PINE CITY PUBLIC SCHOOLS

PREPARING OUR STUDENTS FOR THE FUTURE

2026-27 Preliminary Budget

Board of Education & Administration

Board of Education	Position	Term Expires
Lezlie Sauter	Chairperson	January 2027
Wayne Gilman	Vice Chairperson	January 2029
Cami Babolik	Treasurer	January 2027
Becci Palmblade	Clerk	January 2029
Tim Geisler	Director	January 2029
James Foster	Director	January 2027
Scott Milliman	Director	January 2027

Administration	
Cindy Stolp	Superintendent
Jill Nolan	Business Manager

Budget Overview and Purpose

The annual budget serves as the district's financial roadmap, aligning available resources with the educational programs, services, and operational needs that support student success. More than a spending plan, the budget reflects the district's priorities, strategic goals, and commitment to responsible stewardship of public funds.

The budget identifies the revenues the district expects to receive and the expenditures necessary to provide educational opportunities, maintain facilities, support staff, and meet the needs of students. Through the budgeting process, district leadership evaluates current programs, anticipated enrollment, staffing needs, state and federal funding, and other financial factors to ensure resources are allocated effectively and sustainably.

The budget development process is designed to:

- Align financial resources with district goals and student needs
- Support high-quality educational programs and services
- Promote transparency and accountability in financial decision-making
- Utilize historical trends, current data, and future projections to inform planning
- Ensure compliance with state laws, regulations, and reporting requirements
- Maintain the district's long-term financial stability

Each year, administration develops a proposed budget based on projected revenues, expenditures, enrollment, staffing, and program needs. The proposed budget is reviewed with the Finance Committee and School Board prior to formal adoption. Once approved by the School Board, the budget becomes the district's official spending plan and authorization for expenditures for the fiscal year.

The 2026-27 budget reflects the district's ongoing commitment to balancing fiscal responsibility with the investments necessary to support student achievement, maintain safe and effective learning environments, and prepare students for success beyond graduation.

Budget Philosophy

The district is committed to maintaining a balanced budget, preserving financial stability, and making strategic investments that directly support student learning while maximizing the value of taxpayer resources.

District Financial Timeline

September	The School Board adopts the preliminary property tax levy.
December	The prior year audit is presented to the School Board for approval.
December	The School Board holds the Truth in Taxation hearing and adopts the final property tax levy.
Jan–Feb	Staffing needs for the next year are evaluated. Requests for additions or reductions are submitted with rationale to district leadership.
February	Revised Budget worksheets are submitted to the District Office.
March–April	The leadership team finalizes staffing ratios and levels for the upcoming year.
April	Original Budget worksheets for the next fiscal year are provided to schools and departments. Staff evaluate program needs and develop proposed budgets.
May	Proposed Original Budget worksheets are submitted to the District Office for compilation and review.
June	The School Board adopts the Original Budget for the upcoming school year by the statutory deadline of June 30.

Fund Accounting Structure

Unlike a private business, school districts use fund accounting, which separates financial activities into individual funds based on their intended purpose and legal requirements. Each fund maintains its own revenues, expenditures, and fund balance, allowing the district to track resources, demonstrate accountability, and ensure funds are used only for authorized purposes.

Many revenues received by school districts are restricted by state or federal law and may only be used for specific programs or activities. As a result, fund balances in one fund generally cannot be used to support expenditures in another fund.

Fund Number	Fund Name	Purpose / Description
01	**General Fund**	The district's primary operating fund. Accounts for instructional programs, special education, student support services, transportation, operations and maintenance, technology, and district administration. Most day-to-day educational activities are recorded in this fund.
02	**Food Service Fund**	Accounts for revenues and expenditures related to school breakfast, lunch, and other nutrition programs. Funded through federal and state reimbursements, student meal payments, and other local revenues.
04	**Community Service Fund**	Accounts for community education programs, early childhood family education (ECFE), school readiness, adult basic education, recreation programs, and other community-based services.

06	**Building Construction Fund**	Used to account for major construction, renovation, and capital improvement projects funded through bond proceeds, state grants, or other dedicated capital funding sources.
07	**Debt Service Fund**	Used to account for property tax revenues and expenditures associated with the repayment of principal and interest on voter-approved bonds and other long-term debt obligations.
45	**OPEB Irrevocable Trust Fund**	Accounts for assets held in trust to fund Other Post-Employment Benefits (OPEB), such as retiree health insurance obligations, when an irrevocable trust has been established.

Key Point

> While all funds contribute to the district's overall financial health, each fund is legally and financially separate. Resources available in one fund generally cannot be transferred or used to support expenditures in another fund without specific statutory authority.

