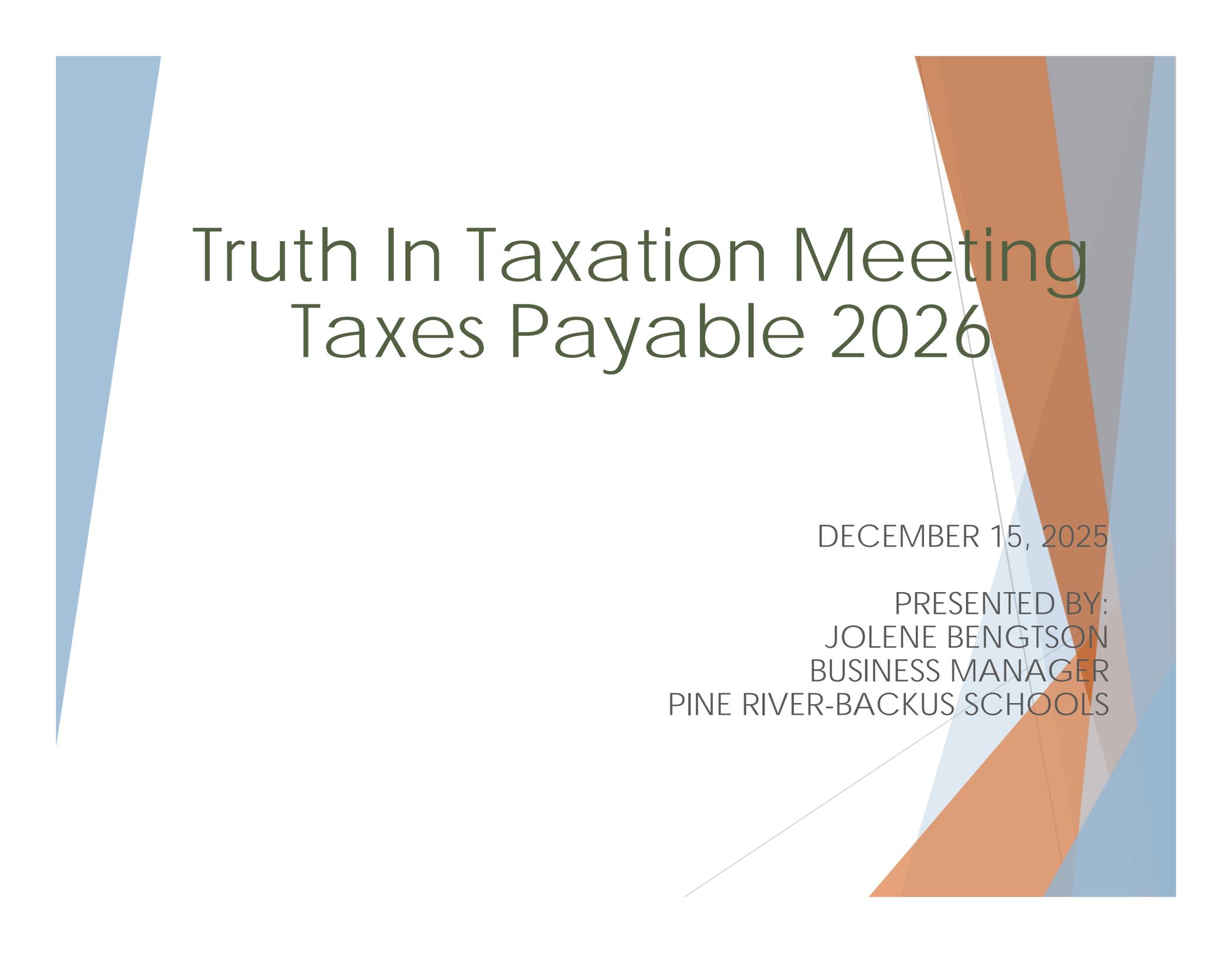


Special Board Meeting

Monday, December 15, 2025 6:00 PM

High School Media Center, 810 First Street North, Pine River, MN 56474

| | |
|---|------------------------------------|
| 1. Call to Order and Pledge to the Flag | Speaker(s): Board Chair |
| Members: Leslie Bouchonville, Chris Cunningham, Roger D. Hoplin, Nicki Linsten-Lodge, Carrie Maurer-Ackerman, David Sheley, Ryan Trumble and Superintendent Jonathan Clark | |
| 2. Welcome to Visitors | Speaker(s): Board Chair |
| 2.1. Public Comments and Time for Interaction with the Board on Agenda Items | Speaker(s): Board Chair |
| 3. Approve Agenda | |
| 4. Informational Items | |
| 4.1. Truth in Taxation Hearing | Speaker(s): Jolene Bengtson |
| 4.2. Superintendent Report | |
| 5. Discussion Items | |
| 5.1. Strategic Planning Process | |
| 6. Action Items | |
| 6.1. Approve the Final 2025 Pay 2026 Levy | |
| 6.2. Approve Rate of Pay for Student Workers in Work Program at Current Minimum Wage | |
| 6.3. Approve 2024-2025 Single Audit of Federal Funds prepared by Clifton Larson Allen | |
| 7. Open Forum | |
| 8. Adjourn | |



Truth In Taxation Meeting Taxes Payable 2026

DECEMBER 15, 2025

PRESENTED BY:
JOLENE BENGTON
BUSINESS MANAGER
PINE RIVER-BACKUS SCHOOLS

Meeting Agenda

- Truth in Taxation Law
- District's 2024-25 Actuals
 - Revenues & Expenditures
- District's 2025-26 Budget
 - Revenues & Expenditures
- Background on Property Taxes
 - Referendum Market Value vs Net Tax Capacity
- Proposed Tax Levy, Taxes Payable 2026
- Additional Resources
- Public Comments

Truth in Taxation: Law

- State approved property tax law in 1988.
- Seasonal/Recreational properties removed from the district's RMV tax base in 2001.
- Counties required to send out proposed tax statements based on all preliminary tax levies set by counties, cities, townships, schools, etc.
- Most jurisdictions required to hold Truth in Taxation Meetings prior to certifying the final levy

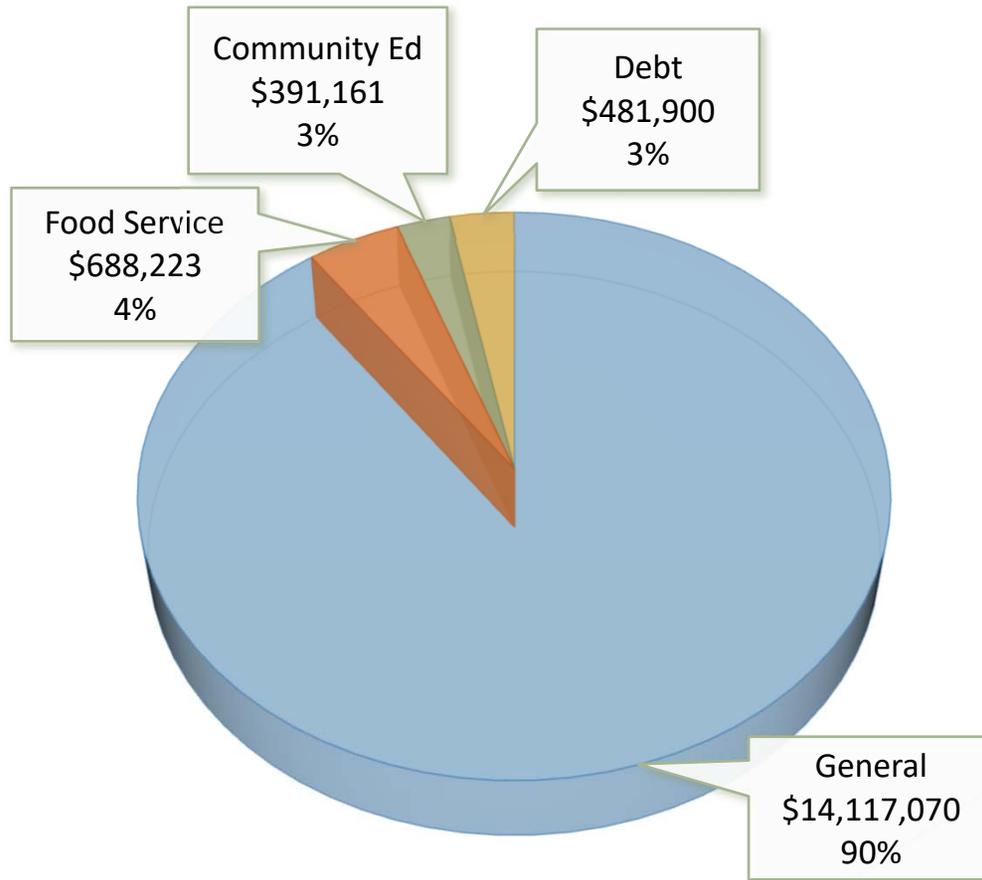
Truth in Taxation: Law

- School Districts are required by law to present information on
 - Prior year 2024-25 actual revenues and expenditures
 - Current year 2025-26 budget to include sources of revenues and expenditures by program
 - The proposed property tax levy to include percentage changes from previous year and explanations of the changes
- A final levy amount must be certified no later than December 30, 2025. The exact dollar amount must be referenced when approving the levy.
- Districts must allow for public comments.

