



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020



INDEPENDENT SCHOOL DISTRICT 270 HOPKINS PUBLIC SCHOOLS

Serving Eden Prairie, Edina, Golden Valley, Hopkins,
Minnetonka, Plymouth, and St. Louis Park

EDUCATIONAL SERVICES CENTER

1001 Highway 7
Hopkins, Minnesota 55305

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT OF

HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
HOPKINS, MINNESOTA

YEAR ENDED JUNE 30, 2020**

**PREPARED BY THE
FINANCE DEPARTMENT

TARIRO CHAPINDUKA
DIRECTOR OF BUSINESS SERVICES**

**HOPKINS PUBLIC SCHOOLS
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2020**

INTRODUCTORY SECTION (UNAUDITED)

TRANSMITTAL LETTER	1
SCHOOL BOARD AND ADMINISTRATION	8
ORGANIZATIONAL STRUCTURE	9
CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING	10

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	11
REQUIRED SUPPLEMENTARY INFORMATION	
MANAGEMENT'S DISCUSSION AND ANALYSIS	14
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	27
STATEMENT OF ACTIVITIES	28
BALANCE SHEET – GOVERNMENTAL FUNDS	29
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	30
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – GOVERNMENTAL FUNDS	31
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES	32
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	33
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – MAJOR FOOD SERVICE FUND	34
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – MAJOR COMMUNITY SERVICE FUND	35
STATEMENT OF NET POSITION – PROPRIETARY FUND – INTERNAL SERVICE FUND	36
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION – PROPRIETARY FUND – INTERNAL SERVICE FUND	37
STATEMENT OF CASH FLOWS – PROPRIETARY FUND – INTERNAL SERVICE FUND	38
STATEMENT OF FIDUCIARY NET POSITION	39
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	39
NOTES TO BASIC FINANCIAL STATEMENTS	40

**HOPKINS PUBLIC SCHOOLS
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS	83
TRA SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	84
PERA SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	85
TRA SCHEDULE OF THE DISTRICT CONTRIBUTIONS	86
PERA SCHEDULE OF THE DISTRICT CONTRIBUTIONS	87
SCHEDULE OF THE DISTRICT'S TOTAL PENSION LIABILITY AND RELATED RATIOS – SUPPLEMENTAL PENSION PLAN	88
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	89

SUPPLEMENTARY INFORMATION

GENERAL FUND	
BALANCE SHEET	92
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL	93
FOOD SERVICE SPECIAL REVENUE FUND	
BALANCE SHEET	96
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES – BUDGET AND ACTUAL	97
COMMUNITY SERVICE SPECIAL REVENUE FUND	
BALANCE SHEET	98
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES – BUDGET AND ACTUAL	99
CAPITAL PROJECTS FUND	
BALANCE SHEET	100
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES – BUDGET AND ACTUAL	101
DEBT SERVICE FUND	
BALANCE SHEET	102
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL	103

**HOPKINS PUBLIC SCHOOLS
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

INTERNAL SERVICE FUNDS	
STATEMENT OF NET POSITION	104
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION	105
STATEMENT OF CASH FLOWS	106
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE	107
STATISTICAL SECTION (UNAUDITED)	
NET POSITION BY COMPONENT	109
CHANGES IN NET POSITION	111
FUND BALANCES, GOVERNMENTAL FUNDS	113
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS	115
ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY	117
DIRECT AND OVERLAPPING PROPERTY TAX RATES	118
PRINCIPAL PROPERTY TAXPAYERS	120
PROPERTY TAX LEVIES AND COLLECTIONS	121
OUTSTANDING DEBT BY TYPE	123
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT	124
LEGAL DEBT MARGIN INFORMATION	125
DEMOGRAPHIC AND ECONOMIC STATISTICS	127
PRINCIPAL EMPLOYERS	128
FULL-TIME EQUIVALENT DISTRICT LICENSED EMPLOYEES BY TYPE	129
OPERATING STATISTICS	131
SCHOOL BUILDING INFORMATION	132
OPERATING INDICATORS BY FUNCTION – STANDARDIZED TESTING AND GRADUATION RATES	134
SUMMARY OF MEALS SERVED	135
SCHEDULE OF INSURANCE COVERAGE	136

INTRODUCTORY SECTION



To: Citizens of the School District
Board of Education
Employees of the School District

Date: AUD 2020

INTRODUCTION

The Comprehensive Annual Financial Report (CAFR) of Independent School District No. 270, Hopkins, Minnesota (the District) for the fiscal year ended June 30, 2020 is presented for your information and review. The CAFR is intended to fully disclose the financial position of the District and the results of operations for the fiscal year. The District administration accepts total responsibility for the accuracy, completeness, and fairness in presentation of the enclosed financial reports. Questions and comments are solicited and welcome.

REPORT FORMAT

This CAFR is presented in three main sections: introductory, financial, and statistical. In addition to the information contained in this letter, the introductory section includes the District's organizational chart, and a list of the District's principal officials. The financial section includes the independent auditors' report, Management's Discussion and Analysis (MD&A), basic financial statements, notes to basic financial statements, and detailed combining and individual statements and schedules. The statistical section includes selected financial and general information presented on a multi-year comparative basis. Where possible, historical data is presented for a 10-year period.

Accounting principles generally accepted in the United States of America require management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of an MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A of the District can be found immediately following the report of the independent auditors.

DISTRICT ORGANIZATION

The Hopkins School District officially organized in 1896 and serves the city of Hopkins, most of Minnetonka, about half of Golden Valley, and portions of Eden Prairie, Edina, Plymouth, and St. Louis Park. The District is guided by its mission that reflects the loftiest goal of the School District. It is a statement of our desired future, and our identity.

Serving a community rich in culture and diversity, the Hopkins Public Schools develops in all students the skills, knowledge, and passion for lifelong learning.

The District enrolled 6,699 students from a population of over 65,000 citizens residing in a 29.5 square mile area. During 2019 - 2020 the District operated 12 buildings: 1 high school, 2 junior high schools, 6 elementary schools serving students in kindergarten through Grade 6, junior highs serving Grades 7-9, and the high school serving Grades 10-12.

Serving the communities of: Eden Prairie • Edina • Golden Valley • Hopkins •
Minnetonka • Plymouth • St. Louis Park

An equal opportunity/affirmative action educator and employer.

REPORTING ENTITY

Independent School District No. 270, also known as Hopkins Public Schools, is an instrumentality of the state of Minnesota established to function as an educational institution. The elected School Board is responsible for legislative and fiscal control of Hopkins Public Schools. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

The District's financial statements include all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable. Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit included whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the District.

DISTRICT FISCAL FRAMEWORK

The District has been functioning under financial constraints over the past several years as a result of:

- Declining enrollment;
- Insufficient increases in state funding;
- COVID-19 Pandemic;
- Inflationary pressures on key expenditure areas.

The District has been proactively planning for conditions affecting school funding considering:

- Present and future outlook for revenue increases is pessimistic;
- District's cost structure is tied roughly 82% to people, with building operating costs coming next.

On a positive note, the District has seen a slight increase in enrollment projected to continue for the next three years.