Original Budget Projected Fund Balances FY2026-2027

Fund	6/30/2026 Proj Ended Fund Balance	FY27 Prelim Revenues	FY27 Prelim Expenditures	Projected Surplus/(Deficit)	6/30/2027 Proj Ended Fund Balance
General	$5,506,766	24,537,360	$24,579,232	-$41,872	$5,464,894
Food Service	$486,653	$1,305,751	$1,643,848	-$338,097	$148,556
Community Service	$264,298	$476,591	$502,692	-$26,101	$238,197
Debt Service	$680,451	$1,443,948	$1,342,010	$101,938	$782,389
OPEB Trust Fund	$1,019,156	$10,000	$0	$10,000	$1,029,156
Total All Funds	$7,957,324	$27,773,650	$28,067,782	-$294,132	$7,663,192

General Fund Summary

Fund 01 - General Fund

The General Fund accounts for the primary operations of the district, including educational and instructional support services to students from Kindergarten through twelfth grade, pupil transportation, and capital expenditures. The General Fund accounts for a majority of the district’s

revenue and expenditures. The following pages provide information about enrollment, fund balance policy, long term projections, and variances explanations.

Budget Assumptions

- Average Daily Membership
    - FY26 estimated at 1507 and FY27 estimated at 1505
- Revenue Assumptions:
    - General education aid formula increase of 2.74%
    - Summer unemployment for hourly workers reimbursed at 100% for Summer 2027
    - Federal funding held flat, ESSER Funds are spent and expired

Budget Projections

The District uses the Budget Projection Model from Ehlers as a tool to estimate future financial conditions and to make decisions related to future budget adjustments. The financial planning model was updated during 2025-26 year to provide data to help make decisions for FY 2027 and beyond. The model will continue to be updated to ensure that the district manages it’s resources responsibly.

Budget Investments and Strategic Priorities

The FY 2026-27 budget reflects the district's continued commitment to investing in student learning, maintaining high-quality educational opportunities, supporting staff, and preserving district facilities. These investments align with the district's strategic priorities while balancing long-term financial sustainability.

The FY 2026-27 budget prioritizes investments in:

- Student learning through curriculum adoption and instructional resources.
- Technology and classroom learning environments.
- Strategic staffing and student support services.
- Competitive employee compensation through contract settlements.
- Critical facility maintenance and infrastructure improvements.

Together, these investments support the district's mission of providing high-quality educational opportunities while responsibly maintaining the resources entrusted to the district by its community.

Preserving District Facilities

The district is planning several significant facility improvement projects focused on preserving district assets, addressing critical infrastructure needs, and maintaining safe, reliable learning environments for students and staff.

Planned projects include:

Project	Budget
Elementary Masonry Restoration	$175,000
Elementary Roof Replacement	$1,100,0000
High School Chiller Replacement	$1,100,000

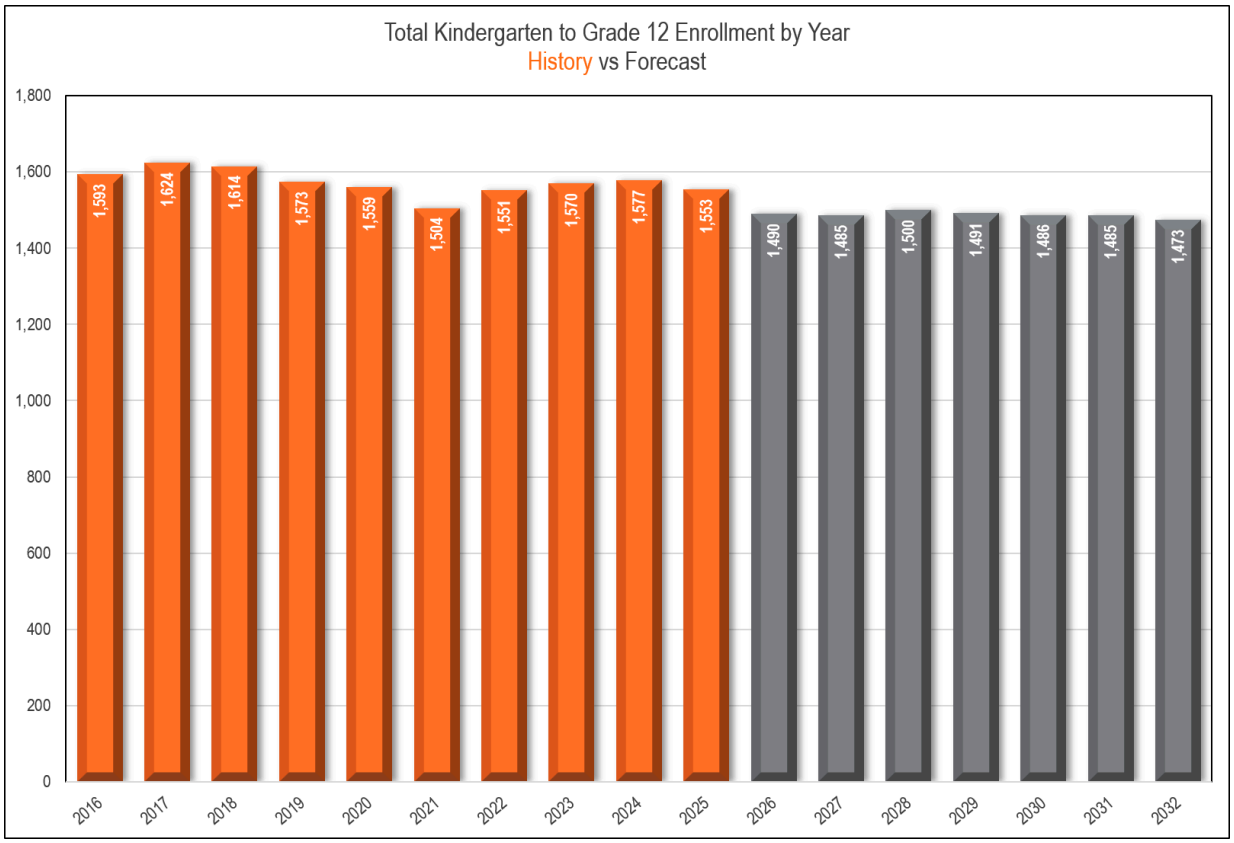
These projects address aging building systems and deferred maintenance needs while helping protect the district's long-term investment in its facilities. Proactively addressing infrastructure needs reduces the risk of costly emergency repairs and supports uninterrupted educational operations.

