

Regular Monthly Board Meeting

Monday, October 5, 2026 5:30 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

Some members may participate via interactive technology.

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. Approve Minutes of the September 14, 2026 Regular Board Meeting

Speaker(s): Board Chair

5. Informational Items

5.1. Principal Reports

5.2. Director Reports

5.3. Superintendent Report

5.4. Enrollment Report

6. Consent Calendar

6.1. Approve Bills Presented

6.2. Approve Investment Report

6.3. Approve Treasurer's Report

6.4. Approve Electronic Funds Transfers and Other Banking Transactions

6.5. Federal Funds

6.6. Adopt Resolution Accepting Monetary Awards and Donations

6.7. Approve Personnel Items as Listed:

- Accept the Resignation of Brooke Reiser, Paraprofessional, Effective September 29, 2026
- Approve the Hiring of Alaura Dahl as Paraprofessional for 6.75 Hours Per Day Effective September 21, 2026
- Approve the Hiring of Leah Freeman as Mid-Level Student Council Advisor for the 2026-

27 School Year

- Approve the Hiring of Josiah Dabill as Robotics Coach for the 2026 Fall Season
- Approve the Hiring of Alison Ross as .15 fte Parent and Family Educator
- Approve a class overload for first semester for Neil Travis, Industrial Technology Teacher

7. Action Items

7.1. Approve the Fiscal Year 2026 Audit

7.2. Approve the Dissolution of the Current Northern Lakes Lightning Hockey Cooperative - Pequot Lakes, Crosby-Ironton, Pine River-Backus and Aitkin

7.3. Approve a New Northern Lakes Lightning Hockey Cooperative - Pequot Lakes, Crosby-Ironton, Pine River-Backus, Aitkin and McGregor

7.4. Approve Band and Choir Student Trip for Spring 2027

7.5. Award the contract for 2027 High School Gymnasium and Performance Gymnasium Roofing Projects to Jackson & Associates, LLC.

8. Open Forum

9. **Adjourn**

A meeting of the Board of Education was held in the High School Media Center at 5:30 p.m. on Monday, September 14, 2026 with Vice-Chair Maurer-Ackerman presiding.

Members present: Leslie Bouchonville, Roger D. Hoplin, Nicki Linsten-Lodge, Carrie Maurer-Ackerman, David Sheley, Ryan Trumble and Superintendent Jonathan Clark. Chris Cunningham was absent.

The floor was opened for comments from the public on agenda items.

Motion by Hoplin, second by Bouchonville, to approve the agenda. All voted aye and the motion carried.

Motion by Trumble, second by Linsten-Lodge, to approve the minutes of the August 3, 2026 regular board meeting. All voted aye and the motion carried.

Administrative team, director and enrollment reports were heard.

Consent Calendar – Motion by Sheley, second by Linsten-Lodge, to approve the Consent Calendar, which consisted of the following items:

- Approve bills presented (checks 79909-80054 totaling \$990,035.99); approve the investment report; approve the treasurer's report; approve the report on electronic fund transfers and other banking transactions; adopt a resolution accepting monetary awards and donations; and
- Approve personnel items:
 - Accept the resignation of Mariah Hines, Paraprofessional, effective August 6, 2026
 - Accept the resignation of Emily Johnson, Paraprofessional, effective August 13, 2026
 - Accept the resignation of Cayla Bryant, Paraprofessional, effective August 11, 2026
 - Accept the resignation of Jenna Hagen, Food Service, effective September 1, 2026
 - Approve the hiring of Steven Snyder, Director of Buildings and Grounds, effective September 10, 2026
 - Approve the hiring of Alli Davis, Early Childhood Special Education Teacher, effective August 31, 2026
 - Approve the hiring of Mary Aulie, Paraprofessional, effective August 31, 2026
 - Approve the hiring of Sarah Scribner, Paraprofessional, effective August 31, 2026
 - Approve the hiring of Carol Sechser, Paraprofessional, effective September 10, 2026
 - Approve the hiring of Jessica Keppers, Paraprofessional, effective September 14, 2026
 - Approve the hiring of Naida Kargel, Food Service, effective September 8, 2026
 - Approve the hiring of Hope Crawford, Van Driver, effective September 8, 2026
 - Approve the hiring of Xander Mickelson, Custodian, effective September 8, 2026
 - Approve the hiring of Cole Oslin, Cross Country Coach, for the 2026 season
 - Approve the hiring of William Liedl, Assistant Volleyball Coach, for the 2026 season
 - Approve the hiring of Rachel Leiwica, Senior High Student Council Advisor, for the 2026-27 school year
 - Approve the hiring of Greg Gentry, Senior High Knowledge Bowl Advisor, for the 2026-27 school year
 - Approve the hiring of Melanie Lindquist, Junior High Knowledge Bowl Advisor, for the 2026-27 school year
 - Approve the hiring of Kate Davis, Musical Director, for the 2026 production
 - Approve the hiring of Courtney Benson, Assistant Musical Director, for the 2026 production
 - Approve the hiring of Teresa Hamp, Vocal Coach for Musical, for the 2026 production
 - Approve the hiring of Karen Goodenough, Cheerleading Coach, for the 2026-27 school year
 - Approve the hiring of Jenny Travis, Junior High Volleyball Coach, for the 2026 season at 95% of contract
- Approve extending the Memorandum of Understanding with Local #284 regarding Appendix A – Wage Rates and Other Considerations for Maintenance and Custodians to September 30, 2026
- Approve a Memorandum of Understanding with PRB Education Minnesota to add a Middle Level Student Council Advisor at 5.5% to Schedule C

All voted aye and the motion carried.

Discussion Items:

- Band and Choir trip. Ben Kinser, Band Director, presented information on a proposed band and choir trip for March 2027.
- School Board committees. Board discussion on committee versus work session structure.
- 2026 pay 2027 levy. Jolene Bengtson, Business Manager, presented preliminary levy figures. The final levy will be certified at the December 21, 2026 special board meeting.

Motion by Hoplin, second by Bouchonville, to approve a revision to the preliminary 2026-27 budget for student activity accounts. All voted aye and the motion carried.

Motion by Hoplin, second by Linsten-Lodge, to certify the preliminary 2026 pay 2027 levy at the maximum amount as calculated by the Minnesota Department of Education. All voted aye and the motion carried.

Motion by Trumble, second by Sheley, to approve a .25 hour class overload for Adam Senden, Elementary Physical Education Teacher. All voted aye and the motion carried.

Open forum – the meeting was opened for comments from the public.

Maurer-Ackerman adjourned the meeting at 6:11 p.m.

Recorded by Cindy Felthous
Ryan Trumble, Clerk

Jon Clark, Superintendent
Chris Halverson, High School Principal
Rachel LeFavor, Middle School Principal
Julia Bjerke, Elementary Principal
Sue Peet, ALP Director
Charity Crannel, Transportation Director
Justin Burnard, Technology Director

PINE RIVER-BACKUS SCHOOLS ISD 2174

Jolene Bengtson, Business Manager
Cindy Felthous, Human Resources
Jill Blanchard, Food Service Director
Jim Leuer, Bldgs & Grounds Director
Kyle Crocker, Activities Director



School Board Report for October 5th, 2026 *Current Happenings at PR-B High School*

PRB District and High School Site Goal:

PRB District and Building Goals:

1. By May 2027, all teachers will score “applying or innovating” in their chosen element (15-22) of design area “Direct Instruction Lessons” by creating a goal and providing student evidence to support the goal.
2. By May 2027, Principals will gather data in the design area “Engagement” by asking teachers questions during SLG/PGP meetings and observing during walkthroughs.

Literacy Plan Goals:

1. By May 2027, all students will achieve at least one year’s academic growth annually or more in reading as measured by FastBridge assessments.
2. By May 2027, teachers will have spent three specific PLC sessions working with and interpreting student data from FASTBridge screening windows.
3. By May 2027, the district will work with our regional service cooperative, Sourcewell, to develop and integrate the READ Act training our staff used (OLLA) into the PLC data sessions that are occurring so as to continue the structured literacy learning that has happened.
4. By October 2026, K-2, Intervention and Special Education Teachers will receive training in UFLI Foundations in order to ensure understanding of curriculum and implementation fidelity.
5. By October 2026, grades 3+, ELA classroom, Intervention and Special Education Teachers will receive training in UFLI Word Origins in order to ensure understanding of curriculum and implementation fidelity.

2026-2027 Level 1 Current Goals: Safe & Collaborative School

- -Administer Level 1 and 2 Surveys to staff, parents, students (*Established*)
- -Utilize monitoring system to identify lagging indicators - *In-Action*
- -Continue to strengthen PBIS program - *ongoing*
- -Implementation of Catalyst Strategies at the habitual and systems level - *daily/ongoing (training in Catalyst 1 toward certification)*
- -Professional Learning Teams - *2 Wednesdays per month*
- -SPR (Standard Response Protocol)ALICE/Crisis Planning - *Ongoing*

Jon Clark, Superintendent
Chris Halverson, High School Principal
Rachel LeFavor, Middle School Principal
Julia Bjerke, Elementary Principal
Sue Peet, ALP Director
Charity Crannel, Transportation Director
Justin Burnard, Technology Director

PINE RIVER-BACKUS SCHOOLS

ISD 2174

Jolene Bengtson, Business Manager
Cindy Felthous, Human Resources
Jill Blanchard, Food Service Director
Jim Leuer, Bldgs & Grounds Director
Kyle Crocker, Activities Director



Focus of Effective Instructional Practices: (HRS Level 2 and 3)

- Standards, Rigor, Vocabulary, Common Model of Instruction, Instructional Rounds, REACH, Catalyst Strategies, Learning Goals Posted, HRS Framework
- -Marzano Art & Science of Teaching Learning Segment(s) (PLC focus)
- -Learning Goals Posted, Rigor, Vocabulary, Common Model of Instruction, Instructional Rounds

Professional Learning Teams

- PLC's are starting to get going. Staff will begin their PLC this year by choosing an element from Robert Marzano's "Art & Science of Teaching". PLCs will also be concentrating on essential standards and best practice in the remote setting during this school year. PLC's are under way and the feedback from faculty and the PLC Learning
- Team notes prove that we are creating and facilitating a model that creates and fosters teaching and learning growth and development. This is very positive for our school!
- The purpose of a professional learning community is: (BASE NORMS)
 - **To ensure that students learn**
 - **To ensure a culture of professional collaboration for school improvement**
 - **To focus on results**
 - **To be action oriented**

Safe Environment and Consistent Discipline

- Our PR-B Attendance Review Board met for the first time and we will continue to partner with Cass County and all other parties to offer help and solutions to students and their families who are struggling with attending regularly.
- We have had very positive initial feedback on our Advisory or "Tiger Time" changes. It is twenty-seven minutes long and it has provided some of the needed time to continue to discuss expectations/accountability in our building (Student handbook), Personal Learning Plans, grade/assignment checks, SchoolLinks, Fastbridge and check-ins.

Staff Training and Professional Development:

- Our PR-B High School Leadership Team met and discussed feedback and direction for our PLCs, Advisory/Tiger Time and Building Goals, Professional Growth Goals / Student Learning Goals. We welcomed Anjanette Arnold as a new member.
- The PR-B Site Council Team met and discussed advisory "Tiger Time", Teacher Recognition strategies and upcoming staff get together opportunities as well as any concern areas that are currently in our building.

STUDENT ACHIEVEMENT

We held our Student of the Month celebration for grades 9-12. It continues to be one of my favorite times to interact with students and families who deserve the recognition for their work and dedication. GO TIGERS!!!

Jon Clark, Superintendent
Chris Halverson, High School Principal
Rachel LeFavor, Middle School Principal
Julia Bjerke, Elementary Principal
Sue Peet, ALP Director
Charity Crannel, Transportation Director
Justin Burnard, Technology Director

PINE RIVER-BACKUS SCHOOLS ISD 2174

Jolene Bengtson, Business Manager
Cindy Felthous, Human Resources
Jill Blanchard, Food Service Director
Jim Leuer, Bldgs & Grounds Director
Kyle Crocker, Activities Director



I will be meeting with all teachers in October to go over their data and discuss their professional growth goals for the year. The Student Learning Goals are linked and tracked to one form of assessment so data can help our Team make decisions that are best for the growth and learning of our PR-B students.

- Furthermore, we will be continuing efforts with Highly Reliable Schools and focus on how these efforts align with our current strategic plan.

Our fall benchmark assessments have been completed. Our interventionists and classroom teachers are assessing students in reading, math, and social/emotional competence in grades 7-12. Interventionists and classroom teachers will use this data and Fastbridge to make intervention and/or enrichment groups and target specific skills.

Upcoming dates/events

- **October 5-10 - PRB Homecoming**
- **October 15-16 - MEA Break**
- **October 19 - Staff Inservice**
- **October 30th - Student of the Month Celebration - Grades 9-12**

**Respectfully,
Chris A. Halverson
Proud PRB High School Principal**

Jon Clark, Superintendent
Chris Halverson, High School Principal
Rachel LeFavor, Middle School Principal
Julia Bjerke, Elementary Principal
Sue Peet, ALP Director
Charity Crannel, Transportation Director
Justin Burnard, Technology Director

PINE RIVER-BACKUS SCHOOLS ISD 2174



Jolene Bengtson, Business Manager
Cindy Felthous, Human Resources
Jill Blanchard, Food Service Director
Jim Leuer, Bldgs & Grounds Director
Kyle Crocker, Activities Director



Teach Inspire Grow Excel Reach Succeed! TIGERS!

401 Murray Avenue, PO Box 610, Pine River, MN 56474 PH: 218-587-4720 FAX: 218-587-4120 WEB: www.prbschools.org

Jon Clark, Superintendent
Chris Halverson, High School Principal
Rachel LeFavor, Middle School Principal
Julia Bjerke, Elementary Principal
Sue Peet, ALP Director
Charity Crannel, Transportation Director
Justin Burnard, Technology Director

PINE RIVER-BACKUS SCHOOLS ISD 2174

Jolene Bengtson, Business Manager
Cindy Felthous, Human Resources
Jill Blanchard, Food Service Director
Jim Leuer, Bldgs & Grounds Director
Kyle Crocker, Activities Director



School Board Report for October 5th, 2026 *Current Happenings at PR-B Elementary School*

PRB District and Building Goals:

1. By May 2027, all teachers will score “applying or innovating” in their chosen element (15-22) of design area “Direct Instruction Lessons” by creating a goal and providing student evidence to support the goal.
2. By May 2027, Principals will gather data in the design area “Engagement” by asking teachers questions during SLG/PGP meetings and observing during walkthroughs.

2026-2027 HRS Level 1: Safe & Collaborative School

- ELT will complete inventory of current practices and determine needs for upcoming school year
- Utilize monitoring system to identify lagging indicators - In-Action
- Continue to strengthen PBIS program - ongoing
 - First ROAR Rally to celebrate COMMUNITY Oct. 2nd
- Professional Learning Teams - 2 Wednesdays per month
 - All teams worked to establish common Teacher Growth Plans to align with building goals
- Safety/Crisis Planning- Ongoing
 - Successful completion of two SRP drills and 2 Fire Drills. The new Walkie Communication Plan is going well.

2026-2027 HRS Level 2: Focus of Effective Instructional Practices

- ELT will complete Inventory of current practices and determine needs for upcoming school year
 - Standards, Instructional Rounds, Learning Goals Posted, HRS Framework
- Utilize monitoring system to identify lagging indicators - *In-Action*
- Marzano Art & Science of Teaching Learning Segment(s) (PLC focus)
 - Principal Walkthroughs begin with focus on Engagement Strategies
 - Formal Observations begin with focus on Tier I / Direct Instruction Practices

2026-2027 HRS Level 3: Guaranteed and Viable Curriculum

- Continuous Improvement Goal- *By June 2029, all students will achieve at least one year’s academic growth annually or more in reading and math, unless otherwise specified in their individualized learning plans, as measured by FastBridge assessments.*
 - Sept. 23rd PLC meeting focused on District Goals. Teachers worked collaboratively to develop their personal Teacher Growth Plans to align to our commitment to Tier I instruction. Teams aligned goals to reflect the work they are doing with implementation of new standards, curriculum and engagement strategies.

Jon Clark, Superintendent
Chris Halverson, High School Principal
Rachel LeFavor, Middle School Principal
Julia Bjerke, Elementary Principal
Sue Peet, ALP Director
Charity Crannel, Transportation Director
Justin Burnard, Technology Director

PINE RIVER-BACKUS SCHOOLS ISD 2174

Jolene Bengtson, Business Manager
Cindy Felthous, Human Resources
Jill Blanchard, Food Service Director
Jim Leuer, Bldgs & Grounds Director
Kyle Crocker, Activities Director



Professional Development Opportunities/ Staffing / Communication:

Note from Ms. Bjerke:

The start of the school year has brought a focused energy to our building as our staff diligently work to reinforce daily classroom routines and behavioral expectations, creating an engaging environment for learning. A key highlight of our PBIS work has been the widespread celebration of our **ROAR** expectations across all classrooms. Students are celebrating **Responsible, On Task, Always Safe, Respectful** building-wide expectations with Friday visits from our mascot, Spike Jr. Tiger Tickets are drawn to recognize students each week working on ROAR traits. Our first school wide ROAR rally also showcased students being leaders of ROAR traits in our learning community, and provided our school an opportunity to come together and celebrate our School Community.

Our distinct team successfully completed recent emergency safety drills. Staff are committed to supporting student preparedness with our district safety protocols. In daily operations, staff are actively working to improve afternoon parent pickup procedures to maximize dismissal efficiency and ensure student safety. As principal, I have begun individual problem solving with students on school bus behavioral expectations and playground expectations. I am also working with special education teachers to problem solve paraprofessional coverage and adjust instructional supports to meet the needs of students new to our district.

As newly appointed Literacy Lead for our district, I was able to attend the Sourcewell Literacy Lead Community of Practice. My goal is to align the building-level Continuous Improvement goals with our local literacy plan and district objectives. This effort centers on strengthening Tier 1 instruction, and supports our HRS initiatives of ensuring effective teaching practices and a guaranteed, viable curriculum in every classroom.

Jon Clark, Superintendent
Chris Halverson, High School Principal
Rachel LeFavor, Middle School Principal
Julia Bjerke, Elementary Principal
Sue Peet, ALP Director
Charity Crannel, Transportation Director
Justin Burnard, Technology Director

PINE RIVER-BACKUS SCHOOLS ISD 2174

Jolene Bengtson, Business Manager
Cindy Felthous, Human Resources
Jill Blanchard, Food Service Director
Jim Leuer, Bldgs & Grounds Director
Kyle Crocker, Activities Director



Upcoming dates/events

- **Oct. 2nd- FIRST ROAR RALLY!**
- **Oct. 5-10th HOMECOMING**
- **Oct. 5th- Safety Circus Assembly**
- **Oct. 7th PLC Data Retreat**
- **Oct. 14th Elementary Leadership Team Meeting**
- **Oct. 15 & 16 MEA BREAK**
- **Oct. 19th Professional Development Day**
 - Wonders Training for K-4
 - Strategic Planning Meeting Time
 - PLC Curriculum Planning Time
- **Oct. 22nd Elementary Staff Meeting**
- **Oct. 28th PLCs**
- **Oct. 29th Leading for Learning at Sourcewell**
- **Oct. 30th ROAR RALLY/ Halloween Parade**

**Respectfully,
Julia A. Bjerke**

Teach Inspire Grow Excel Reach Succeed! **TIGERS!**

Jon Clark, Superintendent
Chris Halverson, High School Principal
Rachel LeFavor, Middle School Principal
Julia Bjerke, Elementary Principal
Sue Peet, ALP Director
Charity Crannel, Transportation Director
Justin Burnard, Technology Director

PINE RIVER-BACKUS SCHOOLS ISD 2174

Jolene Bengtson, Business Manager
Cindy Felthous, Human Resources
Jill Blanchard, Food Service Director
Steve Snyder Bldgs & Grounds Director
Kyle Crocker, Activities Director



School Board Report for October 5th, 2026

Middle School Update

Professional Learning Communities (PLCs):

- Our first PLCs took place on September 23rd. Middle School teachers met in content area groups with the goal of this first meeting to set their collective commitments, determine their initial focus and team roles, and then look at building and district goals to determine how they will set their goals for the year.
- October 7th will be a PLC focused on digging into data

Student Achievement:

- We held our first Student of the Month celebration on October 2nd. This is one of my favorite things to do. It is fun to watch teachers celebrate students, and parents involved in the process. I also enjoy getting feedback from students on what we are doing well, and where we can improve.
- We have completed our fall screening window and will be using that data at our Oct 7th PLC

Professional Development:

- Middle School Leadership team met to discuss processes and procedures, training needs, and upcoming events. This is an amazing team that really knows how to get things accomplished.

Communication:

- First parent newsletter went home Sept 23.
- Weekly Principal news for staff
- We are still working through the kinks on systems structures and items that should work but are not yet. We will get there.
- Students are developing routines and trying to find their groove. This seems to be taking time for some students but I am confident that they will make it.

Attendance/Discipline

- This is where I spend a majority of my time. Being present in the morning when buses let students out, in the halls during passing time, at lunch and recess, and having students in my office throughout the day takes up an incredible amount of time.
- Our PRB Attendance Review Board has met and will continue to partner with Cass County to help come up with solutions for students and families who are struggling with regular attendance. I personally am trying to think of ways to help those students with many "excused" absences as those do not fall under the same guidelines.

Upcoming dates/events

- Homecoming Week is this week!
- 10/7 - Mornings with Mom

Jon Clark, Superintendent
Chris Halverson, High School Principal
Rachel LeFavor, Middle School Principal
Julia Bjerke, Elementary Principal
Sue Peet, ALP Director
Charity Crannel, Transportation Director
Justin Burnard, Technology Director

PINE RIVER-BACKUS SCHOOLS ISD 2174



Jolene Bengtson, Business Manager
Cindy Felthous, Human Resources
Jill Blanchard, Food Service Director
Steve Snyder Bldgs & Grounds Director
Kyle Crocker, Activities Director

- 10/12 - Math Curriculum Work
- 10/13 - ELA Curriculum Work
- 10/14 - Daybreak with Dad
- 10/14 - Student AI Assembly
- 10/15-16 - No School (MEA)
- 10/19 - No School - Teacher WS
- 10/20 - PTO Meeting
- 10/27 - Vision/Hearing Screening

Rachel LeFavor
Proud PRB Middle School Principal

October, 2026

Completed annual staff training with IEA.

Actively reinforcing USDA meal component requirements with staff and students, emphasizing that every reimbursable meal must contain a fruit or vegetable.

We have several new special diets this year. Monitoring special diets takes continuous effort to cross check ingredients and vendor updates for every product going out.

Community Night went well.

Overall things are going well, settling into good routines.

Respectfully,

Jill Blanchard
Food Service Director

Community Ed

September was a busy time for Community Ed activities, with a variety of youth programs getting underway as the school year began. We're excited to continue that momentum into October with youth programs, and also introduce some new opportunities for adults!

September Recap

- Tiger Cubs Cheer (19 participants)
- Lil' Spikers Volleyball started (10 participants)
- Wednesday Night Adult Volleyball Started (Around 25 participants each night)
- Soccer Camp started (65 participants)
- Nature Club started (13 participants)
- Hoop Group started

Happening in October

- Adult Classes
 - Tech support classes continue
 - Line Dancing - October 13
 - Food Preservation for Winter - October 21
 - Holiday Soap Making - October 22
 - Holiday Candle Making - October 29
- Youth Classes
 - Hoop Group continues
 - Little Spikers Volleyball continues
 - Tiger Cubs Cheer continues
 - Performing at Oct. 14 football game
 - Soccer Camp continues
 - Nature Club continues
 - Nature Art with Happy Dancing Turtle - October 13



Felthous, Cindy <cfelthous@prbschools.org>

Transportation board report

1 message

Charity Crannell <ccrannell@prbschools.org>
To: Cindy Felthous <cfelthous@prbschools.org>

Wed, Sep 30, 2026 at 9:23 AM

Transp. Report for Oct. 5, 2026 School Board Meeting

Routes have been running smoothly

Activities are getting covered with no stress

Plenty of drivers, I do not want to say this out loud and get excited because it then bites me. haha...

Not much new to report. But so far our school year is rocking.

Waste Partners is hosting another Truck and Treat event on Oct. 17 from 4 to 6pm. I will have a bus there again and plenty of candy this year. Hoping for more staff to attend and help with this. It is alot of fun. Kids love walking thru the school bus. .

I know I say it in every report, but I have the best staff and I appreciate them all. Tom Bristow has the buses up and running and he has been covering routes. I couldn't ask for a better crew and this department could not run as well as it does if it were not for each of them.

--

Thank You

Charity Crannell
PRB Transportation
(218)587-2026

Confidentiality Notice: This e-mail message, including any attachments, is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail and destroy all copies of the original message.



Pine River-Backus
PUBLIC SCHOOLS - PINE RIVER, MN

October 1, 2026
Technology Report

Website Rebrand

We are thrilled to be partnering with Northlee Design Co.—led by Emalee Hedberg, a familiar face formerly from our Community Ed Department—to completely revamp the District's public website. This redesign is driven by a dual focus: significantly improving day-to-day functionality and navigation for our parents, students, and community members, while simultaneously elevating our digital "curb appeal" to serve as a modern, aesthetic marketing engine for the District. To ensure a seamless transition and minimize disruption, we are executing a staggered rollout throughout October. The first wave of updated pages will begin going live during the second week of the month, with the full site transition completing toward the end of October. You can get a sneak peek at the fresh direction we are heading by checking out a few of our work-in-progress pages here. These have a ways to go before being a completed product but the body of the pages should give a taste of the updated look and feel:

<https://prbschools.org/home-eh/>

<https://prbschools.org/parents-eh/>

<https://prbschools.org/students-eh/>

Streaming Additions

In September, we expanded our digital offerings by introducing some basic live streaming for select Junior High athletic events. Broadcasts were streamed live via the "Tiger Events" portal on our district website and archived on our official YouTube channel for on-demand viewing. This expansion allows distant family members and fans to follow our student-athletes when they can't attend in person. Additionally, these archived streams allow us to capture highlight clips for student recognition while equipping our coaching staff with valuable game film to review performances and support player development. We'll continue to offer this for future events when feasible.

Grant Funds

In September, we submitted an application for MDE's cybersecurity grant program. We expect to learn our award status in mid-October and plan to leverage these funds for targeted security initiatives later this school year, specifically replacing a couple systems that have reached the end of their useful life.

Thank you
Justin Burnard
Technology Director

PO Box 610
401 Murray Ave
Pine River, MN 56474

Go Tigers!
ISD 2174

P. 218-587-8000
F. 218-587-4120
prbschools.org



Pine River-Backus
PUBLIC SCHOOLS - PINE RIVER, MN

October Board Report

Staffing

We are still working to fill several open positions, including paraprofessionals, food service, and custodial positions. We continue to advertise the openings.

Reports Due this Fall

- **STAR Report:** The STAR (Staffing and Teacher Assignment Report) collects information about district staff, including positions, assignments, licensure, and other staffing information and is submitted to the Minnesota Department of Education.
- **Civil Rights Data Collection (CRDC):** The CRDC is a very lengthy federal report that collects information about students, staff, and educational programs.

Minnesota Paid Leave

We have two employees who have applied for Minnesota Paid Leave this fall. Applications are taking a month or longer to receive an approval or denial, which can make it difficult for employees to know when and if they will begin receiving their benefits.

Cindy Felthous
Human Resource Director
Pine River-Backus Schools

Jonathan Clark, Superintendent
Chris Halverson, High School Principal
Julia Bjerke Elementary Principal
Sue Peet, ALC Director
Charity Crannell, Transportation Director
Justin Burnard, Technology Director

PINE RIVER-BACKUS SCHOOLS ISD 2174

Joell Tvedt, Community Ed Director
Jolene Bengtson, Business Manager
Cindy Felthous, Human Resources
Jill Blanchard, Food Service Director
Steve Snyder, Bldgs & Grounds Director
Kyle Crocker, Activities Director



School Board Report for October 10, 2026 PRB Activities

Fall Activities are in full swing here at PRB, with our students and coaches hard at work across all of our fall programs.

