Pupil Support Services

Includes all services provided to pupils who do not qualify to be classified as instructional services (counseling/guidance, health, psychological, social work, transportation, other).

### Sites and Buildings

Activities related to the acquisition, operation, maintenance, repair and remodeling of all facilities and grounds of the school district.

### Fiscal and Other Fixed Costs

Fiscal and fixed cost activities that are not recorded elsewhere.

## EXPENDITURES BY OBJECT

The school district budget consists of the following types of expenditures:

### Salaries

Regular salary related to personnel positions, extra-curricular assignments, overtime, and substitute costs.

### Benefits

Health, dental, life, long-term disability, workers' compensation, state pension contributions, retirement plans and recording of post-retirement benefits for current employees.

### 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, and computer equipment.

### Debt Service

Principal and interest payments for bonded debt.

### Other Expenditures

All other expenditures not classified in other areas such as property and liability insurance.

## GENERAL FUND

The General Fund contains all revenue and expenditures for the general, day-to-day operations of the school district. This includes salaries and benefits for teachers, administrators, custodians, secretaries, and para-professionals; instructional supplies, technology, transportation, textbooks, and Money spent to operate and repair district buildings. It may be better to express the General Fund in terms of what it does not cover.

The General Fund does not cover food service, Community Education programs, debt service payments on voter-approved bonds issued by the District, and the cost of major construction projects financed through the issuance of bonds.

General Fund Fiscal Year 2026		
FY 2024 Audited Results	FY 2025 Revised Budget	FY 2026 Adopted Budget

### Revenues by Source

Property Tax	1,524,078	1,398,650	1,687,517
Local Revenue	787,713	639,187	562,510
General Education Aid	9,271,398	9,373,431	9,643,622
Other State Aids	2,396,352	2,659,017	2,526,131
Federal Revenue	188,895	174,372	174,373
<b>Total Revenue</b>	<b>14,168,436</b>	<b>14,244,656</b>	<b>14,594,153</b>

### Expenditures by Object

Salaried & Benefits	10,637,227	11,202,082	11,367,130
Purchased Services	1,666,809	2,071,903	2,085,849
Supplies & Materials	1,015,193	912,723	945,893
Capital Expenditures	676,668	741,942	268,593
Other*	(12,897)	(5,579)	(4,254)
<b>Total Expenditures</b>	<b>13,982,999</b>	<b>14,923,071</b>	<b>14,663,210</b>

\*Includes chargebacks to other funds

### Expenditures by Program

Administration	785,435	839,637	862,850
District Support	326,537	356,461	358,794
Regular Instruction	6,580,516	6,820,315	6,772,626
Vocational Education	307,617	320,508	332,942
Special Education	2,492,873	2,749,921	2,624,057
Instructional Support	664,901	654,943	620,216
Pupil Support	995,281	1,080,963	1,060,037
Sites and Buildings	1,740,301	1,990,499	1,909,783
Other	89,538	109,824	121,905
<b>Total Expenditures</b>	<b>13,982,999</b>	<b>14,923,071</b>	<b>14,663,210</b>

### Fund Balances

Net Change	185,437	(678,415)	(69,057)
Beginning of Year	4,085,349	4,270,786	3,592,371
End of Year	4,270,786	3,592,371	3,523,314

## RESTRICTED FUNDS

While the General Fund is the general operating fund, some portions of it are considered restricted – meaning revenue can only be used for specific purposes as designated by law, regulation, or grant.

The key takeaway is that Fund 01 is not entirely flexible—although it's the general operating fund, it contains both unrestricted and restricted revenues. School districts must track and report restricted revenues and expenditures separately within the Fund to remain compliant with UFARS and ensure funds are used for their intended purpose.

## UNASSIGNED FUND BALANCE

ISD 738's policy to maintain a minimum 15% unassigned fund balance ensures financial stability, supports day-to-day operations, and safeguards against unexpected expenses.

This reserve—equal to about two months of operating costs—provides critical cash flow during periods when state funding is delayed, helping the district meet payroll and pay bills without relying on short-term borrowing. It also protects against unforeseen challenges such as emergency repairs or enrollment shifts. A strong fund balance improves the district's credit rating, leading to lower borrowing costs and long-term savings for taxpayers.

The 15% target aligns with recommendations from the Government Finance Officers Association and the Minnesota Department of Education, which encourage districts to adopt policies that reflect local fiscal conditions and risks. Importantly, the policy applies only to unassigned funds, which are not legally restricted and offer maximum flexibility. Overall, this policy reflects ISD 738's commitment to sound financial management and educational stability.