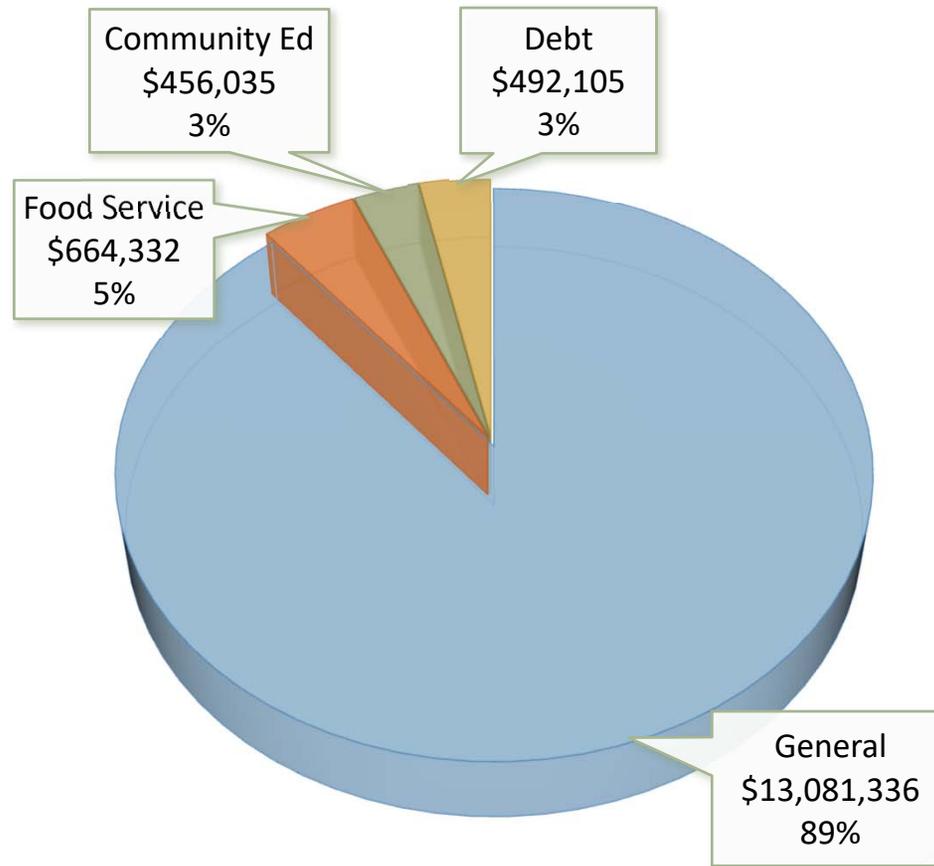
PRB Schools ISD 2174 Revenues & Expenditures

| Fund | 6/30/2024 Actual Fund Balances | FY 2025 Actual Revenues/ Transfers In | FY 2025 Actual Expenses/ Transfers Out | 6/30/2025 Actual Fund Balances | FY 2026 Budgeted Revenues/ Transfers In | FY 2026 Budgeted Expenses/ Transfers Out | 6/30/2026 Projected Fund Balances |
|-------------------|---|--|--|---|--|--|--|
| General (01) | 3,505,426 | 14,227,691 | (13,322,182) | 4,410,936 | 14,117,070 | (13,081,336) | 5,446,670 |
| Food Service (02) | 310,868 | 702,526 | (629,209) | 384,185 | 688,223 | (664,332) | 408,076 |
| Community Ed (04) | 1,670 | 390,545 | (466,524) | (74,309) | 391,161 | (456,035) | (139,183) |
| Debt (07) | 1,001,816 | 577,859 | (1,381,062) | 198,613 | 481,900 | (492,105) | 188,408 |
| TOTAL | 4,819,780 | 15,898,621 | (15,798,977) | 4,919,424 | 15,678,354 | (14,693,808) | 5,903,971 |

2025-26 Revenues by Fund



2025-26 Expenses by Fund



General Fund Revenue Highlights

| | | |
|--------------|-------------------|-----|
| Local | 1,803,868 | 13% |
| State | 11,975,002 | 85% |
| Federal | 338,200 | 2% |
| Total | 14,117,070 | |

In the 2025-26 Budget, State aid funding (General & Special Education, Compensatory, etc.) accounts for 85% of total General Fund revenues.

General Fund Expense Highlights

| | | |
|----------------------|------------|-----|
| Salaries/Benefits | 9,948,869 | 76% |
| Purchased Services | 1,642,284 | 13% |
| Supplies/Materials | 897,892 | 7% |
| Capital Expenditures | 387,239 | 3% |
| Other | 205,052 | 2% |
| Total | 13,081,336 | |

Employee pay and benefits account for 76% of 2025-26 General Fund overall budgeted expenses.

Background on Property Taxes

Determination of Local Tax Rate

- City/County Assessor determines market value for each parcel
- Legislature sets formula for tax capacity
- County Auditor uses formula to determine tax capacity for each parcel and district as a whole
- State Legislature sets formulas for each levy category
- MDE uses formula to determine school district levy limits allowed in each category
- **School Board adopts proposed levy amount in September based on levy limits allowed, certifies final amounts in December**
- County Auditor divides final levy amount by district's total tax capacity to determine tax rate. Applies tax rate to each individual parcel to determine tax amount paid to district.
- NOTE: District has control of only 1 of 7 steps in the levy process.

Background on Property Taxes

- Owners of taxable properties pay taxes to the various jurisdictions applied to their property
 - County, City, Township, School District, etc.
- Each jurisdiction sets its own tax levy as determined by limits based in state law
- Amount of taxes on each property are impacted by changes in levies, individual property values and property values of the district as a whole
 - School district tax amounts are also impacted by changes in enrollment.
- County sends out tax bills, collects payments from property owners, distributes back to each jurisdiction

Background on Property Taxes

- School district property taxes
 - Each school district may levy in up to 40 separate categories (may not qualify for all categories)
 - Limits on maximum amounts in all categories set by state law or voter approval
 - Minnesota Department of Education calculates detailed levy limits for each district

Background on Property Taxes

Agricultural Building Bond Tax Credit

- Ag2School was passed into law June 2017.
- Farm & private timber land taxes are given a state-paid reduction on school district debt service levies.
- Phased in through 2023
 - Taxes payable 2020 at 50% credit, 2021 at 55%, 2022 at 60%, final year of phase in taxes payable 2023 at 70%.
 - Subsequent years are funded at 70%.
 - Our district is approximately 14% Ag & Timber property
- Reductions are funded through income/sales/other tax revenues and do not show up in district levy calculations.

Background on Property Taxes

REFERENDUM MARKET VALUE (RMV)

- Spread based on "referendum market value"
- Seasonal/recreational (cabins) and rural vacant (timber) properties do not pay
- Ag properties: Only the house, garage and one acre of land is taxed
- Commercial property taxed at same rate as residential
- Equalized based on a tiered system

Operating Referendum

NET TAX CAPACITY (NTC)

- Spread based on "net tax capacity"
- Values multiplied by classification rates
- All properties are taxed – residential, commercial, seasonal/recreational, rural vacant and all ag land (not just house and one acre)
- **PRB is 41% Seasonal/Rec and 14% Agricultural**

**Bond Referendum
or
Capital Projects Levy**

**All levies are spread on
either RMV or NTC parcels**

Background on Property Taxes



Cass County

Maple Township

Ponto Township

City of Pine River

ISD ISD 2174 Net Tax Capacity

Ag ISD 2174 RMV

Seasonal ISD 2174 RMV

Seasonal ISD 2174 RMV

Proposed Levy Taxes Payable 2026

- Required Process for Levy
 - Early September – MDE prepares & distributes the first draft of levy limitation worksheets
 - September School Board Meeting – PRB School Board approves proposed levy amounts
 - November – Cass and Crow Wing Counties send proposed 2026 tax statements to all taxpayers
 - December School Board Meeting – Truth in Taxation Meeting, PRB School Board approves final levy amounts. An exact dollar amount must be specified when approving the final levy.

Final Certified Levy: Maximum Allowable Amount

GENERAL LEVY

| | |
|------------------------------|---------------------|
| Local Option Revenue | 821,277.75 |
| Capital Projects Levy | 882,328.23 |
| Operating Capital w/adj | 213,968.25 |
| Reemployment w/adj. | 11,926.02 |
| Safe Schools Levy w/adj | 32,340.60 |
| Career Technical | 36,369.47 |
| Long Term Facility Maint | 197,039.13 |
| Facility & Equip Bond Adjust | (34,755.00) |
| Tree Growth | 11,950.92 |
| Abatement | (26.39) |
| GENERAL TOTAL | 2,172,418.98 |

COMMUNITY SERVICE LEVY

| | |
|---------------------------|-------------------|
| Basic | 74,648.80 |
| Early Childhood | 54,961.77 |
| Home Visiting | 1005.00 |
| Abatement | (3.45) |
| COMM SERVICE TOTAL | 130,612.12 |

DEBT SERVICE LEVY

| | |
|---------------------------|-------------------|
| DEBT SERVICE TOTAL | 449,035.47 |
|---------------------------|-------------------|

| | |
|-------------------|---------------------|
| TOTAL LEVY | 2,752,066.57 |
|-------------------|---------------------|

Final Certified Levy: Maximum Allowable Amount

| | Certified Pay 2025 | Maximum Pay 2026 | \$ Change |
|-------------------|-----------------------|---------------------|-----------|
| General | 1,255,192 | 2,172,419 | 917,227 |
| Community Service | 130,790 | 130,612 | (178) |
| Debt Service | 461,898 | 449,035 | (12,863) |
| TOTAL | 1,847,880 | 2,752,067 | 904,186 |

Maximum allowable amount for taxes payable 2026 increased by \$904,186 or 48.93% over the certified amounts for taxes payable 2025.