The District has a Citizen's Financial Advisory Committee (CFAC). The purpose of the CFAC committee is to provide advice, direction, and support to the Hopkins School Board and senior administration in evaluating possible future economic conditions the District may face, developing future budget assumptions, and providing insights, when requested, as to the overall fiscal condition of the District. The committee will review the District's financial planning model and make recommendations to the School Board. This committee is accountable to the Hopkins School Board.

FINANCIAL STATEMENTS

The financial statements contained in this report disclose the financial position of the District as of June 30, 2020, and the financial operations for the fiscal year then ended. The District's financial records and reports are maintained and prepared on a modified or full accrual basis of accounting in accordance with the Uniform Financial Accounting and Reporting System for Minnesota School Districts as well as the standards of the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. These records are audited annually by an independent certified public accountant as required by Minnesota law. The accounting firm of CliftonLarsonAllen LLP performed the audit for the 2019 - 2020 fiscal year. Their report is included in the financial section of this report. The auditor has given an unmodified opinion on the District's financial statements. An unmodified opinion means that, in the judgment of the auditor, the financial statements present fairly, in all material respects, the financial position of the District and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT

The independent audit of the financial statements of the District is part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited district's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The District is also required to undergo an annual Minnesota State Legal Compliance Audit under Minnesota Statute §6.65. These reports are available in a separate document.

ACCOUNTING AND BUDGETING

A major thrust of the District's accounting system is to provide adequate internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits likely to be derived, and that the evaluation of the cost and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance for proper recording of financial transactions.

The legal level of budgetary control is demonstrated through an annual budget adopted by the School Board for all funds as required by state statutes and School Board policy. The budget process starts with the Citizens' Financial Advisory Committee (comprised of five members of the public) suggesting potential assumptions to be used to develop the budget. The CFAC report is submitted to the Board and the School Board then determines whether to use the CFAC assumptions presented. The School Board directs administration to develop the budget based on the agreed upon parameters. The administration then presents the budget to the School Board for preliminary approval in early spring and final approval in May. The adopted budget serves as the authorizing document for all expenditures, although the School Board approves all checks issued on a monthly basis. The superintendent and director of business services are authorized to make financial commitments within budgetary guidelines up to \$50,000. Additional expenditure controls are maintained by the Business Office in accordance with state statutes, i.e., the District cannot incur a negative unassigned balance in the General Fund in excess of 2.5% of the preceding year's expenditures. The budget is published annually in the District's legal newspaper to inform residents of the District's financial position and operating plan for the fiscal year. The School Board receives a monthly report showing the budget to actual balances for revenues and expenditures of the current year and prior year. Program managers receive monthly budget reports via email, which indicate the approved budget on a line item basis; the year-to-date expenditures assigned to those line items; and the percent expended to date. Monthly monitoring of revenues and expenditures by the School Board as well as ongoing monitoring by program managers helps to ensure budget integrity and provides an opportunity to detect material budget variances before the end of the fiscal year.

The budget is adopted by the School Board in the spring of each year for the following fiscal year beginning July 1. In the winter the budget is revised based upon enrollment changes, effects of negotiated employee contracts, or other new information impacting revenues or expenditures. The revised budget is presented to the School Board for approval. To accurately track and report financial activities with a focus on site-based accounting, approximately 17,000 accounts have been defined in the District's chart of accounts.

FINANCIAL PROSPECTS FOR FUTURE YEARS

The District's finances are largely dependent on student enrollment. Revenue increases to the per pupil formula allowance are then offset by the fewer numbers of students attending, resulting in even smaller actual gross revenue increases. Hopkins had been experiencing declining enrollment from FY10 to FY19 to the magnitude of 547 students or about an 7.4% decrease over this 10-year period. State funding on average is equal to about \$6,438 per student for FY20.

The Hopkins School Board has focused on rebuilding the unassigned fund balance of the General Fund from its FY05 low point of -\$4.2 million, or -5.34% to its current level at June 30, 2020 of \$8.0 million, or 7.8% of its General Fund expenditures. This turnaround is a reflection of tough decisions that the School Board and administration have had to make to bring the District back to fiscal health.

DISTRICT FACILITIES

District educational facilities consist of 10 educational buildings originally constructed from 1948 to 1990. Each building has had numerous additions over the years. In spite of the age of the facilities, all school buildings are maintained in a state of good repair, with building components modernized and updated on a systematic basis through the District's long-term maintenance plan. Because of this continual improvement, all educational facilities should be able to effectively serve the District for a minimum of 50-60 additional years. The total District square footage, including administrative buildings, is 1,896,495.

ECONOMIC FACTORS

The District is located in western Hennepin County, which is part of the seven-county metro area of Minneapolis/St. Paul. Residents are typically employed in professional vocations within the metropolitan area.

The taxable market value of property within the District continued to grow until 2009. Previous growth was due to new construction and valuation increases for existing property. Market values have rebounded from \$9,052,017,600 in 2011 to \$12,126,266,580 in 2020. While the District is essentially fully developed residentially, commercial development and redevelopment is clearly evident throughout the community.

MAJOR INITIATIVES

Strategic Plan

In Hopkins, every student deserves a brilliant future. The District has unveiled a new **Vision 2031 Strategic Plan**. Vision 2031 is a vision of innovation created with the core belief designed to find out what our community, staff, and students think a world-class education should look like and what traits each student in the graduating class of 2031 should have.

What is Hopkins Vision 2031?

Vision 2031 is a vision of innovation to reimagine Hopkins Public Schools starting from the ground up. The strategic "why" behind it is that every student deserves a brilliant future. These key points will help explain more:

- At Hopkins, we believe in: educating learners ages 0-21, self-directed learning, teaching holistically, job market connections, and creating a student of the world.
- Our students are ready to leave traditional classrooms behind and engage in change that includes their voice.
- The future of employment in our volatile, uncertain, complex, and ambiguous (VUCA) world demands we prepare a different kind of student.
- Hopkins 2031 graduates will be: confident in their voice, critical and holistic thinkers, well-traveled and global-minded, and cultivators of empathy.
- We are proud to look like the real world, with a 46 percent non-white student body — it is our quest to permanently disrupt gender and racial disparities.

- Our Six Pillars of Innovation are: Innovation Teams that are not afraid to fail, digital tools to help students and educators succeed, reimagining what school could be, crowdsourcing new ideas, strategic partnerships, and an open mindset.

Core Values

In Hopkins, our core values represent how we show up to work every day. The more we are able to embody and embrace our core values, the more successful we will be in our goal of reaching Vision 2031 and truly moving from Great to World Class.

The values that define us are:

- Authentic Inclusivity
- Intentionally Adventurous
- Optimistic Innovation
- Humility of Heart
- Vigilant Equity
- Love

Beliefs

World class does not mean elite or exclusive. It means, the best. And every child in Hopkins deserves the best. In Hopkins we believe in:

- Educating learners 0-21
- Self-directed learning
- Educators evolving roles
- Teaching holistically
- Increasing job market connections
- Creating students of the world

As we progress in our Great to World Class work, there are some traits about Hopkins that we are determined to hold onto. In Hopkins we will continue to:

- Put students first
- Be vigilantly focused on equity
- Build and sustain authentic relationships
- Value community engagement and partnership

Citizens of the School District
Board of Education
Employees of the School District

INDEPENDENT AUDIT AND CERTIFICATE OF EXCELLENCE

State statutes require an annual audit by independent certified public accountants. The accounting firm of CliftonLarsonAllen LLP was selected by the District Board to conduct the annual audit.