### 2025-2026 Adopted Budget Common Restricted and Unrestricted Funds

Fund 01	Beginning Fund				Ending Fund
	Balance	Revenue	Expenses	Net	Balance
403 Staff Development	299,918	172,093	177,070	(4,977)	294,941
412 Literacy Incentive Aid	-	58,462	58,462	0	0
456 Literacy Aid - Read Act	43,015	-	6,981	(6,981)	36,034
457 Tch Comp - Read Act	38,837	-	38,837	(38,837)	-
441 Basic Skills	-	386,559	386,559	-	-
443 Educational Media	-	20,000	18,485	1,515	1,515
449 Safe Schools	8,216	41,818	17,224	24,594	32,810
471 Student Support	29,890	40,000	26,650	13,350	43,240
472 Medical Assistance	162,199	41,990	5,200	36,790	198,989
424 Operating Capital	104,695	261,720	201,431	60,288	164,984
467 LTFM	348,386	416,592	530,625	(114,033)	234,353
401 Student Activities	89,661	52,158	39,900	12,258	101,919
462 District Activities*	144,465	112,390	140,728	(28,338)	116,127
464 Assigned	-	-	-	-	-
460 Non Spendable YE	29,336				
<b>422 Unassigned*</b>	<b>2,375,606</b>	<b>12,990,371</b>	<b>13,015,058</b>	<b>(24,687)</b>	<b>2,350,919</b>
<b>Total Fund 01</b>	<b>3,674,225</b>	<b>14,594,153</b>	<b>14,663,210</b>	<b>(69,057)</b>	<b>3,575,831</b>
*SOD Fund Balance	2,549,407				2,467,046
SOD Expenses	13,460,985				13,155,786
SOD Percent	18.94%				18.75%
<b>Fund Balance Policy %</b>	<b>16.11%</b>				<b>16.03%</b>

## FOOD SERVICE FUND

The Food Service is dedicated to managing all financial activities related to a school district’s nutrition program. Its primary purpose is to provide students with access to healthy, nutritious meals during the school day, supporting both academic success and overall well-being.

This fund accounts for revenues and expenditures associated with breakfast, lunch, snacks, and summer food programs. Revenue sources include federal and state reimbursements, meal charges, and occasionally local contributions or grants.

This fund is **self-sustaining**, meaning it must generate enough revenue to cover its costs and cannot be subsidized by the General Fund. Expenditures may include food purchases, kitchen equipment, staff salaries, and food safety compliance. Strict federal and state guidelines govern its use to ensure accountability and quality standards.

Food Service Fund Fiscal Year 2026		
FY 2024 Audited Results	FY 2025 Revised Budget	FY 2026 Adopted Budget

### Revenues by Source

Local Revenue	33,180	16,986	13,589
State Revenue	594,714	618,420	640,065
Federal Revenue	483,846	429,521	444,555
<b>Total Revenue</b>	<b>1,111,739</b>	<b>1,064,927</b>	<b>1,098,209</b>

### Expenditures by Object

Salaried & Benefits	345,674	368,278	379,806
Purchased Services	17,582	22,157	22,158
Supplies & Materials	522,269	516,689	516,687
Capital Expenditures	34,149	250,000	100,000
Other	69,040	69,093	69,093
<b>Total Expenditures</b>	<b>988,713</b>	<b>1,226,216</b>	<b>1,087,744</b>

### Fund Balances

Net Change	<b>123,026</b>	<b>(161,289)</b>	<b>10,465</b>
Beginning of Year	<b>706,754</b>	<b>829,780</b>	<b>668,491</b>
End of Year	<b>829,780</b>	<b>668,491</b>	<b>678,956</b>

## COMMUNITY SERVICES FUND

The Community Education Fund is used by school districts to support lifelong learning opportunities for people of all ages within the community. Its primary purpose is to provide educational, recreational, social, and cultural programs beyond the traditional K–12 curriculum.

This includes the Husker’s KidZone, early childhood education like ECFE and Preschool, adult basic education, youth enrichment, after-school programs, and family engagement initiatives.

Funded through a combination of local levies, state aid, fees, and grants, Community Ed programs are designed to be accessible and responsive to community needs.

Overall, the Community Ed Fund strengthens community ties and supports lifelong learning in the district.

Community Service Fund Fiscal Year 2026		
FY 2024 Audited Results	FY 2025 Revised Budget	FY 2026 Adopted Budget

### Revenues by Source

Property Tax	75,898	59,046	76,449
Tuition and Fees	255,210	272,734	239,897
Other Local Revenue	135,245	68,793	85,334
State Aids	90,364	108,956	92,217
Federal Revenue	-	-	-
<b>Total Revenue</b>	<b>556,717</b>	<b>509,529</b>	<b>493,897</b>

### Expenditures by Object

Salaried & Benefits	488,376	404,278	416,782
Purchased Services	41,744	48,731	49,947
Supplies & Materials	23,959	21,282	21,813
Capital Expenditures	7,294	-	-
Other*	935	-	-
<b>Total Expenditures</b>	<b>562,308</b>	<b>474,290</b>	<b>488,542</b>