When certifying the proposed levy in September, PRB School Board certified the proposed maximum amount allowed for 2026. Cass and Crow Wing Counties then use the maximum amount when sending out proposed 2026 tax statements to all property taxpayers.

Final Certified Levy: Specific Levy Category Changes

| | Certified Pay 2025 | Maximum Pay 2026 | \$ Change |
|----------------------------|--------------------|------------------|-----------|
| Capital Projects Levy | 0.00 | 882,328 | 882,328 |
| Reemployment | (10,281) | 11,926 | 22,207 |
| Long Term Facilities Maint | 170,983 | 197,039 | 26,056 |
| TOTAL | 160,702 | 1,091,293 | 930,591 |

District voters approved a 10 Year 2.75% Capital Projects Levy to fund facility and capital improvement projects at the school. The levy is assessed on Net Tax Capacity meaning all properties in the district will see a change to their property tax statements. The 2026 Levy is the first of the 10 years of funding.

Reemployment Levy figures are based on estimated versus actual unemployment expenses for levy calculations. The 2025 levy had negative adjustments showing in Reemployment Levy versus positive adjustments in the 2026 levy.

Likewise, Long Term Facilities Maintenance Levy is calculated for current year and adjusted for actual pupil counts and expenses in subsequent years. The 2025 levy had negative adjustments showing in LTFM Levy versus positive adjustments in the 2026 levy.

Final Certified Levy Maximum by Tax Category

| | Certified Pay 2025 | Maximum Pay 2026 | \$ Change |
|------------------|-----------------------|---------------------|-----------|
| RMV | 845,227 | 821,278 | (23,949) |
| Net Tax Capacity | 1,002,653 | 1,930,789 | 928,136 |
| TOTAL | 1,847,880 | 2,752,067 | 904,186 |

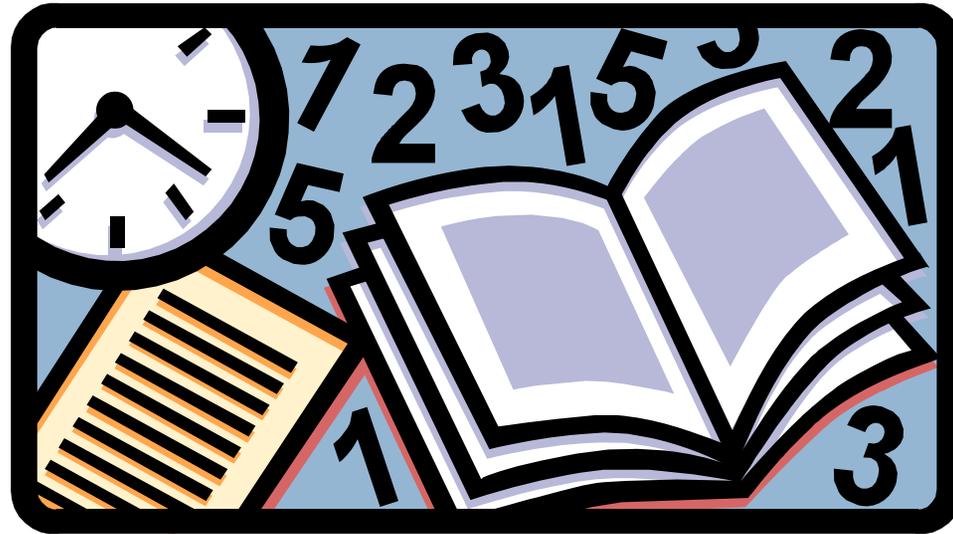
Referendum Market Value – This category assumes Local Option Revenue is certified at \$424/pupil unit and is calculated based on property values and pupil counts. LOR is the only levy category assessed solely on RMV.

Net Tax Capacity is assessed on all taxable property in the district. All other levy categories are assessed on NTC, including the new Capital Projects Levy.

Additional Resources

- Cass County Auditor/Treasurer
 - (218) 547-7260
 - <https://www.casscountymn.gov/>
- Crow Wing County Land Services
 - (218) 824-1010
 - <https://www.crowwing.gov/>
- MN Department of Revenue – Property Tax Refund
 - Form M1PR 2025
 - Can be filed with your income taxes or due August 15, 2026.
 - <https://www.revenue.state.mn.us/filing-property-tax-refund>

Public Comments





JULY 20, 2025

Pine River- Backus School District

STRATEGIC PLANNING SERVICES



PartnerED
YOUR PARTNERS. YOUR PURPOSE.

Table of Contents

- 3 | Introduction
- 4 | Our Strategic Planning Process
- 6 | Deliverables
- 7 | Strategic Plan Cost
- 8 | Timeline

Introduction

Understanding that a strategic roadmap is a key component of successful school districts, Partner ED has created a unique process that encourages community involvement and shines a light on future trends in education. Community engagement with stakeholders, an informed review of data, and an emphasis on planning for future-forward learning are the hallmarks of our strategic planning process.

Flexibility and customization are hallmarks of Partner ED. We believe in giving our clients options, since no two organizations are alike. Based on our initial understanding of the District's goals, we will provide a proposal for the Foundational Level service for strategic planning as described below. This proposal is reflective of services provided by our team of experts for your project. We are happy to edit and tailor the proposal if you desire additional or different services. Data analysis and planning time are all included in the cost. Travel costs are additional and are based on the number of in person facilitation meetings.

Strategic Planning Process

Planning Meeting with Leadership (Virtual)

- **Create and Organize the Planning Process**

The Partner ED Team will meet with the district superintendent, leaders and/or school board to develop and gain commitment for the Pine River-Backus School District's customized goals, planning process and timeline. Facilitators will begin identification and request district support in collection of the necessary data that will help inform the strategic direction throughout the process. The meeting will also focus on the current reality in your school district to determine the impact of the current mission, vision and strategic plan.

- **Identify Organizational Constituents**

Facilitators will work with the leadership team to identify which groups, organizations, etc., affect or are affected by the organization in the surrounding community. Our process offers the opportunity for all stakeholders in your school district to provide input in various ways. Some will provide input through surveys, others by participating in focus groups and we will identify a Core Planning Team that will work most closely with our team in creating the Strategic Plan. We will work with the District Leadership to determine who should be included on the Core Planning Team.

Facilitators will work with the District leadership to collect necessary data from which strategic decisions will be made. This virtual meeting will include discussion of the current reality of the school district, the community perceptions of the District's work and the impact of the current mission and vision. Facilitators will assist the district with communications to share the process with defined stakeholders.

STAFF AND COMMUNITY INPUT PROCESS THROUGH FOCUS GROUP SESSIONS & SURVEYS

Partner ED will collaborate with the district to determine the focus group structure and identified participants. Focus groups will be held in person and/or virtually, depending on the desires of the district. During this time period, surveys will be developed and deployed to inform the planning process and to add to the inclusivity of a wider variety of stakeholder feedback included in the process. These can include student, staff and or community surveys.

Core Planning Team Meetings (In-Person Facilitators):

Core Team Meeting #1: Current Reality - The Superintendent and lead administrative team will provide information about the current *State of the District* for the Core Planning Team. We will:

- review current context and perceptions of the school district
- share community feedback and emerging themes
- share the current foundational items: organizational mission, vision, and values/beliefs

Core Team Meeting #2: The Partner ED team will lead participants through a process to develop the desired future for the district. We incorporate elements of our rapidly changing world to challenge the status quo of current education systems. We will:

- Create alignment around the Foundational Items: mission, vision and values/beliefs of the district. This includes revising, as needed, each of these items.
- Discuss trends and projections for the future workforce,
- Identify necessary student centered experiences to prepare them for career and life skills
- Identify strategic priorities to anchor the strategic plan.

Core Team Meeting #3: The Partner ED team will continue the process of identifying the desired future for the ROCORI school community. The team will:

- Finalize Foundational Items
- Finalize Strategic Priorities
- Develop 3-5 draft goals aligned to each strategic priority, along with desired outcomes.

Strategic Plan Report:

The Superintendent and school administrative team will refine and finalize the priorities and goals based upon the recommendations from the Core Planning Team.

A virtual presentation will be made to the school board sharing findings and recommendations at the completion of the process. (Option to add in person presentation rather than virtual)

Optional Supports

Although not included in this proposal, additional support from Partner ED is available for a variety of services through the implementation and evaluation of the newly established strategic plan.