This report has been prepared following the guidelines provided by the Association of School Business Officials International (ASBO) for their Certificate of Excellence in Financial Reporting Program. In 2019, the District received recognition from this program by receiving the Certificate of Excellence. Continuing to achieve recognition is a goal of the District's Business Office and provides a clear indication of the District's high standards for financial reporting. The District intends to submit this Comprehensive Annual Financial Report to the ASBO Certificate Program for consideration.

ACKNOWLEDGMENTS

We acknowledge the efforts of the entire Business Office staff under the leadership of Tariro Chapinduka in providing complete and accurate data for this Comprehensive Annual Financial Report.

Sincerely,



Tariro Chapinduka
Director of Business Services



Jason Stegeman
Controller



Dr. Rhoda Mhiripiri-Reed
Superintendent

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2020**

The Hopkins School Board — comprised of seven members elected at large by District residents — is the governing authority of Hopkins Public Schools. The responsibilities of the Board are primarily focused on three areas:

- Budget adoption, revenue management, and expenditure authorization
- Superintendent selection, contract, and evaluation
- Establishing District policy

The District Superintendent serves as an ex officio, non-voting member of the Board.



Hopkins School Board members (from top to bottom, left to right): Jen Bouchard, Chair; Chris LaTondresse, Vice Chair; Tanya Khan, Director; Fartun Ahmed, Director; Katie Pederson, Director; Shannon Andreson, Clerk; Steve Adams, Treasurer

ADMINISTRATION

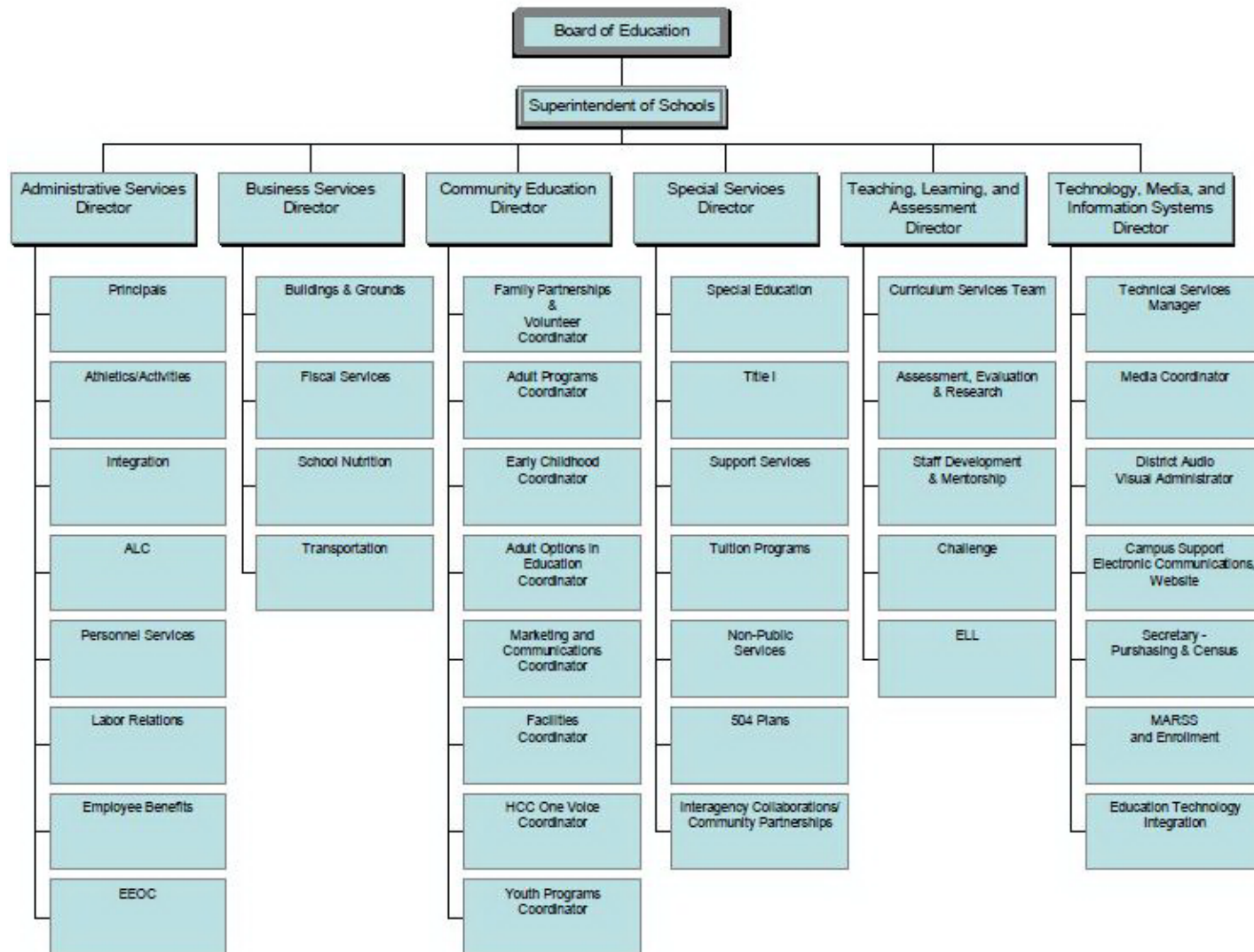
Dr. Rhoda Mhiripiri-Reed
Tariro Chapinduka

Superintendent
Director of Business Services

District Offices:

Independent School District No. 270
Hopkins Public Schools
1001 Highway 7
Hopkins, MN 55305-4722
(952) 988-4000

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
ORGANIZATIONAL STRUCTURE
JUNE 30, 2020**



HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING
JUNE 30, 2020

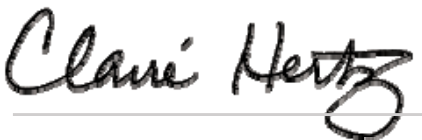


**The Certificate of Excellence in Financial Reporting
is presented to**

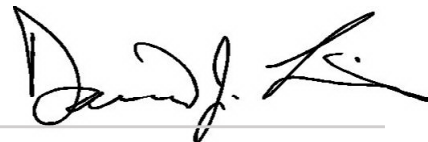
Hopkins Public Schools ISD 270

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.

A handwritten signature in black ink, reading 'Claire Hertz'.