### Fund Balances

Net Change	(5,591)	35,239	5,355
Beginning of Year	218,052	212,461	247,700
End of Year	212,461	247,700	253,054

### 2025-2026 Adopted Budget Common Restricted Funds

Fund 04	Beginning Fund			Net	Ending Fund Balance
	Balance	Revenue	Expenses		
431 Community Education	17,002	292,241	272,484	19,757	36,759
432 ECFE	63,888	57,133	45,400	11,733	75,621
444 School Readiness	166,809	142,233	168,369	(26,136)	140,674
<b>Total Fund 04</b>	<b>247,700</b>	<b>493,897</b>	<b>488,542</b>	<b>5,355</b>	<b>253,054</b>

## DEBT SERVICE FUND

The Debt Service Fund is used by school districts to manage the repayment of long-term debt, primarily bonds issued to finance capital projects such as school construction, renovations, or major equipment purchases.

Its sole purpose is to collect and allocate funds to pay principal and interest on outstanding bonds, ensuring timely repayment in accordance with legal and financial obligations.

Revenue for this fund comes mainly from local property tax levies specifically authorized by voters or the school board for debt repayment. The Debt Service Fund is legally restricted and cannot be used for general operations or educational programs.

Maintaining adequate balances in this fund is essential for preserving the district’s credit rating and financial reputation. Accurate budgeting and tax levy planning are required to ensure that sufficient resources are available when payments are due.

Overall, the Debt Service Fund helps support long-term infrastructure investments while maintaining financial discipline and public trust.

Debt Service Fund			
Fiscal Year 2026			
	FY 2024	FY 2025	FY 2026
	Audited	Revised	Adopted
	Results	Budget	Budget
<b>Revenues by Source</b>			
Local Revenue	819,304	947,601	981,729
Interest Earnings	23,827	11,891	9,512
State Revenue	480,736	378,677	139,488
<b>Total Revenue</b>	<b>1,323,867</b>	<b>1,338,169</b>	<b>1,130,729</b>
<b>Expenditures by Object</b>			
Principal	780,000	785,000	670,000
Interest	548,154	518,020	488,528
Fiscal Charges	1,663	2,000	2,000
Refunding	-	-	-
<b>Total Expenditures</b>	<b>1,329,816</b>	<b>1,305,020</b>	<b>1,160,528</b>
<b>Fund Balances</b>			
Net Change	(5,949)	33,149	(29,799)
Beginning of Year	294,885	288,936	322,084
End of Year	288,936	322,084	292,285

## CUSTODIAL FUND

The Custodial Fund exists to account for revenues and expenditures associated with the scholarships for students. These funds do not belong to the district but are held temporarily and disbursed according to the direction of the group. The district acts as a fiscal agent, ensuring proper recordkeeping and oversight. This fund was established in FY25 for Holdingford School. Having a custodial fund ensures transparency and accountability for non-district funds managed through the school’s financial system.

Custodial Fund Fiscal Year 2026			
	FY 2024 Audited Results	FY 2025 Revised Budget	FY 2026 Adopted Budget
<b>Revenues by Source</b>			
Donations	-	9,500	9,500
<b>Total Revenue</b>	-	<b>9,500</b>	<b>9,500</b>
<b>Expenditures by Object</b>			
Scholarships	-	9,500	9,500
<b>Total Expenditures</b>	-	<b>9,500</b>	<b>9,500</b>
<b>Fund Balances</b>			
Net Change	-	-	-
Beginning of Year	-	-	-
End of Year	-	-	-

## OPEB TRUST

The OPEB (Other Post-Employment Benefits) Irrevocable Trust Fund, is used by school districts to account for resources set aside to pay for post-employment benefits other than pensions, such as retiree health insurance. This fund allows districts to pre-fund future OPEB obligations, helping to stabilize long-term financial planning and reduce the impact on future budgets. Funds deposited into the trust are legally restricted and can only be used for eligible OPEB costs. Establishing and maintaining an OPEB trust demonstrates fiscal responsibility and can improve the district’s financial position by lowering future liabilities on financial statements.

OPEB Revocable Trust Fiscal Year 2026			
	FY 2024 Audited Results	FY 2025 Revised Budget	FY 2026 Adopted Budget
<b>Revenues by Source</b>			
Interest	19,930	8,391	8,391
Contributions	-	-	-
<b>Total Revenue</b>	<b>19,930</b>	<b>8,391</b>	<b>8,391</b>
<b>Expenditures by Object</b>			
OPEB Payments	-	-	-
Fees	295	1,250	1,313
<b>Total Expenditures</b>	<b>295</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>			
Net Change	<b>19,636</b>	<b>8,391</b>	<b>8,391</b>
Beginning of Year	<b>402,004</b>	<b>421,640</b>	<b>430,031</b>
End of Year	<b>421,640</b>	<b>430,031</b>	<b>438,422</b>