- **Football - Head Coach - Nate Fischer 2-2**

Remaining Schedule -

10/2/2026	7:00 PM CT	@ Walker-Hackensack-Akeley
10/9/2026	7:00 PM CT	vs Bagley - Homecoming
10/14/2026	7:00 PM CT	vs Mahnomen-Waubun
10/22/2026	7:00 PM CT	@ Cass Lake-Bena

- **Volleyball - Head Coach - Crysta Blake 12-6**

Remaining Schedule -

10/1/2026	6:45 PM CT	vs Lake of the Woods
10/5/2026	7:00 PM CT	vs Mille Lacs
10/8/2026	6:45 PM CT	@ Laporte
10/12/2026	7:15 PM CT	@ Swanville Area
10/13/2026	6:45 PM CT	vs Clearbrook-Gonvick
10/20/2026	6:45 PM CT	@ Nevis

- **Cross Country - Head Coach - Cole Oslin**

Remaining Schedule -

10/06/26	4:00 PM CT	Pequot Lakes XC Meet
10/08/26	4:15 PM CT	Roger Twigg XC Invitational
10/29/26	12:00 PM CT	Section 7A Meet

Activities/Fine Arts -

- Robotics - Head Coach **Josiah Dabill**
- Cheer - Head Coach **Karen Goodenough**
- Dance - Head Coach **Sam Jackson**

Fall Musical - Kate Davis

- *Finding Nemo jr*

Performances -

11/20/26 7:00 PM
11/21/26 7:00 PM
11/22/26 2:00 PM

Jonathan Clark, Superintendent
Chris Halverson, High School Principal
Julia Bjerke Elementary Principal
Sue Peet, ALC Director
Charity Crannell, Transportation Director
Justin Burnard, Technology Director

PINE RIVER-BACKUS SCHOOLS ISD 2174

Joell Tvedt, Community Ed Director
Jolene Bengtson, Business Manager
Cindy Felthous, Human Resources
Jill Blanchard, Food Service Director
Steve Snyder, Bldgs & Grounds Director
Kyle Crocker, Activities Director



For current schedules, activity information, and updates, please visit:

- **Bound:** <https://gobound.com/mn/schools/pineriverbackus>
- **Facebook:** <https://www.facebook.com/PineRiverBackusTigers>

For questions regarding any of the programs or activities listed above, please feel free to reach out.

Kyle Crocker
Kcrocker@prbschools.org
218-587-8029
Activities Director
Pine River-Backus Schools



Pine River-Backus
PUBLIC SCHOOLS - PINE RIVER, MN

School Board Report Alternative Learning Program October 2026

The ALP continues to be busy. We started with a high number of full-time students and are now at 15 part time students enrolled as well. These students come over daily for one, two or three hours of the day as needed. Next week on Tuesday we will officially start with after school credit recovery for dual enrolled students from the high school, who need to recover credits. They attend on Tuesdays after school or in the mornings before school. Due to the transportation issues of many students in our District, we are available any morning before school if students schedule ahead. We have a very full schedule, but we are doing our best to meet the needs of students and hold to the academic rigor for courses. It has been challenging to meet the required instructional time per course for students given the current teacher availability.

We continue to encourage past Graduation date students to come in to complete the requirements for their Diploma. Many of the older students still working on a diploma have a full-time job, so this makes access to teachers with limited schedule availability very difficult. I have started scheduling some of these students on Tuesdays after school. This is really the only time available.

We have completed Fast Bridge testing for our students and are compiling results to adjust instruction to meet student needs. Many students who are new or have been elsewhere for several years show big gaps in Reading and Math Skills and fall into the area of severely in need of improvement. We will continue to assess students as they enroll in order to determine appropriate instructional levels.

ALP Staff has worked hard over the summer to develop additional labs for our science courses and numerous projects that are embedded into and required as a part of our courses. This is to increase academic rigor and meet all of the Standards. It is difficult for some people to understand, but there is a big difference in expectations and what is required for a course if a student is taking it here for the first time versus if it is being taken as credit recovery. If you have any questions, please contact me.

Thank you, Sue Peet

(218) 587-8090

speet@prbschools.org



Pine River-Backus
PUBLIC SCHOOLS - PINE RIVER, MN

September 30, 2026

School Board Report
Business Office

High School Gym & Performance Gym Roof Bids

We had three contractors bid on the roofing projects we're planning for the summer of 2027. The winning bid came in considerably lower than we had anticipated. Inspec is handling the bidding process, contract documents, project specifications and project management for the District.

Capital Project Levy – Facility Planning

With the roofing bids coming in lower than expected we will have more flexibility in what projects we select for completion during the summer of 2027. A potential list of projects was presented at the September 21st Board Work Session. Feel free to reach out to Steve Synder, Director of Buildings & Grounds, or myself with suggestions/priorities the Board would like to see done.

Should you have any questions, please feel free to contact me at (218) 587-8082 or jbengtson@prbschools.org.

Thank you.

Sincerely,

Jolene Bengtson
Business Manager

To the Members of the Board of Education:

As the new Director of Buildings and Grounds, I have been busy learning the ins and outs of the district and thoroughly enjoying meeting our dedicated staff. I am pleased to provide this concise progress update regarding our facilities, critical system maintenance, and active special projects across the district.

Current Operations & Facility Milestones

- **Elementary STEAM Room:** All interior casework and foundational plumbing updates are now 100% complete and ready for classroom integration.
- **DCD Room Modernization:** Foundational updates are ready; the team is currently awaiting final delivery and subsequent setup of the remaining room casework.
- **District Chiller Unit Installation:** The unit is currently in transit and scheduled to arrive the week of 10/04/2026. Electricians are coordinated to finalize all primary electrical connections during MEA weekend, immediately followed by system testing and startup.
- **Robotics Demonstration (Tiny Mobile Robots):** A technology demonstration is locked in for 10/08/2026. The autonomous field-painting robot will stripe and prep the varsity football field for the upcoming Homecoming game.

Project Tracking Matrix

Project / Initiative	Current Phase	Timeline / Key Milestone
Elementary STEAM Room	Completed	Casework & Plumbing Complete
DCD Room Casework	Awaiting Delivery	Pending Assembly Upon Arrival
District Chiller Unit	In Transit	Arrival week of 10/04; Tie-in MEA Weekend
Robotic Field Painting	Scheduled Demo	Varsity Field Prep on 10/08/2026

Thank you for your ongoing support as I settle into this role and work to ensure our facilities remain safe, efficient, and fully optimized for our students and staff. Please let me know if you have any questions before the upcoming school board meeting.

Sincerely,


Steve Snyder
Director of Buildings and Grounds

2026-27 SCHOOL YEAR
ENROLLMENT REPORT

	<u>2025-26</u>	<u>9/8/2026</u>	<u>10/1/2026</u>	<u>11/1/2026</u>	<u>12/1/2026</u>	<u>1/1/2027</u>	<u>2/1/2027</u>	<u>3/1/2027</u>	<u>4/1/2027</u>	<u>5/1/2027</u>	<u>6/1/2027</u>	2026-27 YTD Average
ELEMENTARY:												
Kindergarten	54	68	70									69
First	57	57	56									57
Second	54	61	60									61
Third	60	58	58									58
Fourth	55	63	62									63
Total Elementary	280	307	306	0	0	0	0	0	0	0	0	306.5
MIDDLE SCHOOL:												
Fifth	57	57	57									57
Sixth	81	60	61									61
Seventh	50	79	78									79
Eighth	69	49	48									49
Total Middle School	257	245	244	0	0	0	0	0	0	0	0	244.5
HIGH SCHOOL:												
Ninth	55	64	63									64
Tenth	69	57	56									57
Eleventh	46	68	63									66
Twelfth	59	50	46									48
Total High School	229	239	228	0	0	0	0	0	0	0	0	234
Total w/o FT ALC	766	791	778	0	0	0	0	0	0	0	0	785
ALP: Grade levels based on credits earned, not age												
Ninth	13	3	7									5
Tenth	24	11	11									11
Eleventh	18	7	15									11
Twelfth	32	13	23									18
Total Full-time ALP	87	34	56	0	0	0	0	0	0	0	0	45
DISTRICT TOTAL	853	825	834	0	0	0	0	0	0	0	0	830
<u>PUPIL UNITS:</u>												
ECSE	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
Kindergarten	54.0	68.0	70.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	69.0
Elementary 1-4	226.0	239.0	236.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	237.5
Middle School 5-8	280.8	270.6	269.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	269.9
High School 9-12	274.8	286.8	273.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	280.2
ALP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Pupil Units	851.6	880.4	864.8	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	872.6

ADM ALP (full and part-time) is included in last year's data and budget data but the ALC is budgeted based on total average daily membership and attendance. In addition, the full-time ALP is not included in the pupil units section because it would not reflect an accurate picture of the ALP pupil units due to the nature of the program.

Check Register by Bank and Check

9/30/2026

12:49 PM

Check Number: 80055-2147483647 Payment Date: 7/1/2026-9/30/2026 Period: 0-99999999

Batch	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Pmt/Void Date	Amount
	CHEC	81943	80055	Check	1	105683		ALL STATE COMMUNICATIONS LLC	Yes	No	No	09/10/2026	10,309.50
		81941	80056	Check	1	105555		ARK SPORTS, INC.	Yes	No	No	09/10/2026	880.00
		81929	80057	Check	1	103932		ARNESON, STEFFANIE	Yes	No	No	09/10/2026	121.19
		81940	80058	Check	1	105210		ARNOLD, ANJANETTE	Yes	No	No	09/10/2026	14.01
		81942	80059	Check	1	105556		BECKER, OLIVIA	Yes	No	No	09/10/2026	182.03
		81954	80060	Check	1	105974		BEE N' HAPPY FARMS	Yes	No	No	09/10/2026	184.80
		81963	80061	Check	1	106099		BHS ACTIVITIES	Yes	No	No	09/10/2026	250.00
		81937	80062	Check	1	105003		BRAGSTAD, LANCE & ROBYN	Yes	No	No	09/10/2026	97.50
		81938	80063	Check	1	105086		BROWN, KRISHA	Yes	No	No	09/10/2026	50.63
		81928	80064	Check	1	103797		BSN SPORTS LLC	Yes	No	No	09/10/2026	430.74
		81962	80065	Check	1	106098		CARD, BOB	Yes	No	No	09/10/2026	125.00
		81925	80066	Check	1	102716		CENEX CREDIT CARD	Yes	No	No	09/10/2026	1,481.92
		81920	80067	Check	1	101604		CENTRAL MCGOWAN, INC - 139156	Yes	No	No	09/10/2026	59.07
		81964	80068	Check	1	13800		CHAMBER OF COMMERCE	Yes	No	No	09/10/2026	525.00
		81965	80069	Check	1	14850		CITY OF PINE RIVER	Yes	No	No	09/10/2026	265.59
		81914	80070	Check	1	01119		CLIMATE MAKERS	Yes	No	No	09/10/2026	2,374.01
		81911	80071	Check	1	00418		DACOTAH PAPER CO	Yes	No	No	09/10/2026	823.60
		81952	80072	Check	1	105913		DATA CENTER WAREHOUSE	Yes	No	No	09/10/2026	31,160.00
		81955	80073	Check	1	105976		DRAKE'S PIZZA	Yes	No	No	09/10/2026	169.74
		81966	80074	Check	1	34975		GRINNING BEAR ROLL-OFF	Yes	No	No	09/10/2026	721.89
		81939	80075	Check	1	105146		HEALY AWARDS, INC.	Yes	No	No	09/10/2026	327.98
		81967	80076	Check	1	37650		HILLYARD/HUTCHINSON	Yes	No	No	09/10/2026	698.06
		81949	80077	Check	1	105828		HUGO'S FAMILY MARKET PLACE	Yes	No	No	09/10/2026	127.31
		81924	80078	Check	1	102702		HY-TEC CONSTRUCTION OF BRAINE	Yes	No	No	09/10/2026	31,017.54
		81931	80079	Check	1	103966		IEA INC	Yes	No	No	09/10/2026	1,040.00
		81910	80080	Check	1	00363		IND SCHOOL DIST #1	Yes	No	No	09/10/2026	70.08
		81912	80081	Check	1	00427		IND SCHOOL DIST #182	Yes	No	No	09/10/2026	200.00
		81944	80082	Check	1	105696		IND SCHOOL DIST #911	Yes	No	No	09/10/2026	1,651.18
		81923	80083	Check	1	102101		INNOVATIVE OFFICE SOLUTIONS	Yes	No	No	09/10/2026	16,601.04
		81948	80084	Check	1	105826		JUST, KORA	Yes	No	No	09/10/2026	178.35
		81969	80085	Check	1	51950		KEMPS, LLC	Yes	No	No	09/10/2026	125.45
		81935	80086	Check	1	104222		KINSER, BEN	Yes	No	No	09/10/2026	268.50
		81917	80087	Check	1	100780		LINDQUIST, MELANIE	Yes	No	No	09/10/2026	108.97
		81933	80088	Check	1	104156		MARCHWICK CHIROPRACTIC	Yes	No	No	09/10/2026	400.00
		81968	80089	Check	1	49950		MCGRAW-HILL SCHOOL EDUC HOLD	Yes	No	No	09/10/2026	4,596.60
		81930	80090	Check	1	103957		MCI	Yes	No	No	09/10/2026	7,018.00
		81953	80091	Check	1	105958		NEW DOMINION SCHOOL	Yes	No	No	09/10/2026	2,123.65
		81918	80092	Check	1	100798		NORTHERN STAR CO-OP	Yes	No	No	09/10/2026	220.00
		81909	80093	Check	1	00071		NORTHLAND STEAM CLEANERS	Yes	No	No	09/10/2026	3,180.00

Check Register by Bank and Check

9/30/2026

12:49 PM

Check Number: 80055-2147483647 Payment Date: 7/1/2026-9/30/2026 Period: 0-99999999

Batch	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Pmt/Void Date	Amount
	CHEC	81956	80094	Check	1	105980		PERFORMANCE FOODSERVICE - TW	Yes	No	No	09/10/2026	1,020.77
		81959	80095	Check	1	106013		PINE RIVER ACE HARDWARE	Yes	No	No	09/10/2026	140.67
		81970	80096	Check	1	67575		PINE RIVER AREA SANITARY DIST.	Yes	No	No	09/10/2026	368.26
		81926	80097	Check	1	102809		PINE RIVER BAKERY	Yes	No	No	09/10/2026	250.00
		81921	80098	Check	1	101729		REICHERT BUS SERVICE	Yes	No	No	09/10/2026	1,868.48
		81922	80099	Check	1	101867		RUNYAN, JIM	Yes	No	No	09/10/2026	125.00
		81958	80100	Check	1	106012		SENSORY EDGE	Yes	No	No	09/10/2026	1,135.89
		81927	80101	Check	1	103230		SETH, JENNY	Yes	No	No	09/10/2026	238.89
		81932	80102	Check	1	103978		SHACKLE, REBECCA	Yes	No	No	09/10/2026	39.70
		81960	80103	Check	1	106047		SL MERIWETHER SOLAR I, LLC	Yes	No	No	09/10/2026	8,676.64
		81946	80104	Check	1	105819		SOBIECH, JOHN	Yes	No	No	09/10/2026	125.00
		81957	80105	Check	1	106005		STAPLES	Yes	No	No	09/10/2026	526.66
		81945	80106	Check	1	105780		STUDIO WRAPS	Yes	No	No	09/10/2026	1,610.00
		81971	80107	Check	1	84450		SUPREME SCHOOL SUPPLY COMPAI	Yes	No	No	09/10/2026	113.81
		81961	80108	Check	1	106065		TAHO SPORTSWEAR, INC.	Yes	No	No	09/10/2026	190.00
		81919	80109	Check	1	100943		TEAMWORKS INTERNATIONAL, INC.	Yes	No	No	09/10/2026	1,166.28
		81915	80110	Check	1	100297		UNIVERSITY OF MN - DULUTH	Yes	No	No	09/10/2026	4,000.00
		81950	80111	Check	1	105847		VERSATILE VEHICLES, INC.	Yes	No	No	09/10/2026	600.00
		81936	80112	Check	1	104802		VERSCHelde, KATIE	Yes	No	No	09/10/2026	1,152.34
		81916	80113	Check	1	100701		WASTE PARTNERS	Yes	No	No	09/10/2026	555.66
		81934	80114	Check	1	104167		WHEELER, RACHEL	Yes	No	No	09/10/2026	487.49
		81947	80115	Check	1	105822		WOLMUTT, MARVIN	Yes	No	No	09/10/2026	1,130.00
		81913	80116	Check	1	00566		XCEL ENERGY	Yes	No	No	09/10/2026	543.45
		81951	80117	Check	1	105849		ZONES OF REGULATION, INC.	Yes	No	No	09/10/2026	144.00
		81975	80118	Check	1	105310		DILLY, CLAYTON	Yes	No	No	09/11/2026	180.00
		81972	80119	Check	1	103649		HEPOLA, MICHAEL	Yes	No	No	09/11/2026	180.00
		81976	80120	Check	1	106100		JOHNSON, CASEY	Yes	No	No	09/11/2026	180.00
		81973	80121	Check	1	105308		REINBOLD, MATT	Yes	No	No	09/11/2026	180.00
		81974	80122	Check	1	105309		THALMANN, KALEB	Yes	No	No	09/11/2026	180.00
		81991	80123	Check	1	105683		ALL STATE COMMUNICATIONS LLC	Yes	No	No	09/16/2026	795.00
		81996	80124	Check	1	106105		BUDNICK, QUINN	Yes	No	No	09/16/2026	349.31
		81997	80125	Check	1	12825		CAROLINA BIOLOGICAL SUPPLY CO.	Yes	No	No	09/16/2026	151.34
		81994	80126	Check	1	106103		CASH-WA DISTRIBUTING CO OF FAR	Yes	No	No	09/16/2026	1,539.21
		81995	80127	Check	1	106104		CHARPENTIER, JETHRO	Yes	No	No	09/16/2026	25.00
		81987	80128	Check	1	104357		CLIFTONLARSONALLEN LLP	Yes	No	No	09/16/2026	5,775.00
		81990	80129	Check	1	105476		CRAMER, SUE	Yes	No	No	09/16/2026	200.10
		81998	80130	Check	1	18200		CULLIGAN	Yes	No	No	09/16/2026	54.10
		81977	80131	Check	1	100195		DAY'S SEWER SERVICE	Yes	No	No	09/16/2026	845.00
		81982	80132	Check	1	102806		HANDYMANS HARDWARE	Yes	No	No	09/16/2026	255.94

Check Register by Bank and Check

9/30/2026

12:49 PM

Check Number: 80055-2147483647 Payment Date: 7/1/2026-9/30/2026 Period: 0-99999999

Batch	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Pmt/Void Date	Amount
	CHEC	81999	80133	Check	1	37650		HILLYARD/HUTCHINSON	Yes	No	No	09/16/2026	154.00
		81981	80134	Check	1	102101		INNOVATIVE OFFICE SOLUTIONS	Yes	No	No	09/16/2026	380.59
		81989	80135	Check	1	105372		J.R. OIL CO.	Yes	No	No	09/16/2026	90.00
		81980	80136	Check	1	102081		KENNEDY & GRAVEN	Yes	No	No	09/16/2026	15,066.00
		81986	80137	Check	1	104222		KINSER, BEN	Yes	No	No	09/16/2026	109.99
		81984	80138	Check	1	104156		MARCHWICK CHIROPRACTIC	Yes	No	No	09/16/2026	100.00
		82000	80139	Check	1	55800		MINNESOTA POWER	Yes	No	No	09/16/2026	2,380.24
		81979	80140	Check	1	101234		NORTHLAND FIRE PROTECTION LLC	Yes	No	No	09/16/2026	127.00
		81978	80141	Check	1	100459		PAN-O-GOLD BAKING CO	Yes	No	No	09/16/2026	315.90
		81988	80142	Check	1	104407		PERRIN MOBILE MEDICAL INC	Yes	No	No	09/16/2026	180.00
		81993	80143	Check	1	106087		PIONEER ATHLETICS	Yes	No	No	09/16/2026	646.14
		81983	80144	Check	1	103230		SETH, JENNY	Yes	No	No	09/16/2026	93.65
		81992	80145	Check	1	106065		TAHO SPORTSWEAR, INC.	Yes	No	No	09/16/2026	420.00
		81985	80146	Check	1	104167		WHEELER, RACHEL	Yes	No	No	09/16/2026	117.74
		82001	80147	Check	1	02080		AFLAC	Yes	No	No	09/17/2026	100.00
		82002	80148	Check	1	104817		Minnesota Life Insurance Company	Yes	No	No	09/17/2026	875.33
		82003	80149	Check	1	77300		SCHOOL SERVICE EMPLOYEES	Yes	No	No	09/17/2026	917.42
		82015	80150	Check	1	105770		ECKES, JEFFERY	Yes	No	No	09/18/2026	140.00
		82016	80151	Check	1	105977		HEADLEY, CLINTON	Yes	No	No	09/18/2026	140.00
		82017	80152	Check	1	106106		MIKKELSON, STEPHEN	Yes	No	No	09/18/2026	140.00
		82013	80153	Check	1	103469		RUEN, KEVIN	Yes	No	No	09/18/2026	140.00
		82014	80154	Check	1	105633		SPRINGER, GREGORY A.	Yes	No	No	09/18/2026	140.00
		82018	80155	Check	1	106107		DORNSEIF, ALLISON MARIE	Yes	No	No	09/21/2026	150.00
		82019	80156	Check	1	106108		DORNSEIF, LAEL MARIE	Yes	No	No	09/21/2026	150.00
		82020	80157	Check	1	105368		COLONIAL LIFE	Yes	No	No	09/22/2026	4,020.07
		82028	80158	Check	1	10045		BRIDGE OF HARMONY	Yes	No	No	09/24/2026	255.92
		82043	80159	Check	1	105312		CARR, ROBERT E.	Yes	No	No	09/24/2026	125.00
		82057	80160	Check	1	106007		CHARMTECH LABS LLC	Yes	No	No	09/24/2026	4,048.00
		82025	80161	Check	1	01119		CLIMATE MAKERS	Yes	No	No	09/24/2026	50.00
		82023	80162	Check	1	00418		DACOTAH PAPER CO	Yes	No	No	09/24/2026	1,347.04
		82042	80163	Check	1	105171		DAKOTA BUSINESS SOLUTIONS EAS	Yes	No	No	09/24/2026	283.00
		82054	80164	Check	1	105976		DRAKE'S PIZZA	Yes	No	No	09/24/2026	170.00
		82035	80165	Check	1	103668		ESSENTIA HEALTH	Yes	No	No	09/24/2026	32.00
		82040	80166	Check	1	104865		FISCHER, NATHAN	Yes	No	No	09/24/2026	99.63
		82046	80167	Check	1	105622		GENTRY, GREG	Yes	No	No	09/24/2026	289.90
		82041	80168	Check	1	105019		HERITAGE EMBROIDERY & DESIGN	Yes	No	No	09/24/2026	288.00
		82039	80169	Check	1	104524		HICKS, SHIANNA	Yes	No	No	09/24/2026	171.58
		82062	80170	Check	1	37650		HILLYARD/HUTCHINSON	Yes	No	No	09/24/2026	3,342.75
		82052	80171	Check	1	105967		HINZMANN, BRIAN	Yes	No	No	09/24/2026	150.00

Check Register by Bank and Check

9/30/2026

12:49 PM

Check Number: 80055-2147483647 Payment Date: 7/1/2026-9/30/2026 Period: 0-99999999

Batch	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Pmt/Void Date	Amount
	CHEC	82032	80172	Check	1	102101		INNOVATIVE OFFICE SOLUTIONS	Yes	No	No	09/24/2026	73.11
		82053	80173	Check	1	105971		KELLY SERVICES INC	Yes	No	No	09/24/2026	1,212.10
		82048	80174	Check	1	105681		LAPOSKY, MELISSA	Yes	No	No	09/24/2026	150.00
		82055	80175	Check	1	105981		LARSON-ADAMS, RILEY	Yes	No	No	09/24/2026	150.00
		82047	80176	Check	1	105680		LeFAVOR, RACHEL	Yes	No	No	09/24/2026	99.86
		82051	80177	Check	1	105844		LELWICA, RACHEL	Yes	No	No	09/24/2026	634.94
		82050	80178	Check	1	105823		LUDEMAN, KARL	Yes	No	No	09/24/2026	75.00
		82037	80179	Check	1	104156		MARCHWICK CHIROPRACTIC	Yes	No	No	09/24/2026	100.00
		82064	80180	Check	1	49670		MASSP	Yes	No	No	09/24/2026	890.00
		82030	80181	Check	1	101507		MESPA	Yes	No	No	09/24/2026	979.00
		82044	80182	Check	1	105549		MetLife	Yes	No	No	09/24/2026	2,418.29
		82033	80183	Check	1	102659		MN DEPT OF LABOR AND INDUSTRY	Yes	No	No	09/24/2026	25.00
		82038	80184	Check	1	104406		NISKANEN, JIM	Yes	No	No	09/24/2026	13.30
		82045	80185	Check	1	105598		NORTH CENTRAL INTERNATIONAL, L	Yes	No	No	09/24/2026	420.45
		82027	80186	Check	1	100344		ODENS, TENA	Yes	No	No	09/24/2026	110.69
		82024	80187	Check	1	00431		PARK REGION CONFERENCE	Yes	No	No	09/24/2026	350.00
		82022	80188	Check	1	00195		PEET, SUE	Yes	No	No	09/24/2026	221.59
		82065	80189	Check	1	68800		PINE RIVER ELECTRIC INC.	Yes	No	No	09/24/2026	1,644.25
		82034	80190	Check	1	103615		RESILITE SPORTS PRODUCTS, INC	Yes	No	No	09/24/2026	23,038.00
		82031	80191	Check	1	101867		RUNYAN, JIM	Yes	No	No	09/24/2026	125.00
		82060	80192	Check	1	106110		SCHLADER, MAGGIE	Yes	No	No	09/24/2026	84.66
		82058	80193	Check	1	106012		SENSORY EDGE	Yes	No	No	09/24/2026	365.95
		82059	80194	Check	1	106109		SLC HUMAN SERVICE CONFERENCE	Yes	No	No	09/24/2026	125.00
		82049	80195	Check	1	105819		SOBIECH, JOHN	Yes	No	No	09/24/2026	125.00
		82056	80196	Check	1	106005		STAPLES	Yes	No	No	09/24/2026	207.42
		82063	80197	Check	1	48835		SUPER DUPER PUBLICATIONS	Yes	No	No	09/24/2026	61.84
		82026	80198	Check	1	04800		TDS TELECOM	Yes	No	No	09/24/2026	3,811.26
		82036	80199	Check	1	104135		TEE HIVE	Yes	No	No	09/24/2026	1,314.00
		82061	80200	Check	1	106111		WAYZATA RESULTS, LLC	Yes	No	No	09/24/2026	1,144.72
		82029	80201	Check	1	101131		WILLIAM V MACGILL & CO	Yes	No	No	09/24/2026	736.51
		82067	80202	Check	1	105312		CARR, ROBERT E.	Yes	No	No	09/28/2026	125.00
		82069	80203	Check	1	106107		DORNSEIF, ALLISON MARIE	Yes	No	No	09/28/2026	150.00
		82070	80204	Check	1	106108		DORNSEIF, LAEL MARIE	Yes	No	No	09/28/2026	150.00
		82066	80205	Check	1	101867		RUNYAN, JIM	Yes	No	No	09/28/2026	125.00
		82068	80206	Check	1	105819		SOBIECH, JOHN	Yes	No	No	09/28/2026	125.00
		82098	80207	Check	1	59100		AUTO VALUE PARTS STORE	Yes	No	No	09/30/2026	1,761.23
		82095	80208	Check	1	13500		CENTRAL MINNESOTA ERDC	Yes	No	No	09/30/2026	4,458.50
		82096	80209	Check	1	14850		CITY OF PINE RIVER	Yes	No	No	09/30/2026	864.65
		82075	80210	Check	1	01119		CLIMATE MAKERS	Yes	No	No	09/30/2026	117,990.00

Check Register by Bank and Check

9/30/2026

12:49 PM

Check Number: 80055-2147483647 Payment Date: 7/1/2026-9/30/2026 Period: 0-99999999

Batch	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Pmt/Void Date	Amount
	CHEC	82092	80211	Check	1	105968		COORDINATED BUSINESS SYSTEMS	Yes	No	No	09/30/2026	180.00
		82084	80212	Check	1	104824		DABILL, GINA	Yes	No	No	09/30/2026	61.20
		82089	80213	Check	1	105563		EDPUZZLE, INC.	Yes	No	No	09/30/2026	3,350.00
		82086	80214	Check	1	104955		ESGI, LLC	Yes	No	No	09/30/2026	250.25
		82087	80215	Check	1	105019		HERITAGE EMBROIDERY & DESIGN	Yes	No	No	09/30/2026	865.00
		82082	80216	Check	1	103966		IEA INC	Yes	No	No	09/30/2026	194.50
		82073	80217	Check	1	00553		IND SCHOOL DIST #116	Yes	No	No	09/30/2026	150.00
		82072	80218	Check	1	00427		IND SCHOOL DIST #182	Yes	No	No	09/30/2026	175.00
		82077	80219	Check	1	101291		IND SCHOOL DIST #317	Yes	No	No	09/30/2026	200.00
		82079	80220	Check	1	102101		INNOVATIVE OFFICE SOLUTIONS	Yes	No	No	09/30/2026	35,090.27
		82093	80221	Check	1	105971		KELLY SERVICES INC	Yes	No	No	09/30/2026	2,745.62
		82076	80222	Check	1	100595		LAKES COUNTRY SERVICE COOP	Yes	No	No	09/30/2026	42.00
		82097	80223	Check	1	49950		MCGRAW-HILL SCHOOL EDUC HOLD	Yes	No	No	09/30/2026	5,383.26
		82085	80224	Check	1	104948		MIDWEST BUS PARTS, INC.	Yes	No	No	09/30/2026	102.32
		82080	80225	Check	1	103413		PAPER STORM	Yes	No	No	09/30/2026	80.00
		82090	80226	Check	1	105676		PETERSON, DAVE	Yes	No	No	09/30/2026	150.00
		82094	80227	Check	1	106087		PIONEER ATHLETICS	Yes	No	No	09/30/2026	844.92
		82088	80228	Check	1	105078		SCHENDEL, ARIANA	Yes	No	No	09/30/2026	44.67
		82078	80229	Check	1	101712		SHETKA, MIKE	Yes	No	No	09/30/2026	32.00
		82091	80230	Check	1	105780		STUDIO WRAPS	Yes	No	No	09/30/2026	2,385.00
		82083	80231	Check	1	104539		TRAVIS, NEIL	Yes	No	No	09/30/2026	626.91
		82081	80232	Check	1	103628		VERIZON WIRELESS	Yes	No	No	09/30/2026	49.56
		82074	80233	Check	1	00566		XCEL ENERGY	Yes	No	No	09/30/2026	633.51