Enrollment

Student enrollment is extremely important, as it is the key component of the general education revenue funding formula, which is the major funding source for the District.

Enrollment for the most recent year of actual results in FY 2025 was Average Daily Membership (ADM) of 1,568. The FY 2026 Original Budget projects enrollment at 1,507 ADM and the FY 2027 Original Budget projects enrollment at 1504 ADM. The District constantly monitors enrollment for changes caused by mobility, local economic development or decline, and other external factors.

The District’s enrollment history and projection is presented in the following graph:



Fund Balance Policy

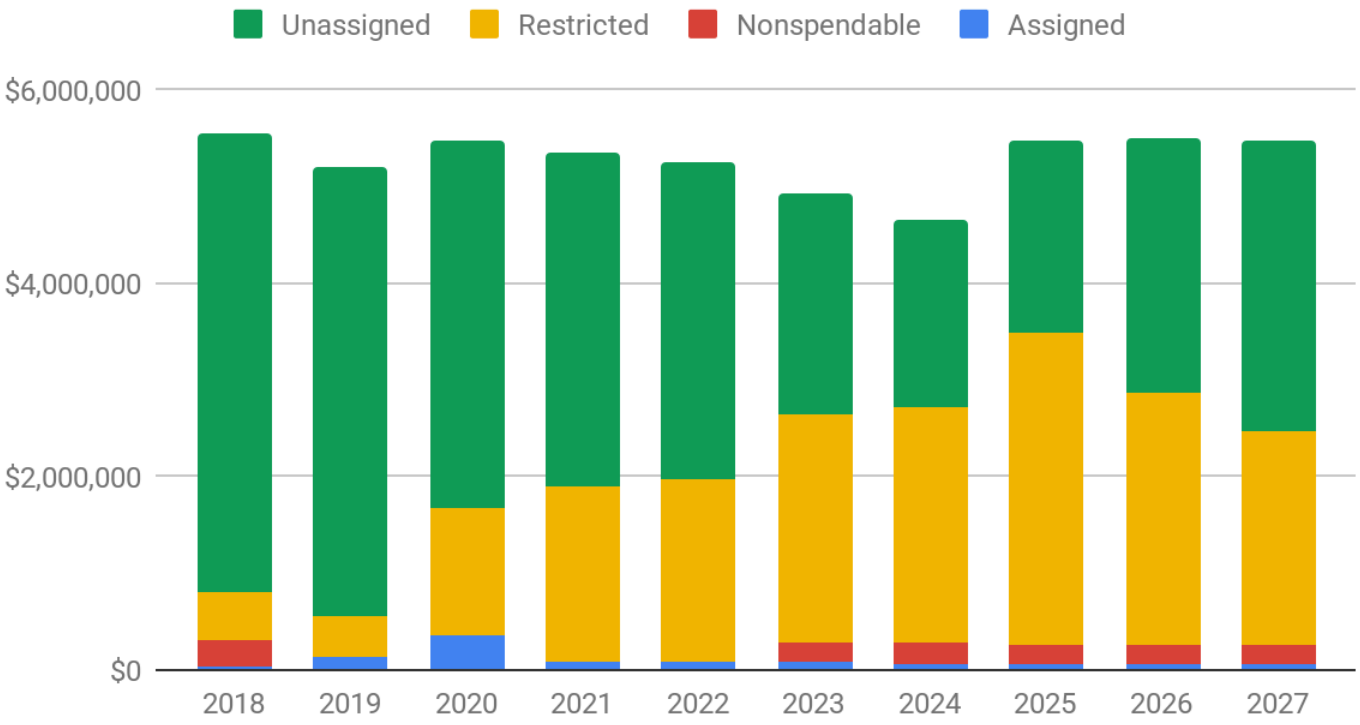
The District measures general fund unassigned fund balance as a percentage of general fund expenditures. Policy 714 – Fund Balance directs the District to strive to maintain a 25% minimum fund balance. Fund balance assists the District in managing cash flow needs, being prepared for unfavorable legislative actions, worldwide pandemics, unplanned expenditures or declines of enrollment. It is important that the District manage its fund balance to maximize the use of its resources, while maintaining adequate funds to address unforeseen circumstances without sliding into Statutory Operating Debt.