Claire Hertz, SFO
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Members of the Board of Education
Independent School District No. 270
Hopkins Public Schools
Hopkins, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Hopkins Public Schools, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Hopkins Public Schools' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Hopkins Public Schools as of June 30, 2020, and the respective changes in financial position, the budgetary comparison for the General, Food Service, and Community Service funds and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Prior Year Information

We have previously audited Hopkins Public Schools' 2019 financial statements of the governmental activities, each major fund and the aggregate remaining fund information, and we expressed an unmodified opinion on those audited financial statements in our report dated December 17, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended **June 30, 2019** is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

During fiscal year ended June 30, 2020, Hopkins Public Schools adopted GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, activity of the District which had previously been reported in a private purpose trust fund is now being reported in a custodial fund. Our auditors' opinion was not modified with respect to this implementation.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in total OPEB liability and related ratios, schedules of the Independent School District No. 270's (the District) proportionate share of net pension liability, schedules of the District's pension contributions, and the schedule of changes in the District's total pension liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hopkins Public Schools' basic financial statements. The introductory section, combining and individual fund financial statements, uniform financial accounting and reporting standards compliance table and statistical sections are presented for purposes of additional analysis and are not required parts of the basic financial statements.

Other Matters (Continued)

The combining and individual fund financial statements and the UFARS compliance table are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the District's basic financial statements for the year ended June 30, 2019, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The individual fund financial statements for the year ended June 30, 2019, are presented for purposes of additional analysis and are 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 2019 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2019 individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2020, on our consideration of Hopkins Public Schools' 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 result of that testing, and not to provide an opinion on the effectiveness of 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 Hopkins Public Schools' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 1, 2020

REQUIRED SUPPLEMENTARY INFORMATION

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

This section of Hopkins Public Schools – Independent School District No. 270'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, 2020. Please read it in conjunction with the District's basic financial statements, which immediately follows this section. The Management's Discussion and Analysis (MD&A) is a required element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current year (2019-2020) and the prior year (2018-2019) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2019-2020 fiscal year include the following:

- Net position of the District in total increased by \$2,563,997, from June 2019 resulting in an ending net position deficit of \$59,261,478.
- Overall General Fund revenues were \$103,819,947 as compared to \$102,499,876 of expenditures.
- Total fund balance of the General Fund increased by \$2,362,780 from the prior year resulting from revenues increasing over \$4.1 million while expenditures increased about \$1.3 million. Transfers in also increased by \$1.0 million.
- The District had \$156,825,000 in General Obligation Bonds outstanding at year-end.

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 *Government-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 Government-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.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates *like businesses*.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or custodian* for the benefit of others to whom the resources belong.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Government-Wide Statements

The Government-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.

The two Government-wide statements report the District's *net position* and how it has 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 health of the District you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the Government-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 and state 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 three kinds of funds:

- *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 Government-wide statements, we provide additional information at the bottom of the governmental funds statements to explain the relationship (or differences) between them.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

- The District uses *internal service funds* to report activities that provide supplies and services for the District's other programs and activities. The District currently has an internal service fund for self-insurance of health and dental benefits, for its OPEB Revocable Trust and for a Retiree Severance Fund.
- *Fiduciary Funds* – The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the Government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's *combined* net position was \$(59,261,478) on June 30, 2020.

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

	Governmental Activities as of June 30,		Percentage Change
	2020	2019	
Current and Other Assets	\$ 112,780,075	\$ 127,618,772	(11.63)%
Capital Assets	190,688,871	179,206,759	6.41
Total Assets	303,468,946	306,825,531	(1.09)
Deferred Outflows of Resources	54,747,735	77,557,858	(29.41)
Current Liabilities	8,967,469	12,529,908	(28.43)
Long-Term Liabilities	272,475,521	282,276,327	(3.47)
Total Liabilities	281,442,990	294,806,235	(4.53)
Deferred Inflows of Resources	136,035,169	151,402,629	(10.15)
Net Position:			
Net Investment in Capital Assets	23,873,860	22,915,255	4.18
Restricted	8,366,016	5,457,499	53.29
Unrestricted	(91,501,354)	(90,198,229)	1.44
Total Net Position	\$ (59,261,478)	\$ (61,825,475)	(4.15)

Net position of the District increased by \$2,563,997 from the June 2019 amount primarily due to an increase in the restricted fund component due to management's plan for use of the resources in the future. Due to the COVID-19 pandemic, the use of restricted revenue decreased, and the funds improved the net position.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Changes in Net Position

The District's total revenues were \$143,392,728 for the year ended June 30, 2020. Property taxes and state formula aid accounted for 77% of total revenue for the year (see Figure A-1). Another 2% came from other general revenues combined with investment earnings and the remaining 21% from program revenues.

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

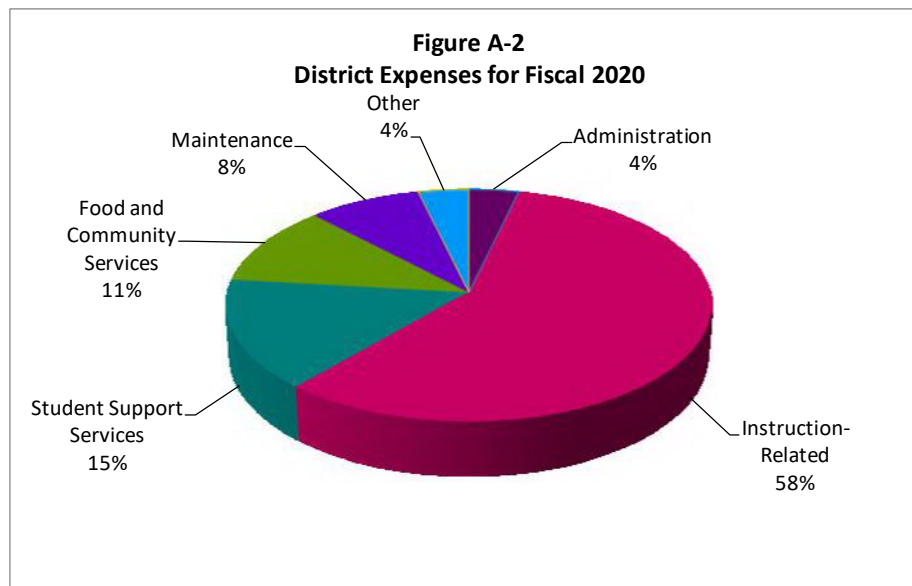
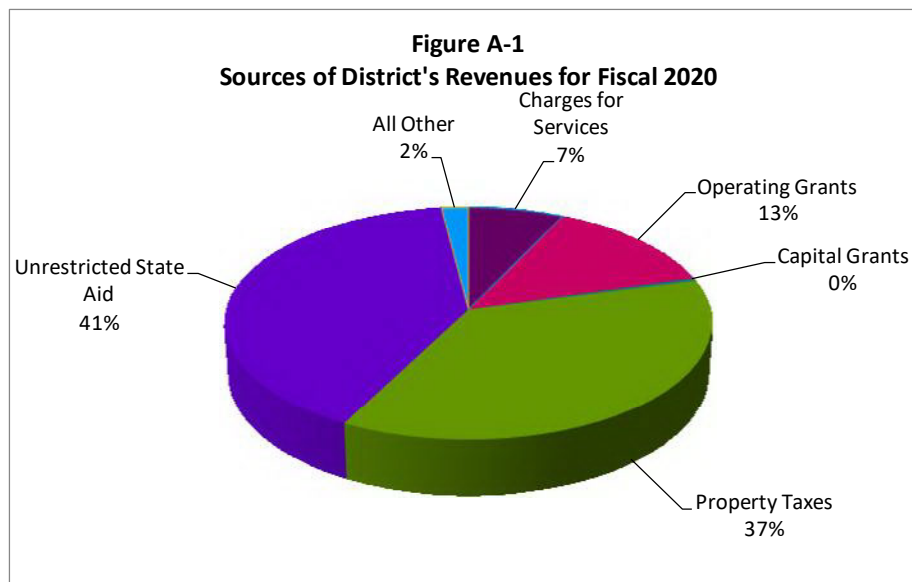
	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2020	2019	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 10,180,804	\$ 11,512,938	(11.57)%
Operating Grants and Contributions	19,191,748	13,765,249	39.42
Capital Grants and Contributions	530,435	580,583	(8.64)
<u>General Revenues</u>			
Property Taxes	52,674,308	51,994,755	1.31
Unrestricted State Aid	57,939,346	55,800,925	3.83
Earnings on Investments	2,290,672	2,847,023	(19.54)
Other	585,415	321,677	81.99
Total Revenues	143,392,728	136,823,150	4.80
Expenses			
Administration	5,187,577	3,084,800	68.17
District Support Services	4,973,713	5,099,790	(2.47)
Regular Instruction	62,335,841	39,578,619	57.50
Vocational Education Instruction	1,351,171	870,422	55.23
Special Education Instruction	17,524,989	11,152,732	57.14
Instructional Support Services	6,493,756	5,197,523	24.94
Pupil Support Services	10,270,877	8,576,359	19.76
Sites and Buildings	11,804,890	16,545,796	(28.65)
Fiscal and Other Fixed Cost Programs	245,185	278,697	(12.02)
Food Service	4,598,575	4,244,581	8.34
Community Service	10,978,332	10,186,680	7.77
Interest and Fiscal Charges on Long-Term Liabilities	5,063,825	5,573,114	(9.14)
Total Expenses	140,828,731	110,389,113	27.57
Change in Net Position	2,563,997	26,434,037	
Beginning Net Position	(61,825,475)	(88,259,512)	
Ending Net Position	\$ (59,261,478)	\$ (61,825,475)	