Bank Total: CHEC

\$415,117.12

Report Total:

\$415,117.12

PINE RIVER-BACKUS SCHOOLS

Investment Report

September 30, 2026

Investments in Local Banks

							<u>Accrued Interest</u>
Pine River State Bank	Pine River, MN	10/11/2025	10/11/2026	12	\$	279,021.92	2.00% \$ 79,021.92
First National Bank of Walker	Backus, MN	9/18/2026	4/18/2027	7	\$	114,879.97	4.00% \$ 15,879.97
<i>Total Local Investments</i>					\$	<u>393,901.89</u>	

MN School District Liquid Asset Fund

<u>Name of Account / Bank</u>	<u>Orig Date</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Percent</u>	<u>Interest To Date</u>
MSDLAF Max & Liquid Class	NA	NA	4,615,287.55	Blended	NA
<i>Total MSDLAF</i>			\$ <u>4,615,287.55</u>		
			\$ <u>-</u>		

Scholarship Funds

<u>Name of Fund</u>	<u>Maturity Date</u>	<u>Term</u>	<u>Amount</u>	<u>Percent</u>
Good Citizen Scholarship Savings Acct			289.81	0.15%
Marshall Scholarship CD	11/23/2026	13	29,767.62	4.06%
Marshall Savings			1,267.45	0.15%
Alfred Weise Scholarship CD	11/23/2026	13	2,359.34	4.06%
Alfred Weise Scholarship Savings			1,523.44	0.15%
Fillings (Reighard) Scholarship CD	11/23/2026	13	7,207.84	4.06%
Fillings (Reighard) Scholarship Savings Acct			70.12	0.15%
Evelyn W. Berg Savings			5,327.90	0.15%
Sheila Joan Anderson Savings Acct			2,471.86	0.15%
Dennis Heemstra Scholarship CD - FNB	4/18/2027	7	132,106.06	4.00%
Dennis Heemstra Scholarship CD - FNB	4/18/2027	7	116,457.03	4.00%
Dennis Heemstra Scholarship Savings - PRSB			23,389.57	0.50%
PR-B Scholarship CD	10/11/2026	12	11,755.04	2.00%
PR-B Scholarship Savings Acct			45,684.48	0.65%
Evan Lindquist Memorial Scholarship CD	11/23/2026	13	28,848.99	4.06%
Evan Lindquist Memorial Scholarship Savings			1,501.96	0.15%
Earl & Violet Fenton CD	11/23/2026	13	3,326.70	4.06%
Earl & Violet Fenton Savings Acct			7.30	0.15%
<i>Total Pine River State Bank / First National Bank Walker</i>			\$ <u>413,362.51</u>	

TOTAL INVESTMENTS

\$ 5,422,551.95

Notes & Changes from prior report:

*Balances updated per bank statements - PRSB CDs, MSDLAF, QZAB and Scholarships
First National Bank of Walker CD's renewed 9/18/26, 7 month terms, 4.0% interest*

PINE RIVER BACKUS SCHOOLS

Multi Year Fd, Obj Series

Sequence: Fd, O/S

Description	202503			202603			202703		
	Budget rbud25	Year to Date	%	Budget rbud26	Year to Date	%	Budget pbud27	Year to Date	%
01 General Fund									
100 Salaries & Wages	7,198,548.00	787,791.42	11%	7,621,452.00	807,222.47	11%	7,850,743.00	846,197.61	11%
200 Employee Benefits	2,087,781.00	326,693.19	16%	2,291,811.00	346,785.51	15%	2,431,008.00	355,229.06	15%
300 Purchased Services	1,573,042.00	290,779.44	18%	1,766,875.00	268,073.29	15%	1,799,732.00	364,233.31	20%
400 Supplies & Materials	466,515.00	128,214.01	27%	508,250.00	137,128.54	27%	520,900.00	294,082.73	56%
500 Capital Expenditures	0.00	0.00	0%	0.00	4,252.64	0%	0.00	0.00	0%
800 Other Expenditures	25,493.00	25,638.50	101%	32,600.00	23,714.00	73%	34,230.00	30,467.68	89%
900 Other Financing Uses	110,000.00	0.00	0%	115,000.00	0.00	0%	115,000.00	0.00	0%
01 General Fund	11,461,379.00	1,559,116.56	14%	12,335,988.00	1,587,176.45	13%	12,751,613.00	1,890,210.39	15%
02 Food Service Fund									
100 Salaries & Wages	207,993.00	21,037.48	10%	235,831.00	22,295.57	9%	240,399.00	21,303.89	9%
200 Employee Benefits	54,252.00	8,431.94	16%	58,973.00	9,060.22	15%	61,798.00	8,489.24	14%
300 Purchased Services	19,645.00	4,255.93	22%	19,645.00	1,526.29	8%	19,645.00	3,766.04	19%
400 Supplies & Materials	345,700.00	20,503.58	6%	344,000.00	25,249.20	7%	344,000.00	21,882.74	6%
500 Capital Expenditures	20,000.00	8,635.77	43%	93,157.00	0.00	0%	90,000.00	89,291.66	99%
800 Other Expenditures	2,500.00	2,286.30	91%	4,000.00	3,580.91	90%	4,000.00	3,470.63	87%
02 Food Service Fund	650,090.00	65,151.00	10%	755,606.00	61,712.19	8%	759,842.00	148,204.20	20%
03 Transportation Fund									
100 Salaries & Wages	515,110.00	40,663.75	8%	507,578.00	42,783.69	8%	535,524.00	45,915.55	9%
200 Employee Benefits	90,701.00	15,741.03	17%	89,286.00	16,541.16	19%	95,513.00	16,929.49	18%
300 Purchased Services	15,905.00	27,457.06	173%	15,645.00	29,352.43	188%	19,109.00	29,529.20	155%
400 Supplies & Materials	186,000.00	3,411.03	2%	148,500.00	10,337.54	7%	163,875.00	5,421.70	3%
500 Capital Expenditures	161,639.00	0.00	0%	175,000.00	143,294.74	82%	175,000.00	0.00	0%
800 Other Expenditures	5,209.00	5,150.00	99%	5,209.00	5,150.00	99%	5,209.00	0.00	0%
03 Transportation Fund	974,564.00	92,422.87	9%	941,218.00	247,459.56	26%	994,230.00	97,795.94	10%
04 Community Service									
100 Salaries & Wages	270,597.00	23,759.54	9%	320,634.00	28,139.11	9%	333,963.00	41,956.09	13%
200 Employee Benefits	102,119.00	11,215.55	11%	96,555.00	12,406.43	13%	102,565.00	13,922.53	14%
300 Purchased Services	80,662.00	15,979.21	20%	79,162.00	19,898.20	25%	95,039.00	10,012.90	11%
400 Supplies & Materials	12,100.00	1,368.50	11%	12,100.00	2,227.98	18%	12,600.00	1,065.29	8%

PINE RIVER BACKUS SCHOOLS
Multi Year Fd, Obj Series

Sequence: Fd, O/S

Description	202503			202603			202703		
	Budget rbud25	Year to Date	%	Budget rbud26	Year to Date	%	Budget pbud27	Year to Date	%
04 Community Service									
800 Other Expenditures	1,935.00	0.00	0%	1,935.00	0.00	0%	1,935.00	0.00	0%
04 Community Service	467,413.00	52,322.80	11%	510,386.00	62,671.72	12%	546,102.00	66,956.81	12%
05 Capital Expenditure									
300 Purchased Services	84,830.00	31,495.51	37%	143,928.00	41,999.58	29%	133,562.00	118,136.74	88%
400 Supplies & Materials	80,100.00	22,182.11	28%	79,600.00	1,800.93	2%	79,600.00	33,059.00	42%
500 Capital Expenditures	324,326.00	290,069.34	89%	219,183.00	91,923.59	42%	934,872.00	857,502.23	92%
05 Capital Expenditure	489,256.00	343,746.96	70%	442,711.00	135,724.10	31%	1,148,034.00	1,008,697.97	88%
07 Debt Redemption Fund									
700 Debt Service	1,431,226.00	88,883.54	6%	492,105.00	35,277.50	7%	486,580.00	29,540.00	6%
07 Debt Redemption Fund	1,431,226.00	88,883.54	6%	492,105.00	35,277.50	7%	486,580.00	29,540.00	6%
08 Scholarship									
800 Other Expenditures	64,450.00	0.00	0%	35,500.00	0.00	0%	71,900.00	4,000.00	6%
08 Scholarship	64,450.00	0.00	0%	35,500.00	0.00	0%	71,900.00	4,000.00	6%
20 Student Activity Fund									
400 Supplies & Materials	172,277.84	11,014.18	6%	145,465.43	18,755.09	13%	198,169.09	34,438.48	17%
20 Student Activity Fund	172,277.84	11,014.18	6%	145,465.43	18,755.09	13%	198,169.09	34,438.48	17%
Report Totals:	15,710,655.84	2,212,657.91	14%	15,658,979.43	2,148,776.61	14%	16,956,470.09	3,279,843.79	19%

PINE RIVER BACKUS SCHOOLS
Payment Reg by Bank and Check

Bank	Batch	Pmt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Tax Class	Pay/Void				Amount
										Print	Recon	Void	Date	
CHEC		82004		Wire	1	102302		PUBLIC EMPLOYEE RETIRE ASSOC		No	No	No	09/17/2026	29,144.84
CHEC		82005		Wire	1	102303		STATE OF MN TAX WITHHOLDING		No	No	No	09/17/2026	27,019.50
CHEC		82006		Wire	1	102304		US GOVT TAX WITHHOLDING		No	No	No	09/17/2026	160,634.39
CHEC		82007		Wire	1	104996		Minnesota State Retirement System		No	No	No	09/17/2026	825.00
CHEC		82008		Wire	1	105150		AVIBEN		No	No	No	09/17/2026	14,770.68
CHEC		82009		Wire	1	105867		Health Equity		No	No	No	09/17/2026	8,880.65
CHEC		82010		Wire	1	83400		MN TEACHERS RETIREMENT ASSOC		No	No	No	09/17/2026	92,913.56
CHEC		82011		Wire	1	102304		US GOVT TAX WITHHOLDING		No	No	No	09/17/2026	5.72
CHEC		82012		Wire	1	83400		MN TEACHERS RETIREMENT ASSOC		No	No	No	09/17/2026	6.68
CHEC		82071		Wire	1	105867		Health Equity		No	No	No	09/30/2026	1,753.70

Bank Total:

\$335,954.72

Report Total:

\$335,954.72

FEDERAL FUNDS UPDATE - Allocation, Budget, Spending 9/30/2026

FEDERAL TITLE FUNDS:

State Fiscal Year	Finance Code	Description	Funds Available	Funds Budgeted	Balance Unbudgeted	YTD SPENT 2026-2027	Carry Forward to FY2028	Application Status	Budget Status	Proposed Use of Funds	
2027	401	Formula - 401 - SFY 2027, Title I, Part A: Improving the Academic Achievement of the Disadvantaged	\$311,871.83	\$311,871.83	\$0.00	\$0.00	\$311,871.83	Original Application Submitted 6/25/2026	Application Resubmitted with Revisions 9/30/2026	2.0 fte Title I Teachers - Elementary	
										\$201,515.00	Title I Salary w/Ext Time
										\$54,136.00	Title I Benefits
										\$20,000.00	Title I Fees for Services
										\$24,225.76	Title I Supplies/Materials
										\$11,995.07	Title I Indirect Admin Costs
2027	414	Formula - 414 - SFY 2027, Title II, Part A: Teacher and Principal Training and Recruitment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	No Application Needed	N/A	Initial allocation \$31,408.35. All Title II Funds transferred to Title I (401). No FY2027 application in Title II.	
2027	433	Formula - 433 - SFY 2027, Title IV, Part A, Student Support and Academic Enrichment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	No Application Needed	N/A	Initial allocation \$17,750.81. All Title IV Funds transferred to Title I (401). No FY2027 application in Title IV.	
FEDERAL TITLE FUNDS TOTAL			\$311,871.83	\$311,871.83	\$0.00	\$0.00	\$311,871.83				

Resolution Accepting Monetary Awards and Donations

Be it resolved by the School Board of Independent School District No 2174 that we hereby acknowledge and accept the following monetary awards and donations received in September 2026:

<u>Name</u>	<u>Amount</u>	<u>Purpose</u>
Pine River Iron and Metal	\$163.60	PRB Activitites
First Lutheran Church	\$129.55	Tiger Den Food Pantry
Pine River American Legior	\$150.00	ALP Rewards Program
Heartland Real Estate	\$200.00	Boys Basketball
Pine River DMV	\$50.00	Boys Basketball

COLLABORATORS | COACHES | ADVOCATES | MENTORS
FRIENDS | VOLUNTEERS | REGULARS | DINERS | VISITORS
CPAs | CONSULTANTS | WEALTH ADVISORS | NEIGHBORS
COLLABORATORS | COACHES | ADVOCATES | MENTORS |
CONNOISSEURS | CUSTOMERS | TEACHERS |
| VOLUNTEERS | REGULARS | DINERS | VISITORS

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2026

Right there with you

CLAconnect.com



**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2026**

INTRODUCTORY SECTION

BOARD OF EDUCATION AND ADMINISTRATION	1
--	----------

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	2
-------------------------------------	----------

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS	6
---	----------

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION	17
----------------------------------	-----------

STATEMENT OF ACTIVITIES	18
--------------------------------	-----------

BALANCE SHEET – GOVERNMENTAL FUNDS	19
---	-----------

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES	20
--	-----------

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	21
---	-----------

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES	22
--	-----------

NOTES TO FINANCIAL STATEMENTS	23
--------------------------------------	-----------

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	52
---	-----------

BUDGETARY COMPARISON SCHEDULE – FOOD SERVICE FUND	53
--	-----------

BUDGETARY COMPARISON SCHEDULE – COMMUNITY SERVICE FUND	54
---	-----------

SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY AND RELATED RATIOS	55
--	-----------

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	56
--	-----------

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS	58
---	-----------

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	60
--	-----------

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2026**

SUPPLEMENTARY INFORMATION

UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE	72
--	-----------

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 <i>GOVERNMENT AUDITING STANDARDS</i>	73
INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE	75
SCHEDULE OF FINDINGS AND RESPONSES	76

INTRODUCTORY SECTION

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
BOARD OF EDUCATION AND ADMINISTRATION
JUNE 30, 2026**

BOARD OF EDUCATION

<u>NAME</u>	<u>TERM ON BOARD EXPIRES</u>	<u>BOARD POSITION</u>
Chris Cunningham	January 1, 2027	Chairperson
Carrie Maurer-Ackerman	January 1, 2029	Vice-Chairperson
Ryan Trumble	January 1, 2027	Clerk
Roger Hoplin	January 1, 2029	Treasurer
Leslie Bouchonville	January 1, 2027	Director
Nicki Linsten-Lodge	January 1, 2027	Director
Dave Sheley	January 1, 2029	Director

ADMINISTRATION

Jon Clark	Superintendent
Jolene Bengtson	Business Manager
District Offices	Independent School District No. 2174 Pine River-Backus Public Schools 401 Murray Ave Pine River, MN 56474 218-587-8000

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule – General Fund, budgetary comparison schedule – Food Service Fund, budgetary comparison schedule – Community Service Fund, schedule of changes in the District's OPEB liability and related ratios, schedule of the District's proportionate share of the net pension liability, and the schedule of District pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The uniform financial accounting and reporting standards compliance table is presented for purposes of additional analysis 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 GAAS. In our opinion, the uniform financial accounting and reporting standards compliance table is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited the District's 2025 financial statements, and we have expressed unmodified audit opinions on the respective financial statements of the governmental activities and each major fund in our report dated October 29, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Brainerd, Minnesota
September 8, 2026

REQUIRED SUPPLEMENTARY INFORMATION

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2026**

This section of Pine River-Backus Public Schools – Independent School District No. 2174's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2026.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2025 – 2026 fiscal years include the following:

- District-wide accrual basis net position increased by \$859,621 on revenues of \$15,704,572 compared to expenses of \$14,844,951.
- Total General Fund revenues were approximately \$14,182,179 as compared to \$13,759,796 of expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
 - The governmental funds statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

District-Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2026**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

District-Wide Statements (Continued)

Two District-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial health of the District, you need to consider additional nonfinancial factors such as enrollment trends, changes in the District's property tax base, and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are shown in one category:

- Governmental activities – Most of the District's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Property taxes, state aids, and federal aids finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The District has one kind of fund:

- Governmental funds – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional reconciling information within the governmental funds statements to explain the relationship (or differences) between the funds.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2026**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position was \$8,563,244 on June 30, 2026.

**Table A-1
The District's Net Position**

	Governmental Activities as of June 30,		Percentage Change
	2026	2025	
Assets:			
Current and Other Assets	\$ 9,666,845	\$ 8,598,569	12.4 %
Capital and Noncurrent Assets	13,232,301	13,525,793	(2.2)
Total Assets	<u>22,899,146</u>	<u>22,124,362</u>	3.5
Deferred Outflows of Resources	1,581,190	1,960,075	(19.3)
Liabilities:			
Current Liabilities	2,391,958	2,351,002	1.7
Long-Term Liabilities	8,255,584	9,771,452	(15.5)
Total Liabilities	<u>10,647,542</u>	<u>12,122,454</u>	(12.2)
Deferred Inflows of Resources	<u>5,269,550</u>	<u>4,258,360</u>	23.7
Net Position:			
Net Investment in Capital Assets	10,448,580	10,274,002	1.7
Restricted	1,814,695	1,939,702	(6.4)
Unrestricted	<u>(3,700,031)</u>	<u>(4,510,081)</u>	(18.0)
Total Net Position	<u><u>\$ 8,563,244</u></u>	<u><u>\$ 7,703,623</u></u>	11.2

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2026**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position

The District's total revenues were \$15,704,572 for the year ended June 30, 2026. Property taxes and state aid formula accounted for 56% of total revenue for the year. Another 38% came from other program-specific federal and state aid.

**Table A-2
Change in Net Position**

	Governmental Activities for the Fiscal Year Ended June 30,		Total Percent Change
	2026	2025	
Revenues			
Program Revenues:			
Charges for Services	\$ 446,186	\$ 433,335	3.0 %
Operating Grants and Contributions	5,994,712	6,309,095	(5.0)
Capital Grants and Contributions	1,825	1,886	(3.2)
General Revenues:			
Property Taxes	2,123,654	2,144,427	(1.0)
Unrestricted Federal and State Aid	6,700,008	6,567,354	2.0
Investment Earnings	199,145	215,338	(7.5)
Other	239,042	232,307	2.9
Total Revenues	15,704,572	15,903,742	(1.3)
Expenses			
Administration	555,320	520,420	6.7
District Support Services	309,734	361,825	(14.4)
Regular Instruction	6,155,268	6,174,928	(0.3)
Vocational Education Instruction	105,229	84,103	25.1
Special Education Instruction	2,626,339	2,540,549	3.4
Instructional Support Services	304,145	353,742	(14.0)
Pupil Support Services	1,315,634	1,395,880	(5.7)
Sites and Buildings	1,840,369	1,586,987	16.0
Fiscal and Other Fixed Cost Programs	151,018	165,278	(8.6)
Food Service	823,678	817,542	0.8
Community Service	514,201	466,599	10.2
Unallocated - Depreciation	103,113	113,374	(9.1)
Interest and Fiscal Charges on Long-Term Liabilities	40,903	52,373	(21.9)
Total Expenses	14,844,951	14,633,600	1.4
Increase in Net Position	859,621	1,270,142	
Net Position - Beginning of Year	7,703,623	6,433,481	
Net Position - End of Year	<u>\$ 8,563,244</u>	<u>\$ 7,703,623</u>	

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2026**

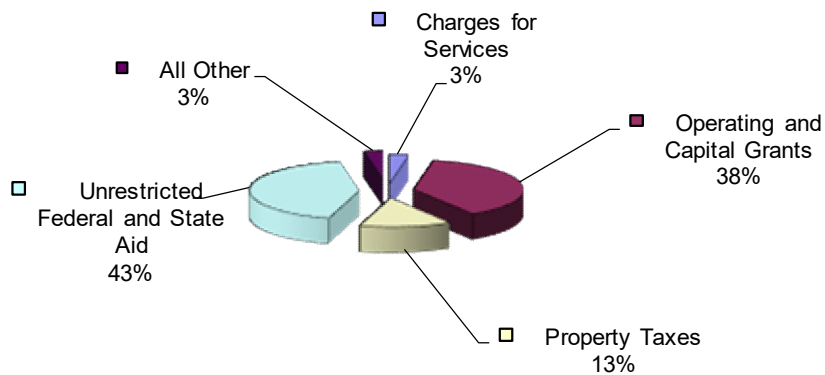
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

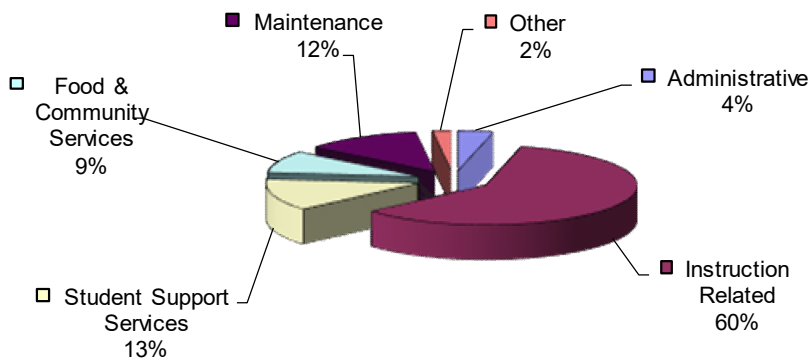
The cost of all governmental activities this year was \$14,844,951.

- Some of the cost was paid by the users of the District's programs (\$446,186).
- The federal and state governments subsidized certain programs with operating and capital grants and contributions (\$5,996,537).
- The remaining District's costs were paid by District taxpayers and the taxpayers of our state through property taxes and state aid based on the statewide education aid formula.

**Figure A-1
Sources of District's Revenues for Fiscal 2026**



**Figure A-2
District Expenses for Fiscal 2026**



**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2026**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

**Table A-3
Cost and Net Cost of Services**

	Total Cost of Services			Net Cost of Services		
	2026	2025	Change	2026	2025	Change
Administration	\$ 555,320	\$ 520,420	6.7 %	\$ 484,469	\$ 444,789	8.9 %
District Support Services	309,734	361,825	(14.4)	309,734	361,825	(14.4)
Regular Instruction	6,155,268	6,174,928	(0.3)	3,702,935	3,506,456	5.6
Vocational Education Instruction	105,229	84,103	25.1	105,022	82,083	27.9
Special Education Instruction	2,626,339	2,540,549	3.4	500,200	412,340	21.3
Instructional Support Services	304,145	353,742	(14.0)	129,119	103,964	24.2
Pupil Support Services	1,315,634	1,395,880	(5.7)	567,932	627,659	(9.5)
Sites and Buildings	1,840,369	1,586,987	16.0	1,839,108	1,585,361	16.0
Fiscal and Other Fixed Cost Programs	151,018	165,278	(8.6)	151,018	165,278	(8.6)
Food Service	823,678	817,542	0.8	132,862	128,581	3.3
Community Service	514,201	466,599	10.2	335,813	305,201	10.0
Unallocated - Depreciation	103,113	113,374	(9.1)	103,113	113,374	(9.1)
Interest and Fiscal Charges on						
Long-Term Liabilities	40,903	52,373	(21.9)	40,903	52,373	(21.9)
Total	<u>\$ 14,844,951</u>	<u>\$ 14,633,600</u>	1.4	<u>\$ 8,402,228</u>	<u>\$ 7,889,284</u>	6.5

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$5,063,705.

Revenues for the District's governmental funds were \$15,658,344, while total expenditures were \$15,518,171.

GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12 including pupil transportation activities and capital outlay projects.

The following graph shows the trend in student counts over the past 10 years:

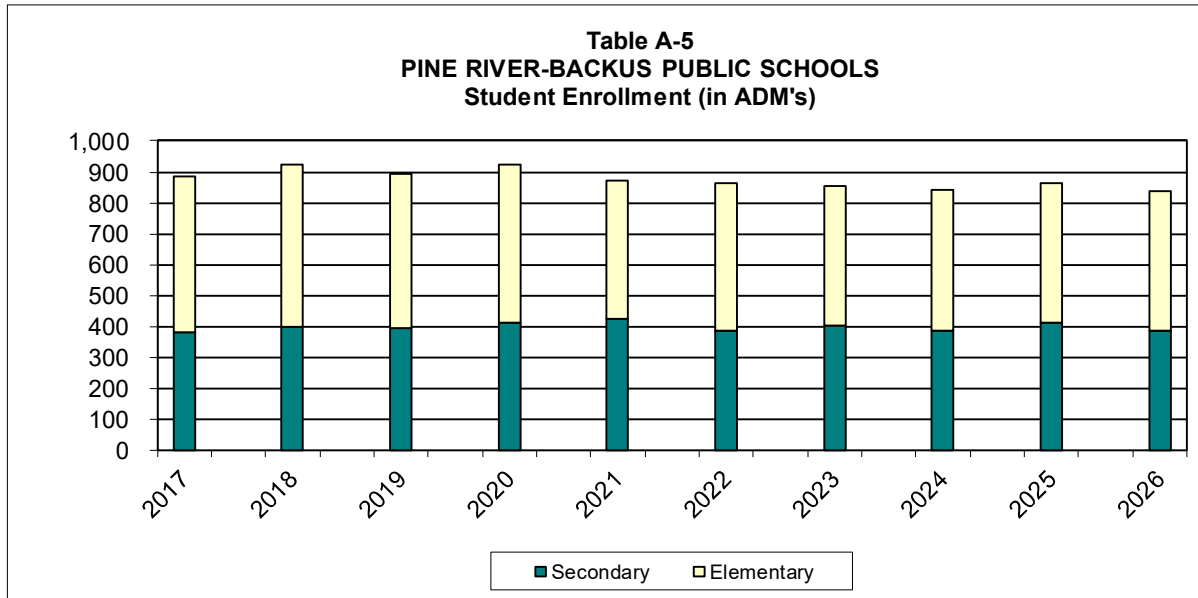
Table A-4

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Pre-K	11	25	33	32	27	32	33	33	30	36
HCP K	8	7	9	15	17	17	18	-	-	-
Reg K	60	63	44	63	39	48	40	55	63	53
Elementary	428	433	412	401	366	378	360	365	357	362
Secondary	379	398	396	411	423	387	403	387	411	385
Total Students for Aid	<u>886</u>	<u>926</u>	<u>894</u>	<u>922</u>	<u>872</u>	<u>862</u>	<u>854</u>	<u>840</u>	<u>861</u>	<u>836</u>
Percent Change	0.57%	4.51%	-3.46%	3.13%	-5.42%	-1.15%	-0.93%	-1.64%	2.50%	-2.90%

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2026**

GENERAL FUND (CONTINUED)

Student Enrollment (Average Daily Membership)



The following schedule presents a summary of General Fund Revenues:

**Table A-6
General Fund Revenues**

Fund	Year Ended		Change	
	June 30, 2026	June 30, 2025	Amount Increase (Decrease)	Percent Increase (Decrease)
Local Sources:				
Property Taxes	\$ 1,540,058	\$ 1,531,450	\$ 8,608	0.6 %
Earnings on Investments	176,283	161,895	14,388	8.9
Other	515,297	520,323	(5,026)	(1.0)
State Sources	11,516,567	11,572,507	(55,940)	(0.5)
Federal Sources	433,974	431,177	2,797	0.6
Total General Fund Revenue	<u>\$ 14,182,179</u>	<u>\$ 14,217,352</u>	<u>\$ (35,173)</u>	<u>(0.2)</u>

Total General Fund revenue decreased by \$35,173 or 0.2% from the prior year as show above. The decrease is due to a slight decrease in state funding and a slight decrease in donations.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2026**

GENERAL FUND (CONTINUED)

The following schedule presents a summary of General Fund Expenditures:

**Table A-7
General Fund Expenditures**

	Year Ended		Change	
	June 30, 2026	June 30, 2025	Amount of Increase (Decrease)	Percent Increase (Decrease)
Salaries	\$ 8,153,090	\$ 7,723,035	\$ 430,055	5.6 %
Employee Benefits	2,366,550	2,216,138	150,412	6.8
Purchased Services	1,945,845	1,806,320	139,525	7.7
Supplies and Materials	783,542	873,588	(90,046)	(10.3)
Capital Expenditures	436,913	599,631	(162,718)	(27.1)
Other Expenditures	73,856	91,857	(18,001)	(19.6)
Debt Service	-	29,404	(29,404)	100.0
Total Expenditures	<u>\$ 13,759,796</u>	<u>\$ 13,339,973</u>	<u>\$ 419,823</u>	3.1

Total General Fund expenditures increased by \$419,823 or 3.1% from the prior year as show above. The decrease in capital outlay is due to the District spending ESSER monies in the prior year which were no longer available in the current year. The increase in salaries and benefits is due to contracted increases and an increase in employees.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget one time.