The fund balance is determined once a year when the financial statements are prepared. On June 30, 2025, the general fund unassigned fund balance was $2,649,454 or 10.8% of expenditures.

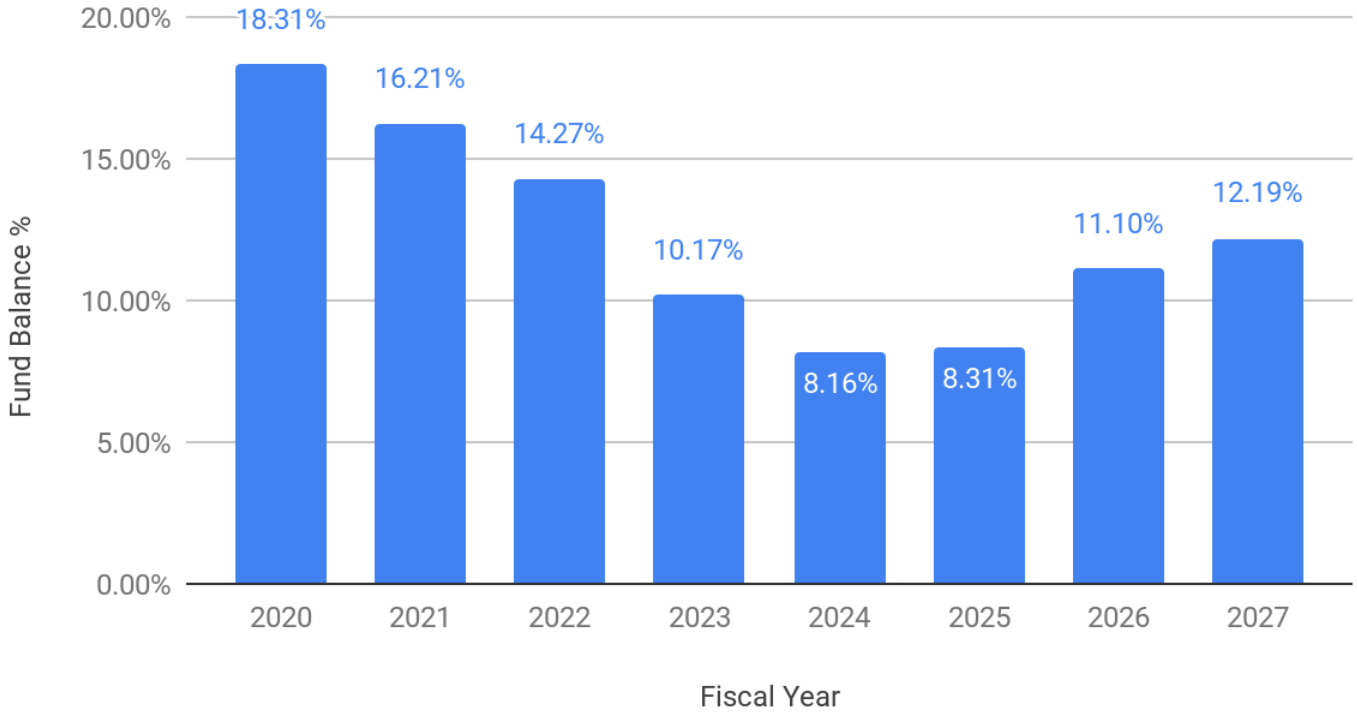
The original budgeted general fund unassigned fund balance for June 30, 2027 is $2,997,390 or 12.19% of expenditures.