Optional items include:

- Additional Facilitated Meetings
- Development of Portrait of a Graduate
- Implementation Planning
- Annual evaluation of Strategic Plan initiatives
- Leadership training and development

Deliverables

The following deliverables are identified for each step in the timeline:

Create and Organize the Planning Process

- Summary of planning process and timeline resulting from meetings with designated leaders to develop and gain commitment for the ROCORI strategic planning initiative.
- Documented collection of the necessary data from which strategic decisions will be made.

Clarify the Current Organizational Foundational Items: Mission, Vision & Values (Beliefs)

- Documented summary of meetings and decisions related to the Foundational Items.

Identify Organizational Constituents

- Documented list of community and stakeholder participants in Core Planning Team.

Clarify Organizational Mandates and Organizational Issues

- Presentation used for community meetings.

Develop and Deploy Stakeholder Surveys & Listening Sessions

- Gain feedback from additional stakeholders: Documented surveys that inform the process and add to the inclusivity of a wider variety of stakeholder feedback included in the process. These can include student, staff and/ or community surveys.
- A documented summary of trends and findings from stakeholder surveys to be shared with listening sessions and leadership to inform the development of the preferred future.

Staff and Community Core Planning Meetings:

- Presentation that identifies and shares current and emerging trends, initiatives, and developments that stakeholders determine are critical for district student success. The presentation will also include future scenarios which will help stakeholders come to a shared understanding of the desired future for students.
- Develop Common Future: Documented results of process that clearly define the desired outcomes and facilitate the development of strategies and action steps to achieve goals.

Development Work

- Final Review: Documented analysis of all results from all data sources (listening sessions, data collection, surveys, etc.) and compiled key themes and priorities.
- Create the Strategic Plan Report: Completed draft report for administrative team review. Edit as needed to create the final report. Report to include: Foundational Items, Strategic Priorities and 4-6 goals aligned to each strategic priority.

Presentations to the Board/Community

- Final presentation materials for board approval

Strategic Plan Costs

Strategic Planning Process: \$18,100

Price to include:

- 3 Facilitated Core Planning Meetings in person with two facilitators
- Virtual planning session with leadership
- Up to 6 listening sessions (over 2 days if in person):
 - 1 - community,
 - 5 - staff (3 elementary 1 middle school, 1 high school)
 - 2 - students
- Surveys as determined collaboratively with leadership; potential for community, staff & students
- Final report via zoom
- Travel expenses are not included - estimated around \$1000 for two facilitators and 3 onsite sessions.

**Recognizing that each school district is different, the Partner ED team will tailor the timeline and strategies utilized to accommodate the needs of the Pine River-Backus district.

Timeline

Draft timeline. All dates and times are flexible and will be determined in collaboration with the school district and Partner ED staff.

| August | September | October/November | October/November | Nov./December |
|---|---|---|-------------------------------|---|
| Planning with Pine River-Backus leadership Virtual (2 hrs) | Gather input & feedback. Collect data. Virtual | In person facilitation | In person facilitation | In Person facilitation |
| Identify Core Planning Team | Deploy community survey | Focus Groups - Staff | Administrative Team Meeting | Core Team Mtg. #3 |
| Input on content of survey | Deploy staff survey | Focus Groups - Students | Core Team #1 | Optional Administrative Planning day |
| Determine makeup and content for Listening Sessions | Deploy student survey | Focus Groups - Community (optional virtual) | Core Team Mtg. #2 | |
| Finalize logistics | Gather district data | | | <i>Board Approves Strategic Plan Virtual December</i> |
| | Prep for in person meetings | | | |



Pine River-Backus
PUBLIC SCHOOLS - PINE RIVER, MN

Draft Proposal for Refresh of Current Strategic Plan

August 15, 2025

In partnership with

TEAMWORKS

EDUCATION LEADERSHIP SOLUTIONS

PREPARED FOR:

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INTRODUCTION TO TEAMWORKS INTERNATIONAL, INC.

For nearly 30 years, TeamWorks International Inc. has been working with organizations to enhance their capacity for strategic, constructive change resulting in realization of vision in practical and measurable ways. Our clients come from education, community, religious, business, and government settings but they share a common aspiration; to achieve their goals while remaining healthy, dynamic, and accountable.

Our Mission

TeamWorks partners with education leaders to create thriving systems through expert facilitation and consultation.

Our Core Approach

- We honor our clients as competent and offer realism, hope and compassion in challenging situations.
- We take the time to really know our clients and their organizations.
- We customize our services specifically for each client and each situation.
- We are co-learners with our clients and recognize the value of their perceptions and insights.
- We have made a conscious choice to engage in this work in these environments and are deeply invested in our clients' success.

Our Tools

Proprietary FrameWorks™ Series ~ FrameWorks are graphical images that help guide and support leadership and organizational development. Developed and delivered exclusively by TeamWorks professionals, these simple, memorable images provide both a process and a frame of reference through which leaders can interpret and manage complex webs of situations, environments, people, and influences.

Our Core Services

Education Leadership System Services

The Education Leadership System (ELS) is an established approach for aligning school boards, administration, staff, and the public to increase learning for all students. ELS clarifies the roles, responsibilities, and relationships that are most often at the source of tension and conflict among these groups of adults.

Classroom to Boardroom Strategic Planning and Performance Improvement Service

We help clients integrate their mission, vision, strategies, structures, success systems and leadership practice. We then develop a roadmap for the ongoing organizational journey. Our comprehensive, practical and personalized approach encourages those in governance, management and consultative roles to work in concert for the mission and success of their organization.

Partnership Leadership Services

TeamWorks International has earned a national reputation for helping organizations develop the capacity for Partnership Leadership, a compliment to the traditional “command/control” style of leadership. Through this approach, organizations become more adaptive, responsive and proactive as individuals and groups at different levels of authority and begin to use consistent images, language and process in their interactions with one another.

Data Intelligence Services

Data Intelligence Services involves the synthesis of client data with relevant external data derived from demographic research, surveys and cultural analyses to deepen clients’ understanding of both challenges and opportunities. Our specific services include GIS mapping, online surveys, customized research and analysis, and student learning analytics.

OVERVIEW

Pine River-Backus Public Schools' Superintendent Jonathan Clark has requested a proposal to refresh their strategic plan. TeamWorks' Classroom to Boardroom Strategic Planning Process transforms how districts create and implement their vision—solving common pitfalls like overwhelming plans, misaligned priorities, and unclear roles. By engaging educators as leaders, capturing authentic student, staff, and family experiences, and aligning every school and department to a focused 3-year plan, this process ensures goals are realistic, measurable, and embraced at every level. The result is a living plan that drives meaningful change, keeps everyone moving in the same direction, and turns vision into daily reality.

This proposal describes services to occur between September 1, 2025 and August 31, 2026.

The following proposal outlines the services that may be provided by TeamWorks International:

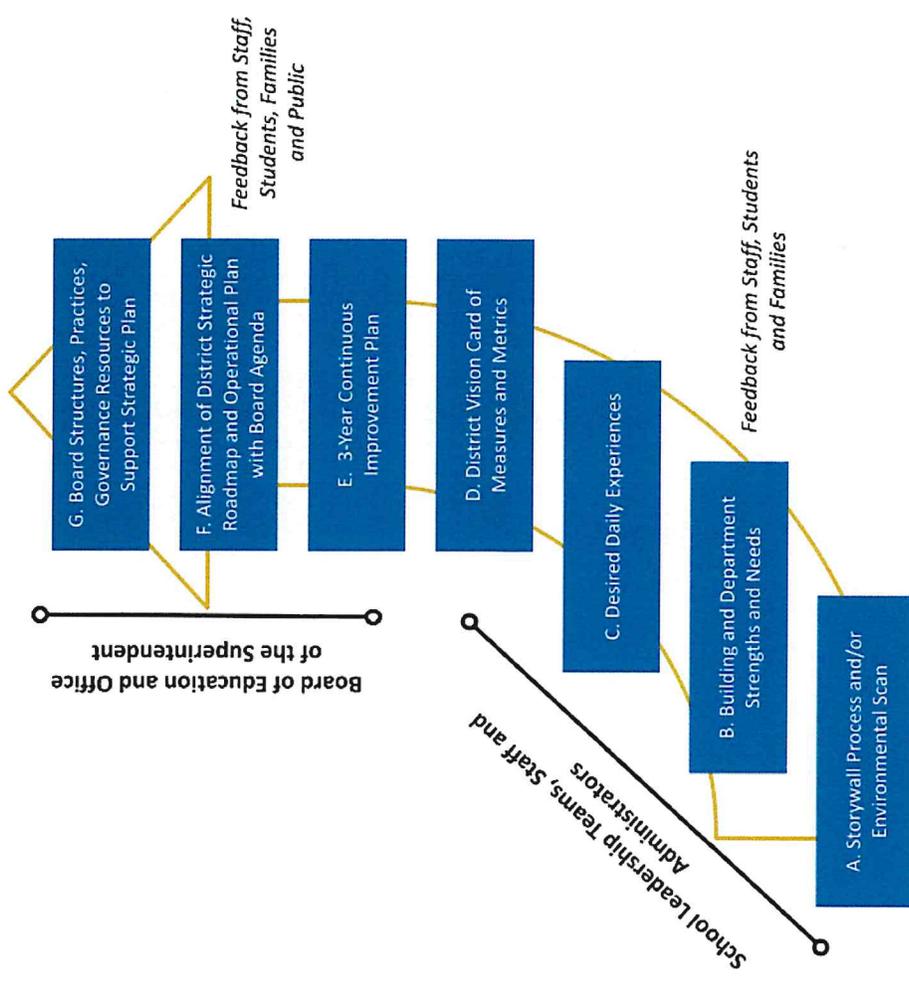
| SERVICES | PAGE |
|---|------|
| Classroom to Boardroom Strategic Planning Process | 4-10 |

Our initial Fee Estimates are described on page 11.