- This amendment concentrates on students and staff. Actual student counts from the beginning of the school year are tracked and matched against the student enrollment estimates used to project many of the revenue components in the preliminary budget revenue categories. Actual staffing and respective assignments are verified for accuracy against the projected staffing costs used to establish the preliminary budget expense for salaries and benefits.
- The budget also has a concentration on the review and tracking of both actual revenue and expense categories toward the annual budgeted amounts.

In the case of budget amendments, depending on how actual revenue and expense items are tracking against the preliminary budget amounts, adjustments are proposed to specific categories for review and approval by the school board.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2026**

GENERAL FUND (CONTINUED)

General Fund Budgetary Highlights (Continued)

Actual results differed from budget as follows:

- While the District's final budget for the General Fund anticipated that revenues would exceed expenditures by \$877,127, actual revenues exceeded actual expenditures by \$422,383.
- Overall, actual revenues were \$480,831 less than budgeted, representing more than a 3.28% variation from budget to actual. Other revenues were over budget by \$286,397 due to student activities for the current year which are not budgeted. State revenues were lower than anticipated by \$869,077 due to lower general education aid due to lower student count than expected.
- The actual expenditures for current year were \$26,087 less than budgeted, which represents about (0.19%) of budgeted expenditures. Elementary and Secondary Regular Instruction were under budget by \$67,374 due to a reduction in purchased services and less supplies and materials purchased. Instructional Support Services was under budget by \$75,903 due to a reduction in supplies and materials purchased.

CONSTRUCTION PROJECTS AND DEBT SERVICE

An annual levy is made to fund the bond payments of approximately \$420,000 in principal and \$73,000 of interest.

CAPITAL ASSETS AND LONG-TERM FINANCING ACTIVITY

As shown in the table below, the District has invested \$27,779,823 in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. More detailed information about capital assets can be found in Note 4 to the financial statements. Total depreciation expense for the year was \$770,361.

**Table A-8
The District's Capital Assets**

	2026	2025	Percentage Change
Land	\$ 7,515	\$ 7,515	-
Land Improvements	1,758,827	1,758,827	-
Buildings and Improvements	21,860,064	21,721,806	0.6
Equipment	4,080,577	3,936,867	3.7
Less: Accumulated Depreciation	(14,547,522)	(13,899,222)	4.7
Total	<u>\$ 13,232,301</u>	<u>\$ 13,525,793</u>	(2.2)

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2026**

CAPITAL ASSETS AND LONG-TERM FINANCING ACTIVITY

At year-end, the District had \$2,645,000 in general obligation bonds outstanding as shown in Note 5 to the financial statements. The District also had an estimated \$1,000 in severance payable and \$188,423 in compensated absences at June 30, 2026.

**Table A-9
The District's Long-Term Liabilities**

	2026	2025	Percentage Change
General Obligation Bonds	\$ 2,645,000	\$ 3,065,000	(13.7)%
Net Bond Premium and Discount	47,927	67,335	(28.8)
Finance Purchase Agreement	79,548	103,360	100.0
Severance Payable	950	4,750	(80.0)
Compensated Absences	188,423	206,179	100.0
Total	\$ 2,961,848	\$ 3,446,624	(14.1)
Long-Term Liabilities			
Due Within One Year	\$ 507,197	\$ 487,137	
Due in More Than One Year	2,454,651	2,959,487	
Total	\$ 2,961,848	\$ 3,446,624	

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

- **Total Population:** The broader school district region encompasses roughly 8,000 residents across Pine River, Backus, and surrounding townships.
- **The region has a notably older median age of 51.3 years.** Residents aged 60–69 represent nearly 19% of the district's total population footprint, whereas children aged 0–9 make up roughly 10%.
- **School Enrollment:** The district consolidates operations onto a single conjoined campus in Pine River, maintaining a stable student enrollment of approximately 875 to 880 students across its elementary and high school programs. Approximately 57% to 60% of enrolled students qualify as economically disadvantaged.
- **Income Levels:** Median household incomes vary locally (around \$43,080 within the city of Pine River up to higher averages in surrounding lake/rural communities), with a general per capita income hovering near \$23,400–\$28,800. Poverty rates in the immediate city centers run higher (near 29%), reflecting fixed-income senior populations and lower-wage seasonal service work.
- **Customer Base & Employment:** The local economy relies heavily on Health Care & Social Assistance, Retail Trade, and Accommodation & Food Services. Tourism and lake-home economies heavily drive the customer base during warmer months. Unemployment rates trend between 5.4% in the summer months and 10.2% in the winter months with construction and seasonal hospitality layoffs.
- **Building Permits & Housing:** New construction remains stable yet modest, typical of rural recreational-amenity counties in Cass County, with limited large-scale commercial or dense residential building permits issued annually.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2026**

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS (CONTINUED)

- Student enrollment drives most district decision making as higher enrollment directly equates to higher revenue and vice versa. Enrollment drives our staffing choices and building needs.
- Pine-River Backus' student enrollment is projected to remain constant over the next three years. The District continues to respond to its changing population by accessing funding streams specific to poverty indicators and effective and planned financial management.
- Exclusive of construction and debt service funds, the District's salaries, wages, and benefits account for 74% of the District's overall expenditures.
- Most employee contracts will expire June 30, 2027. New contracts will be negotiated for the 2027-28 and 2028-29 school years.
- The District is intentional in balancing staffing and facility needs with efforts to maintain a healthy and liquid fund balance. All efforts are made to secure additional funding opportunities when available.
- Despite continuous changes in school funding, the District continues to responsibly manage its revenues and expenditures. The District strives to maintain a balanced budget on an annual basis. The District plans to continue its conservative budget approach and consider nontraditional funding opportunities when available. The District will also consider educated risks, progressive concepts, and local public support in order to meet the rigor of today's academic standards and the challenges of local economic demands.
- The political environment at the State and Federal level will have a significant effect on future finances. The State legislature sets the amount of revenue from aids and levies that Minnesota school districts will receive. Currently, the general education basic allowance, from which the District receives the single largest state aid, is set at \$7,481 per pupil unit. The Federal government controls Title funds and a large portion of Food Service meal reimbursements. The District makes every effort to balance the need for revenue with the added impact to local taxpayers.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Manager at the District's office located at 401 Murray Ave, Pine River, Minnesota 56474 or by telephone at 218-587-4720.

BASIC FINANCIAL STATEMENTS

PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
STATEMENT OF NET POSITION
JUNE 30, 2026
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2025)

	Governmental Activities	
	2026	2025
ASSETS		
Cash and Investments	\$ 7,064,474	\$ 6,330,328
Receivables:		
Property Taxes	1,200,168	798,477
Other Governments	1,341,218	1,451,795
Other	44,107	4,011
Inventories	16,878	13,958
Capital Assets:		
Land	7,515	7,515
Construction-in-Progress	72,840	-
Other Capital Assets, Net of Depreciation	13,151,946	13,518,278
Total Assets	<u>22,899,146</u>	<u>22,124,362</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related	1,480,998	1,842,249
OPEB Related	100,192	117,826
Total Deferred Outflows of Resources	<u>1,581,190</u>	<u>1,960,075</u>
LIABILITIES		
Salaries and Payroll Deductions Payable	1,430,047	1,413,271
Accounts and Contracts Payable	77,706	56,977
Accrued Interest	25,458	33,301
Due to Other Governmental Units	304,762	320,724
Unearned Revenue	7,496	8,806
Long-Term Liabilities:		
Portion Due Within One Year	507,197	487,137
Portion Due in More Than One Year	2,454,651	2,959,487
Net Pension Liability	5,483,550	6,469,885
Other Postemployment Benefits Liability, Due Within One Year	39,292	30,786
Other Postemployment Benefits Liability, Due in More Than One Year	317,383	342,080
Total Liabilities	<u>10,647,542</u>	<u>12,122,454</u>
DEFERRED INFLOWS OF RESOURCES		
Pension Related	2,495,796	2,348,284
OPEB Related	69,623	56,986
Property Taxes Levied for Subsequent Year	2,692,885	1,836,994
Refunding Gain on Bonds	11,246	16,096
Total Deferred Inflows of Resources	<u>5,269,550</u>	<u>4,258,360</u>
NET POSITION		
Net Investment in Capital Assets	10,448,580	10,274,002
Restricted for:		
General Fund Operating Capital Purposes	-	15,101
General Fund State-Mandated Reserves	1,279,568	1,340,685
Food Service	345,836	384,186
Community Service	22,559	22,973
Debt Service	166,732	176,757
Unrestricted	(3,700,031)	(4,510,081)
Total Net Position	<u>\$ 8,563,244</u>	<u>\$ 7,703,623</u>

See accompanying Notes to Financial Statements.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2025)**

	2026				Net (Expense) Revenue and Changes in Net Position	2025 Net (Expense) Revenue and Changes in Net Position
	Program Revenues				Total Governmental Activities	Total Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
FUNCTIONS/PROGRAMS						
Primary Government:						
Governmental Activities:						
Administration	\$ 555,320	\$ -	\$ 70,851	\$ -	\$ (484,469)	\$ (444,789)
District Support Services	309,734	-	-	-	(309,734)	(361,825)
Regular Instruction	6,155,268	284,189	2,168,144	-	(3,702,935)	(3,506,456)
Vocational Education Instruction	105,229	-	207	-	(105,022)	(82,083)
Special Education Instruction	2,626,339	-	2,126,139	-	(500,200)	(412,340)
Instructional Support Services	304,145	-	175,026	-	(129,119)	(103,964)
Pupil Support Services	1,315,634	-	747,131	571	(567,932)	(627,659)
Sites and Buildings	1,840,369	-	7	1,254	(1,839,108)	(1,585,361)
Fiscal and Other Fixed Cost Programs	151,018	-	-	-	(151,018)	(165,278)
Food Service	823,678	42,007	648,809	-	(132,862)	(128,581)
Community Service	514,201	119,990	58,398	-	(335,813)	(305,201)
Interest and Fiscal Charges on						
Long-Term Liabilities	40,903	-	-	-	(40,903)	(52,373)
Unallocated Depreciation	103,113	-	-	-	(103,113)	(113,374)
Total Governmental Activities	<u>\$ 14,844,951</u>	<u>\$ 446,186</u>	<u>\$ 5,994,712</u>	<u>\$ 1,825</u>	(8,402,228)	(7,889,284)
General Revenues:						
Property Taxes Levied for:						
General Purposes					1,587,932	1,533,515
Community Service					125,888	117,706
Debt Service					409,834	493,206
State Aid Not Restricted to Specific Purposes					6,700,008	6,567,354
Earnings on Investments					199,145	215,338
Miscellaneous					239,042	232,307
Total General Revenues					<u>9,261,849</u>	<u>9,159,426</u>
CHANGE IN NET POSITION					859,621	1,270,142
Net Position - Beginning of Year					<u>7,703,623</u>	<u>6,433,481</u>
NET POSITION - END OF YEAR					<u>\$ 8,563,244</u>	<u>\$ 7,703,623</u>

See accompanying Notes to Financial Statements.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2026
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2025)**

	Major Funds				Total Governmental Funds	
	General	Food Service	Community Service	Debt Service	2026	2025
ASSETS						
Cash and Investments	\$ 6,136,424	\$ 367,052	\$ 149,624	\$ 411,374	\$ 7,064,474	\$ 6,330,328
Receivables:						
Current Property Taxes	857,427	-	51,826	200,671	1,109,924	756,107
Delinquent Property Taxes	62,090	-	6,309	21,845	90,244	42,370
Accounts and Interest Receivable	44,107	-	-	-	44,107	4,011
Due from Other Minnesota School Districts	57,276	-	-	-	57,276	52,997
Due from Minnesota Department of Education	1,080,147	-	7,534	4,334	1,092,015	1,157,593
Due from Federal through Minnesota Department of Education	168,679	-	-	-	168,679	189,519
Due from Other Governmental Units	19,198	-	1,049	3,001	23,248	51,686
Inventory	3,852	13,026	-	-	16,878	13,958
Total Assets	<u>\$ 8,429,200</u>	<u>\$ 380,078</u>	<u>\$ 216,342</u>	<u>\$ 641,225</u>	<u>\$ 9,666,845</u>	<u>\$ 8,598,569</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Salaries and Payroll Deductions Payable	\$ 1,336,396	\$ 25,710	\$ 67,941	\$ -	\$ 1,430,047	\$ 1,413,271
Accounts and Contracts Payable	73,871	1,036	2,799	-	77,706	56,977
Due to Other Minnesota School Districts	250,095	-	-	-	250,095	274,587
Due to Other Governmental Units	54,667	-	-	-	54,667	46,137
Unearned Revenue	-	7,496	-	-	7,496	8,806
Total Liabilities	1,715,029	34,242	70,740	-	1,820,011	1,799,778
DEFERRED INFLOWS OF RESOURCES						
Property Taxes Levied for Subsequent Year	2,113,238	-	130,612	449,035	2,692,885	1,836,994
Unavailable Revenue - Delinquent Taxes	62,090	-	6,309	21,845	90,244	42,370
Total Deferred Inflows of Resources	2,175,328	-	136,921	470,880	2,783,129	1,879,364
FUND BALANCES						
Nonspendable:						
Inventory	3,852	13,026	-	-	16,878	13,958
Restricted:						
Literacy Incentive Aid	-	-	-	-	-	5,256
American Indian Ed Aid	39,368	-	-	-	39,368	28,156
Operating Capital	-	-	-	-	-	15,101
Learning and Development	13,261	-	-	-	13,261	12,004
Area Learning Center	278,303	-	-	-	278,303	185,857
Gifted and Talented	32,899	-	-	-	32,899	33,540
Basic Skills Programs	47,404	-	-	-	47,404	274,515
Safe Schools - Crime	1,831	-	-	-	1,831	28,293
Teacher Comp Read Act	31,697	-	-	-	31,697	31,697
Early Childhood and Family Educations Programs	-	-	-	-	-	3,821
School Readiness	-	-	15,940	-	15,940	15,939
Long-Term Facilities Maintenance	-	-	-	-	-	15,309
School Library Aid	-	-	-	-	-	848
Medical Assistance	187,462	-	-	-	187,462	155,031
Other Restricted	-	332,810	310	170,345	503,465	572,065
Student Activity Funds	192,141	-	-	-	192,141	144,385
Scholarship	398,416	-	-	-	398,416	391,848
Literacy Aid	33,946	-	-	-	33,946	33,946
English Learner	22,840	-	-	-	22,840	-
Unassigned	3,255,423	-	(7,569)	-	3,247,854	2,957,858
Total Fund Balances	<u>4,538,843</u>	<u>345,836</u>	<u>8,681</u>	<u>170,345</u>	<u>5,063,705</u>	<u>4,919,427</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,429,200</u>	<u>\$ 380,078</u>	<u>\$ 216,342</u>	<u>\$ 641,225</u>	<u>\$ 9,666,845</u>	<u>\$ 8,598,569</u>

See accompanying Notes to Financial Statements.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
JUNE 30, 2026
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2025)**

	2026	2025
Total Fund Balances - Governmental Funds	\$ 5,063,705	\$ 4,919,427
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	7,515	7,515
Construction-in-Progress	72,840	-
Land Improvements, Net of Accumulated Depreciation	918,214	993,000
Buildings and Improvements, Net of Accumulated Depreciation	10,996,273	11,328,051
Equipment, Net of Accumulated Depreciation	1,237,459	1,197,227
The District's Net Pension Liability and related deferred inflows and outflows are recorded only on the Statement of Net Position. Balances at year-end are:		
Net Pension Liability	(5,483,550)	(6,469,885)
Deferred Inflows of Resources - Pension Related	(2,495,796)	(2,348,284)
Deferred Outflows of Resources - Pension Related	1,480,998	1,842,249
The District's OPEB Liability and related deferred outflows and inflows are recorded only on the Statement of Net Position. Balances at year-end are:		
OPEB Liability	(356,675)	(372,866)
Deferred Outflows of Resources - OPEB Related	100,192	117,826
Deferred Inflows of Resources - OPEB Related	(69,623)	(56,986)
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current-period's expenditures and, therefore, are reported as deferred inflows of resources in the funds.		
	90,244	42,370
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
	(25,458)	(33,301)
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position. Balances at year-end are:		
Bonds Payable	(2,645,000)	(3,065,000)
Unamortized Premiums	(47,927)	(67,335)
Refunding Gain on Bonds	(11,246)	(16,096)
Finance Purchase Agreement	(79,548)	(103,360)
Severance Payable	(950)	(4,750)
Compensated Absences	(188,423)	(206,179)
Total Net Position of Governmental Activities	\$ 8,563,244	\$ 7,703,623

See accompanying Notes to Financial Statements.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2026
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2025)**

	Major Funds				Total Governmental Funds	
	General	Food Service	Community Service	Debt Service	2026	2025
REVENUES						
Local:						
Property Taxes	\$ 1,540,058	\$ -	\$ 125,888	\$ 409,834	\$ 2,075,780	\$ 2,142,362
Earnings on Investments	176,283	11,301	-	11,561	199,145	215,338
Other	515,297	45,612	119,990	-	680,899	655,303
State Sources	11,516,567	114,804	59,830	43,340	11,734,541	11,792,022
Federal Sources	433,974	534,005	-	-	967,979	968,838
Total Revenues	14,182,179	705,722	305,708	464,735	15,658,344	15,773,863
EXPENDITURES						
Current:						
Administration	570,348	-	-	-	570,348	517,755
District Support Services	323,152	-	-	-	323,152	340,164
Regular Instruction	6,320,146	-	-	-	6,320,146	6,061,190
Vocational Education Instruction	106,744	-	-	-	106,744	84,036
Special Education Instruction	2,729,877	-	-	-	2,729,877	2,585,680
Instructional Support Services	332,205	-	-	-	332,205	354,350
Pupil Support Services	1,394,818	-	-	-	1,394,818	1,384,523
Sites and Buildings	1,394,575	-	-	-	1,394,575	1,217,962
Fiscal and Other Fixed Cost Programs	151,018	-	-	-	151,018	165,278
Food Service	-	648,640	-	-	648,640	609,199
Community Service	-	-	521,299	-	521,299	466,528
Capital Outlay	436,913	95,432	-	-	532,345	619,640
Debt Service:						
Principal	-	-	-	420,000	420,000	1,328,856
Interest and Fiscal Charges	-	-	-	73,004	73,004	81,610
Total Expenditures	13,759,796	744,072	521,299	493,004	15,518,171	15,816,771
Excess (Deficiency) of Revenues Over (Under) Expenditures	422,383	(38,350)	(215,591)	(28,269)	140,173	(42,908)
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	298,581	-	298,581	114,421
Transfers Out	(298,581)	-	-	-	(298,581)	(114,421)
Insurance Proceeds	4,105	-	-	-	4,105	10,339
Issuance of Finance Purchase Agreement	-	-	-	-	-	132,216
Total Other Financing Sources (Uses)	(294,476)	-	298,581	-	4,105	142,555
NET CHANGE IN FUND BALANCES	127,907	(38,350)	82,990	(28,269)	144,278	99,647
Fund Balances - Beginning of Year	4,410,936	384,186	(74,309)	198,614	4,919,427	4,819,780
FUND BALANCES - END OF YEAR	<u>\$ 4,538,843</u>	<u>\$ 345,836</u>	<u>\$ 8,681</u>	<u>\$ 170,345</u>	<u>\$ 5,063,705</u>	<u>\$ 4,919,427</u>

See accompanying Notes to Financial Statements.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2026
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2025)**

	2026	2025
Net Change in Fund Balances - Governmental Funds	\$ 144,278	\$ 99,647
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.		
Capital Outlays	476,869	599,024
Depreciation Expense	(770,361)	(757,275)
Some capital asset additions are financed through finance purchase agreements. In governmental funds, a finance purchase agreement is considered a source of financing, but in the Statement of Net Position, the lease obligation is reported as a liability. Repayment of finance purchase agreement principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the Statement of Net Position.		
Issuance of Finance Purchase Agreement	-	(132,216)
Principal Payments - Finance Purchase Agreement	23,812	28,856
Payment of OPEB benefits are recognized as expenditures at the fund level while the change in the OPEB liability and related deferred outflows and inflows are recognized in the Statement of Net Position.		
	(14,080)	(24,729)
Pension expenditures on the governmental funds are measured by current year employer contributions. Pension expenses on the Statement of Activities are measured by the change in Net Pension Liability and the related deferred inflows and outflows of resources.		
	477,572	329,705
The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the Statement of Activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the Statement of Activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:		
Net Bond (Premium) Discount Amortization	19,408	23,003
Refunding Gain on Bonds	4,850	5,817
Repayment of Bond Principal	420,000	1,300,000
Change in Accrued Interest Expense - General Obligation Bonds	7,843	(131)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current-period's expenditures and, therefore, are unavailable in the funds.		
	47,874	2,065
In the statement of activities, severance benefits are measured on the accrual basis. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		
	3,800	2,555
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		
	17,756	(206,179)
Change in Net Position of Governmental Activities	\$ 859,621	\$ 1,270,142

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 2174 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Financial Reporting Entity

The District is an instrumentality of the state of Minnesota established to function as an educational institution. The elected Board of Education (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

GAAP require that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units – entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. These financial statements include all funds of the District. There are no other entities for which the District is financially accountable.

The District-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Basic Financial Statement Presentation

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Generally, the effect of material interfund activity has been removed from the District-wide financial statements.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

Separate Fund financial statements are provided for governmental. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory "tax shift" described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State revenue is recognized in the year to which it applies according to Minnesota Statutes and GAAP. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Community service tuition, meal sales, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

Description of Funds

The existence of the various District funds has been established by the state of Minnesota, Department of Education. The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. A description of the funds included in this report is as follows:

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Major Governmental Funds

General Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the District, as well as the capital related activities such as maintenance of facilities, equipment purchases, health and safety projects, and disabled accessibility projects.

Food Service Special Revenue Fund

The Food Service Fund is used to account for food service revenues and expenditures. Revenues for the Food Service Fund are generated from user fees, federal reimbursements, and state aids.

Community Service Special Revenue Fund

The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs, K-6 extended day programs, or other similar services. Revenues for the Community Service Fund are generated primarily from user fees, local property taxes and state credits.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term obligation bond principal, interest, and related costs.

E. Cash and Investments

Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Investments are stated at their fair value as determined by quoted market prices, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less which are recorded at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments including commercial paper, Bankers' acceptances, and U.S. Treasury and agency obligations.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Accounts Receivable

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary. The only receivables not expected to be collected within one year are property taxes receivable.

G. Inventories

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

H. Property Taxes

Property tax levies are established by the Board of Education in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on January 1. Taxes are due on May 15 and October 15. The county generally remits taxes to the District at periodic intervals as they are collected. A portion of property taxes levied is paid by through various state tax credits which are included in revenue from state sources in the financial statements.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as deferred inflow of resources (property taxes levied for subsequent year).

The majority of District revenue in the General and Special Revenue Funds is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift."

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is unavailable because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material.

Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the state which will be recognized as revenue in the next fiscal year beginning July 1, 2026, are included in the Property Taxes Levied for Subsequent Year account to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District's capital asset threshold for building improvements is \$25,000 and all other assets must have an individual cost of more than \$5,000. For bulk purchases of furniture, textbooks, or technology, the capitalization threshold is \$25,000 in aggregate. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the District-wide financial statement, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are generally sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 20 years for equipment.

Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

J. Deferred Outflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The category of deferred outflow of resources reported in the statement of net position is related to pensions and other postemployment benefits. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows on pension and other postemployment benefits are more fully discussed in Note 7 and 9.

K. Long-Term Obligations

In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Accrued Employee Benefits

Vacation Pay

Certified staff and certain administrative employees do not receive paid vacations but are paid only for the number of days they are required to work, each in accordance with their respective contracts. Noncertified and other administrative employees are allowed vacation leave in varying amounts. In the event of termination most district employees are reimbursed for any unused accumulated vacation leave. Accrued vacation time must be taken within one year after the end of the fiscal year. Compensated absences payable for the amount representing the accumulated vacation payable at June 30, 2026 for these employees is reported in the District-wide financial statements.

The liability for compensated absences reported in the financial statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

In addition, Principals and all certified personnel who were employed prior to July 1, 1997, having reached the age of 52, and with 15 years of service and proper submission of resignation to the School Board may qualify for severance pay. The amount of pay is equal to 50% of outstanding sick leave up to a maximum of \$21,000 for Principals and \$21,000 for certified personnel, less the District's 403(b) matching contributions. See Note 5A for this severance liability amount.

M. Deferred Inflows of Resources

In addition to liabilities, the statement of net position and the governmental funds balance sheet includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements. The District's deferred inflows of resources reported on the statement of net position relate to pension and other postemployment benefits, which are more fully discussed in Note 7 and 9.

Under the modified accrual basis of accounting, deferred inflows of resources also include revenues not collected within the availability period after the fiscal year-end. The District has reported deferred inflows of resources related to unavailable revenues for property taxes. These amounts are deferred and will be recognized as an inflow of resources in the period that amounts become available

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on the same basis as they are reported by PERA and TRA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments, and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Fund Balance

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance are related to prepaid items and inventories. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Education. The Board of Education passed a resolution authorizing the Business Manager to assign fund balances and its intended uses. Unassigned fund balances are considered the remaining amounts. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned fund balance.

It is also the District's policy to strive to maintain a minimum unassigned General Fund balance of 15% of the annual budget.

P. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in the District-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulation depreciation, reduced by the outstanding balance (less any unspent bond proceeds) of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the District-wide financial statement when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. The remaining net position is considered unrestricted.

Q. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2025, from which the summarized information was derived. Certain comparative information has been reclassified to conform with the current year presentation.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

A. Transfers In/Transfers Out

The District made an operating transfer from the General Fund to the Community Service Fund in the amount of \$298,581 during the year ended June 30, 2026. The transfer to the Community Service Fund to help cover the costs of a pre-kindergarten program run out of the Community Service Fund and to cover negative cash.

NOTE 3 DEPOSITS AND INVESTMENTS

A. Deposits

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the Statement of Net Position and balance sheet as "Cash and Investments." In accordance with Minnesota Statutes the District maintains deposits at financial institutions which are authorized by the School District's Board.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust departments of a commercial bank or other financial institution not owned or controlled by the depository.