	BUDGETED FUND BALANCE	BUDGETED REVENUES	BUDGETED EXPENDITURES	TRANSFERS	BUDGETED FUND BALANCE
FUND DESCRIPTION	6/30/2026	2026-2027	2026-2027	2026-27	6/30/2027
Student Activities	$38,629.73	$32,532.00	$18,825.76		$52,335.97
Scholarships	$279,253.68	$37,875.00	$41,750.00		$275,378.68
STAFF DEVELOPMENT	$0.00	$252,408.00	$181,767.50	-$70,640.50	$0.00
LITERACY INCENTIVE AID	$0.00	$65,894.00	$82,845.00	$16,951.00	$0.00
AMERICAN INDIAN ED AID	$35,429.83	$55,500.00	$46,350.94		$44,578.89
UNASSIGNED FUND BALANCE	$2,649,453.80	$21,296,994.00	$21,428,722.76	$479,665.33	$2,997,390.37
RESTRICTED/RESERVED - OPERATING CAPITAL	$1,472,631.41	$383,244.00	$607,202.70	-$200,000.00	$1,048,672.71
LEARNING AND DEVELOPMENT	$0.00	$347,214.00	$411,505.00	$64,291.00	$0.00
RESTRICTED/RESERVED - GIFTED & TALENTED	$1,394.36	$21,429.00	$21,585.12		$1,238.24
ENGLISH LEARNER	$0.00	$35,998.00	$74,101.00	$38,103.00	$0.00
RESTRICTED/RESERVED - BASIC SKILLS PRG	$0.00	$1,088,095.00	$822,884.00	-$265,211.00	$0.00
SCHOOL LIBRARY AID	$0.00	$19,805.00		-$19,805.00	$0.00
ACHIEVEMENT AND INTEGRATION	$0.00	$94,524.00	$164,838.91	$70,314.91	$0.00
SAFE SCHOOLS	$0.00	$64,503.00	$60,978.00	-$3,525.00	$0.00
LITERACY AID ONE TIME FUNDS	$0.00		$76,354.00	$76,354.00	$0.00
TEACHER COMPENSATION Read Act TRAINING	$0.00		$1,250.00	$1,250.00	$0.00
Nonspendable Fund Balance	$195,552.74				$195,552.74
LVP Grants	$55,481.14				$55,481.14
Elem Choice Fundraiser	$1,160.81				$1,160.81
Rst/Rsvd for LTFM	$777,779.39	$662,630.00	$447,306.05	-$200,000.00	$793,103.34
Student Support Personnel Aid	$0.00	$50,715.00	$80,526.00	$29,811.00	$0.00
Rst/Rsvd for Med Asst	$0.00	$28,000.00	$10,441.26	-$17,558.74	$0.00
TOTALS	**$5,506,766.89**	**$24,537,360.00**	**$24,579,234.00**	**$0.00**	**$5,464,892.89**
		UNASSIGNED	12.19%		
		TOTAL	22.23%		

Assigned, Nonspendable, Restricted and Unassigned



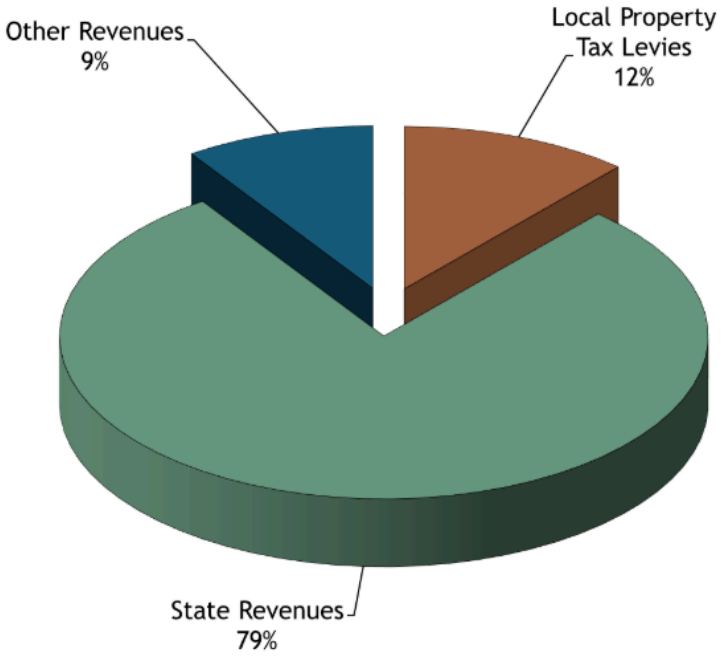
Unassigned Fund Balance as a Percentage of Expenditures



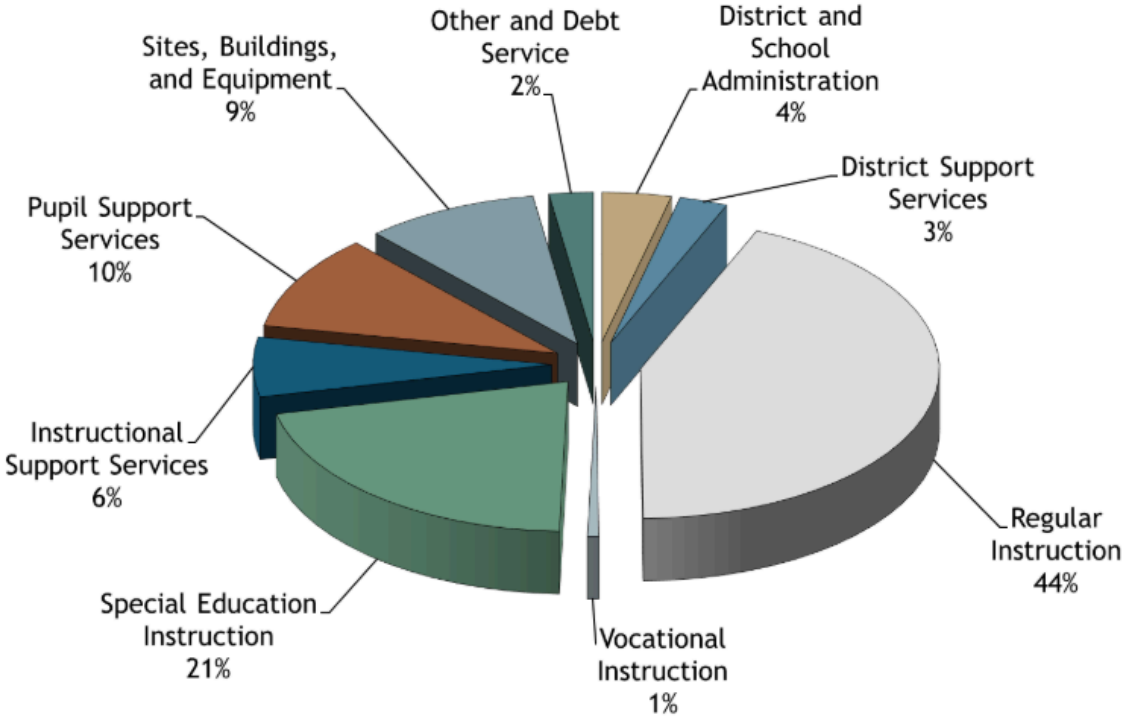
Source	FY 25-26 Revised Budget	FY27 ADP BUD	Original vs. Revised Diffeence	Notes
Federal Revenue	$ 316,038	$ 316,038	$ -	
Transfer from other funds	$ -	$ -	$ -	
Local Revenues	$ 4,597,592	$ 4,864,066	$ 266,474	Levy Inc offset by decrease in state aids
State Revenues	$ 18,982,950	$ 19,357,256	$ 374,306	Gen ed Formula inflationary increase and special ed aid and state grants
TOTAL	**$ 23,896,580**	**$ 24,537,360**	**$ 640,780**	