The total cost of all programs and services was \$140,828,731. Total revenues exceeded expenses increasing net position by \$2,563,997 from the prior year net position.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

The total revenues of all *governmental* activities this year was \$143,392,728.

- Some of the cost was paid by the users of the District's programs (\$10,180,804).
- The federal and state governments subsidized certain programs with grants and contributions (\$19,722,183).
- Most of the District's costs (\$110,613,654), however, were paid for by District taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with \$52,674,308 in property taxes, and \$57,939,346 of unrestricted state aid based on the statewide education aid formula.



**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

All governmental funds include not only the funds received for the general operation of the District, which are used for classroom instruction, but also include resources from the entrepreneurial-type funds of Food Service and Community Education, and from resources for fiscal service transactions. Funding for the general operation of the District is controlled by the state and the District does not have the latitude to allocate money received in Food Service or Community Education or for fiscal services to enhance classroom instruction resources. The District cannot take funds from these restricted areas and use the funds to hire teachers to enhance instruction.

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

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2020	2019		2020	2019	
Administration	\$ 5,187,577	\$ 3,084,800	68.17 %	\$ 5,009,731	\$ 3,017,173	66.04 %
District Support Services	4,973,713	5,099,790	(2.47)	4,966,450	5,080,799	(2.25)
Regular Instruction	62,335,841	39,578,619	57.50	58,898,691	38,951,229	51.21
Vocational Education Instruction	1,351,171	870,422	55.23	1,312,928	904,113	45.22
Special Education Instruction	17,524,989	11,152,732	57.14	6,222,269	1,331,282	367.39
Instructional Support Services	6,493,756	5,197,523	24.94	5,692,550	4,603,813	23.65
Pupil Support Services	10,270,877	8,576,359	19.76	9,921,467	8,468,826	17.15
Sites and Buildings	11,804,890	16,545,796	(28.65)	10,317,445	14,046,202	(26.55)
Fiscal and Other Fixed Cost Programs	245,185	278,697	(12.02)	245,185	278,697	(12.02)
Food Service	4,598,575	4,244,581	8.34	(210,856)	288,498	(173.09)
Community Service	10,978,332	10,186,680	7.77	3,486,059	1,986,597	75.48
Interest and Fiscal Charges on Long-Term Liabilities	5,063,825	5,573,114	(9.14)	5,063,825	5,573,114	(9.14)
Total	<u>\$ 140,828,731</u>	<u>\$ 110,389,113</u>	27.57	<u>\$ 110,925,744</u>	<u>\$ 84,530,343</u>	31.23

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 \$19,405,543, or \$16,666,390 less than last year's ending fund balance of \$36,071,933.

Total revenues and other financing sources for the District's governmental funds were \$142,610,833 while total expenditures and other financing uses were \$159,277,223.

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.

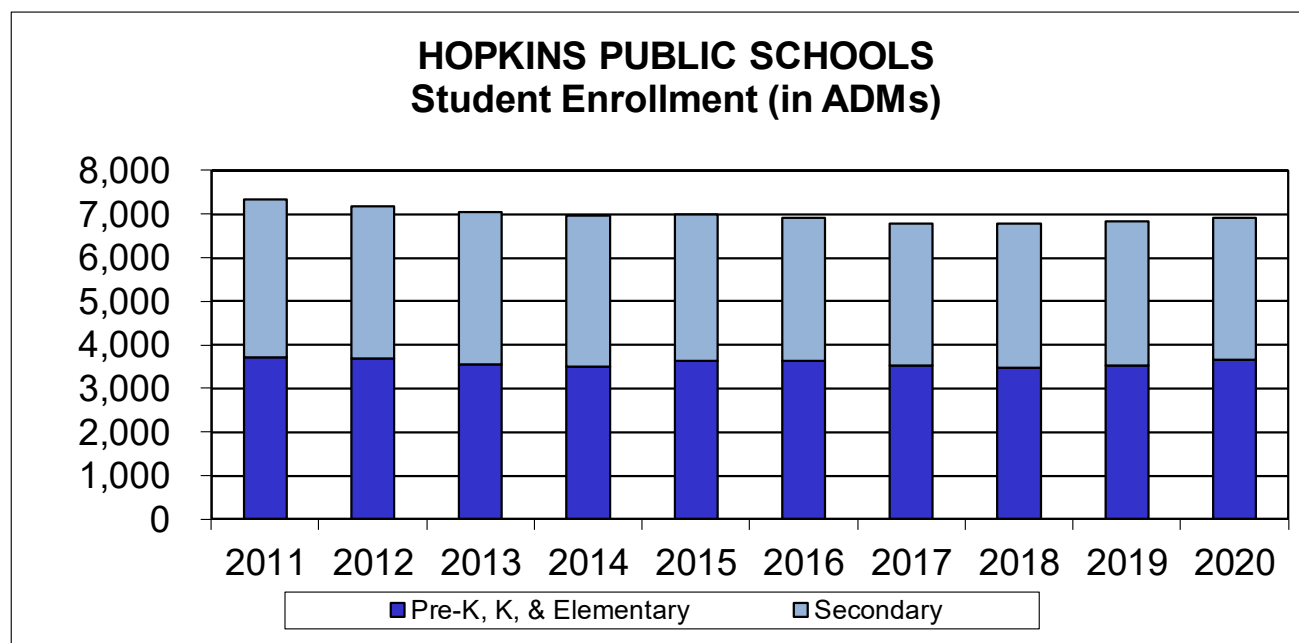
Approximately 68% of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having no meaningful authority to determine the level of resources. This includes special education state aid that is based upon a cost reimbursement model providing approximately 68% of personnel expenditures. Other state formulas then determine what portion of the revenue will be provided by property taxes and what portion will come from state aid.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

ENROLLMENT

Enrollment is a critical factor in determining revenue with approximately 75% of General Fund revenue being determined by enrollment. The following chart shows that the number of students has decreased slightly over the last 10 years.