The District's deposits in banks at June 30, 2026 was \$1,208,672. At June 30, 2026, the District's deposits were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

B. Investments

The District may invest idle funds as authorized by Minnesota Statutes Chapter 118A as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies;

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

- Shares of investment companies registered under the Investment Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less;
- General obligations rated “A” or better; revenue obligations rated “AA” or better;
- General obligations of the Minnesota Housing Finance Agency rate “A” or better;
- Bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System;
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less;
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories and repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

At June 30, 2026, the District had the following investments:

<u>Type</u>	<u>Amount</u>
MSDLAF+	\$ 10,551
MSDLAF Max	5,918,048
Total	<u>\$ 5,928,599</u>

The MSDLAF+ is an external investment pool (Pool) that is managed to maintain a dollar-weighted average portfolio maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1.00. The Pool elects to measure its investments at amortized cost in accordance with accounting statements issued by the Government Accounting Standards Board.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District’s policy is that the obligations at the time of purchase must be rated at the highest classification by at least two of the four standard rating services. The following chart summarizes year-end ratings for the District’s investments as rated by Moody’s Investors Service:

<u>Type</u>	<u>Credit Quality Rating</u>	<u>Amount</u>
MSDLAF+	A-1+, A-1	\$ 10,551
MSDLAF Max	A-1+, A-1	5,918,048
Total		<u>\$ 5,928,599</u>

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The District's deposits (1,135,875) and investments (5,928,599) are presented in the financial statements as follows:

Cash and Investments	\$ 7,064,474
Total Cash and Investments	<u>\$ 7,064,474</u>

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2026 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 7,515	\$ -	\$ -	\$ 7,515
Construction-in-Progress	-	72,840	-	72,840
Total Capital Assets, Not Being Depreciated	7,515	72,840	-	80,355
Capital Assets, Being Depreciated:				
Land Improvements	1,758,827	-	-	1,758,827
Buildings and Improvements	21,721,806	138,258	-	21,860,064
Equipment	3,936,867	265,771	(122,061)	4,080,577
Total Capital Assets, Being Depreciated	27,417,500	404,029	(122,061)	27,699,468
Accumulated Depreciation for:				
Land Improvements	(765,827)	(74,786)	-	(840,613)
Buildings and Improvements	(10,393,755)	(470,036)	-	(10,863,791)
Equipment	(2,739,640)	(225,539)	122,061	(2,843,118)
Total Accumulated Depreciation	(13,899,222)	(770,361)	122,061	(14,547,522)
Total Capital Assets, Being Depreciated, Net	13,518,278	(366,332)	-	13,151,946
Governmental Activities Capital Assets, Net	<u>\$ 13,525,793</u>	<u>\$ (293,492)</u>	<u>\$ -</u>	<u>\$ 13,232,301</u>

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the District as follows:

Governmental Activities:	
Administration	\$ 598
District Support Services	2,018
Regular Instruction	42,978
Vocational Education Instruction	794
Special Education Instruction	1,024
Instructional Support Services	1,093
Pupil Support Services	172,763
Sites and Buildings	445,187
Community Service	793
Unallocated Depreciation	103,113
Total Depreciation Expense, Governmental Activities	<u>\$ 770,361</u>

NOTE 5 LONG-TERM LIABILITIES

A. Components of General Long-Term Debt

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue</u>	<u>Final Maturity</u>	<u>Outstanding</u>
Facilities Maintenance Bonds:					
Series 2017A	3/7/2017	2.44%	\$ 1,985,000	2/1/2032	\$ 885,000
Series 2020A	6/11/2020	2.00%	200,000	2/1/2031	100,000
Capital Facilities Bonds:					
Series 2020A	6/11/2020	2.00%	300,000	2/1/2031	155,000
School Building Refunding Bonds:					
Series 2020B	11/12/2020	1.05 - 3.00%	2,570,000	2/1/2032	1,505,000
Total General Obligation Bonds					2,645,000
Finance Purchase Agreement					
Bus 2025	06/01/12	3.45%	-	6/1/2017	79,548
Severance Payable					950
Compensated Absences					188,423
Total Long-Term Liabilities					<u>\$ 2,913,921</u>

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term debt, not including compensated absences payable are as follows:

Year Ending June 30,	General Obligation Bonds Payable		Finance Purchase Agreement	
	Principal	Interest	Principal	Interest
2027	\$ 425,000	\$ 57,180	\$ 25,116	\$ 4,355
2028	435,000	45,268	26,491	2,980
2029	445,000	33,068	27,941	1,530
2030	455,000	25,455	-	-
2031	465,000	17,248	-	-
2032	420,000	8,310	-	-
Total	<u>\$ 2,645,000</u>	<u>\$ 186,529</u>	<u>\$ 79,548</u>	<u>\$ 8,865</u>

C. Description of Long-Term Debt

1. General Obligation Bonds

On November 12, 2020, the District issued \$2,570,000 General Obligation School Building Refunding Bonds, Series 2020B to refund and defease outstanding General Obligation Alternative Facilities Bonds, Series 2012A; due in annual installments of \$185,000 to \$260,000, through February 1, 2032 with interest rate at 1.05% to 3.00%.

D. Changes in Long-Term Debt

	June 30, 2025	Net Additions	Retirements	June 30, 2026	Due Within One Year
General Obligation Bonds	\$ 3,065,000	\$ -	\$ 420,000	\$ 2,645,000	\$ 425,000
Net Bond Premiums (Discount)	67,335	-	19,408	47,927	-
Finance Purchase Agreement	103,360	-	23,812	79,548	25,116
Subtotal	3,235,695	-	463,220	2,772,475	450,116
Severance Payable	4,750	-	3,800	950	-
Compensated Absences	206,179	-	17,756	188,423	57,081
Total	<u>\$ 3,446,624</u>	<u>\$ -</u>	<u>\$ 484,776</u>	<u>\$ 2,961,848</u>	<u>\$ 507,197</u>

* The change in the compensated absences payable is presented as a net change.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 6 RESTRICTED FUND BALANCES

A. Restricted for American Indian Education Aid

Represents available resources for American Indian Education uses.

B. Restricted for Learning and Development

Represents available general education revenues for learning and development.

C. Restricted for Area Learning Centers

Represents amounts restricted for students attending area learning centers.

D. Restricted for Gifted and Talented

Represents the part of general education aid revenue for the gifted and talented program that is unspent at year-end must be restricted in this balance sheet account.

E. Restricted for Basic Skills Program

Represents accumulated resources available to be used for the basic skills program.

F. Restricted for Safe Schools – Crime

Represents the unspent resources from the crime levy to be used for crime prevention, student and staff safety, and violence prevention measures.

G. Restricted for Teacher Compensation for Read Act Training

Represents resources available for teacher compensation for Read Act training.

H. Restricted for School Readiness

Represents the resources available to provide for School Readiness Program.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 6 RESTRICTED FUND BALANCES (CONTINUED)

I. Restricted for Medical Assistance

Represents available resources to be used for Medical Assistance expenditures.

J. Restricted for Student Activities

Represents available resources to be used for extracurricular activity funds raised by students.

K. Restricted for Scholarship

Represents available resources to be used for scholarship funds.

L. Restricted for Literacy Aid

Represents resources available for literacy aid for evidence-based literacy supports for children in prekindergarten through grade 12 based on structured literacy.

M. Restricted for English Learner

Represents resources available for English Learner students.

N. Restricted for Other Purposes

Restricted for other purposes represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. See specific restrictions below:

Other Restricted:

Restricted for Food Service	\$ 332,810
Restricted for Community Service	310
Restricted for Debt Service	170,345
Total Other Restricted	<u>\$ 503,465</u>

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 7 PENSION PLANS

A. Plan Description

1. General Employees Retirement Plan (General Employees Plan)

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code.

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

2. Teachers Retirement Fund (TRA)

The Teacher's Retirement Association (TRA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member, and three statutory officials.

Educators employed in Minnesota's public elementary and secondary school, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul schools or Minnesota state colleges and universities). Educators first hired by Minnesota state may elect either TRA coverage within one year of eligible employment or elect coverage through the Defined Contribution Retirement Plan (DCR) administered by Minnesota State. A teacher employed by Minnesota State and electing DCR plan is not a member of TRA except for purposes of social security coverage.

B. Benefits Provided

General Employees Plan Benefits

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 7 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

General Employees Plan Benefits (Continued)

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2025 annual increase was 1.25%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

TRA Benefits

TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota Statute and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any consecutive 60 months of formula service, age and years of formula service credit at termination of service. TRA members belong to either the Basic or Coordinated Plan.

Two methods are used to compute benefits for TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989, receive the greater of the Tier I or Tier II benefits as described.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 7 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

TRA Benefits (Continued)

Tier I	Step Rate Formula	Percentage
Basic	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years of Service are Up to July 1, 2006	1.2% per Year
	First Ten Years, If Service Years are July 1, 2006 or After	1.4% per Year
	All Other Years of Service If Service Years are Up to July 1, 2006	1.7% per Year
	All Other Years of Service If Services Years are July 1, 2006 or After	1.9% per Year

With these provisions:

- (a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- (b) 3.0% per year early retirement reduction factor for all years under normal retirement age.
- (c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

For years of service prior to July 1, 2006, a level formula of 1.7% per year for coordinated members and 2.7% per year for basic members is applied. For years of service July 1, 2006 and after, a level formula of 1.9% per year for coordinated members and 2.7% per year for Basic members applies. An early retirement reduction is applied to members retiring prior to age 65. Beginning June 30, 2025, new reduction factors will apply, including special factors for members retiring at age 60 or later with at least 30 years of service.

Tier II Benefits

Members first employed after June 30, 1989, receive only the Tier II benefit calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 65 effective July 1, 2024. An early retirement reduction is applied to members retiring before age 65. Beginning June 30, 2025, new reduction factors will apply, including special factors for members retiring at age 60 or later with at least 30 years of service.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 7 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

TRA Benefits (Continued)

Six different types of annuities are available to members upon retirement. The No Refund Plan is a lifetime annuity that ceases upon the death of the retiree – no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits but not yet receiving them are bound by the plan provisions in effect at the time they last terminated their public service.

C. Contributions

1. General Employees Fund Contributions

Minnesota Statutes chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2026 and the District was required to contribute 7.50% for General Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2026 were \$188,080. The District's contributions were equal to the required contributions for each year as set by state statute.

2. TRA Contributions

Per *Minnesota Statutes*, Chapter 354 sets the contribution rates for employees and employers. Rates for the fiscal year 2026 for coordinated were 7.75% for the employee and 8.75% for the employer. Basic rates were 11.25% for the employee and 12.75% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2026 were \$577,513. The District's contributions were equal to the required contributions for each year as set by state statute.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 7 PENSION PLANS (CONTINUED)

D. Pension Costs

1. General Employees Plan Pension Costs

At June 30, 2026, the District reported a liability of \$857,719 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled \$20,691, for a total net pension liability of \$878,410 associated with the District. The net pension liability was measured as of June 30, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.026% at the end of the measurement period and 0.026% for the beginning of the period.

For the year ended June 30, 2026, the District recognized pension expense of (\$24,149) for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional (\$3,174) as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2026, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 81,722	\$ -
Changes in Actuarial Assumptions	20,666	197,358
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	341,294
Changes in Proportion	30,981	9,048
District Contributions Subsequent to the Measurement Date	188,080	-
Total	<u>\$ 321,449</u>	<u>\$ 547,700</u>

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 7 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Plan Pension Costs (Continued)

\$188,080 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2027. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2027	\$ (86,818)
2028	(147,476)
2029	(119,068)
2030	(60,969)

2. TRA Pension Costs

At June 30, 2026 the District reported a liability of \$4,625,831 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.0807% at the end of the measurement period and 0.0867% at the beginning of the period.

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

<u>Description</u>	<u>Amount</u>
District's Proportionate Share of the TRA	
Net Pension Liability	\$ 4,625,831
State's Proportionate Share of TRA's Net Pension	
Liability Associated with the District	287,345
Total	<u>\$ 4,913,176</u>

For the year ended June 30, 2026, the District recognized pension expense of \$299,071. It also recognized (\$7,195) as a decrease to pension expense and grant revenue for the support provided by direct aid.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 7 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

During the plan year ended June 30, 2025, the State of Minnesota contributed \$28,462,000 to the Fund. The State of Minnesota is not included as a non-employer contributing entity in the plan pension allocation schedules for the \$28,462,000 in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized \$22,974 for the year ended June 30, 2026 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Fund.

At June 30, 2026, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual		
Economic Experience	\$ 213,316	\$ 45,432
Changes in Actuarial Assumptions	261,296	489,326
Net Difference Between Projected and Actual		
Investment Earnings	-	928,840
Changes in Proportion	107,424	484,498
District Contributions Subsequent to the Measurement Date	577,513	-
Total	<u>\$ 1,159,549</u>	<u>\$ 1,948,096</u>

The \$577,513 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2027. Other amounts reported as deferred outflows and deferred inflows of resources related to TRA will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2027	\$ 211,678
2028	(601,511)
2029	(585,766)
2030	(327,527)
2031	(62,934)

The District's total pension expense for all plans for the year ended June 30, 2026 was \$264,553.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 7 PENSION PLANS (CONTINUED)

E. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Totals	<u>100.0 %</u>	

The long-term expected rate of return on TRA pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocations and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Totals	<u>100.0 %</u>	

F. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2025, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7.0%. The 7.0% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7.0% is within that range.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 7 PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions (Continued)

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.50% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 11.5% after one year of service to 3.0% after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation.

TRA pre-retirement mortality rates were based on the PubT-2010(A) Employee Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 scale. Healthy retirees mortality rates were based on the PubT-2010(A) Retiree Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 scale. Beneficiaries mortality rates were based on the Pub-2010(A) Contingent Survivor Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 scale. Disabled retirees mortality rates were based on the PubNS-2010 Disabled Retiree Mortality Table, male rates set forward one year and female rates unadjusted. Generational projection uses the MP-2021 scale.

Inflation is assumed to be 2.5% for TRA. TRA cost of living benefit increases 1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

Salary growth assumptions for TRA range in annual increments from 2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028.

The following changes in actuarial assumptions for PERA occurred in 2025:

Changes in Actuarial Assumptions:

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 7 PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions (Continued)

Changes in Plan Provisions:

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75% , beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.

Changes in Plan Provisions (Continued):

- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

The following changes in actuarial assumptions for TRA occurred in 2025:

- Liability load for inactive non-vested members changed from 9% to 13% and the liability load for inactive vested members changed from 7% to 6%.

G. Discount Rate

The discount rate used to measure the total pension liability in 2025 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees, Police and Fire and Correctional Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the TRA pension liability was 7.0%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2025 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 7 PENSION PLANS (CONTINUED)

H. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

<u>Description</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
General Employees Plan Discount Rate	6.00%	7.00%	8.00%
District's Proportionate Share of the General Employees Plan Net Pension Liability	\$ 2,083,264	\$ 857,719	\$ (136,474)
TRA Discount Rate	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	8,725,605	4,625,831	1,251,744

I. Pension Plan Fiduciary Net Position

Detailed information about General Employees Plan's fiduciary's net position is available in a separately-issued PERA financial report. That report may be obtained on the Internet at www.mnpera.org.

Detailed information about TRA's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org; by writing to TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-2088; or by calling 651-296-2409 or 1-800-657-3669.

NOTE 8 DEFINED CONTRIBUTION PLAN

The District provides eligible employees future retirement benefits through the District's 403(b) Plan (the Plan). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Eligible employees may elect to have a percentage of their pay contributed to the Plan. Some employees are eligible to receive a District match of employee contributions up to the qualifying amounts set forth in their respective collective bargaining agreements. Contributions are invested in tax deferred annuities selected and owned by Plan participants. The District contributions for the year ended June 30, 2026 were \$55,359. The related employee contributions were \$122,435 for the year ended June 30, 2026.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The District administers a single employer postemployment defined benefit plan (the Plan) that provides health insurance to eligible employees and their spouses through the District's health insurance plan. Retiring employees are eligible to participate only if they are a participant in the District's health insurance at the time of retirement. The retiree is responsible for 100% of the premium. If a retiree chooses to drop their participation in either plan they cannot re-enroll back with the District's health plans. Upon the death of a retiree the retiree's spouse can continue participation only if the spouse was covered under the Plan at the time of the retiree's death. There are 132 active participants and 7 retired participants. The Plan does not issue a publicly available financial report.

B. Funding Policy

The District does not have assets accumulated in a trust to pay for OPEB related costs. For the fiscal year 2026, the District paid \$39,292 in OPEB benefits on a pay-as-you-go basis.

C. Actuarial Methods and Assumptions

The District's OPEB liability was measured as of June 30, 2025, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2024. Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using standard actuarial roll-forward techniques.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.00%
Health Care Trend Rates	8.6%
	Decreasing to
	3.90%

Mortality Rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2015, and other adjustments for teachers and the Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments for non-teachers.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2023 to June 30, 2024.

The discount rate used to measure the total OPEB liability was 5.20%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

C. Actuarial Methods and Assumptions (Continued)

Since the most recent valuation, the following changes have been made:

- The discount rate was changed from 3.97% to 5.20% based on 20-years municipal bond rates.

D. Changes in the OPEB Liability

	Total OPEB Liability
Balance at June 30, 2025	\$ 372,866
Changes for the Year:	
Service Cost	27,173
Interest	15,270
Change of Assumptions	(27,848)
Contributions-Employer	-
Benefit Payments	(30,786)
Net Changes	(16,191)
Balance at June 30, 2026	\$ 356,675

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Changes in the OPEB Liability (Continued)

The following presents the OPEB liability of the District, as well as what the District's OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (4.20%)	Discount Rate (5.20%)	1% Increase (6.20%)
OPEB Liability	<u>\$ 379,189</u>	<u>\$ 356,675</u>	<u>\$ 335,381</u>

The following presents the OPEB liability of the District, as well as what the District's OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (7.6% decreasing to 2.9% over several years) or 1% higher (9.6% decreasing to 4.9% over several years) than the current healthcare cost trend rates:

	1% Decrease (7.6% Decreasing to 2.9%)	Current Trend Rates (8.6% Decreasing to 3.9%)	1% Increase (9.6% Decreasing to 4.9%)
Medical Trend Rate			
OPEB Liability	<u>\$ 322,731</u>	<u>\$ 356,675</u>	<u>\$ 396,532</u>

At June 30, 2026, the District reported deferred outflow of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual		
Economic Experience	\$ 14,653	\$ 33,151
Changes in Actuarial Assumptions	46,247	36,472
District Benefit Payments Made Subsequent to the Measurement Date	39,292	-
Total	<u>\$ 100,192</u>	<u>\$ 69,623</u>

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Changes in the OPEB Liability (Continued)

\$39,292 reported as deferred outflows of resources related to OPEB resulting from District benefit payments made subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2027. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Future Recognition</u>
2027	\$ 7,961
2028	5,045
2029	2,643
2030	791
2031	(6,351)
Thereafter	(18,812)
Total	<u>\$ (8,723)</u>

For the year ended June 30, 2026, the District recognized OPEB expense of \$53,372.

NOTE 10 COMMITMENTS AND CONTINGENCIES

Federal and State Receivables

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial. The financial assistance received is subject to audits by the grantor agency.

NOTE 11 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and workers' compensation. The District purchases commercial insurance coverage for such risks.

There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED JUNE 30, 2026**

	Budgeted Amounts		Variance with Original Budget Over (Under) Final Budget	Actual Amounts	Variance with Final Budget Over (Under) Actual
	Original	Final			
REVENUES					
Local Sources:					
Property Taxes	\$ 1,458,258	\$ 1,458,258	\$ -	\$ 1,540,058	\$ 81,800
Earnings on Investments	125,510	135,510	10,000	176,283	40,773
Other	224,300	228,900	4,600	515,297	286,397
State Sources	11,975,002	12,385,644	410,642	11,516,567	(869,077)
Federal Sources	334,000	454,698	120,698	433,974	(20,724)
Total Revenues	<u>14,117,070</u>	<u>14,663,010</u>	<u>545,940</u>	<u>14,182,179</u>	<u>(480,831)</u>
EXPENDITURES					
Current:					
Administration	556,856	579,305	22,449	570,348	(8,957)
District Support Services	346,641	336,108	(10,533)	323,152	(12,956)
Elementary and Secondary Regular Instruction	5,903,312	6,388,325	485,013	6,320,146	(68,179)
Vocational Education Instruction	104,563	109,666	5,103	106,744	(2,922)
Special Education Instruction	2,491,307	2,697,138	205,831	2,729,877	32,739
Instructional Support Services	370,054	407,298	37,244	332,205	(75,093)
Pupil Support Services	1,444,422	1,441,990	(2,432)	1,394,818	(47,172)
Sites and Buildings	1,197,099	1,290,547	93,448	1,394,575	104,028
Fiscal and Other Fixed Cost Programs	169,843	141,323	(28,520)	151,018	9,695
Capital Outlay	387,239	394,183	6,944	436,913	42,730
Total Expenditures	<u>12,971,336</u>	<u>13,785,883</u>	<u>814,547</u>	<u>13,759,796</u>	<u>(26,087)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,145,734	877,127	(268,607)	422,383	(454,744)
OTHER FINANCING SOURCES (USES)					
Transfers Out	(110,000)	(115,000)	(5,000)	(298,581)	(183,581)
Insurance Proceeds	-	-	-	4,105	4,105
Total Other Financing Sources (Uses)	<u>(110,000)</u>	<u>(115,000)</u>	<u>(5,000)</u>	<u>(294,476)</u>	<u>(179,476)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,035,734</u>	<u>\$ 762,127</u>	<u>\$ (273,607)</u>	127,907	<u>\$ (634,220)</u>
Fund Balance - Beginning of Year				4,410,936	
FUND BALANCE - END OF YEAR				<u>\$ 4,538,843</u>	

See accompanying Notes to Required Supplementary Information.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
BUDGETARY COMPARISON SCHEDULE – FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2026**

	Budgeted Amounts		Variance with Original Budget Over (Under) Final Budget	Actual Amounts	Variance with Final Budget Over (Under) Actual
	Original	Final			
REVENUES					
Local Sources:					
Earnings on Investments	\$ 10,000	\$ 10,000	\$ -	\$ 11,301	\$ 1,301
Other - Primarily Meal Sales	35,680	30,180	(5,500)	45,612	15,432
State Sources	114,787	115,536	749	114,804	(732)
Federal Sources	527,756	528,884	1,128	534,005	5,121
Total Revenues	688,223	684,600	(3,623)	705,722	21,122
EXPENDITURES					
Current:					
Food Service	644,332	662,449	18,117	648,640	(13,809)
Capital Outlay	20,000	93,157	73,157	95,432	2,275
Total Expenditures	664,332	755,606	91,274	744,072	(11,534)
NET CHANGE IN FUND BALANCE	<u>\$ 23,891</u>	<u>\$ (71,006)</u>	<u>\$ (94,897)</u>	(38,350)	<u>\$ 32,656</u>
Fund Balance - Beginning of Year				384,186	
FUND BALANCE - END OF YEAR				<u>\$ 345,836</u>	

See accompanying Notes to Required Supplementary Information.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
BUDGETARY COMPARISON SCHEDULE – COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2026**

	Budgeted Amounts		Variance with Original Budget Over (Under) Final Budget	Actual Amounts	Variance with Final Budget Over (Under) Actual
	Original	Final			
REVENUES					
Local Sources:					
Property Taxes	\$ 129,822	\$ 131,581	\$ 1,759	\$ 125,888	\$ (5,693)
Earnings on Investments	3,000	3,000	-	-	(3,000)
Other - Primarily Tuition and Fees	93,150	92,450	(700)	119,990	27,540
State Sources	55,189	55,313	124	59,830	4,517
Total Revenues	281,161	282,344	1,183	305,708	23,364
EXPENDITURES					
Current:					
Community Service	456,035	510,386	54,351	521,299	10,913
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(174,874)	(228,042)	(53,168)	(215,591)	12,451
OTHER FINANCING SOURCES					
Transfer In	110,000	115,000	5,000	298,581	183,581
NET CHANGE IN FUND BALANCE	<u>\$ (64,874)</u>	<u>\$ (113,042)</u>	<u>\$ (48,168)</u>	82,990	<u>\$ 196,032</u>
Fund Balance - Beginning of Year				(74,309)	
FUND BALANCE - END OF YEAR				<u>\$ 8,681</u>	

See accompanying Notes to Required Supplementary Information.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY AND RELATED RATIOS
LAST TEN MEASUREMENT PERIODS**

Measurement Date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability:									
Service Cost	\$ 27,173	\$ 24,926	\$ 24,795	\$ 21,753	\$ 19,570	\$ 20,162	\$ 17,802	\$ 15,631	\$ 17,186
Interest	15,270	16,613	16,039	6,790	8,433	9,997	11,317	9,075	7,385
Differences Between Expected and Actual Experience	-	-	-	16,977	-	6,192	-	90,000	-
Changes of Assumptions	(27,848)	(43,273)	(4,067)	68,199	9,833	20,042	7,235	(37,368)	(9,185)
Benefit Payments	(30,786)	(9,711)	(40,077)	(31,367)	(29,786)	(32,228)	(31,657)	(16,249)	(15,542)
Employer Contributions	-	(42,296)	-	-	-	-	-	-	-
Net Change in Total OPEB Liability	(16,191)	(53,741)	(3,310)	82,352	8,050	24,165	4,697	61,089	(156)
Total OPEB Liability - Beginning	372,866	426,607	429,917	347,565	339,515	315,350	310,653	249,564	249,720
Total OPEB Liability - Ending (a)	<u>\$ 356,675</u>	<u>\$ 372,866</u>	<u>\$ 426,607</u>	<u>\$ 429,917</u>	<u>\$ 347,565</u>	<u>\$ 339,515</u>	<u>\$ 315,350</u>	<u>\$ 310,653</u>	<u>\$ 249,564</u>
Covered-Employee Payroll	\$ 7,413,246	\$ 7,640,875	\$ 7,283,048	\$ 6,916,692	\$ 6,519,262	\$ 6,572,965	\$ 6,612,230	\$ 6,258,832	\$ 5,757,953
District's OPEB Liability as a Percentage of Covered-Employee Payroll	4.81%	4.88%	5.86%	6.22%	5.33%	5.17%	4.77%	4.96%	4.33%

Note 1

The District implemented GASB Statement No. 75 in fiscal year 2017, and the above table will be expanded to 10 years of information as the information becomes available.

Note 2

No assets are accumulated in a trust.

See accompanying Notes to Required Supplementary Information.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS**

Measurement Date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
PERA - General Employees Fund					
District's Proportion of the Net Pension Liability	0.0259%	0.0260%	0.0250%	0.0253%	0.0254%
District's Proportionate Share of the Net Pension Liability	\$ 857,719	\$ 960,689	\$ 1,397,972	\$ 2,003,768	\$ 1,084,694
State's Proportionate Share of the Net Pension Liability Associated with the District	20,691	24,841	38,553	58,876	33,155
Total of District's and State's Proportionate Share of the Net Pension Liability	<u>\$ 878,410</u>	<u>\$ 985,530</u>	<u>\$ 1,436,525</u>	<u>\$ 2,062,644</u>	<u>\$ 1,117,849</u>
District's Covered Payroll	\$ 2,334,227	\$ 2,177,053	\$ 1,967,307	\$ 1,912,853	\$ 1,823,760
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	36.75%	44.13%	71.06%	104.75%	59.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.78%	89.08%	83.10%	76.70%	87.00%
TRA					
District's Proportion of the Net Pension Liability	0.0807%	0.0867%	0.0871%	0.0891%	0.0860%
District's Proportionate Share of the Net Pension Liability	\$ 4,625,831	\$ 5,509,196	\$ 7,191,171	\$ 7,134,657	\$ 3,763,617
State's Proportionate Share of the Net Pension Liability Associated with the District	287,345	360,439	503,732	529,098	317,418
Total of District's and State's Proportionate Share of the Net Pension Liability	<u>\$ 4,913,176</u>	<u>\$ 5,869,635</u>	<u>\$ 7,694,903</u>	<u>\$ 7,663,755</u>	<u>\$ 4,081,035</u>
District's Covered Payroll	\$ 6,050,171	\$ 5,939,497	\$ 5,597,942	\$ 5,530,923	\$ 5,203,272
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	76.46%	92.76%	128.46%	129.00%	72.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.51%	82.07%	76.42%	76.17%	86.63%

See accompanying Notes to Required Supplementary Information.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (CONTINUED)
LAST TEN MEASUREMENT PERIODS**

Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
PERA - General Employees Fund					
District's Proportion of the Net Pension Liability	0.0266%	0.0275%	0.0283%	0.0291%	0.0311%
District's Proportionate Share of the Net Pension Liability	\$ 1,594,792	\$ 1,520,413	\$ 1,569,968	\$ 1,857,725	\$ 2,525,166
State's Proportionate Share of the Net Pension Liability Associated with the District	49,141	47,165	51,448	23,356	33,078
Total of District's and State's Proportionate Share of the Net Pension Liability	<u>\$ 1,643,933</u>	<u>\$ 1,567,578</u>	<u>\$ 1,621,416</u>	<u>\$ 1,881,081</u>	<u>\$ 2,558,244</u>
District's Covered Payroll	\$ 1,878,467	\$ 1,954,307	\$ 1,898,480	\$ 1,872,160	\$ 1,941,757
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	84.90%	77.80%	82.70%	99.23%	130.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.06%	80.20%	79.53%	75.90%	68.91%
TRA					
District's Proportion of the Net Pension Liability	0.0875%	0.0865%	0.0866%	0.0830%	0.0820%
District's Proportionate Share of the Net Pension Liability	\$ 6,464,618	\$ 5,513,528	\$ 5,441,473	\$ 16,568,306	\$ 19,558,957
State's Proportionate Share of the Net Pension Liability Associated with the District	541,567	487,931	511,380	1,601,194	1,962,542
Total of District's and State's Proportionate Share of the Net Pension Liability	<u>\$ 7,006,185</u>	<u>\$ 6,001,459</u>	<u>\$ 5,952,853</u>	<u>\$ 18,169,500</u>	<u>\$ 21,521,499</u>
District's Covered Payroll	\$ 5,107,462	\$ 4,949,689	\$ 4,833,147	\$ 4,536,947	\$ 4,253,305
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	126.57%	111.39%	112.59%	365.19%	459.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.48%	78.07%	78.07%	51.57%	44.88%

See accompanying Notes to Required Supplementary Information.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	2026	2025	2024	2023	2022
PERA - General Employees Fund					
Contractually Required Contribution	\$ 188,080	\$ 175,067	\$ 163,279	\$ 147,548	\$ 143,464
Contributions in Relation to the Contractually Required Contribution	(188,080)	(175,067)	(163,279)	(147,548)	(143,464)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,507,733	\$ 2,334,227	\$ 2,177,053	\$ 1,967,307	\$ 1,912,853
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%
TRA					
Contractually Required Contribution	\$ 577,513	\$ 529,390	\$ 519,706	\$ 478,624	\$ 461,279
Contributions in Relation to the Contractually Required Contribution	(577,513)	(529,390)	(519,706)	(478,624)	(461,279)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 5,886,983	\$ 6,050,171	\$ 5,939,497	\$ 5,597,942	\$ 5,530,923
Contributions as a Percentage of Covered Payroll	9.81%	8.75%	8.75%	8.55%	8.34%

See accompanying Notes to Required Supplementary Information.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
SCHEDULE OF DISTRICT CONTRIBUTIONS (CONTINUED)
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017
PERA - General Employees Fund					
Contractually Required Contribution	\$ 136,782	\$ 140,885	\$ 146,573	\$ 142,386	\$ 140,412
Contributions in Relation to the Contractually Required Contribution	<u>(136,782)</u>	<u>(140,885)</u>	<u>(146,573)</u>	<u>(142,386)</u>	<u>(140,412)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 1,823,760	\$ 1,878,467	\$ 1,954,307	\$ 1,898,480	\$ 1,872,160
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%
TRA					
Contractually Required Contribution	\$ 423,026	\$ 404,511	\$ 381,621	\$ 362,486	\$ 340,271
Contributions in Relation to the Contractually Required Contribution	<u>(423,026)</u>	<u>(404,511)</u>	<u>(381,621)</u>	<u>(362,486)</u>	<u>(340,271)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 5,203,272	\$ 5,107,462	\$ 4,949,689	\$ 4,833,147	\$ 4,536,947
Contributions as a Percentage of Covered Payroll	8.13%	7.92%	7.71%	7.50%	7.50%

See accompanying Notes to Required Supplementary Information.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2026**

NOTE 1 BUDGETARY INFORMATION

Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with GAAP. Each June, the Board of Education adopts an annual budget for the following fiscal year for the General, Food Service, and Community Service Funds. The approved budget is published in summary form in the District's legal newspaper by November 30 of each year. Reported budgeted amounts represent the amended budget as adopted by the Board of Education. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the Board of Education prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by Board of Education action. Revisions to budgeted amounts must be approved by the Board of Education.