Following receipt of this Draft Proposal for Services, we invite the Superintendent, School Board and/or key administrative team members to engage in a collaborative Proposal Review and Co-Design Session to finalize needs and services that operate within district parameters of time, people, and funding.

CLASSROOM TO BOARDROOM COMPREHENSIVE STRATEGIC PLANNING PROCESS KEY DELIVERABLES

1. Insightful Environmental Scan and Storywall Report to provide a baseline assessment from stakeholders internal and external to the district.
2. Descriptive Vision for the Desired Daily Experiences (DDE) of students, families, and staff.
3. District Vision Card that defines the measures of success and the metrics that display the trends of improvement on the way to delivery on the vision (DDE).
4. District 3-Year Continuous Improvement Plan of the key Strategic Directions for continuous improvement and the associated district initiatives across all schools as well as the unique school projects.
5. School and Department Annual Improvement Plans in alignment with the District 3-Year Continuous Improvement Plan, District Vision Card, and Key Strategic Directions.
6. District Strategic Roadmap, which is an act of governance and describes on 1 sheet the Mission, Core Values, Vision, and Strategic Directions of the district.
7. Board of Education 3-Year Governance Work Plan which details the key work of the Board in parallel to the District 3-5 Year Continuous Improvement Plan through the key roles of the Board of Education which are 1) District Policy, 2) Operational Oversight and Long-Range Planning, 3) Board Self-Governance, 4) Superintendent Relations, and 5) Public Engagement.



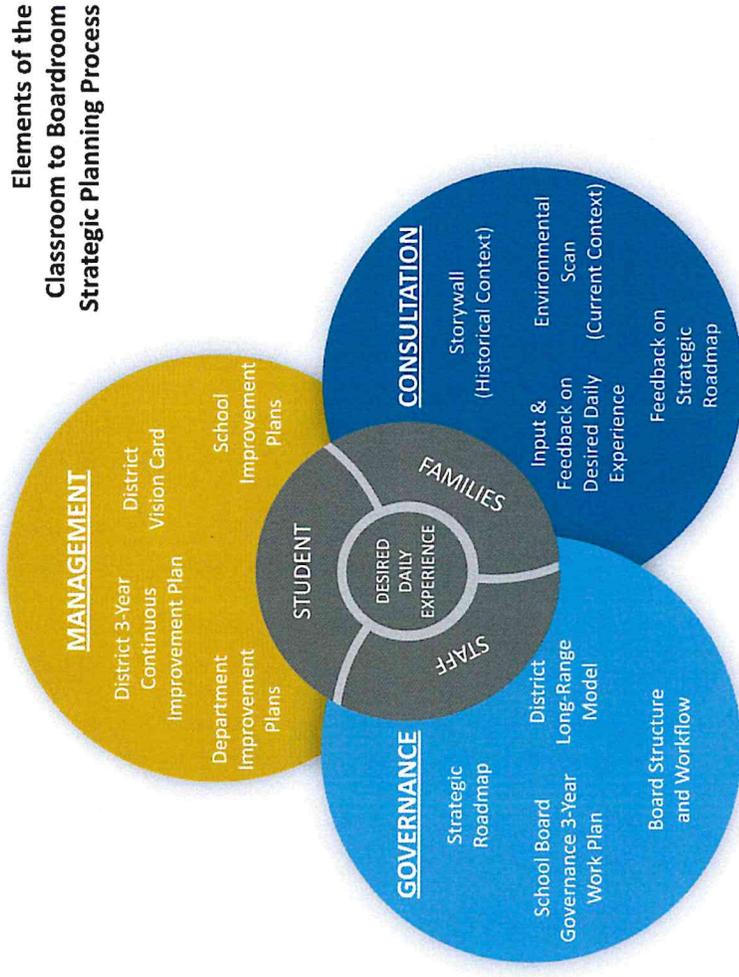
Challenges districts face in developing a strategic plan, and how TeamWorks' addresses those challenges:

- 1.) One challenge school districts can face in the process of strategic planning is having a continuous improvement plan with more initiatives than can be supported by budget or time. TeamWorks' addresses this challenge by helping you develop a 3-year continuous improvement plan that has been honed down to key initiatives that have relevance and impact on your core processes. We also find that a 3-year plan is easier to manage than a 5-year plan. Our system allows you to update this plan on a yearly basis, creating a system of continuous improvement and a clear focus on the key initiatives that have the highest leverage to affect change.
- 2.) Another challenge school districts can encounter with strategic planning, particularly when it comes to implementing the plan, is alignment between district plans and school and department plans. Our *Classroom to Boardroom* process ensures the alignment required to for quality and timely implementation to benefit staff and students.

- 3.) Many traditional strategic planning processes can be hindered by a lack of clarity regarding the roles of management, governance and consultation. TeamWorks addresses this through our *Education Leadership System*, which is introduced at the start of the planning process and brings clarity to every role for a successful, high-functioning school district system and strategic plan:
 - Management (Superintendent, principals, administration)
 - Governance (board of education)
 - Consultation (staff, parents/students, public)

- 4.) Related to #3 above, strategic planning lacks alignment and clarity when a school board governance work plan isn't included in the process. This is a key step that TeamWorks will facilitate with the superintendent and Board of Education at the end of our *Classroom to Boardroom* planning process.

- 5.) Finally, we find a critical component to implementation success is understanding and embracing the jump from change readiness to active change management. This starts with the principals and department managers/directors taking ownership of their part of the strategic plan, accepting that hand-off, and dedicating time to implement. Many times principals and managers wait for "the district" to implement. It's important that all leaders feel ownership of the plan and commit to their part of it. This is why we help you design not only a 3-year continuous improvement plan and 3-year governance work plan, but also work with your principals and district managers to create aligned building/department improvement plans and action cards.

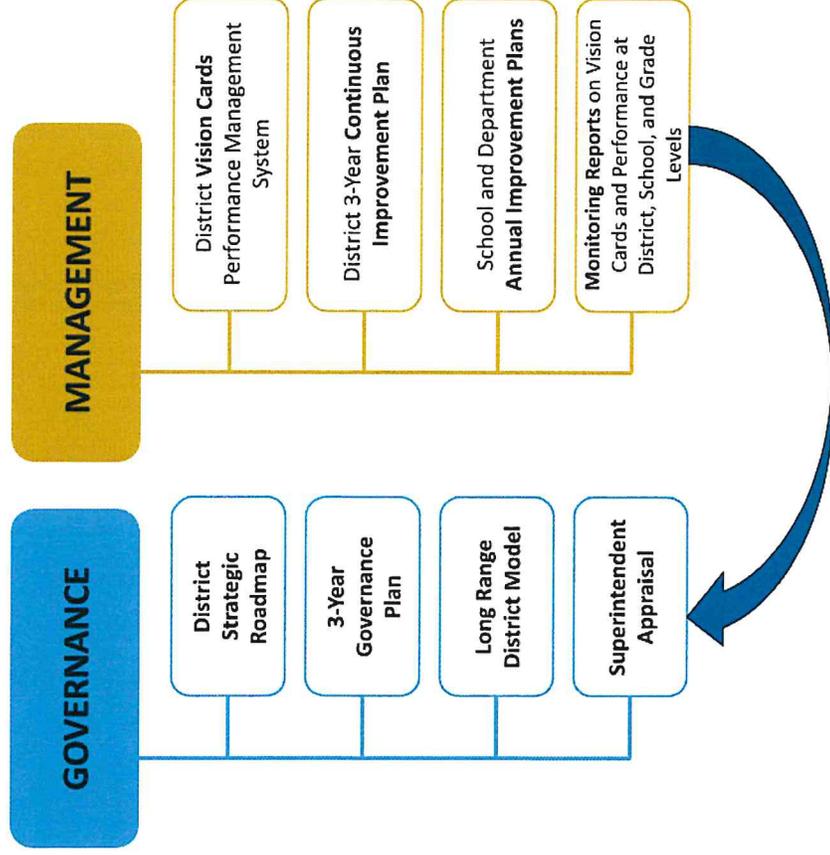


Information, services, and assistance TeamWorks will require from Pine River-Backus School staff to assist in the successful development of the strategic plan:

- Identifying and inviting student, staff and family participants for the Desired Daily Experience (DDE) guided conversations and tracking RSVPs/attendance for these sessions.
- Promoting and sharing the DDE surveys with all staff, families and identified students (typically secondary students but can include students as young as 4th grade).
- Promoting and sharing the draft Strategic Roadmap with all staff, families and students to gather feedback (typically districts will share the draft on the district website with a simple google form, or this can involve district-facilitated conversations with advisory groups). For the Buildings & Departments Strengths and Needs session, it is helpful for Principals and Directors to come prepared with an understanding of their building's/department's strengths and areas of opportunity related to their core processes. For building leaders this includes an understanding of achievement gaps, overall student performance by grade level, efficacy of their PLCs and teacher instructional coaching. For department leaders this includes understanding workflows, bottle necks and pain points for their department's critical functions. TeamWorks will also provide all staff (certified/non-certified, building and department staff) with a survey to get their perspective as well.
- Collecting baseline data and setting metrics for each section of the Vision Card (measurement tool to track district continuous improvement).
- Some districts choose to include their strategic plan outcomes on their district website, create a video describing the process and/or "package" the finished products graphically, such as this district: <https://www.isd709.org/about-us/strategic-plan>. These services are not provided by TeamWorks.
- Reserving meeting room space, sending invites to Strategic Planning Team members and other invited guests for each session.