**Table A-4
Ten-Year Enrollment Trend
Average Daily Membership (ADM)**



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Pre-K & KH	91.45	72.74	67.19	74.35	91.51	101.71	110.70	120.03	133.02	176.14
Reg K	458.84	452.81	450.86	494.96	505.31	504.80	425.27	448.38	455.36	495.58
Pre-K, K, & Elementary	3,700.16	3,674.93	3,550.96	3,498.80	3,622.42	3,622.66	3,527.87	3,477.67	3,540.91	3,663.52
Secondary	3,625.53	3,517.28	3,486.77	3,473.61	3,370.47	3,302.99	3,251.02	3,292.46	3,286.16	3,250.18
Total Students for Aid	7,875.98	7,717.76	7,555.78	7,541.72	7,589.71	7,532.16	7,314.86	7,338.54	7,415.45	7,585.42
Percent Change	-0.59%	-2.01%	-2.10%	-0.19%	0.64%	-0.76%	-2.88%	0.32%	1.05%	2.29%

Over the last 10 years, the District has experienced a decline in average daily membership by 291 students or 3.7%. It is anticipated the trend will continue for the near term but flatten, as the District's pre-school population settles at about 500 kindergarten students per year and approximately 590 students graduating annually for the next several years. The District continues to market and accept open enrollment students to mitigate some of this natural decline.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

The following schedule presents a summary of General Fund Revenues.

**Table A-5
General Fund Revenues**

	Year Ended		Change	
	June 30, 2020	June 30, 2019	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 28,680,573	\$ 27,698,676	\$ 981,897	3.5 %
Earnings on Investments	222,378	381,687	(159,309)	(41.7)
Other	4,143,574	3,741,164	402,410	10.8
State Sources	66,790,032	63,985,373	2,804,659	4.4
Federal Sources	3,983,390	3,891,693	91,697	2.4
Total General Fund Revenue	<u>\$ 103,819,947</u>	<u>\$ 99,698,593</u>	<u>\$ 4,121,354</u>	4.1

Total General Fund Revenue increased by \$4,121,354 or 4.1% from the previous year. Basic general education revenue is determined by multiple state formulas, largely enrollment driven, and consists of an equalized mix of property tax and state aid revenue. Other state-authorized revenue may also involve an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net change on total revenue.

For 2019-2020, local property tax revenue increased by \$981,897, or 3.5%. Earnings on investments decreased by \$159,309.

State Sources increased by \$2,804,659, or 4.4%, Federal Sources increased by \$91,697, or 2.4%, and Other revenue increased by \$402,410, or 10.8%.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

The following schedule presents a summary of General Fund Expenditures.

**Table A-6
General Fund Expenditures**

	Year Ended		Change	
	June 30, 2020	June 30, 2019	Increase (Decrease)	Percent Change
Salaries	\$ 63,745,378	\$ 61,605,777	\$ 2,139,601	3.5 %
Employee Benefits	19,221,707	18,478,019	743,688	4.0
Purchased Services	15,114,712	15,533,142	(418,430)	(2.7)
Supplies and Materials	2,224,856	2,364,851	(139,995)	(5.9)
Capital Expenditures	1,288,277	2,023,895	(735,618)	(36.3)
Debt Service	414,467	414,467	-	-
Other Expenditures	490,479	738,070	(247,591)	(33.5)
Total General Fund Expenditures	<u>\$ 102,499,876</u>	<u>\$ 101,158,221</u>	<u>\$ 1,341,655</u>	1.3

Total General Fund Expenditures increased \$1,341,655 or 1.3% from the previous year. The major factor driving the increase from 2018-2019 to 2019-2020 were significant increases in salaries and benefits due to bargaining agreement settlements with employee unions. All other expenditures decreased due to cost saving measures the district implemented.

In fiscal 2019-2020, General Fund revenues were more than expenditures by \$2,362,780 including other financing sources and uses. Therefore, total fund balance increased from \$11,161,232 in the prior year to \$13,524,012 as of June 30, 2020. After deducting statutory categories of fund balance and District commitments and assignments, the General Fund Unassigned fund balance increased from \$7,748,076 at June 30, 2019 to \$8,004,529 at June 30, 2020. This represents about 7.8% of fiscal year 2019-2020 total general fund expenditures. The School Board fund balance policy states that the administration shall plan and manage annual revenue and expenditure budgets that provide a General Fund unassigned fund balance of no less than 6% of annual expenditures and treats any excess above 6% as a contingency reserve to be utilized for nonrecurring costs.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

General Fund Budgetary Highlights

Following approval of the budget prior to the beginning of the fiscal year, the District revises the annual operating budget in mid-year. These budget amendments typically fall into two categories:

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over.
- Legislation passed subsequent to budget adoption, changes necessitated by collective bargaining agreements, and increases in appropriations for significant unbudgeted costs.

Actual revenues were \$1,148,559 or 1.1% more than budgeted, while expenditures were \$2,207,841 or 2.1% less than budgeted.

While the District's final budget for the General Fund anticipated that fund balance would decrease by \$2,729,129, the actual results for the year show that fund balance increased in total by \$2,362,780.

CAPITAL PROJECTS AND DEBT SERVICE FUNDS

The Building Construction Fund has two major components, the Capital Projects Levy (Technology Levy) component, and the Long-Term Facilities Maintenance Revenue (LTFMR) Bonding and Levy component (previously the Alternative Facilities Bonding and Levy Program). These are ongoing restricted revenue and expenditure programs.

In the Debt Service Fund, expenditures exceeded revenues and other financing sources and uses by \$221,670 in 2019-2020. The ending Debt Service fund balance at June 30, 2020 of \$3,159,566 includes \$2,208,519 for meeting future regular debt service obligations and \$991,189 available for meeting future OPEB debt service obligations.

OTHER MAJOR FUNDS

Revenues and other financing sources exceeded expenditures by \$382,066, resulting in the fund balance of the Food Service Fund ending at \$975,725 for 2019-2020. In the Community Service Fund expenditures exceeded revenues by \$1,066,094 and resulted in the fund balance of the Community Service Fund ending at \$1,139,271, with \$810,808 restricted for community education programs.