Object Code Groups	FY25-26 Revised Budget	FY26-27 Adopted Budget	FY27 vs FY26 Difference	Notes
Salaries & Wages	$ 12,743,500	$ 12,798,530	$ 55,030	Decrease .5 Admin; decreased 6th grade section and realigned existing staffing resources
Employee Benefits	$ 4,857,809	$ 5,082,292	$ 224,483	Health insurance AFSCME, full year MPL
Purchased Services	$ 4,872,135	$ 4,872,136	$ 1	Contracted subs, utilities, transportation, attorney
Supplies & Materials	$ 816,765	$ 1,130,376	$ 313,611	Curriculum and technology investments
Capital Expenditures	$ 557,769	$ 674,504	$ 116,735	Masonry project - need to update for LTFM
Other Expenditures	$ 21,396	$ 21,396	$ 0	
TOTAL	$ 23,869,373	$ 24,579,234	$ 709,861	

General Fund - Sources of Revenue



General Fund – Expenditures



Food Service Fund Summary

The Food Service Fund supports the district's mission of providing students with access to healthy, nutritious meals that promote student well-being and readiness to learn. The fund operates as a self-supporting enterprise, with revenues generated primarily through federal and state meal reimbursements, student and adult meal purchases, federal commodity assistance, and grant funding. The majority of expenditures are associated with labor, food and milk purchases, supplies, equipment, and other costs necessary to operate the district's nutrition program.

The Food Service fund is projected to have expenditures that exceed revenues by $338,000 in the FY 2027 Original Budget. This planned deficit is the result of an intentional strategy to utilize a portion of the fund balance for one-time equipment purchases and capital improvements within the nutrition program.

There has been a lot of disruption in the Food Service Funds since the beginning of the pandemic, operating under many different operating models. Supply Chain Assistance funds and other programs generated unanticipated revenue that increased Food Service fund balances throughout the state. The Minnesota Department of Education made a temporary change to increase the maximum allowable Food Service fund balance to six months of operating expenses. Our understanding is that this temporary change will end at the end of FY 2027, when the maximum allowable fund balance will return to three months of operating expenses. Food Services is planning to purchase equipment to ensure they are below this threshold by the end of FY 2027.

The Free School Meals for Kids was signed into Minnesota law by the governor on March 17, 2023. This program provides a free breakfast and lunch each school day to students. This program exists in perpetuity unless there is a legislative change.

Source	FY 24-25 Actuals Audited	FY 25-26 Original Budget	FY 25-26 Revised Budget	FY 26-27 Adopted Budget	Original vs Revised Difference	Notes
Federal Rev Rcvd From State	$ 676,763	$ 663,059	$ 624,683	$ 624,683	$ (38,376)	decrease in total meals served due to enrollment decrease
Loc Sales, Ins Recov & Jdgmnt	$ 110,564	$ 106,000	$ 75,500	$ 75,500	$ (30,500)	decrease in ala carte / 2nd meal sales
Local Revenues	$ 50,654	$ 33,000	$ 31,218	$ 31,218	$ (1,782)	
State Revenues	$ 556,965	$ 547,659	$ 574,350	$ 574,350	$ 26,691	decrease in free/reduced rate = state reimbursement share inc
Grand Total	$ 1,394,946	$ 1,349,718	$ 1,305,751	$ 1,305,751	$ (43,967)	