CLASSROOM TO BOARDROOM COMPREHENSIVE STRATEGIC PLANNING PROCESS KEY ELEMENTS AND OWNERSHIP

The deliverables from the previous page provide the tools necessary for both the district management accomplishment of the plan and the board's governance responsibilities to provide the oversight and direction necessary for delivering on the vision of the district.



WHAT MAKES CLASSROOM TO BOARDROOM DIFFERENT THAN TRADITIONAL STRATEGIC PLANNING PROCESSES?

Our strategic planning process is different than traditional strategic planning in these key ways:

- 1.) This is an upfront investment that provides *continuous* planning and allows you to maintain an up-to-date three-year continuous improvement plan and three-year governance work plan.
- 2.) This process asks your staff and administrators to engage in, and be accountable for, a process of assessment, development, planning, and prioritization as the professionals of the organization. In many traditional strategic planning processes, parents and the public (many who are not professional educators) are driving the focus of the strategic and continuous improvement plans for schools and departments. With Classroom to Boardroom, parents and the public play a critical role providing consultation at key points in the process, but they are not steering the strategic and operational direction of the district. That role is left to the professional educators.
- 3.) This is an “up and out” vs. “down and in” process. In many traditional strategic planning processes, the experiential needs of students, staff and families aren’t accounted for or articulated. The foundation of Classroom to Boardroom is a clear articulation of the *Desired Daily Experience* of students, staff and families - recognizing and giving voice to every member of your school district community.
- 4.) This process provides a clear delineation between the strategic governance responsibilities of the school board, and the management role of administrators. At the end of the process, the School Board develops a Strategic Roadmap for its governance work of oversight, policy, and community engagement. This roadmap is grounded in governance, leaving the “nuts and bolts” management work of the strategic and continuous improvement plans to the district administrators (*see graphic, left*).

CLASSROOM TO BOARDROOM SESSION OUTLINE AND TIMING

The outline below describes our *Classroom to Boardroom* process, with suggestions for approximate timing and participation. **Because this is considered a “refresh”, the District has requested a modified proposal. In the timeline column below, the estimated dates are provided for services to be delivered, and “N/A” indicates services not included.**

| SESSION / TOPIC | PURPOSE / OUTCOME | WHO | TIMELINE |
|--|---|---|----------------|
| A. Design | One-hour Zoom call or meeting Shared design development session | Leadership Team | September 2025 |
| B. Education Leadership System (ELS): Orientation Session 1 | <p>Three-hour session</p> <ul style="list-style-type: none"> Roles and responsibilities of school boards, Superintendent, administrators, staff, parents, and public in delivering on the Desired Daily Experience for students, families, and staff. The partnership relationship needed between those who govern (school board) and those who manage (administration) in order to be effective, efficient, and meeting goals and expectations. Assessment of the Board’s current reality. Governing and managing in the “public square” with its social media, dissonance, and division while needing to move forward in partnership and accountability. <p>Prior to session: Survey of school board and leadership team for assessment of current reality.</p> | School Board and District Leaders + Building Administrators | N/A |
| C. Storywall and Lifecycle Session | <p>Three-hour session</p> <ul style="list-style-type: none"> Identify and honor the District’s history by recounting the events and trends that have shaped the District’s development dating back to the longest-serving staff member in the room. Assess the trends, lessons learned from the District’s history to pave strategic path forward | Strategic Planning Team + Other community and staff members | N/A |
| D. Environmental Scan | <p>Three-hour session</p> <ul style="list-style-type: none"> Establish the district’s current reality related to what is well established, what is ebbing, what is emerging and what is on the edge of consideration and development. This process applies a Whole System View in the analysis. | Strategic Planning Team + Other community and staff members | N/A |
| E. Engagement about Desired Daily Experience (DDE) | <p>Affinity-based facilitated stakeholder sessions ensuring representation of demographics of district:</p> <ul style="list-style-type: none"> <i>Desired experiences of students (Grades 5-6; 7-8; 9-10; 11-12)</i> <i>Desired experiences of parents/families (Elementary Parents/Families; Secondary Parents/Families)</i> <i>Desired experiences of staff (Elementary Staff/ Secondary Staff; Non-licensed Staff)</i> <i>Community Engagement (One session optional)</i> | Affinity-based stakeholder sessions | January 2026 |

| | | | |
|--|--|--|----------------------------|
| <p>F. Desired Daily Experience (DDE) - Draft</p> | <p>Three-hour session</p> <ul style="list-style-type: none"> Develop a draft of the desired daily experience for students, staff and families that serves as a clear vision for the strategic plan. | <p>Strategic Planning Team</p> | <p>February/March 2026</p> |
| <p>G. Engagement about Desired Daily Experience (DDE)</p> | <p>Feedback survey of students (grades TBD), families, and staff ensuring representation of demographics of district.</p> | <p>Survey</p> | <p>March/April 2026</p> |
| <p>H. Refinement and “Bringing to Life” DDE</p> | <p>Three-hour session</p> <ul style="list-style-type: none"> DDE Input/Draft/Refine based on survey results Prioritization, Action steps to bring DDE to life in each building and department | <p>Strategic Planning Team</p> | <p>April 2026</p> |
| <p>I. School and Department Strengths and Needs Analysis</p> | <p>Three-hour session</p> <ul style="list-style-type: none"> Assess district’s key strengths and needs Assess current reality of classrooms and student engagement within schools Articulate the core purpose of each district department and identify opportunities tied to each department’s core purpose | <p>Strategic Planning Team + Building Leadership Teams representatives + Department Leadership</p> <p>Includes survey of all district staff, prior to session.</p> | <p>N/A</p> |
| <p>J. Classroom to Boardroom Process update</p> | <p>One-hour session with school board</p> <ul style="list-style-type: none"> Review Storywall and Environmental Scan sessions Report on DDE engagement and feedback Review of school and department strengths and needs session outcomes Preview Continuous Improvement Plan development process Introduce Vision Card Framework | <p>School Board</p> | <p>April 2026</p> |
| <p>K. District 3-Year Continuous Improvement Plan</p> | <p>Three-hour session</p> <ul style="list-style-type: none"> District 3-Year Continuous Improvement Plan of the key district initiatives and school / department projects needed for continuous improvement organized into specific Strategic Directions through 2026 – 2029 school years. Reflection and refinement of DDE | <p>Strategic Planning Team</p> | <p>April 2026</p> |
| <p>L. Refine District 3-Year Continuous Improvement Plan and Introduce District Vision Card Concept</p> | <p>Three-hour session</p> <ul style="list-style-type: none"> Final draft of District 3-Year Continuous Improvement Plan; assessment of timing, priorities Introduction of District Vision Card: strategic planning progress measurement tool Review DDE | <p>Strategic Planning Team</p> | <p>April/May 2026</p> |

| | | | |
|---|---|---|-----------|
| M. Vision Card Design Meeting | 90-min Zoom Call or meeting Draft District Vision Card: one-page document detailing the key measures and metrics for successful implementation of the DDE and what attainment of Vision looks like in numbers. | Leadership Team | May 2026 |
| N. Strategic Roadmap Session - Draft | Three-hour session Refine the District Mission, Core Values, and Vision, with the Strategic Directions of the Continuous Improvement Plan organized on one page | School Board + Leadership Team | May 2026 |
| O. Strategic Roadmap Final | One to three-hour session Refine Strategic Roadmap based upon community & staff feedback prior to board action | School Board + Leadership Team | June 2026 |
| P. School Board 3-Year Work Plan | Three-hour session Develop the details of the key work of the Board of education in parallel to the District 3-Year Continuous Improvement Plan, such as 1) District policy development, 2) Operational Oversight and Long-Range Planning, 3) Board Self-Governance and Development, 4) Director Relations and Development, and 5) Public Engagement. | School Board + Leadership Team | N/A |
| Q. School Board Structures, Practices & Governance Session | Three-hour session Assessment and refinement of Board structures of meetings, workflow, and committees to best implement its 3-Year Work Plan and operate as a governing board | School Board + Leadership Team | N/A |
| R. District Action Cards and , School and Department Improvement Plans | Six-hour session Draft district action cards for year 1 Continuous Improvement Plan initiatives Development of school and department Annual Improvement Plans | Building Leadership Teams + Department Leadership | June 2026 |
| S. Strategic Planning “Owners Manual” and Implementation Action Steps | 60-minute Zoom call or meeting Action steps for the leadership team to move the plan forward: conditions for success, communications, culture, tips/tricks to keep momentum going. | Leadership Team | July 2026 |
| T. One-Year Follow-up | Six hours 1) Update Continuous Improvement Plan 2) Refresh / develop action cards 3) Create Monitoring report for progress on strategic plan | Building Leadership Teams + Department Leadership | N/A |
| U. Two-Year Follow-up | Six hours 1) Update Continuous Improvement Plan 2) Refresh / develop action cards 3) Create Monitoring report for progress on strategic plan | Building Leadership Teams + Department Leadership | N/A |