Total fund expenditures in excess of the budget require approval of the Board of Education. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

Budgeted amounts include interim budget amendments that increased or decreased revenue and expenditure budgets as follows:

	Original Budget	Amendments	Amended Budget
<u>Revenues</u>			
General Fund	\$ 14,117,070	\$ 545,940	\$ 14,663,010
Special Revenue Funds:			
Food Service Fund	688,223	(3,623)	684,600
Community Service Fund	281,161	1,183	282,344
<u>Expenditures</u>			
General Fund	12,971,336	814,547	13,785,883
Special Revenue Funds:			
Food Service Fund	664,332	91,274	755,606
Community Service Fund	456,035	54,351	510,386

Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

At the end of each fiscal year, if the General Fund has a net unreserved deficit fund balance, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts which excludes certain reserves specified in Minnesota Statutes, exceeding 2.5% of expenditures, a condition referred to as "statutory operating debt" exists. That debt requires retirement through accumulation of subsequent operating surpluses in accordance with a "special operating plan" approved by the commissioner of the Department of Education.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2026**

NOTE 1 BUDGETARY INFORMATION (CONTINUED)

Actual Budget Results

	<u>General Fund Over (Under)</u>	<u>Community Service Fund Over (Under)</u>
Revenues		
Differences - Original Budget to Final Budget		
State Sources - The District's ADM was projected to be higher throughout the year.	\$ 410,642	\$ -
Differences - Final Budget to Actual		
State Sources - The District's ADM count was lower than expected.	(869,077)	-
Expenditures		
Differences - Original Budget to Final Budget		
Elementary and Secondary Regular Instruction - The final budget was amended to include an increase in staffing.	485,013	-
Other Financing Sources (Uses)		
Differences - Final Budget to Actual		
Transfers were higher than budget due to Community Service expenditures being significantly more than revenues.	(183,581)	-
Differences - Final Budget to Actual		
Transfers were higher than budget due to expenditures being significantly more than revenues.	-	183,581

NOTE 2 COMPLIANCE – BUDGETS

The budget and actual amounts are both prepared on the modified accrual basis of accounting in accordance with GAAP.

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

2025

Changes in Actuarial Assumptions

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2026**

**NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2025 (Continued)

Changes in Plan Provisions

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75% , beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

2024

Changes in Actuarial Assumptions

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5% to 7.00%.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay of early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2026**

**NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2022

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50% for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2026**

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreased from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018

Changes in Actuarial Assumption

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50% beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2026**

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2017

Changes in Actuarial Assumption

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability and 3.0% for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5 % per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Actuarial Plan Provisions

- There have been no changes since the prior valuation.

The following changes were reflected in the valuation performed on behalf of the Teachers Retirement Association for the year ended June 30:

2025

Changes in Actuarial Assumptions

- Liability load for inactive non-vested members changed from 9% to 13% and the liability load for inactive vested members changed from 7% to 6%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2026**

**NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2024

Changes in Actuarial Assumptions

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub2010 family.
- Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint & Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2023

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2022

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021

Changes in Actuarial Assumptions

- The investment return assumption was changed from 7.50% to 7.00%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2026**

**NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2020

Changes in Actuarial Assumptions

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back 5 years and female rates set back 7 years.
- Generational projection uses the MP-2015 scale. Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions

- The investment return assumption was changed from 8.5% to 7.5%.
- The price inflation assumption was lowered from 3.0% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.
- The total salary increase assumption was adjusted by the wage inflation change.
- The amortization date for the funding of the Unfunded Actuarial Accrual Liability (UAAL) was reset to June 30, 2048 (30 years).
- The mechanism in the law that provided the TRA Board with some authority is set contribution rates was eliminated.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2026**

**NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2018 (Continued)

Changes in Plan Provisions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 4 years, (7.92% in 2019, 8.13% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017

Changes in Actuarial Assumptions

- The cost-of-living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- Adjustment were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The COLA was not assumed to increase to 2.5%, but remain at 2.0% for all future years.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for 10 years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2026**

**NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2016

Changes in Actuarial Assumptions

- The cost of living adjustment was not assumed to increase (it remained at 2.0% for all future years).
- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back 6 years and female rates set back 5 years. Generational projection uses the MP-2015 scale.
- The post-retirement mortality assumption was changed to the RP-2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustments.
- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

June 30, 2026

- The discount rate was changed from 3.97% to 3.97% based on 20-years municipal bond rates.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2026**

NOTE 3 CHANGES IN SIGNIFICANT OTHER POSTEMPLOYMENT BENEFIT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

June 30, 2025

- The discount rate was changed from 3.86% to 5.20% based on 20-years municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the 7/1/2022 PERA General Employees Plan and 7/1/2022 Teachers Retirement Association valuations to the rates used in the 2023 experience studies.
- The percent of future retirees assumed to elect coverage at retirement changed from 40% to 35% to reflect recent plan experience.
- The percentage of future non Medicare eligible retirees electing each medical plan changed to reflect recent plan experience and new plan offerings. The following table provides the changes for the assumed percent electing each plan:

<u>Medical Plan</u>	<u>Fiscal 2026 Valuation</u>	<u>Fiscal 2025 Valuation</u>
Medica Choice Passport \$400 Deductible	15%	15%
Medica Choice Passport \$850 Deductible	10%	10%
Medica Choice Passport \$2,000 Deductible HSA	20%	20%
Medica Choice Passport \$2,500 Deductible HSA	30%	30%
Medica Essentia Network \$2,500 Deductible HSA	25%	25%

June 30, 2024

- The discount rate was changed from 3.69% to 3.86%.
- The discount rate was changed from 3.69% to 3.86% based on updated 20-year municipal bond rates.

June 30, 2023

- The discount rate was changed from 1.92% to 3.69%.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capital claims costs were updated to reflect recent experience and new plan offerings.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the July 1, 2019 PERA General Employees Plan and the July 1, 2019 Teachers Retirement Association valuations to the rates used in the July 1, 2022 valuations.
- The percent of future retirees assumed to elect coverage at retirement changed from 25% to 40% to reflect recent plan experience.
- The percent of future retirees assumed to elect spouse coverage at retirement changed from 15% to 10% to reflect recent plan experience.
- The percent of future non Medicare eligible retirees electing each medical plan changed to reflect recent plan experience and new plan offerings.

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2026**

NOTE 3 CHANGES IN SIGNIFICANT OTHER POSTEMPLOYMENT BENEFIT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

June 30, 2022

- The discount rate was changed from 2.45% to 1.92%.

June 30, 2021

- The discount rate was changed from 3.13% to 2.45% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capita claims costs were updated to reflect recent experience, including an adjustment to reflect age/gender based risk scored published by the Society of Actuaries.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the 7/1/2017 PERA General Employees Retirement Plan and 7/1/2017 Teachers Retirement Association valuations to the rates used in the 7/1/2019 valuations.
- The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

June 30, 2020

- The discount rate was changed from 3.62% to 3.13%.

June 30, 2019

- The discount rate was changed from 3.53% to 3.62%.
- The health care trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capita claims costs were updated to reflect recent experience.

June 30, 2017

- The discount rate was changed from 3.5% to 3.53%.
- The health care trend rates were changed to better anticipate short-term and long-term medical increases.

SUPPLEMENTARY INFORMATION

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE
YEAR ENDED JUNE 30, 2026**

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenues	\$ 14,182,179	\$ 14,182,178	\$ 1	Total Revenues	\$ -	\$ -	\$ -
Total Expenditures	\$ 13,759,796	\$ 13,759,794	\$ 2	Total Expenditures	\$ -	\$ -	\$ -
Non Spendable:				Non Spendable:			
460 Non Spendable Fund Balance	\$ 3,852	\$ 3,852	\$ -	460 Non Spendable Fund Balance			
Restricted/Reserve:				Restricted/Reserve:			
401 Student Activities	\$ 192,141	\$ 192,141	\$ -	407 Capital Projects Levy	\$ -	\$ -	\$ -
402 Scholarship	\$ 398,416	\$ 398,415	\$ 1	409 Alternative Fac. Program	\$ -	\$ -	\$ -
403 Staff Development	\$ -	\$ -	\$ -	413 Project Funded by COP	\$ -	\$ -	\$ -
407 Capital Project Levy	\$ (46,260)	\$ (46,260)	\$ -	467 LTFM	\$ -	\$ -	\$ -
408 Cooperative Rev.	\$ -	\$ -	\$ -	Restricted:			
412 Literacy Incentive Aid	\$ -	\$ -	\$ -	464 Restricted Fund Balance	\$ -	\$ -	\$ -
414 Operating Debt	\$ -	\$ -	\$ -	Unassigned:			
416 Levy Reduction	\$ -	\$ -	\$ -	463 Unassigned Fund Balance	\$ -	\$ -	\$ -
419 Encumbrances	\$ -	\$ -	\$ -				
420 American Indian Ed Aid	\$ 39,368	\$ 39,368	\$ -	07 DEBT SERVICE			
424 Operating Capital	\$ -	\$ -	\$ -	Total Revenues	\$ 464,735	\$ 464,736	\$ (1)
426 \$25 Taconite	\$ -	\$ -	\$ -	Total Expenditures	\$ 493,004	\$ 493,005	\$ (1)
427 Disabled Accessibility	\$ -	\$ -	\$ -	Non Spendable:			
428 Learning & Development	\$ 13,261	\$ 13,261	\$ -	460 Non Spendable Fund Balance	\$ -	\$ -	\$ -
434 Area Learning Center	\$ 278,303	\$ 278,303	\$ -	Restricted/Reserve:			
435 Contracted Alt. Programs	\$ -	\$ -	\$ -	425 Bond Refundings	\$ -	\$ -	\$ -
436 St. Approved Alt. Prog.	\$ -	\$ -	\$ -	451 QZAB Payments	\$ -	\$ -	\$ -
438 Gifted & Talented	\$ 32,899	\$ 32,899	\$ -	Restricted:			
439 English Learner	\$ 22,840	\$ 22,840	\$ -	464 Restricted Fund Balance	\$ 170,345	\$ 170,345	\$ -
440 Teacher Development & Eval	\$ -	\$ -	\$ -	Unassigned			
441 Basic Skills	\$ 47,404	\$ 47,404	\$ -	463 Unassigned Fund Balance	\$ -	\$ -	\$ -
443 School Library Aid	\$ -	\$ -	\$ -				
446 First Grade Preparedness	\$ -	\$ -	\$ -	08 TRUST			
449 Safe Schools Levy	\$ 1,831	\$ 1,831	\$ -	Total Revenues	\$ -	\$ -	\$ -
450 Pre-Kindergarten	\$ -	\$ -	\$ -	Total Expenditures	\$ -	\$ -	\$ -
456 Literacy Aid	\$ 33,946	\$ 33,946	\$ -	422 Net Position	\$ -	\$ -	\$ -
457 Teacher Comp Read Act	\$ 31,697	\$ 31,697	\$ -				
453 Unfunded Sev & Retirement Levy	\$ -	\$ -	\$ -	20 INTERNAL SERVICE			
467 Long-Term Facilities Maintenance	\$ -	\$ -	\$ -	Total Revenues	\$ -	\$ -	\$ -
471 Student Support Personnel	\$ -	\$ -	\$ -	Total Expenditures	\$ -	\$ -	\$ -
472 Medical Assistance	\$ 187,462	\$ 187,462	\$ -	422 Net Position	\$ -	\$ -	\$ -
Restricted:							
464 Restricted Fund Balance	\$ -	\$ -	\$ -	25 OPEB REVOCABLE TRUST			
Assigned:				Total Revenues	\$ -	\$ -	\$ -
462 Assigned Fund Balance	\$ -	\$ -	\$ -	Total Expenditures	\$ -	\$ -	\$ -
Committed:				422 Net Position	\$ -	\$ -	\$ -
461 Committed Fund Balance	\$ -	\$ -	\$ -				
Unassigned:				45 OPEB IRREVOCABLE TRUST			
422 Unassigned Fund Balance	\$ 3,301,683	\$ 3,301,684	\$ (1)	Total Revenues	\$ -	\$ -	\$ -
				Total Expenditures	\$ -	\$ -	\$ -
				422 Net Position	\$ -	\$ -	\$ -
02 FOOD SERVICE							
Total Revenues	\$ 705,722	\$ 705,721	\$ 1	47 OPEB DEBT SERVICE			
Total Expenditures	\$ 744,072	\$ 744,068	\$ 4	Total Revenues	\$ -	\$ -	\$ -
Non Spendable:				Total Expenditures	\$ -	\$ -	\$ -
460 Non Spendable Fund Balance	\$ 13,026	\$ 13,027	\$ (1)	Non Spendable:			
Restricted				460 Non Spendable Fund Balance			
452 OPEB Liab. Not in Trust	\$ -	\$ -	\$ -	Restricted:			
464 Restricted Fund Balance	\$ 332,810	\$ 332,811	\$ (1)	425 Bond Refundings	\$ -	\$ -	\$ -
Unassigned:				464 Restricted Fund Balance	\$ -	\$ -	\$ -
463 Unassigned Fund Balance	\$ -	\$ -	\$ -	Unassigned:			
				463 Unassigned Fund Balance	\$ -	\$ -	\$ -
04 COMMUNITY SERVICE							
Total Revenues	\$ 305,708	\$ 305,708	\$ -				
Total Expenditures	\$ 521,299	\$ 521,299	\$ -				
Non Spendable:							
460 Non Spendable Fund Balance	\$ -	\$ -	\$ -				
Restricted/Reserve:							
426 \$25 Taconite	\$ -	\$ -	\$ -				
431 Community Education	\$ (7,569)	\$ (7,569)	\$ -				
432 E.C.F.E.	\$ -	\$ -	\$ -				
444 School Readiness	\$ 15,940	\$ 15,940	\$ -				
447 Adult Basic Education	\$ -	\$ -	\$ -				
452 OPEB Liab. Not in Trust	\$ -	\$ -	\$ -				
Restricted:							
464 Restricted Fund Balance	\$ 310	\$ 310	\$ -				
Unassigned							
463 Unassigned Fund Balance	\$ -	\$ -	\$ -				

* Amounts differ from those reported on the fund level balance sheet due to the need to reclassify

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, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 8, 2026.

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 responses as item 2026-001 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 responses. 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
September 8, 2026



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, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 8, 2026.

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

Brainerd, Minnesota
September 8, 2026

**PINE RIVER-BACKUS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 2174
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2026**

Material Weakness in Internal Control Over Financial Reporting

2026-001 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.

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.

Repeat finding: Yes – Finding 2025-001

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



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Securities and investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor, member FINRA/SIPC.



We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

Pine River-Backus Schools ISD No. 2174

Executive Audit Summary (EAS) Year Ended June 30, 2026

Required Communications

- Our Responsibility Under Generally Accepted Auditing Standards, and Government Auditing Standards
 - Primary responsibility is to provide our opinion on the fairness of presentation of the financial statements
 - Reviewed internal accounting controls
 - Risk based audit approach
 - Based on internal controls, determined scopes and tests of transactions
 - Expressed opinion based on tests
- Planned Scope and Timing of the Audit
 - Communicated during the audit preliminary work and fieldwork
- Significant Accounting Policies
 - Outlined in Note 1 to the financial statements
 - Unusual transactions – none noted
 - Change in accounting principle – Implementation of GASB 103, Update financial statements



Required Communications (Continued)

- Management Judgments and Accounting Estimates – Reasonable/Supported
 - None noted at higher risk
- Disclosures are Adequate, Clear and Complete
- Other Information in Documents Containing Audited Financial Statements
 - Required Supplementary Information - We made inquiries and evaluated the comparability – No opinion
 - Supplementary Information – We made inquiries and evaluated the content - Opinion
- Disagreements with Management
 - There have been no disagreements with management about matters that could be significant to the financial statements
- Management Representations
 - We have requested certain representations from management included in the management representation letter



Required Communications (Continued)

- Consultations with Other Accountants
 - There were no consultations with other independent accountants
- Major Issues Discussed With Management Prior to Retention
 - No issues, other than normal planning issues, were discussed prior to our retention as auditors
- Difficulties Encountered in Performing the Audit (None)
 - Management was most cooperative and helpful
 - Personnel and records were available
- Corrected and Uncorrected Misstatements
 - Corrected – None noted
 - Uncorrected – None noted



Summary of Audit Results

- Financial Statements
 - Unmodified (“clean”) opinion
- Internal Control Over Financial Reporting under Government Auditing Standards
 - One material weakness for financial statements:
 - Segregation of duties
- Compliance Reporting Over Financial Reporting under Government Auditing Standards
 - No issues noted
- Minnesota Legal Compliance
 - None noted



General Fund

For the Year Ended June 30,	2026	2025	2024	2023	2022
Total Revenues	\$ 14,182,179	\$ 14,217,352	\$ 13,911,195	\$ 12,119,727	\$ 12,289,078
Total Expenditures	13,759,796	13,339,973	14,220,254	12,548,643	12,202,021
Other Financing Sources (Uses)	(294,476)	28,134	(102,075)	(99,043)	(179,201)
Net Change in Fund Balance	127,907	905,513	(411,134)	(527,959)	(92,144)
Change in Accounting Principle					-
Fund Balance - Beginning	4,410,936	3,505,423	3,916,557	4,444,516	4,536,660
Unassigned Fund Balance	3,255,423	3,052,513	2,246,440	2,630,535	3,368,127
Nonspendable Fund Balance	3,852	2,637	2,934	2,666	1,590
Restricted Fund Balance	1,279,568	1,355,786	1,256,049	918,730	1,074,799
Committed Fund Balance	-	-	-	364,626	-
Fund Balance - Ending	\$ 4,538,843	\$ 4,410,936	\$ 3,505,423	\$ 3,916,557	\$ 4,444,516

General Fund

For the Year Ended June 30,	Actual	Budget	Difference
Total Revenues	\$ 14,182,179	\$ 14,663,010	(480,831)
Total Expenditures	13,759,796	13,785,883	\$ (26,087)
Other Financing Sources (uses)	(294,476)	(115,000)	(179,476)
Net Change in Fund Balance	127,907	762,127	(634,220)



Food Service Fund

For the Year Ended June 30,	2026	2025	2024	2023	2022
Total Revenues	\$ 705,722	\$ 702,527	\$ 702,634	\$ 621,027	\$ 742,788
Total Expenditures	744,072	629,208	718,649	593,675	531,284
Other Financing Sources	-	-	-	-	-
Net Change in Fund Balance	(38,350)	73,319	(16,015)	27,352	211,504
Fund Balance - Beginning	384,186	310,867	326,882	299,530	88,026
Restricted Fund Balance	332,810	372,865	297,520	308,634	15,274
Nonspendable Fund Balance	13,026	11,321	13,347	18,248	284,256
Fund Balance - Ending	\$ 345,836	\$ 384,186	\$ 310,867	\$ 326,882	\$ 299,530

Food Service Fund

For the Year Ended June 30,	Actual	Budget	Difference
Total Revenues	\$ 705,722	\$ 684,600	\$ 21,122
Total Expenditures	744,072	755,606	\$ (11,534)
Other Financing Sources (uses)	-	-	-
Net Change in Fund Balance	(38,350)	(71,006)	32,656



Community Service Fund

For the Year Ended June 30,	2026	2025	2024	2023	2022
Total Revenues	\$ 305,708	\$ 276,125	\$ 268,595	\$ 261,996	\$ 240,685
Total Expenditures	521,299	466,528	449,520	443,564	401,362
Other Financing Sources	298,581	114,421	116,439	109,586	101,206
Net Change in Fund Balance	82,990	(75,982)	(64,486)	(71,982)	(59,471)
Fund Balance - Beginning	(74,309)	1,673	66,159	138,141	197,612
Unassigned Fund Balance	(7,569)	(94,655)	(65,535)	(29,486)	-
Nonspendable Fund Balance	-	-	-	-	-
Restricted Fund Balance	16,250	19,760	67,208	95,645	138,141
Fund Balance - Ending	\$ 8,681	\$ (74,309)	\$ 1,673	\$ 66,159	\$ 138,141

Community Service Fund

For the Year Ended June 30,	Actual	Budget	Difference
Total Revenues	\$ 305,708	\$ 282,344	\$ 23,364
Total Expenditures	521,299	510,386	\$ (10,913)
Other Financing Sources (uses)	298,581	115,000	183,581
Net Change in Fund Balance	82,990	(113,042)	196,032

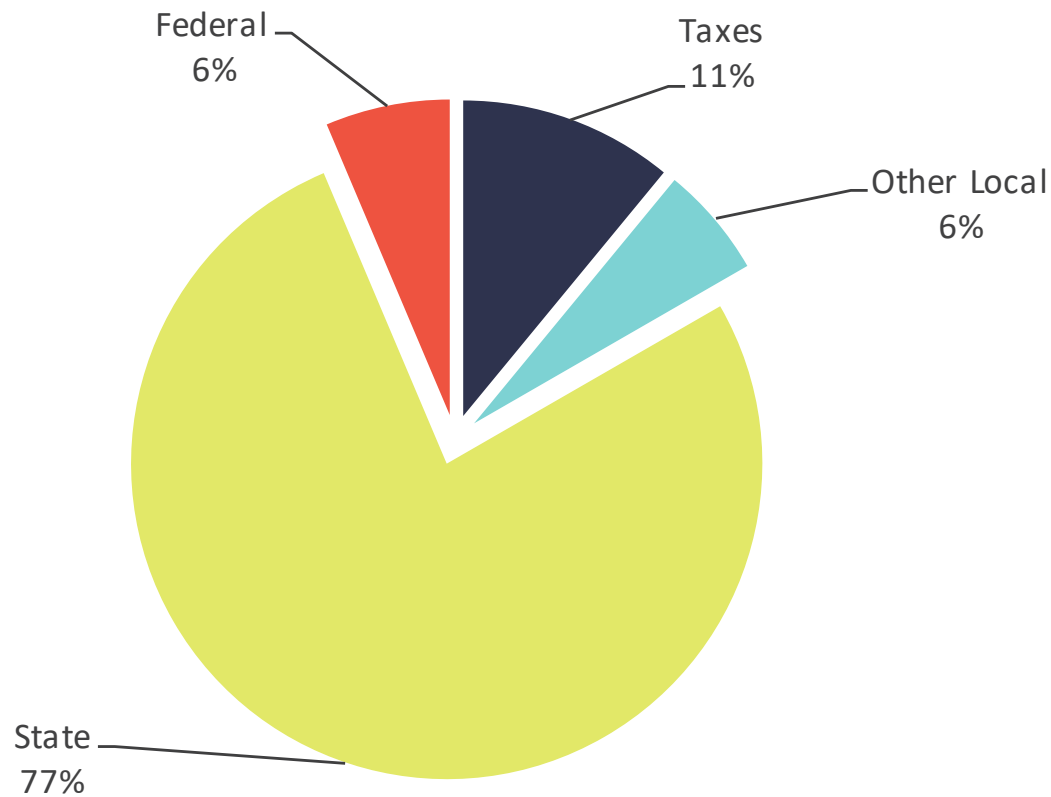


Debt Service

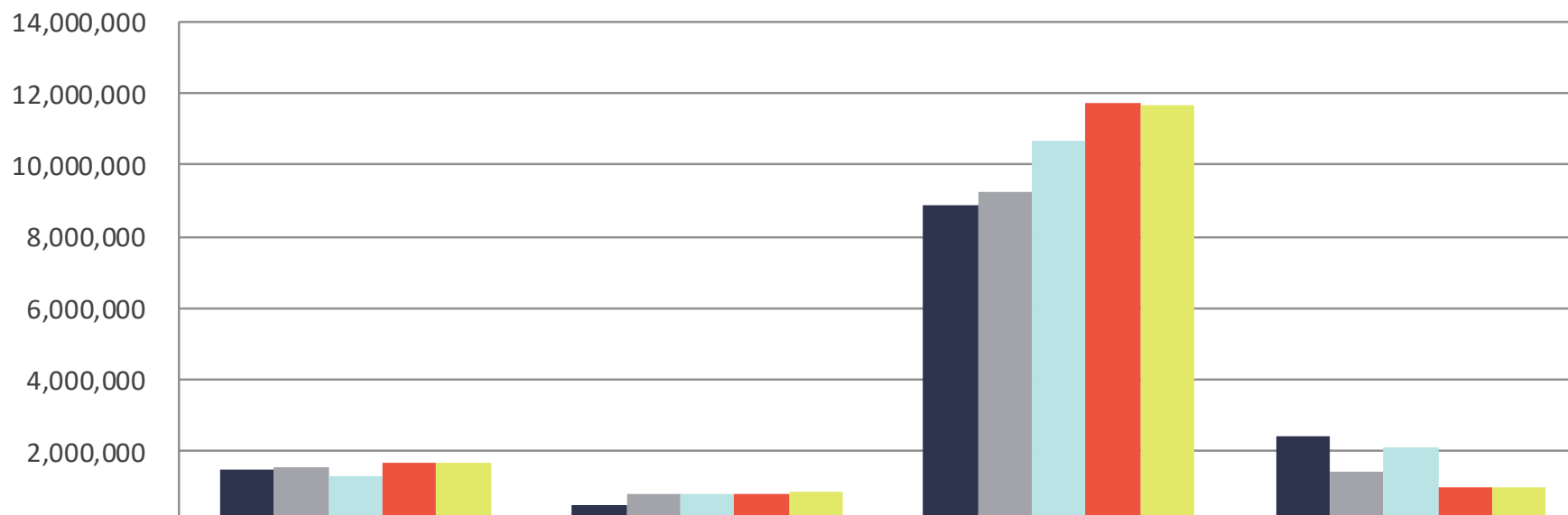
For the Year Ended June 30,	2026	2025	2024	2023	2022
Total Revenues	\$ 464,735	\$ 577,859	\$ 613,292	\$ 603,177	\$ 567,497
Total Expenditures	493,004	1,381,062	483,624	483,601	475,500
Other Financing Sources	-	-	-	-	-
Net Change in Fund Balance	(28,269)	(803,203)	129,668	119,576	91,997
Fund Balance - Beginning	198,614	1,001,817	872,149	752,573	660,576
Restricted Fund Balance - June 30	\$ 170,345	\$ 198,614	\$ 1,001,817	\$ 872,149	\$ 752,573