From the standpoint of maintaining current operating expenditures within the range of annual revenue and maintaining a sound fund balance, the Food Service and Community Service funds have respective budgets for 2020-21 that allow them to continue to operate on a sound financial basis. We are taking mitigating measures to align our Community Services expenditures to the revenues generated to avoid excess use of fund balance in the future.

INTERNAL SERVICE FUND

Proprietary funds such as the Internal Service Fund use the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the District as a whole.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2020, the District had invested approximately \$337 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Table A-7). More detailed information about capital assets can be found in Note 3 to the financial statements. Total depreciation expense for the year was about \$11.6 million.

**Table A-7
Capital Assets**

	2020	2019	Percentage Change
Land	\$ 2,867,600	\$ 2,867,600	-
Construction in Progress	15,578,107	25,085,229	(37.9)
Land Improvements	24,617,126	21,914,742	12.3
Buildings and Improvements	257,608,954	230,077,615	12.0
Equipment	36,687,823	34,340,976	6.8
Less: Accumulated Depreciation	(146,670,739)	(135,079,403)	8.6
Total Capital Assets	<u>\$ 190,688,871</u>	<u>\$ 179,206,759</u>	6.4

Construction – Next Five Years

In fiscal 2020, the District continued its 15-year (15th construction year) of a rolling 10-year program to address in excess of \$70 million in deferred maintenance needs, with an emphasis on improving indoor air quality and roof, parking lot and window replacement. The revised 10-year facilities management plan identified \$18 million in projects for Phase VII. The District bonded for \$15 million in the spring of 2017. The program name has also changed from the Alternative Facilities Bonding and Levy program to the Long-Term Facilities Maintenance Revenue (LTFMR) program.

In November 2017, District voters passed a \$30 million construction bond to improve District facilities, including an addition to Meadowbrook elementary school to complete the expansion to a full five-section school. There are various projects in the bond that will impact Hopkins High School, the two Junior High Schools and Glen Lake elementary school. Also included in this bond is a \$7 million payoff for two leases, one for the Tanglen gymnasium, and one for the purchase of the Meadowbrook Crisis Nursery building. The payoff of these leases will likely result in a decrease in the interest rate the District is paying, thus saving taxpayers money on future interest costs.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Long-Term Liabilities

At year-end, the District had \$156,825,000 in general obligation bonds outstanding – a decrease of 4.4% from last year – as shown in Note 4 to the financial statements. Pension Benefits Payable represents the District's proportionate share of the Public Employees' Retirement Association of Minnesota General Employees' Retirement Fund's net pension liability, the District's portion of the Teacher's Retirement Association's Coordinated and Basic Plan net pension liability, as well as the net pension liability of the District's supplemental pension plan. The District's pension benefits payable related to these net pension liabilities increased \$1,691,206, or 2.1%. The District also increased its postemployment severance and health benefits payable at June 30, 2020 by a net of \$851,988.

**Table A-8
The District's Long-Term Liabilities**

	2020	2019	Percentage Change
Net Pension Liability	\$ 81,835,525	\$ 80,144,319	2.1 %
Other Postemployment Benefits Payable	25,394,876	24,542,888	3.5
Other Long-Term Liabilities:			
General Obligation Bonds	156,825,000	164,010,000	(4.4)
General Obligation OPEB Bonds	-	3,730,000	(100.0)
Net Bond Premium and Discount	5,759,266	6,842,436	(15.8)
Capital Leases Payable	2,660,854	3,006,684	(11.5)
Total Long-Term Liabilities	<u>\$ 272,475,521</u>	<u>\$ 282,276,327</u>	(3.5)
Long-Term Liabilities:			
Due Within One Year	\$ 13,902,228	\$ 12,630,449	10.1 %
Due in More Than One Year	258,573,293	269,645,878	(4.1)
Total	<u>\$ 272,475,521</u>	<u>\$ 282,276,327</u>	(3.5)

FACTORS BEARING ON THE DISTRICT'S FUTURE

Hopkins Public Schools remained financially stable as of June 30, 2020. Audited results for 2019-2020 will result in a revised General Fund budget that will keep its General Fund Unassigned fund balance as of June 30, 2020 at or slightly below the same level as June 30, 2019. This will keep Hopkins Public Schools Unassigned fund balance in the range of 7-15%, an amount that will keep it in line with financially strong neighboring districts. The state legislature set the budget for an increase in per pupil funding for 2019-20 and 2020-21. No increase in per pupil funding will be assumed when creating the 2021-22 and 2022-23 budgets. Hopkins Public Schools remains in a strong fiscal position assuming conservative increases for education funding in the future.

Hopkins Public Schools will need to continue to look at possible ways to increase other nonstate revenue and continue to identify efficiencies to control expenditures for fiscal year 2020-21 and beyond. Some examples of this are solar gardens and solar rooftop arrays to reduce electricity costs. Expenditures have been exceeding revenues in 2020-21 in the long-term budget-planning mode due to unanticipated declining enrollment caused by the COVID-19 pandemic.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Hopkins Public Schools utilizes a financial planning model that incorporates anticipated revenue and expenditure increases to more closely monitor the finances of the District on a long-range basis. The model anticipates separately the amount of reductions necessary due to declining student enrollment, which Hopkins Public Schools is experiencing. The model is also intended to show the total amount of reductions necessary for the District to adhere to its fund balance policy, while striving to maintain its long-standing commitment to academic excellence and educational opportunity for students.

Outlook Due to the COVID-19 Pandemic

The COVID-19 pandemic has had an unparalleled impact on the entire world, and devastating impacts on school districts. Aggressive measures have contained the virus for now, but as Minnesota progresses through a cautious reopening, great uncertainty remains about how much and how quickly the economy will recover. The extent to which Hopkins Public Schools can be safely reopened to full-time in-person learning remains largely undecided. If public schools reopen and then are forced to close, parents of almost 7,000 school children will have to provide their own childcare, inhibiting many parents' ability to return to full-time work. The Coronavirus remains a considerable source of uncertainty. The likelihood of a resurgence in Hopkins and Minnesota in general is affected by outbreaks in other states, and by how well those states are able to curtail infection. This risk may be mitigated by testing and contact tracing, which requires testing capacity that is currently under strain at the national level. On the other hand, the development of effective treatments and an effective vaccine, would allow for a quicker return to normal.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and 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 Office, Independent School District 270, 1001 Highway 7, Hopkins, Minnesota 55305.