Row Labels	FY 24-25 Actuals Audited	FY 25-26 Original Budget	FY 25-26 Revised Budget	FY 26-27 Adopted Budget	Original vs Revised Difference	Notes
Salaries & Wages	$ 436,578	$ 416,950	$ 458,100	$ 453,606	$ 41,150	contracts, addl unplanned personnel costs
Employee Benefits	$ 98,673	$ 102,540	$ 106,042	$ 112,387	$ 3,502	
Purchased Services	$ 21,408	$ 127,940	$ 148,140	$ 148,940	$ 20,200	Repairs / Equip install costs combi oven / freezer doors
Supplies & Materials	$ 625,820	$ 677,541	$ 612,418	$ 636,915	$ (65,123)	Budgeted for 10% inc in food costs / # of meals served decreased
Capital Expenditures	$ 204,932	$ 200,000	$ 115,000	$ 175,000	$ (85,000)	Timing of dishroom project
Other Expenditures	$ 108,825	$ 5,223	$ 117,000	$ 117,000	$ 111,777	chargebacks - utilities, supervision, custodial
Grand Total	$ 1,496,236	$ 1,530,194	$ 1,556,700	$ 1,643,848	$ 26,506	

Community Service Fund Summary

The Community Service Fund supports educational, enrichment, and support services for individuals and families throughout the community. Unlike the General Fund, which primarily supports K-12 instruction, the Community Service Fund provides opportunities for learners of all ages and helps strengthen connections between the school district and the community it serves.

The Community Service Fund consists of five primary program areas, each of which maintains its own revenues, expenditures, and fund balance:

General Community Education
Provides a variety of youth and adult enrichment opportunities, including community education classes, driver's education, aquatics programming, and Cardinal Place school-age childcare.

Early Childhood Family Education (ECFE)
Supports families with young children through parent education, family engagement opportunities, and early learning experiences that promote healthy child development and school readiness.

School Readiness
Provides high-quality early childhood programming designed to prepare children for kindergarten by developing academic, social, emotional, and physical skills essential for future success.

Adult Basic Education (ABE)
Offers educational services that help adults improve literacy, workforce, and life skills through English language learning, high school equivalency preparation, citizenship instruction, and adult diploma programs.

Restricted Community Education Programs
Includes programs funded through dedicated state and federal revenue sources, such as Early Childhood Screening, Nonpublic Pupil Aid, and other restricted community education initiatives.

The Community Service Fund reflects the district's commitment to supporting learners at every stage of life—from early childhood through adulthood—while providing valuable educational, recreational, and childcare opportunities that enhance the quality of life within the community.

O/S Series Desc	FY 24-25 Actuals Audited	FY 25-26 Original Budget	FY 25-26 Revised Budget	FY 26-27 Adopted Budget	Original vs Revised Difference	Notes
Local Revenues	$ 296,451	$ 299,768	$ 276,925	$ 267,264	$ (22,843)	Youth activities; levy
State Revenues	$ 209,113	$ 203,813	$ 209,411	$ 209,327	$ 5,598	
Grand Total	$ 505,564	$ 503,581	$ 486,336	$ 476,591	$ (17,245)	

O/S Series Desc	FY 24-25 Actuals Audited	FY 25-26 Original Budget	FY 25-26 Revised Budget	FY 26-27 Adopted Budget	Original vs Revised Difference
Salaries & Wages	$ 294,724	$ 309,826	$ 295,540	$ 316,077	$ (14,286)
Employee Benefits	$ 69,430	$ 74,688	$ 77,288	$ 74,354	$ 2,600
Purchased Services	$ 82,281	$ 77,089	$ 73,676	$ 73,676	$ (3,413)
Supplies & Materia	$ 48,194	$ 33,635	$ 37,385	$ 37,385	$ 3,750
Capital Expenditure	$ 9,585	$ 8,698	$ -	$ -	$ (8,698)
Other Expenditures	$ 1,102	$ 1,146	$ 1,146	$ 1,200	$ -
Grand Total	$ 505,317	$ 505,082	$ 485,035	$ 502,692	$ (20,047)

Building Construction Fund

The Building Construction Fund accounts for major capital projects financed through voter-approved bond proceeds, capital loans, state grants, or other dedicated construction funding sources. This fund is used to support the construction, renovation, and improvement of district facilities, ensuring safe, functional, and effective learning environments for students and staff.

Expenditures recorded in this fund include costs associated with new construction, building additions, major renovations, and infrastructure improvements. Eligible costs may include construction contracts, architectural and engineering services, project management, site improvements, building systems (heating, ventilation, plumbing, electrical, and lighting), furnishings and equipment, permitting, legal and professional services, and other costs directly related to the completion of capital projects.

Because Building Construction Fund revenues are restricted for capital purposes, these resources may only be used for approved construction and facility improvement projects and cannot be used to support the district's day-to-day operating expenses.

The Building Construction Fund allows the district to make long-term investments in its facilities, helping preserve community assets, address infrastructure needs, and provide high-quality learning environments that support student success.

At the time the FY 2026-27 budget was developed and approved, the district did not have any active building construction projects or outstanding construction bond proceeds recorded in the Building Construction Fund. As a result, no revenues or expenditures were budgeted within this fund.