Source of Revenues for ISD No. 2174 For the Year Ended June 30, 2026

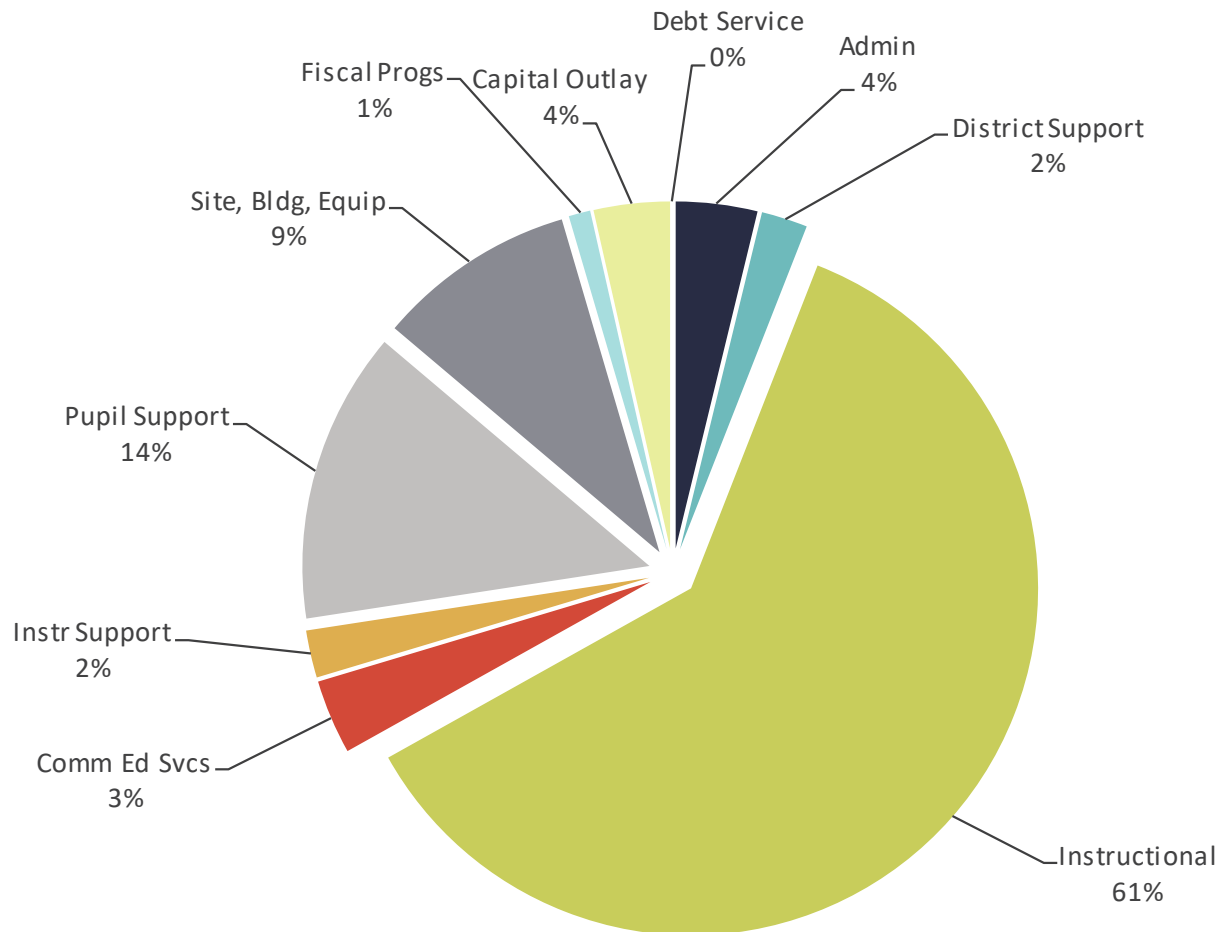


Comparative Governmental Revenues of ISD No. 2174

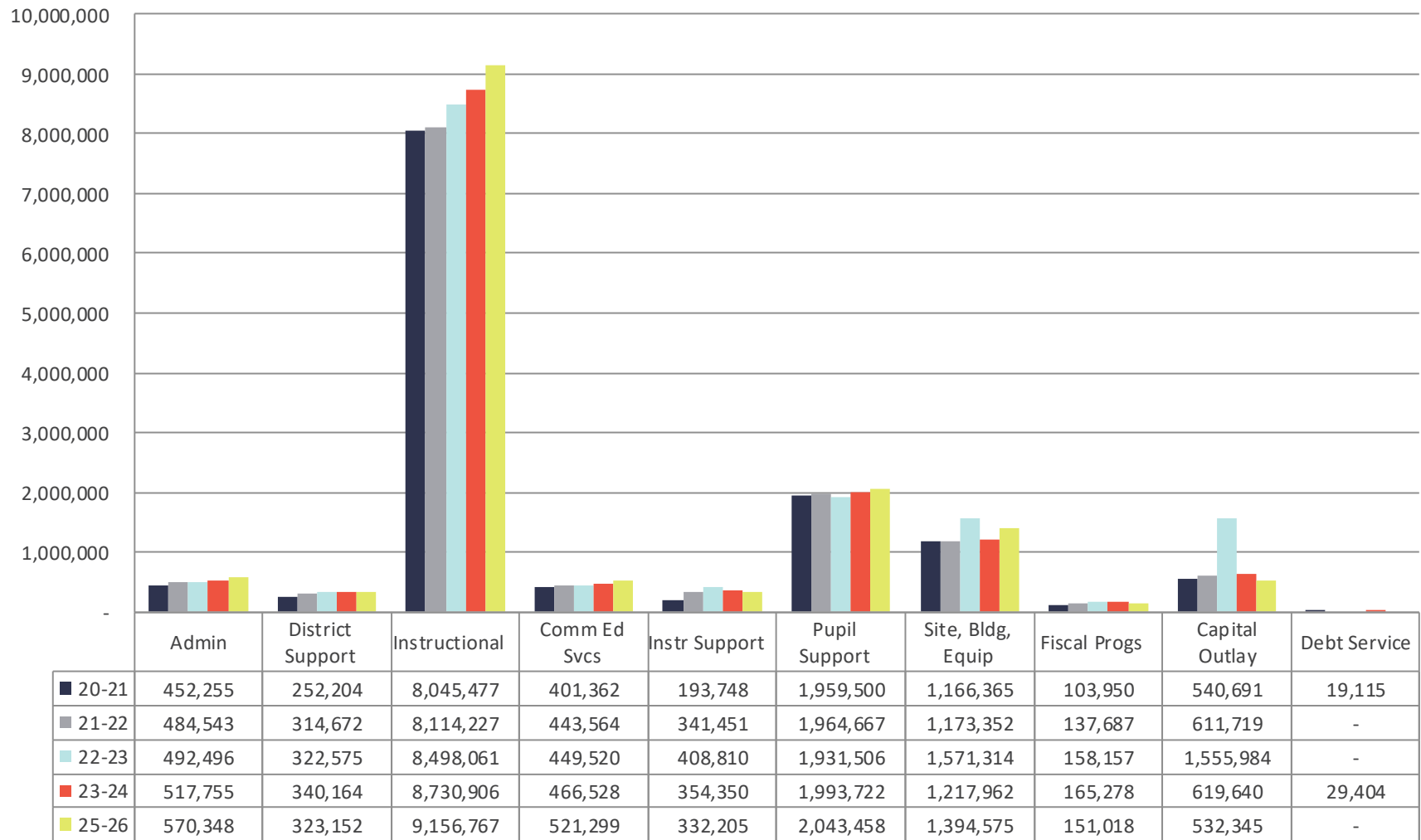


	Taxes	Other Local	State	Federal
21-22	1,484,833	511,615	8,870,774	2,405,329
22-23	1,548,440	787,903	9,219,541	1,446,866
23-24	1,304,728	806,149	10,642,652	2,128,895
24-25	1,649,156	829,525	11,748,485	968,838
25-26	1,665,946	868,483	11,691,201	967,979

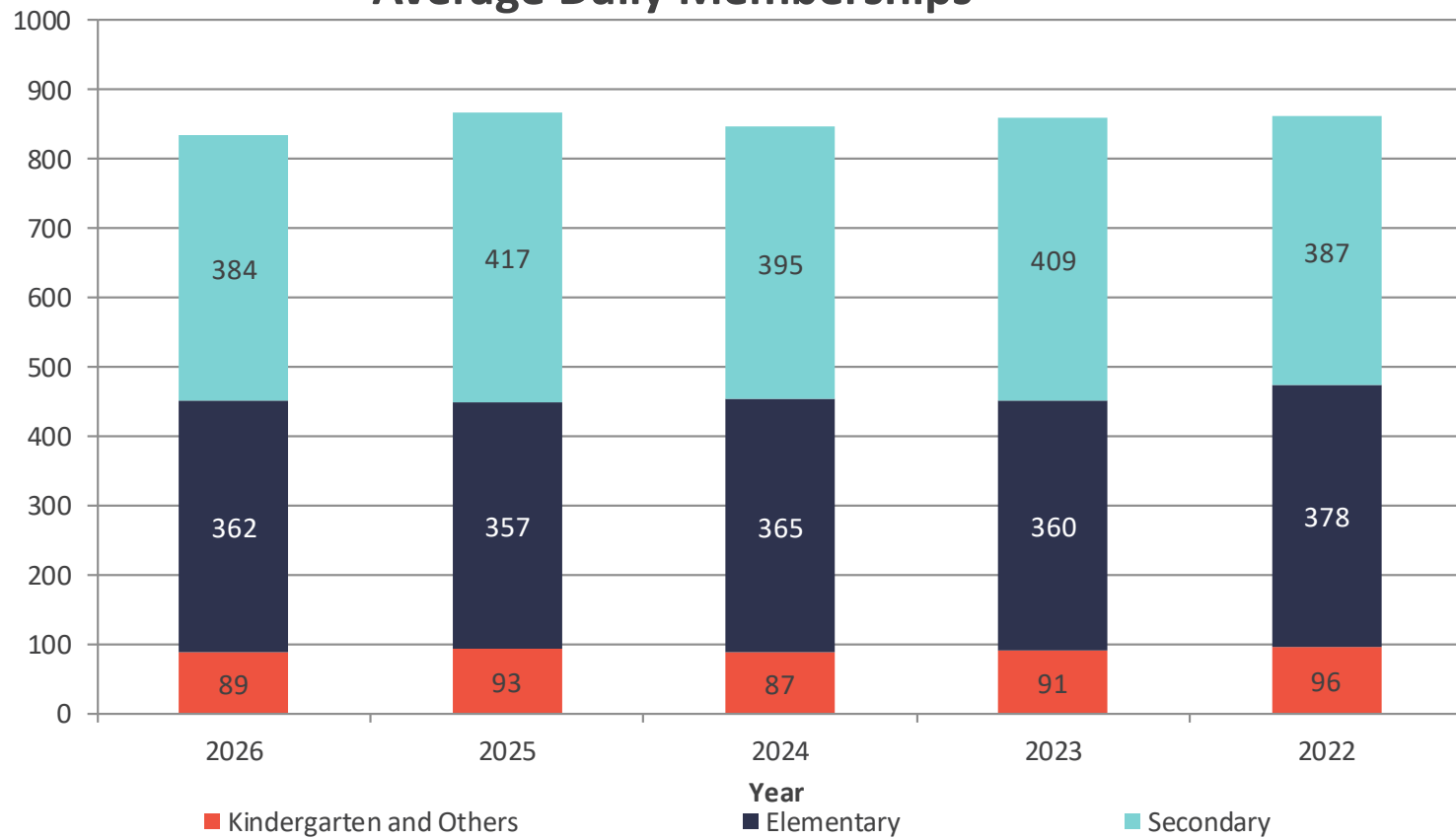
Breakdown of Expenditures for ISD No. 2174 For the Year Ended June 30, 2026



Comparative Expenditures for Governmental Funds of ISD No. 2174

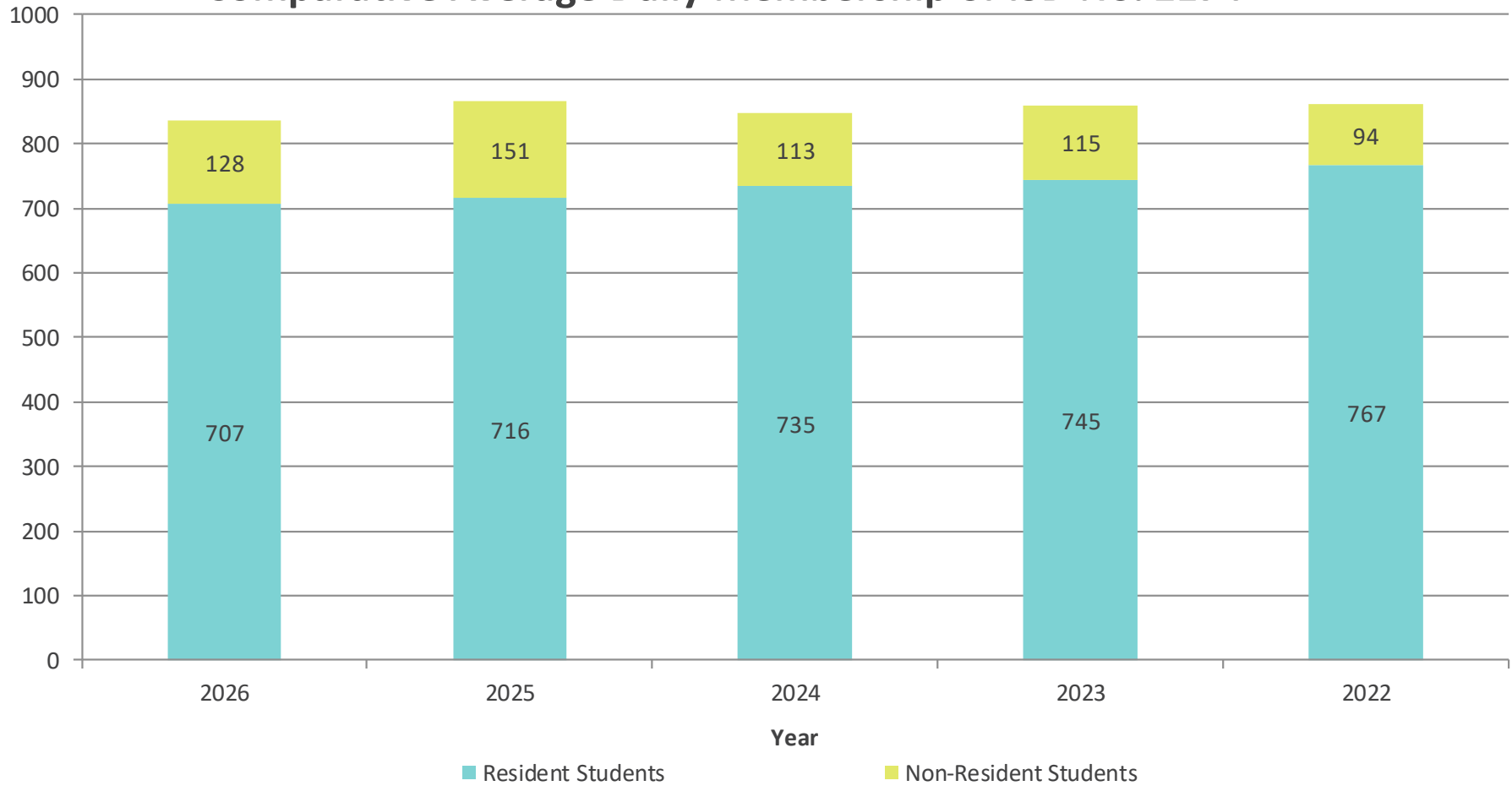


Average Daily Memberships

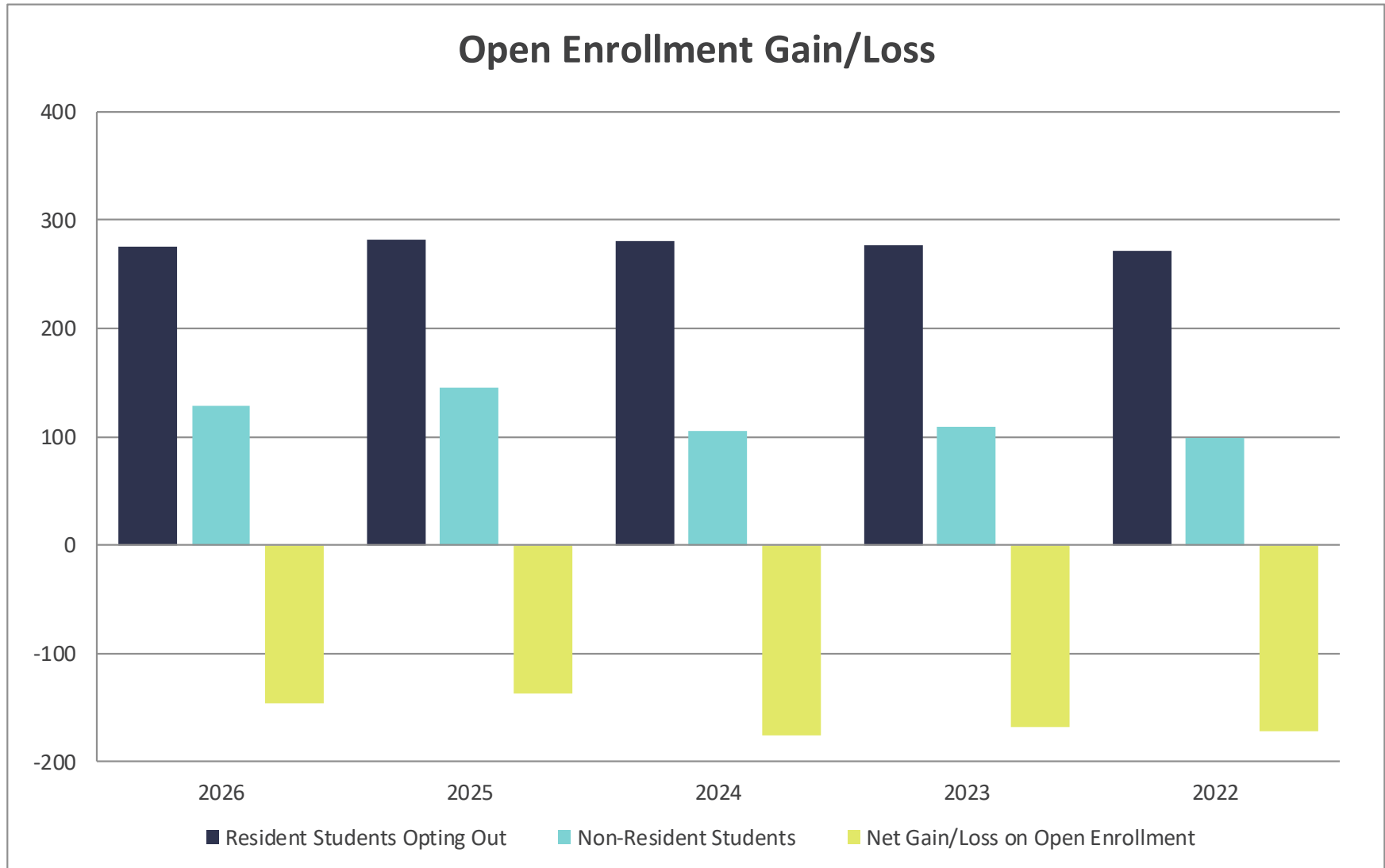


Resident Average Daily Membership (ADM)	2026	2025	2024	2023	2022
Kindergarten and Others	89	93	87	91	96
Elementary	362	357	365	360	378
Secondary	384	417	395	409	387
Total ADM	836	867	848	860	861
Total Weighted ADM (WADM)	912	950	927	942	939

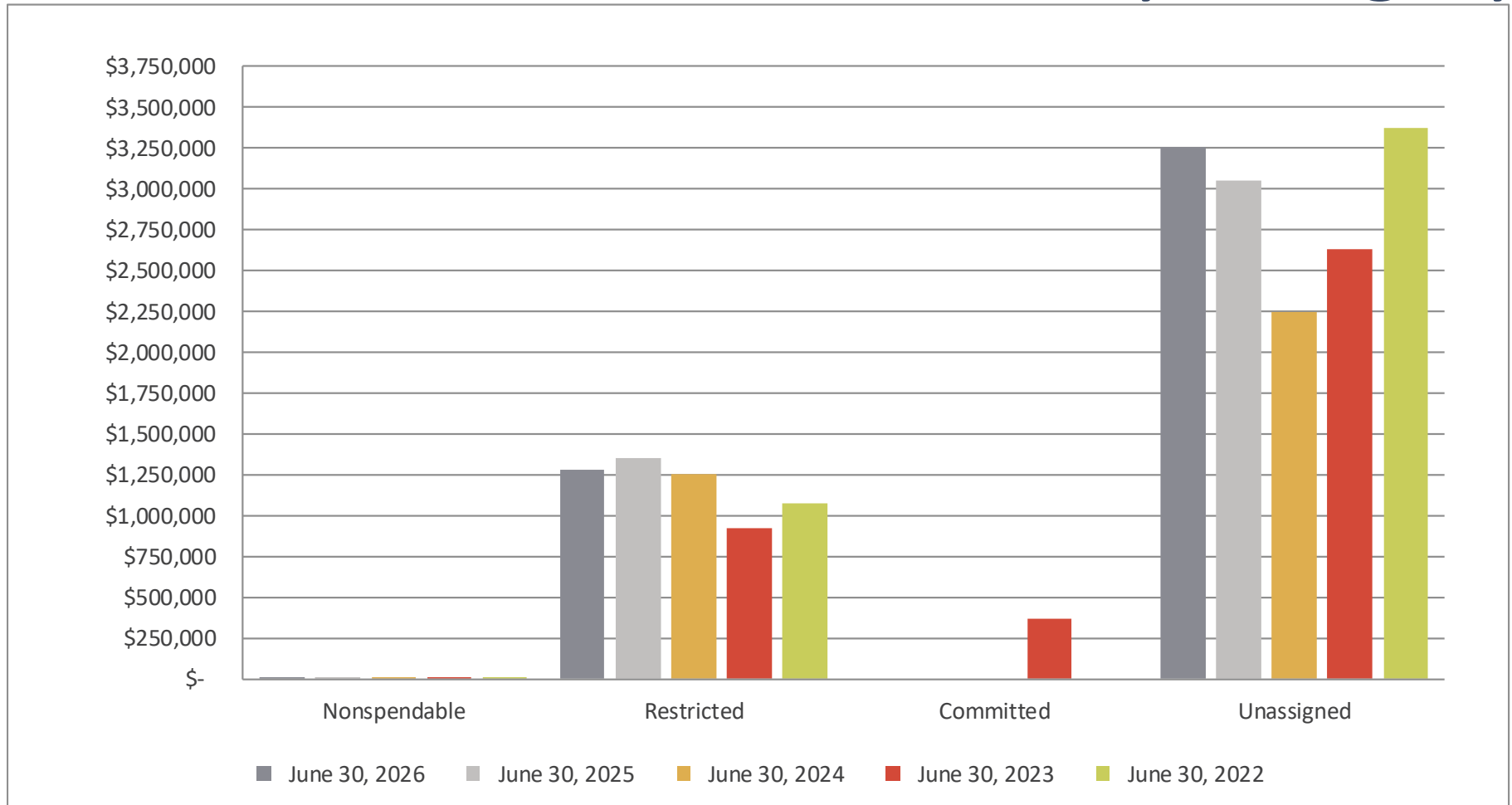
Comparative Average Daily Membership of ISD No. 2174



Open Enrollment Gain/Loss



General Fund – Fund Balance by Category

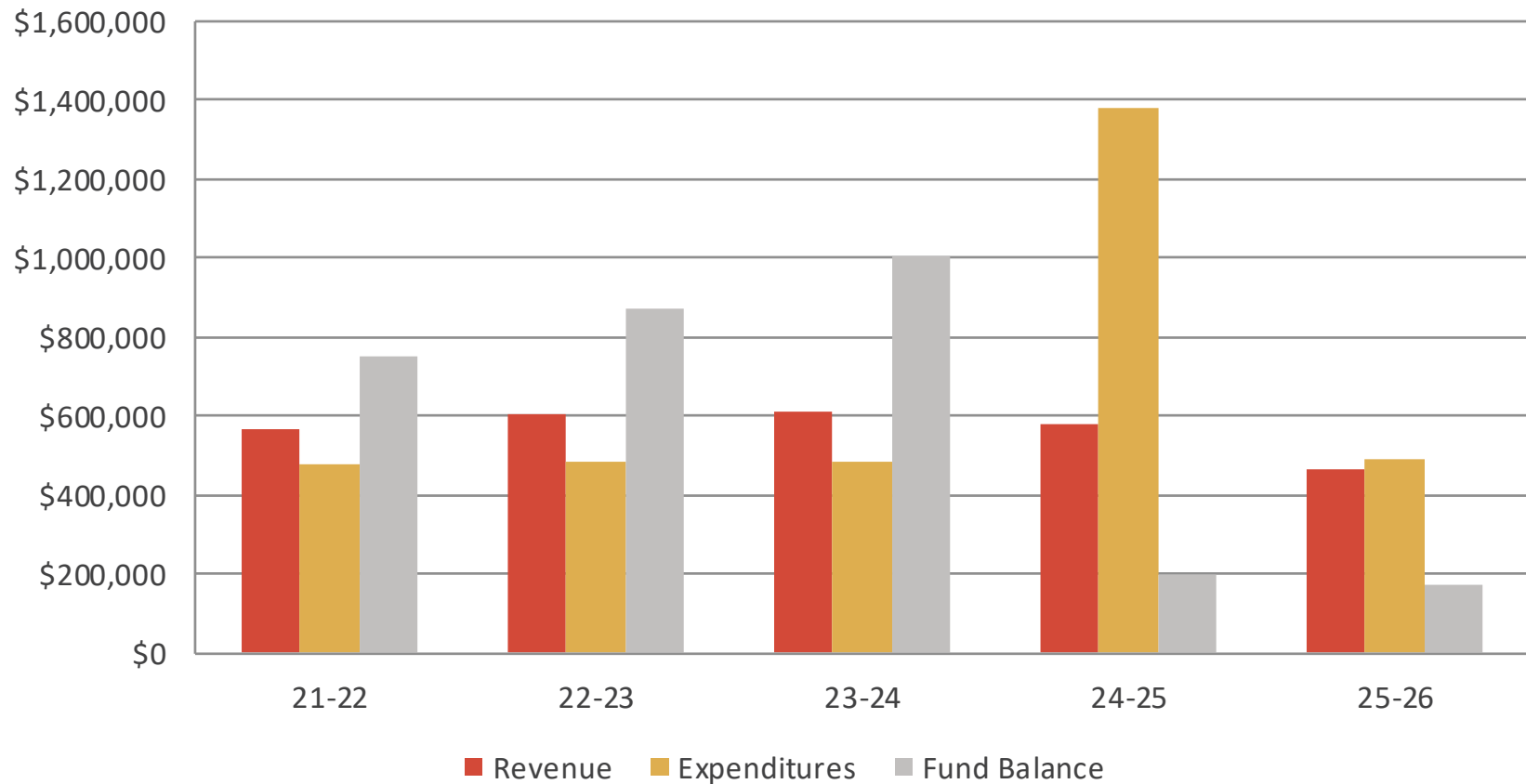


	June 30, 2026		June 30, 2025		June 30, 2024		June 30, 2023		June 30, 2022	
Fund Balance	\$	3,305,536	\$	3,055,148	\$	2,511,163	\$	2,997,824	\$	3,396,110
Expenditures	\$	10,331,074	\$	9,932,489	\$	11,626,035	\$	10,373,921	\$	10,367,146
SOD Calculation		32.00%		30.76%		21.60%		28.90%		32.76%