CONSULTING FEE ESTIMATES

| SERVICES* | FEES |
|---|-----------------|
| <p><u>REFRESH of Strategic Planning Process</u></p> <ul style="list-style-type: none"> Includes all sessions listed in the above table with a "Date". "N/A" indicates a service not provided in this proposal. Includes <u>10</u> facilitated focus groups: 4 student groups, 2 family groups, 2 licensed staff groups, 1 non-licensed group and 1 community group for development of Desired Daily Experience Includes preparation and reports, as well as up to 3 hours of customized support and design | <p>\$19,775</p> |

**Selection of consultants applied to each step will be determined by Jonathan Clark, Superintendent, in consultation with Paul Neubauer and Dr. Ray Queener.*

| SESSIONS | FOUNDATIONAL | COMPREHENSIVE | PREMIUM |
|---|------------------|------------------|------------------|
| A. Design | ✓ | ✓ | ✓ |
| B. Education Leadership System (ELS): Orientation Session for Board Members & Administrators | | ✓ | ✓ |
| C. Storywall and Lifecycle Session | | ✓ | ✓ |
| D. Environmental Scan | ✓ | ✓ | ✓ |
| E. Desired Daily Experience Engagement (<i>small group guided conversations with students, staff, families</i>) | ✓ (6 groups) | ✓ (8 groups) | ✓ (11 groups) |
| F. Desired Daily Experience (DDE) - <i>Theme input and Draft Statements</i> | ✓ | ✓ | ✓ |
| G. Survey to Validate Desired Daily Experience (DDE) Themes (<i>shared with students, staff, families</i>) | ✓ | ✓ | ✓ |
| H. Refinement of DDE by Strategic Planning Team | ✓ | ✓ | ✓ |
| I. School and Department Data Needs and Analysis, Including Staff Survey | ✓ | ✓ | ✓ |
| J. Strategic Planning Process update to School Board | | | ✓ |
| K. District 3-Year Continuous Improvement Plan Draft | ✓ | ✓ | ✓ |
| L. Refine District 3-Year Continuous Improvement Plan and Introduce District Vision Card Concept | ✓ | ✓ | ✓ |
| M. Vision Card Design Meeting | ✓ | ✓ | ✓ |
| N. Strategic Roadmap Session - Draft | ✓ | ✓ | ✓ |
| O. Strategic Roadmap Final | ✓ | ✓ | ✓ |
| P. School Board 3-Year Work Plan | ✓ | ✓ | ✓ |
| Q. School Board Structures, Practices & Governance Session | | | ✓ |
| R. District Action Cards,, School and Department Improvement Plans | ✓ (3 hr session) | ✓ (3 hr session) | ✓ (6 hr session) |
| S. Strategic Planning "Owners Manual" and Implementation Action Steps | ✓ | ✓ | ✓ |
| T. One Year Implementation Follow-up | | | ✓ |
| U. Two Year Implementation Follow-up | | | ✓ |
| <i>Customized support and design hours</i> | 4 | 8 | 16 |

CONTRACT AND BILLING

- The proposed fees and process herein are valid for 3 months beyond the date on the cover of the proposal. If the proposal has not been agreed to within that time, it is invalid and a new proposal will be drafted.
- Upon discussion, refinement and approval of this Proposal for Services, this proposal will be an addendum to a formal contract between the Client and TeamWorks International, Inc.
- Invoices for completion of work will be on a monthly basis and reflect the services provided and expenses incurred during the previous 30 days.
- Additional services, outside the scope of this estimated proposal, may be provided at the rates presented above and with agreement of clients and consultant through a work order/proposal addendum.

Expenses

- Traveling expenses (flights, hotel, dining) are not included in the above quote and are invoiced at-cost.
- Travel time for clients located more than one hour away is invoiced at \$40 / hour, excluding the first hour of travel.
- Mileage will be charged according to the IRS deductible cost.
- Materials quoted include, but are not limited to, session and workshop supplies not provided by the client, copies of materials by TWI, and professionally published materials provided by TWI.

ADA Considerations

- At the beginning of the project, please alert TeamWorks International regarding the need for documents compatible for Assistive Technology or meeting facilitation conducive to participants with various needs.

CONSULTANTS

DR. RAY QUEENER

Owner and Principal Consultant



Ray Queener, Owner and Principal consultant at TeamWorks International, blends his experience across multiple arenas to assist clients in the areas of partnership skills, strategic growth, personality and motivation awareness, and systemic alignment and accountability. Ray is known for his ease and comfort in working side by side with clients to approach each project with insight and compassion. Both lighthearted and results oriented, Ray brings energy, focus and hope to the organizations that he is honored to serve.

Ray has a wealth of experience in education having served in multiple capacities over 30 years. His work in education began as a secondary math teacher in Luck, WI. Having a vision for integrating technology into the classroom, he was able to further that vision as he served as technology coordinator for South St. Paul Schools and later Rosemount-Apple Valley-Eagan (ISD 196). He transitioned to finance director at ISD 196 and later Stillwater Area Public Schools (SAPS) where he gained valuable experiences learning organizational operations while continuing to serve in public education. Both as an assistant superintendent at SAPS for 10 years and over 6 years as superintendent for Cambridge-Isanti Schools, he has helped lead successful bond and levy referendums in addition to overseeing district operations.

Service is evident in Ray's support for public education serving as Executive Board Member for Schools for Equity in Education (SEE) for many years. He also served on the Minnesota Association of School Administrators (MASA) board and was the Region VI Leadership Team Chair. He was nominated and received several awards from his colleagues including Administrator of Excellence in 2017. Ray's commitment to partnership, and his enthusiasm for supporting others as they learn and develop made him an ideal addition to the TeamWorks team in 2019.

Ray's work with clients includes: Strategic and tactical planning grounded in organizational Vision; Vision Card accountability systems development and implementation to ensure continuous improvement knowledge and capacity development; Executive Coaching; customizing leadership development for clients through the Frameworks® Partnership Series grounded in TeamWorks' proprietary FrameWorks™ and Organizational Development theory; and, Critical Position Benchmarks to assure job--fit in key hires or restructuring.

Ray is recognized as a National Certified Superintendent through American Association of School Administrators (AASA). He is also a Full Focus Planner Certified Pro helping others with time management and productivity.

He earned his Doctorate in Educational Policy & Administration and received his Superintendent License from the University of Minnesota. He earned his Master of Arts in Educational Administration from St. Mary's University of Minnesota where he also continues on as adjunct faculty. He has a Bachelor of Science in Secondary Mathematics Education with a minor in Computer Science from University of Minnesota.

PAUL NEUBAUER
Senior Consultant



Paul Neubauer's expertise, experience and practical application of educational concepts has provided the educational community with opportunities to remove barriers to student success as well as to collaboratively build pathways to promote and secure successful student outcomes. Central to Paul's work is a foundational belief that all students can learn at high levels and that a well-aligned educational system will provide the conduit to student success. Throughout his career, Paul has demonstrated core values of strong work ethic, reflection, and building positive relationships under the umbrella of a growth mindset. His work to align research, best practices, and practical application has resulted in long term, systemic change throughout the organizations with which he has worked.

Paul's experience includes eight years as a Superintendent, three years as Director of Curriculum and Assessment, and 12 years of administrative experience at the secondary level as a High School Principal, Assistant Principal and a Middle School Dean of Students.

Paul earned his Bachelor's Degree in English Education and German from Dickinson State University (Dickinson, ND), his Masters of Science Degree from in Health Physical Education Recreation and Dance with a concentration in Athletic Administration from South Dakota State University (Brookings, SD), and his Administrative Licensure from St. Cloud State University (St. Cloud, MN). Paul is distinguished as a Coach of the Year, Central Minnesota Assistant Principal of the Year, Central Minnesota Principal of the Year and has promoted excellence in education since 1983.

ADDITIONAL TEAMWORKS INTERNATIONAL TEAM MEMBERS

RICH SWANSON

Insight Services Manager, Research Analyst

Rich joined TeamWorks International in the fall of 2009 as the manager of our Insight Research Department. He holds a B.S. in geology from Winona State University and a Masters in geography from Hunter College of the City University in New York. Rich has extensive background in private business, military, government, K-12 public education, post-secondary education, faith-based organizations and various non-profit industries. Rich also served as faculty at Minnesota State College Southeast for 9 years where he taught courses in Physical and World Regional Geography. These experiences have allowed him to develop unique insight and a system approach to serving a wide range of client needs.