The district is currently planning several major facility improvement projects, including:

- Elementary Masonry Restoration Project – approximately $175,000
- Elementary Roof Replacement Project – approximately $1.1 million
- High School Chiller Replacement Project – approximately $1.1 million

To finance these projects, the district anticipates issuing bonds during FY 2027. Upon issuance of the bonds and commencement of the projects, related revenues and expenditures will be recorded in the Building Construction Fund. These projects represent significant investments in preserving district facilities, addressing critical infrastructure needs, and maintaining safe, reliable learning environments for students and staff.

Debt Service Fund

The Debt Service Fund accounts for the revenues and expenditures associated with the repayment of the district's voter-approved bonded debt. This includes principal and interest payments on bonds issued to finance major capital projects such as school construction, facility improvements, and other long-term infrastructure investments.

The primary source of revenue for the Debt Service Fund is a dedicated property tax levy authorized specifically for debt repayment. Under Minnesota law, school districts are generally required to levy approximately 105% of the upcoming year's debt service obligation to help ensure sufficient resources are available to make bond payments even if a portion of property taxes are collected late or become delinquent.

As a result, the Debt Service Fund typically maintains a fund balance that accumulates over time. This fund balance serves as a financial safeguard, helping ensure the district can meet its debt obligations on schedule while providing stability against fluctuations in tax collections and debt payment timing.

Maintaining an adequate Debt Service Fund balance supports the district's long-term financial health, protects its ability to meet bond obligations, and demonstrates prudent stewardship of taxpayer resources.

O/S Series Desc	FY 24-25 Actuals Audited	FY 25-26 Original Budget	FY 25-26 Revised Budget	FY 26-27 Adopted Budget	Original vs Revised Difference
Local Revenues	$ 1,271,654	$ 1,250,426	$ 1,252,310	$ 1,096,494	$ 1,884
Sale of Bonds & Loans	$ -	$ -	$ -	$ -	$ -
State Revenues	$ 381,304	$ 377,395	$ 347,734	$ 347,454	$ (29,661)
Grand Total	$ 1,652,958	$ 1,627,821	$ 1,600,044	$ 1,443,948	$ (27,777)

O/S Series Desc	FY 24-25 Actuals Audited	FY 25-26 Original Budget	FY 25-26 Revised Budget	FY 26-27 Adopted Budget	Original vs Revised Difference
Debt Service	$ 1,513,885.00	$ 1,508,685.00	$ 1,508,110.00	$ 1,342,010.00	$ (575.00)

Pine City ISD 578
Maturity Schedules

	2007A H&S IAQ Improv Alt Facilities Refunding Bonds Series 2016A 3/9/2016 $5,945,000			Elementary Boiler Facilities Maintenance Bond Series 2016B 5/5/2016 $1,385,000 LTFM			2008A Elementary Addition (Refund) School Building Refunding Bonds Series 2017A 5/14/2017 $4,365,000 Voter Approved			Auditorium (original 2012A) School Building & Refunding Bonds Series 2020A 11/4/2020 $5,190,000 Voter Approved			Totals		
Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	505,000	66,600	571,600	160,000	9,800	169,800	440,000	94,600	534,600		66,785	66,785	1,260,000	243,365	1,503,365
2025	685,000	56,500	741,500	165,000	6,600	171,600	455,000	77,000	532,000		66,785	66,785	1,305,000	206,885	1,511,885
2026	700,000	42,800	742,800	165,000	1,650	166,650	470,000	58,800	528,800		66,785	66,785	1,335,000	170,035	1,505,035
2027	715,000	28,800	743,800				490,000	40,000	530,000		66,785	66,785	1,205,000	135,585	1,340,585
2028	725,000	14,500	739,500				510,000	20,400	530,400		66,785	66,785	1,235,000	101,685	1,336,685
2029										1,220,000	66,785	1,286,785	1,220,000	66,785	1,286,785
2030										1,300,000	42,385	1,342,385	1,300,000	42,385	1,342,385
2031										1,320,000	29,385	1,349,385	1,320,000	29,385	1,349,385
2032										1,350,000	15,525	1,365,525	1,350,000	15,525	1,365,525

OPEB Irrevocable Trust Fund

The OPEB (Other Post-Employment Benefits) Irrevocable Trust Fund is used to account for assets set aside to fund the district's future post-employment benefit obligations. At Pine City Public Schools, these obligations primarily consist of contributions to retiree-only Health Reimbursement Accounts (HRAs) provided under employee contracts and benefit plans.

By prefunding these obligations through an irrevocable trust, the district is able to accumulate resources over time to help meet future retiree benefit commitments rather than relying solely on annual operating budgets as costs are incurred. Assets held within the trust are legally restricted and may only be used for eligible OPEB-related expenditures.

Maintaining an OPEB trust provides several long-term benefits, including improved financial planning, reduced volatility in future budgets, and enhanced transparency regarding the district's retiree benefit obligations. The trust assets are invested to generate earnings that can help offset future costs, further supporting the sustainability of the program.

The OPEB Irrevocable Trust Fund reflects the district's commitment to responsible long-term financial management and to meeting its obligations to current and future retirees while minimizing the impact of these costs on future taxpayers and operating budgets.