ISD No. 2174 Pine River-Backus Schools

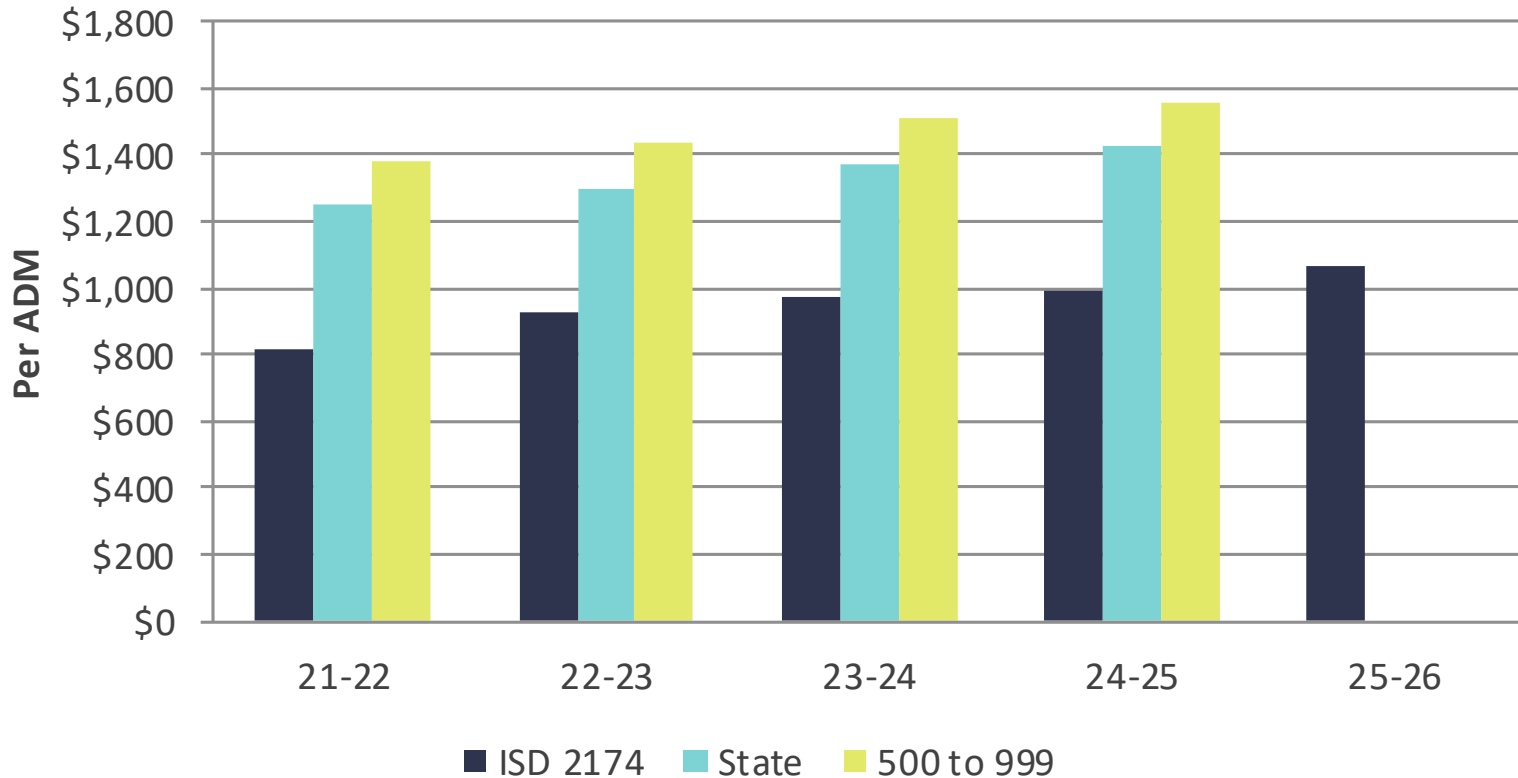
Debt Service Fund

Total Revenues, Total Expenditures, Total Fund Balance



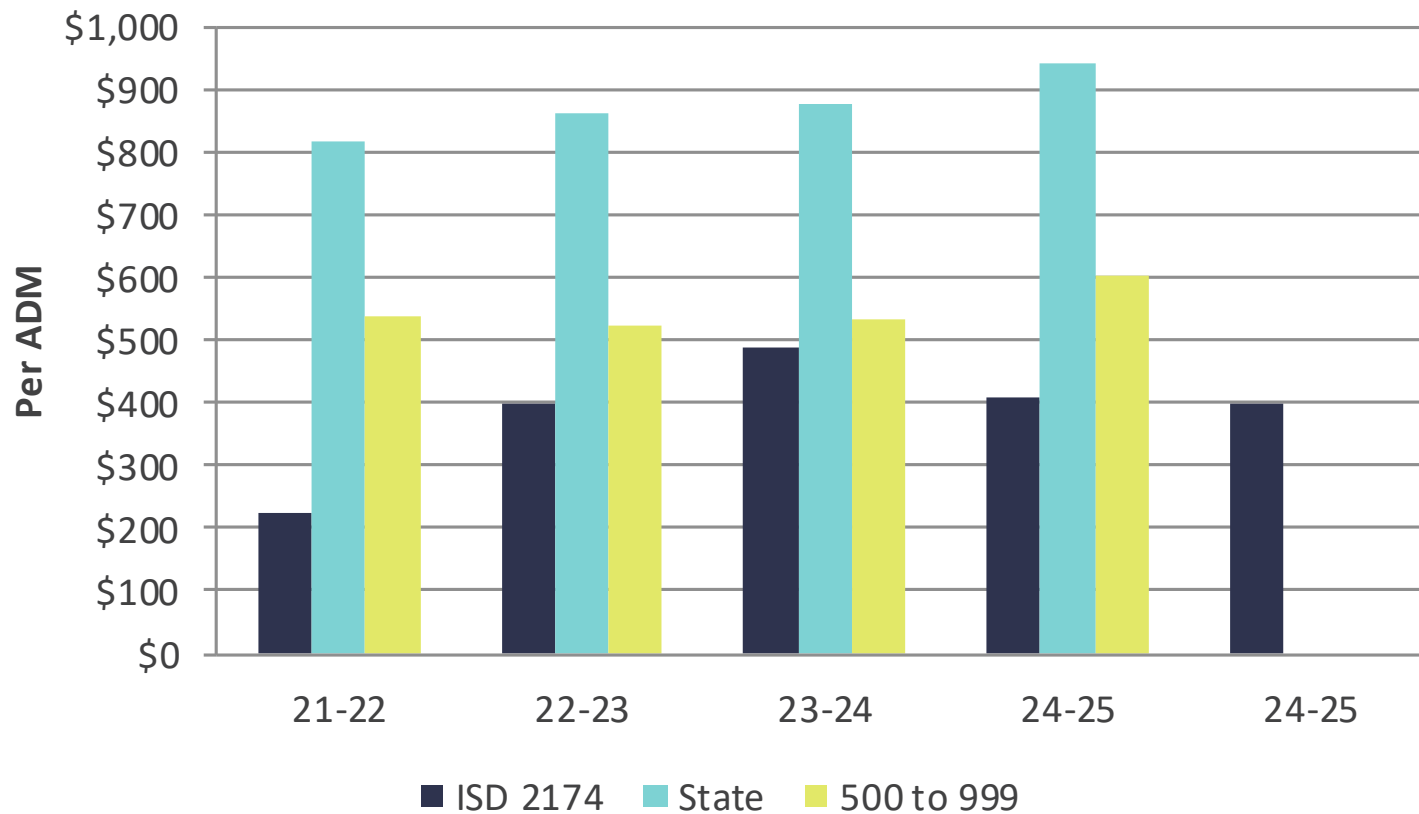
ISD No. 2174

Administration and District Support per ADM



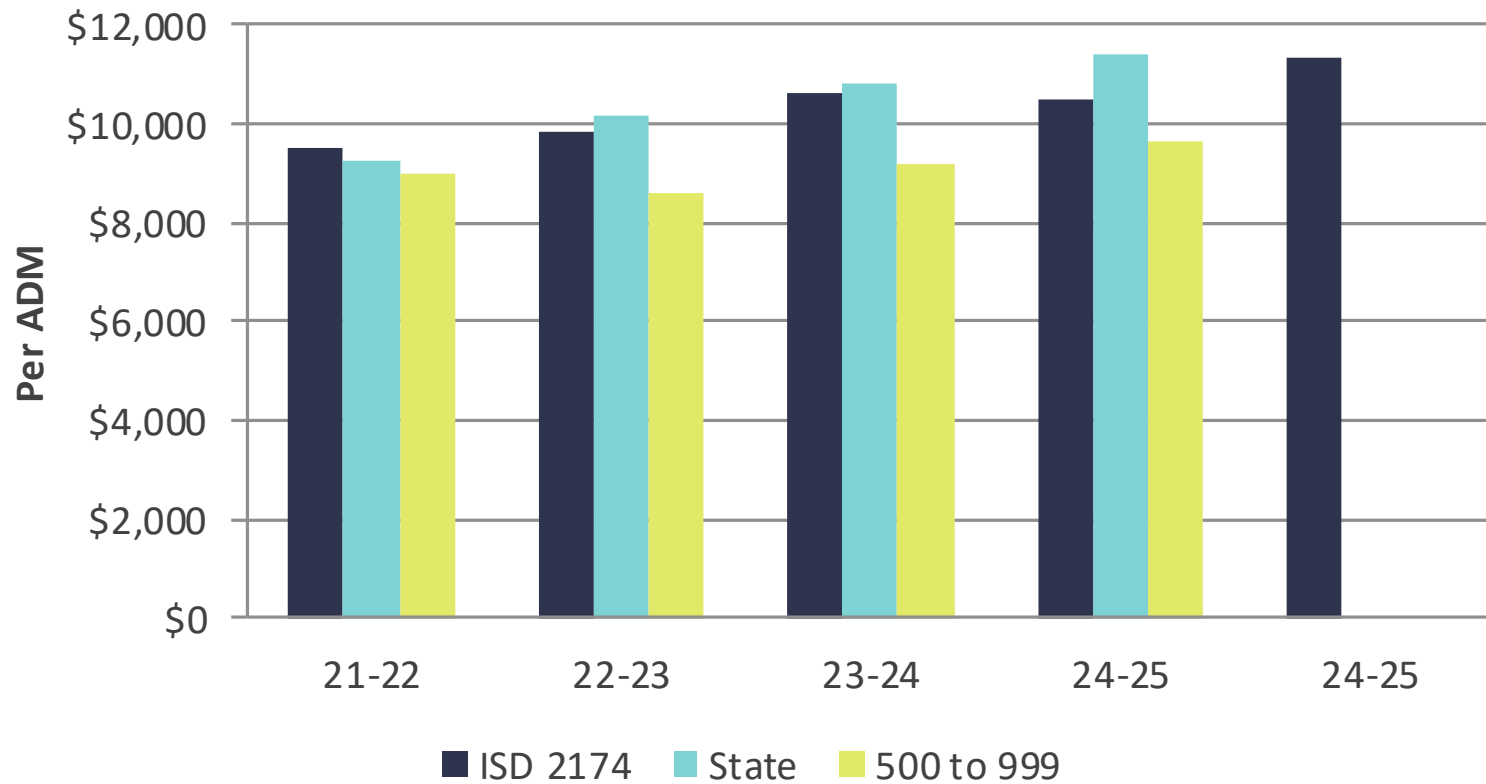
District and School Admin – all costs related to providing administration to the District (Board of Education, Superintendent, Assistant Superintendent, Principals, etc.) District Support Services – activities provided by Central Office (Business Services, Director of Building and Grounds, Legal, Data Processing, Other District-Wide support activities).

ISD No. 2174 Instructional Support per ADM



Instructional Support Services – activities to assist instructional staff with content & process of learning experiences
For pupils in K-12 (curriculum, staff development, assistant principals, etc.).

ISD No. 2174 Total Instruction per ADM



Total Instruction – includes vocational instruction, special education instruction, and instructional support services.

*Thank you for the opportunity
to serve the Pine River-Backus
School District.*

Mary Reedy, CPA, CGFM
Principal
320-203-5534
Mary.reedy@CLAconnect.com



CLAconnect.com



CPAs | CONSULTANTS | WEALTH ADVISORS

©2026 CliftonLarsonAllen LLP. CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAglobal.com/disclaimer](https://claglobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



PEQUOT LAKES

PUBLIC SCHOOLS

September 21, 2026

To: The School Boards of Aitkin, Crosby-Ironton, McGregor, Pequot Lakes, and Pine River-Backus

From: Mr. Bill Magnuson
Pequot Lakes High School
Activities Director

Re: Dissolution of current Northern Lakes Lightning boys hockey cooperative agreement and creation of a new Northern Lakes Lightning boys hockey cooperative agreement.

After discussions with our Boys Head Hockey coach and McGregor High School activities director, Livia Carlson, the current Northern Lakes Boys Hockey team would like to consider dissolving the cooperative agreement among Aitkin High School, Crosby-Ironton High School, Pine River-Backus High School, and Pequot Lakes High School. We would like to form a new cooperative agreement that would include Aitkin High School, Crosby-Ironton High School, Pine River-Backus High School, Pequot Lakes High School, and McGregor High School.

The reason for the dissolution is:

McGregor High School does not have a boys hockey program. A student has participated in the Northern Lakes Lightning youth program and would like to continue his hockey career by joining the Northern Lakes High School hockey program. This situation allows for a student to continue his playing career and allows another high school (McGregor) to offer another activity for their students.

Information we know:

In a cooperative agreement between schools, the host school's full enrollment is counted, and each other school in the agreement counts as half its enrollment.

Enrollment numbers for 2026-2027 are as follows:

Pequot Lakes (Host School) = 527

Aitkin (291), using half enrollment = 146

Crosby-Ironton (252), using half enrollment = 126

Pine River-Backus (188), using half enrollment = 94

McGregor (112), using half enrollment = 56

Total Enrollment for the Northern Lakes Lightning Boys Hockey team = 949

Class A Boys Hockey enrollment classification: 1187 and below

Last Year's Cooperative Agreement

*Please click the heading for the current cooperative agreement for the Northern Lakes Lightning. This agreement has been shared with the activities director at McGregor High School. She has informed the host school (Pequot Lakes) that McGregor High School would agree to the terms of the current cooperative agreement.

Action Items for each member's school board:

1. Vote on the dissolution of the current coop agreement between Aitkin, Crosby-Ironton, Pequot Lakes, and Pine River-Backus.

*A designated school representative from each school must sign the dissolution.

2. Vote on a new cooperative agreement for the Northern Lakes Lightning cooperative agreement between Aitkin High School, Crosby-Ironton High School, McGregor High School, Pequot Lakes High School, and Pine River-Backus High School.

*A Board of Education member or designee from each school must sign the application for a cooperative sponsorship.

3. If the dissolution and new cooperative agreement are approved, a designated school representative will need to sign the new cooperative agreement between the five high schools.

If you have any questions or concerns, please reach out. The paperwork for dissolving our current cooperative agreement and submitting the new cooperative agreement must be submitted to the MSHSL thirty days before the start of a season. The boys' hockey season starts on Monday, November 16th.

Bill Magnuson

Minnesota State High School League
2100 Freeway Blvd., Brooklyn Center, MN 55430-1735
763-560-2262, Fax: 763.569.0499

Application for DISSOLUTION of Cooperative Sponsorship

Deadline: Not later than the first day of practice for that sport season.

PLEASE SEE BYLAW 403.2 (A-C) and 403.4 (A-D) (amended May 15, 2017) FOR INFORMATION REGARDING REQUIRED DOCUMENTATION AND APPLICATION PROCEDURE

The governing boards of each participating school must jointly make application for dissolution of cooperative sponsorship.

On behalf of the following schools, we hereby apply for dissolution of the cooperative sponsorship of

Boys Hockey - Northtown Lakes beginning with the 20 26 - 20 27 school year.
(activity) (boys' or girls') (Adapted-CI or PI)

List ALL schools included in the cooperative sponsorship. Attach another form if necessary.

	School	City
High School #1:	<u>Regent Lakes</u>	<u>Regent Lakes</u>
High School #2:	<u>Aitkin</u>	<u>Aitkin</u>
High School #3:	<u>Crosby - Ironton</u>	<u>Crosby Ironton</u>
High School #4:	<u>Pine River - Buckus</u>	<u>Pine River</u>

1. Has the school board of each member school of the existing co-op approved a resolution to dissolve the co-op?

- ☒ **Yes** A copy of the resolution approved by the school board of each member school, stating the reason to dissolve the co-op, MUST be included with this application.
- ☐ **No** DO NOT SUBMIT this application until a resolution, stating the reason to dissolve the existing co-op, has been approved by the school board of each member school.

2. Please circle appropriate letter.

	Member School			Reason for the Dissolution	
High School #1	A	B	<u>C</u>	A.	Our school is dropping the activity.
High School #2	A	B	<u>C</u>	B.	Our school will sponsor this activity without a cooperative sponsorship.
High School #3	A	B	<u>C</u>	C.	Our school will sponsor this activity as part of a new cooperative sponsorship. Please submit an Application for Cooperative Sponsorship for the new co-p.
High School #4	A	B	<u>C</u>		

Signature of the person duly authorized by the member school to act on behalf of the member school.

High School #1:	_____	_____
	Designated School Representative	Title of the Designated School Representative
High School #2:	_____	_____
	Designated School Representative	Title of the Designated School Representative
High School #3:	_____	_____
	Designated School Representative	Title of the Designated School Representative
High School #4:	_____	_____
	Designated School Representative	Title of the Designated School Representative

Official Action of the MSHSL Board of Directors



PEQUOT LAKES

PUBLIC SCHOOLS

September 21, 2026

To: The School Boards of Aitkin, Crosby-Ironton, McGregor, Pequot Lakes, and Pine River-Backus

From: Mr. Bill Magnuson
Pequot Lakes High School
Activities Director

Re: Dissolution of current Northern Lakes Lightning boys hockey cooperative agreement and creation of a new Northern Lakes Lightning boys hockey cooperative agreement.

After discussions with our Boys Head Hockey coach and McGregor High School activities director, Livia Carlson, the current Northern Lakes Boys Hockey team would like to consider dissolving the cooperative agreement among Aitkin High School, Crosby-Ironton High School, Pine River-Backus High School, and Pequot Lakes High School. We would like to form a new cooperative agreement that would include Aitkin High School, Crosby-Ironton High School, Pine River-Backus High School, Pequot Lakes High School, and McGregor High School.

The reason for the dissolution is:

McGregor High School does not have a boys hockey program. A student has participated in the Northern Lakes Lightning youth program and would like to continue his hockey career by joining the Northern Lakes High School hockey program. This situation allows for a student to continue his playing career and allows another high school (McGregor) to offer another activity for their students.

Information we know:

In a cooperative agreement between schools, the host school's full enrollment is counted, and each other school in the agreement counts as half its enrollment.

Enrollment numbers for 2026-2027 are as follows:

Pequot Lakes (Host School) = 527

Aitkin (291), using half enrollment = 146

Crosby-Ironton (252), using half enrollment = 126

Pine River-Backus (188), using half enrollment = 94

McGregor (112), using half enrollment = 56

Total Enrollment for the Northern Lakes Lightning Boys Hockey team = 949

Class A Boys Hockey enrollment classification: 1187 and below

Last Year's Cooperative Agreement

*Please click the heading for the current cooperative agreement for the Northern Lakes Lightning. This agreement has been shared with the activities director at McGregor High School. She has informed the host school (Pequot Lakes) that McGregor High School would agree to the terms of the current cooperative agreement.

Action Items for each member's school board:

1. Vote on the dissolution of the current coop agreement between Aitkin, Crosby-Ironton, Pequot Lakes, and Pine River-Backus.

*A designated school representative from each school must sign the dissolution.

2. Vote on a new cooperative agreement for the Northern Lakes Lightning cooperative agreement between Aitkin High School, Crosby-Ironton High School, McGregor High School, Pequot Lakes High School, and Pine River-Backus High School.

*A Board of Education member or designee from each school must sign the application for a cooperative sponsorship.

3. If the dissolution and new cooperative agreement are approved, a designated school representative will need to sign the new cooperative agreement between the five high schools.

If you have any questions or concerns, please reach out. The paperwork for dissolving our current cooperative agreement and submitting the new cooperative agreement must be submitted to the MSHSL thirty days before the start of a season. The boys' hockey season starts on Monday, November 16th.

Bill Magnuson

Application for Cooperative Sponsorship

Deadline: Not later than 30 days prior to the first day of practice for that sport season.
PLEASE SEE BYLAW 403.2 (A-C) and 403.4 (A-D) (amended May 15, 2017) FOR INFORMATION REGARDING REQUIRED DOCUMENTATION AND APPLICATION PROCEDURE

The governing boards of each participating school must jointly make application for cooperative sponsorship.

On behalf of the following schools, we hereby apply for cooperative sponsorship of Boys Hockey
beginning with the 2026 - 2027 school year. (activity) (boys' or girls') (Adapted-CI or PI)

List **ALL** schools included in the cooperative sponsorship. *Attach another form if necessary.*

	School	Enrollment (9-12)*	City	Administrative Region**	Competitive Section**
High School #1:	<u>Aitkin</u>	<u>291</u>	<u>Aitkin</u>	<u>7A</u>	
High School #2:	<u>Crosby - Ironton</u>	<u>252</u>	<u>Crosby - Ironton</u>	<u>7A</u>	
High School #3:	<u>Pegsot Lakes</u>	<u>527</u>	<u>Pegsot Lakes</u>	<u>6A</u>	<u>6A</u>
High School #4:	<u>Pine River - Backus</u>	<u>188</u>	<u>Pine River</u>	<u>6A</u>	

*Enrollment reported to the State of Minnesota on October 1 of the previous school year.

**Current (Number and Class)

- Do any of the above schools belong to a conference in this activity?
☐ **Yes** This application must include a review and comments from the conference(s) of which the schools are members.
☐ **No**
- Do any of the above schools currently have a cooperative agreement in this activity?
☒ **Yes** An application for dissolution must be submitted for the existing agreement.
☐ **No**
- Describe the conditions which have prompted your request to co-sponsor this activity. (See model resolution at [www.mshsl.org/About MSHSL/Membership Information: A History & Model Resolution for School Boards](http://www.mshsl.org/About_MSHSL/Membership_Information:_A_History_&_Model_Resolution_for_School_Boards))

- List the number of students, by grade level, who participated in this activity during the previous year. *If the school did not sponsor the program last year, indicate the number of students expected to participate in this cooperatively-sponsored activity this year if approved.*

		7th	8th	9th	10th	11th	12th
<u>Aitkin</u>	High School #1			<u>1</u>	<u>3</u>	<u>2</u>	<u>0</u>
<u>Crosby</u>	High School #2			<u>3</u>		<u>1</u>	<u>0</u>
<u>Pegsot</u>	High School #3			<u>8</u>	<u>5</u>	<u>11</u>	<u>6</u>
<u>Pine River</u>	High School #4			<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

- Team Identification: (Indicate how cooped schools should be identified in tournament programs): _____

Northern Lakes Lightning

- Team Colors: Black, Red & white Team Mascot: Lightning

- Host School (school that will receive revenue share check): Pegsot Lakes High School

Board of Education (or designee)

School

Date

Signed _____
 Signed _____
 Signed _____
 Signed _____

Official Action of the MSHSL Board of Directors

☐ Approved ☐ Not Approved

Signature: _____ Date: _____
 MSHSL Executive Director

Application for Cooperative Sponsorship

Deadline: Not later than 30 days prior to the first day of practice for that sport season.
PLEASE SEE BYLAW 403.2 (A-C) and 403.4 (A-D) (amended May 15, 2017) FOR INFORMATION REGARDING REQUIRED DOCUMENTATION AND APPLICATION PROCEDURE

The governing boards of each participating school must jointly make application for cooperative sponsorship.

On behalf of the following schools, we hereby apply for cooperative sponsorship of Boys Hockey
beginning with the 20 26 - 20 27 school year. (activity) (boys' or girls') (Adapted-CI or PI)

List **ALL** schools included in the cooperative sponsorship. *Attach another form if necessary.*

	School	Enrollment (9-12)*	City	Administrative Region**	Competitive Section**
High School #1:	<u>McGregor</u>	<u>112</u>	<u>McGregor</u>	<u>7A</u>	
High School #2:					
High School #3:					
High School #4:					

*Enrollment reported to the State of Minnesota on October 1 of the previous school year.

**Current (Number and Class)

- Do any of the above schools belong to a conference in this activity?
☐ **Yes** This application must include a review and comments from the conference(s) of which the schools are members.
☐ **No**
- Do any of the above schools currently have a cooperative agreement in this activity?
☒ **Yes** An application for dissolution must be submitted for the existing agreement.
☐ **No**
- Describe the conditions which have prompted your request to co-sponsor this activity. (See model resolution at [www.mshsl.org/About/MSHSL/Membership/Information: A History & Model Resolution for School Boards](http://www.mshsl.org/About/MSHSL/Membership/Information:A%20History%20&%20Model%20Resolution%20for%20School%20Boards))
- List the number of students, by grade level, who participated in this activity during the previous year. *If the school did not sponsor the program last year, indicate the number of students expected to participate in this cooperatively-sponsored activity this year if approved.*

	7th	8th	9th	10th	11th	12th
<u>McGregor</u> High School #5				<u>1</u>		
High School #2						
High School #3						
High School #4						

- Team Identification: (Indicate how cooped schools should be identified in tournament programs):
Northern Lakes Lightning
- Team Colors: Black, Red, White Team Mascot: Lightning
- Host School (school that will receive revenue share check): Pegsot Lakes High School

Board of Education (or designee)

School

Date

Signed _____
Signed _____
Signed _____
Signed _____

Official Action of the MSHSL Board of Directors

☐ Approved

☐ Not Approved

Signature: _____ Date: _____
MSHSL Executive Director

Spring 2027 Band/Choir Trip Information

As a program, we have tried to give students opportunities to explore and travel which is a valuable part of their music education at PRB. This year we are planning to do a similar trip to the one that we took in 2023. This would be a 7 night cruise. This trip would take place during spring break and unless a significant travel delay occurs, the students would not miss any school days. Instead of working with Music Festivals and Tours, which has provided our last three trips, we will now be working with Performing Arts Consultants. Along with organizing and dealing with any problems that arise, they also have a representative travel with the group as a liaison between Royal Caribbean, any other venues, and our group. They come highly recommended and I believe will facilitate great opportunities for our students!

Proposed Itinerary:

Saturday, 3/20/27- Transportation provided from PRB to Airport.
Flight to Houston, Texas. Hotel Stay in the Galveston/Houston Area.

Sunday-Sunday 3/21-3/28 On Board The Symphony of the Seas

This is a Seven night cruise with stops in Roatan Honduras, Costa Maya Mexico, and Cozumel Mexico. Each day will feature a group excursion. Those will potentially include snorkeling, Mayan Ruins Exploration, sightseeing bus tours, culinary tours, beach excursions, hiking, and a variety of options that the group will decide. There will be a little shopping time at the end of each day but students will be grouped with adults. The band and choir will perform during the seas day while on the ship as part of the ship's Compass of performances pending availability and instrumentation. This will be in a performance venue with an adjudicator and clinician for remarks and feedback and will be open to the public!

While on the ship, students will be exposed to cultural foods and shows, live musical performances and shows, interactive activities designed for teenagers, and multiple opportunities to see world class performers outside of the musical world. This ship has multiple venues and avenues for entertainment. Students will be required to attend specific shows while on board. The same rules which we have used in the past three cruises will be in effect for curfew as well as for safety of the kids on board and in port.

Sunday

Travel home. Transportation provided from Airport to PRB.

Cost:

The cruise option is by far the most cost effective option with the added bonus of an onboard medical facility, onboard security, and background checks for passengers. With this trip, eight days with activities and meals included on the ship, we are estimating a cost of \$2250 per student depending on flight costs. Extra costs would only be a meal or two during travel and any souvenirs that they choose to purchase. Students will be allowed to set up cash accounts for spending onboard, if a credit card is not an option. We have preliminarily booked the trip and will

finalize the itinerary, flight arrangements, and details once approved. Also of note, students do not need a passport to travel on this trip. Although strongly recommended, only an ID and Birth Certificate are required.

We recommend getting a passport as scanning to get on and off the ship was much smoother running through border security as well as through the airport. If students plan to get a passport, they need to begin that process ASAP as the wait time is between 4-6 weeks, sometimes longer.

Students have, and will continue to have, fundraising opportunities to offset costs. As this is an optional trip, students will be required to foot the bill. The school will take chaperones at a discounted rate at a ratio of 10/12 Students to 1 Chaperone. Parents and family members will be offered this price to book and travel as a non chaperone guest. These persons will be asked to pay for and achieve a good background check through the school prior to booking.

Safety:

Safety of our students is our first focus on any trip. I believe this trip gives students the opportunity to explore in a controlled environment and in places they may never get to go to again at such a discounted price. Royal Caribbean constantly monitors any safety issues and none of the islands we will be visiting are on the advisory travel list as stated by the State Department of the US. We will never put kids into a situation where their safety would be in question. This is our first priority and we fully understand the responsibility of caring for 40 different people's children. In the past trips, we have not had anything more than minor behavioral issues on the ship and I am comfortable that the ship is a safe and exciting environment for the students to be exposed to many cultural and social experiences!

Questions:

If you would like to ask questions, have concerns, or would like specific details about this trip. Please contact Ben Kinser.

bkinser@prbschools.org

218-587-8039

thamp@prbschools.org

218-587-8078

Thank you for considering our next trip!!!

Sincerely,

Ben Kinser & Teresa Hamp



Integrated Solutions for
Roofing, Walls, Windows,
Pavement, and Waterproofing

September 30, 2026

Ms. Jolene Bengtson
Business Manager
Pine River-Backus Schools, ISD 2174
401 Murray Avenue
Pine River, MN 56474

RE: 2027 Reroofing Pine River-Backus High School
Inspec Project No.: 216112

Dear Ms. Bengtson,

On September 24, 2026, bids were received for the above-mentioned project. Jackson & Associates LLC submitted the low base bid of \$277,000.

We contacted Jackson & Associates LLC regarding their bid. They had an opportunity to review their bid and indicated they would perform the work as specified for the bid amount.

Jackson & Associates LLC has worked on several projects for which we have provided engineering services in the past. The work performed has been good and their personnel have been cooperative.

Based on the above-noted information, we recommend acceptance of Jackson & Associates LLC bid of \$277,000. If you have any questions regarding the information above, please feel free to contact our office.

Sincerely,

INSPEC

A handwritten signature in black ink that reads "Paul Polak".

Paul Polak

Enclosure: Bid Tabulation for 2027 Reroofing Pine River-Backus High School

PP/bap

1000 Parkers Lake Road
Suite 100
Wayzata, MN 55391
Ph. 763-546-3434
Fax 763-546-8669

Chicago

Milwaukee

Minneapolis

www.inspec.com

An Affirmative Action
Equal Opportunity
Employer

BID TABULATION

OWNER:

Pine River-Backus Schools

PROJECT: 2027 Reroofing Pine River-Backus High School

BID DATE / TIME: September 24, 2026 at 2:00 P.M.

Project No. 216112

Project No. 216112