MATT POHL

Geospatial Technology Manager

Matt began working with TeamWorks International in March of 2010. He has a B.S. in geography from the University of Wisconsin LaCrosse and a Masters in GIS (Geographic Information Systems) from St. Mary's University of Minnesota. Before joining TeamWorks, Matt was the GIS coordinator for Buffalo County, WI. Matt works hand-in-hand with many of TeamWorks' clients, helping them discover relationships within their data and ensuring efficacy in future planning. Matt is responsible for the development, deployment and administration of Insight Online, TeamWorks' web-based mapping and analytical tool.

CONNIE BUBERL

Contract Specialist

Connie joined TeamWorks International in 2011 as an administrator with a background in record keeping, finance, and office management. With her expertise, she assists the team on logistics, client contact and is the lead contact for client invoicing. She previously worked with SIMA International and the US Bank branch both located in Stillwater, MN.

JENNIFER FOHRENKAMM

Executive Administrative Assistant

Jennifer joined TeamWorks International in November 2023 as an executive administrative assistant. She holds a B.A. in psychology from Azusa Pacific University and a Masters in Education from the University of Minnesota. Before joining TeamWorks, Jennifer was an educational assistant, then a special education teacher, and lastly, an instructional coach. Through this work, Jennifer has gained skills to provide TeamWorks with high-level support in operational areas that require organizational skills, attention to detail, discretion, and the ability to handle multiple tasks simultaneously.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174**

**SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND OTHER REQUIRED REPORTS**

JUNE 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

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**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
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JUNE 30, 2025**

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SINGLE AUDIT AND OTHER REQUIRED REPORTS



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
Pine River-Backus Public Schools
Independent School District No. 2174
Pine River, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Independent School District No. 2174 (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 29, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District’s Responses to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District’s response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Brainerd, Minnesota
October 29, 2025



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Pine River-Backus Public Schools
Independent School District No. 2174
Pine River, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Independent School District No. 2174's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-002, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Board of Education
Pine River-Backus Public Schools
Independent School District No. 2174

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities and each major fund of the District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We have issued our report thereon dated October 29, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Brainerd, Minnesota
December 8, 2025

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Total Federal Expenditures | Passed Through to Subrecipients |
|---|--|---|-------------------------------|---------------------------------------|
| U.S. Department of Agriculture | | | | |
| Pass-Through Minnesota Department of Education | | | | |
| Noncash Assistance (Commodities): | | | | |
| National School Lunch Program | 10.555 | # 1-2174-000 | \$ 42,513 | |
| Total Noncash Assistance | | | \$ 42,513 | \$ - |
| Cash Assistance: | | | | |
| National School Lunch Program | 10.555 | # 1-2174-000 | 365,078 | |
| After School Snack Program | 10.555 | # 1-2174-000 | 5,238 | |
| Commodity Cash Rebate Program | 10.555 | # 1-2174-000 | - | |
| School Breakfast Program | 10.553 | # 1-2174-000 | 121,727 | |
| Special Milk Program | 10.556 | # 1-2174-000 | - | |
| COVID-19 - Supply Chain Assistance Funding | 10.555C | # 1-2174-000 | - | |
| State administrative Expenses for Child Nutrition | 10.560 | 1-2174-000 | 3,105 | |
| Total Cash Assistance | | | 495,148 | - |
| Total Child Nutrition Cluster/U.S. Department of Agriculture | | | 537,661 | - |
| U.S. Department of Education | | | | |
| Pass-Through Minnesota Department of Education | | | | |
| Title I - Grants to Local Education Agencies | 84.010 | S010A220024A | 356,867 | - |
| Pass-Through Paul Bunyan Education Cooperative | | | | |
| Special Education Grants to States | 84.027 | @ 1-6050-061 | 74,311 | - |
| Total U.S. Department of Education | | | 431,178 | - |
| Total Federal Financial Assistance Expended | | | \$ 968,839 | \$ - |

- Child Nutrition Cluster
@ - Special Education Cluster

The total of Assistance Listing 10.555 is \$412,829

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

NOTE 1 GENERAL

The accompanying schedule of expenditures of federal awards presents the expenditures of all federal financial assistance programs of Independent School District No. 2174 for the year ended June 30, 2025. The reporting entity is defined in Note 1 to the District's financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance pass through other government agencies is included on the schedule. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a select portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

The District has not elected to use the 10% de minimis in direct costs rate as allowed under Uniform Guidance.



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Education
Pine River-Backus Public Schools
Independent School District No. 2174
Pine River, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Independent School District No. 2171 (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 29, 2025.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for Minnesota school districts (UFARS) sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Brainerd, Minnesota
October 29, 2025

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
3. Noncompliance material to financial statements noted? yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes x no
 - Significant deficiency(ies) identified? x yes none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes x no

Identification of Major Federal Programs

Assistance Listing Number

10.553 & 10.555

Name of Federal Program or Cluster

Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 yes x no

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section II – Financial Statement Findings

| | |
|--|--|
| 2025-001 | Limited Segregation of Duties |
| Type of Finding: | Material Weakness in Internal Control Over Financial Reporting |
| Condition: | Due to the limited size of the District’s business office staff, the District has limited segregation of duties. |
| Criteria or specific requirement: | Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction. |
| Effect: | Inadequate segregation of duties could adversely affect the District’s ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions. |
| Cause: | The District’s resources have not allowed for personnel to address this issue. |
| Repeat finding: | Yes – Finding 2024-001 |
| Recommendation: | While we recognize that the District staff may not be large enough to permit complete segregation of duties in all material respects for an effective system of internal control, the functions should be reviewed to determine if additional segregation of duties is feasible and to improve efficiency and effectiveness of financial management of the District. |
| Views of responsible officials: | There is no disagreement with the audit finding. |

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section III – Findings and Questioned Costs – Major Federal Programs

2025-002 Lack of Proper Review – Reporting

Federal Agency: U.S. Department of Agriculture

Federal Program Name: Child Nutrition Cluster

Assistance Listing Number: 10.553 and 10.555

Federal Award Identification Number and Year: 212MN061N1199 – 2025

Pass-Through Agency: Minnesota Department of Education

Pass-Through Number(s): 1-2174-000

Award Period: July 1, 2024 – June 30, 2025

Type of Finding:

- Significant Deficiency in Internal Control Over Compliance

Criteria or specific requirement:

The District should have controls in place to ensure the accuracy of all draws for the District’s Child Nutrition Cluster program, made via the reporting of meal counts in CLiCS. These controls should be formally documented to ensure they have been properly implemented.

Condition:

During report testing, it was noted that 1 out of 5 reports tested did not contain documentation of review and approval of the District’s CLiCS meal count reports prior to submission.

Questioned costs:

No

Context:

One of five reports tested had no review and approval process documented.

Cause:

Oversight.

Effect:

Lack of proper documentation of controls over compliance with reporting requirements could result in meal counts being reported going undetected or not being detected in a timely manner. This could ultimately result in questioned costs.

Repeat finding:

No

Recommendation:

We recommend the District review and approve the CLiCS meals counts reports timely and before they are submitted.

Views of responsible officials: There is no disagreement with the audit finding.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section IV – Findings and Questioned Costs – Minnesota Legal Compliance

Our audit did not disclose any matters required to be reported in accordance Minnesota Legal Compliance.



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**CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2025**

Independent School District No. 2174 respectfully submits the following corrective action plan for the year ended June 30, 2025.

Audit period: July 1, 2024– June 30, 2025

The findings from the June 30, 2025 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

Finding: 2025-001 LIMITED SEGREGATION OF DUTIES

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Recommendation: While we recognize that your staff may not be large enough to permit complete segregation of duties in all material respects for an effective system of internal control, the functions should be reviewed to determine if additional segregation of duties is feasible and to improve efficiency and effectiveness of financial management of the District.

Explanation of Disagreement with Audit Finding: There is no disagreement with the audit finding.

Action Taken in Response to Finding: The District reviews and makes improvements to its internal controls on an ongoing basis and attempts to maximize the segregation of duties in all areas within the limits of the staff available.

Name of the Contact Person Responsible for Corrective Action Plan: Jolene Bengtson, Business Manager

Planned Completion Date for Corrective Action Plan: June 30, 2026

FINDINGS – MAJOR FEDERAL PROGRAMS

SIGNIFICANT DEFICIENCY

Federal Agency: U.S. Department of Agriculture
Federal Program Name: Child Nutrition Cluster
Assistance Listing Number: 10.553 and 10.555
Federal Award Identification Number and Year: 212MN061N1199 - 2025
Pass-Through Agency: Minnesota Department of Education
Pass-Through Number(s): 1-2174-000
Award Period: July 1, 2024 - June 30, 2025

Type of Finding: Significant Deficiency in Internal Control over Compliance

Recommendation: We recommend the District review and approve the CLiCS meals counts reports timely and before they are submitted.

Explanation of Disagreement with Audit Finding: There is no disagreement with the audit finding.

Action Taken in Response to Finding: The District will ensure that all CLiCS submissions are reviewed and approved before submission.

Name of the Contact Person Responsible for Corrective Action Plan: Jolene Bengtson, Business Manager

Planned Completion Date for Corrective Action Plan: June 30, 2026

If involved agencies have any questions regarding this plan, please call Jolene Bengtson at 218-587-8082

Sincerely yours,



Jolene Bengtson, Business Manager
Independent School District No. 2174