BASIC FINANCIAL STATEMENTS

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF NET POSITION
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	Governmental Activities	
	2020	2019
ASSETS		
Cash and Investments	\$ 70,557,286	\$ 85,857,437
Cash with Fiscal Agent	59,000	681,590
Receivables:		
Property Taxes	30,675,522	26,750,477
Other Governments	10,375,356	13,096,825
Other	416,628	711,076
Prepaid Items	431,474	408,322
Inventories	264,809	113,045
Capital Assets:		
Land and Construction in Progress	18,445,707	27,952,829
Other Capital Assets, Net of Depreciation	172,243,164	151,253,930
Total Assets	<u>303,468,946</u>	<u>306,825,531</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Other Postemployment Benefits	3,114,864	2,345,739
Deferred Outflows - Pensions	51,632,871	75,212,119
Total Deferred Outflows	<u>54,747,735</u>	<u>77,557,858</u>
LIABILITIES		
Salaries Payable	1,058,327	959,563
Accounts and Contracts Payable	3,095,965	5,628,578
Accrued Interest	2,443,312	2,750,208
Due to Other Governmental Units	901,834	1,392,775
Unearned Revenue	1,468,031	1,798,784
Long-Term Liabilities:		
Net Pension Liability	81,835,525	80,144,319
Other Postemployment Benefits Due Within One Year	2,253,223	1,955,835
Other Postemployment Benefits Payable	23,141,653	22,587,053
Bonds and Other Liabilities Due Within One Year	11,649,005	10,674,614
Bonds and Other Liabilities Due in More Than One Year	153,596,115	166,914,506
Total Liabilities	<u>281,442,990</u>	<u>294,806,235</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for Subsequent Year	53,675,469	48,240,913
Gains on Debt Refunding	136,002	156,925
Deferred Inflows - Pensions	82,223,698	103,004,791
Total Deferred Inflows of Resources	<u>136,035,169</u>	<u>151,402,629</u>
NET POSITION		
Net Investment in Capital Assets	23,873,860	22,915,255
Restricted for:		
General Fund Operating Capital Purposes	1,233,050	998,486
General Fund State-Mandated Reserves	2,094,365	722,674
Food Service	975,725	593,659
Community Service	1,152,259	2,216,273
Debt Service	869,759	748,181
Capital Projects - Building Construction	2,040,858	178,226
Unrestricted	(91,501,354)	(90,198,229)
Total Net Position	<u>\$ (59,261,478)</u>	<u>\$ (61,825,475)</u>

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020				2019	
					Net (Expense)	Net (Expense)
					Revenue and	Revenue and
					Change in	Change in
					Net Position	Net Position
					Total	Total
Functions	Expenses	Charges for	Operating	Capital	Governmental	Governmental
		Services	Grants and	Grants and	Activities	Activities
			Contributions	Contributions		
GOVERNMENTAL ACTIVITIES						
Administration	\$ 5,187,577	\$ 149,858	\$ 9,134	\$ 18,854	\$ (5,009,731)	\$ (3,017,173)
District Support Services	4,973,713	6,408	855	-	(4,966,450)	(5,080,799)
Regular Instruction	62,335,841	1,136,831	2,291,985	8,334	(58,898,691)	(38,951,229)
Vocational Education Instruction	1,351,171	1,173	37,070	-	(1,312,928)	(904,113)
Special Education Instruction	17,524,989	129,532	11,173,188	-	(6,222,269)	(1,331,282)
Instructional Support Services	6,493,756	783,190	18,016	-	(5,692,550)	(4,603,813)
Pupil Support Services	10,270,877	296,076	53,334	-	(9,921,467)	(8,468,826)
Sites and Buildings	11,804,890	741,833	242,365	503,247	(10,317,445)	(14,046,202)
Fiscal and Other Fixed Cost Programs	245,185	-	-	-	(245,185)	(278,697)
Food Service	4,598,575	1,568,840	3,240,591	-	210,856	(288,498)
Community Service	10,978,332	5,367,063	2,125,210	-	(3,486,059)	(1,986,597)
Interest and Fiscal Charges on						
Long-Term Liabilities	5,063,825	-	-	-	(5,063,825)	(5,573,114)
Total School District	<u>\$ 140,828,731</u>	<u>\$ 10,180,804</u>	<u>\$ 19,191,748</u>	<u>\$ 530,435</u>	<u>(110,925,744)</u>	<u>(84,530,343)</u>
GENERAL REVENUES						
Property Taxes Levied for:						
General Purposes					28,741,194	27,722,523
Community Service					1,497,177	1,715,341
Debt Service					17,086,760	17,200,345
Capital Projects					5,349,177	5,356,546
State Aid Not Restricted to Specific Purposes					57,939,346	55,800,925
Earnings on Investments					2,290,672	2,847,023
Miscellaneous					234,460	321,677
Gain on Sale of Capital Assets					350,955	-
Total General Revenues					<u>113,489,741</u>	<u>110,964,380</u>
CHANGE IN NET POSITION					2,563,997	26,434,037
Net Position - Beginning					<u>(61,825,475)</u>	<u>(88,259,512)</u>
NET POSITION - ENDING					<u>\$ (59,261,478)</u>	<u>\$ (61,825,475)</u>

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2020	2019
ASSETS							
Cash and Investments	\$ 20,087,653	\$ 234,096	\$ 2,399,376	\$ 1,810,763	\$ 11,812,614	\$ 36,344,502	\$ 51,035,826
Cash with Fiscal Agent	-	-	-	59,000	-	59,000	681,590
Receivables:							
Current Property Taxes	20,097,132	-	716,092	-	9,395,236	30,208,460	26,382,468
Delinquent Property Taxes	300,569	-	12,988	-	153,505	467,062	368,009
Accounts and Interest Receivable	171,572	1,074	4,111	15	-	176,772	416,652
Due from Other Minnesota School Districts	300,806	-	1,810	-	-	302,616	426,936
Due from Minnesota Department of Education	7,072,174	130,444	(27,667)	-	-	7,174,951	8,351,305
Due from Federal through Minnesota Department of Education	1,818,343	606,192	114,470	-	-	2,539,005	3,694,123
Due from Other Governmental Units	260,126	25	98,633	-	-	358,784	624,461
Inventory	87,108	177,701	-	-	-	264,809	113,045
Prepays	166,283	312	2,186	262,693	-	431,474	408,322
Total Assets	<u>\$ 50,361,766</u>	<u>\$ 1,149,844</u>	<u>\$ 3,321,999</u>	<u>\$ 2,132,471</u>	<u>\$ 21,361,355</u>	<u>\$ 78,327,435</u>	<u>\$ 92,502,737</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Liabilities:							
Salaries and Compensated Absences Payable	\$ 136,235	\$ 21,829	159,271	\$ -	\$ -	\$ 317,335	\$ 355,561
Payroll Deductions and Employer Contributions Payable	484,005	57,040	195,149	32,613	-	768,807	604,003
Accounts and Contracts Payable	948,958	95,197	95,339	1,492,889	6,875	2,639,258	4,910,147
Due to Other Governmental Units	583,386	53	318,395	-	-	901,834	1,392,775
Unearned Revenue	125,633	-	26,494	-	-	152,127	559,396
Total Liabilities	<u>2,278,217</u>	<u>174,119</u>	<u>794,648</u>	<u>1,525,502</u>	<u>6,875</u>	<u>4,779,361</u>	<u>7,821,882</u>
Deferred Inflows of Resources:							
Unavailable Revenue - Property Taxes Levied for Subsequent Year	34,258,968	-	1,375,092	-	18,041,409	53,675,469	48,240,913
Unavailable Revenue - Delinquent Property Taxes	300,569	-	12,988	-	153,505	467,062	368,009
Total Deferred Inflows of Resources	<u>34,559,537</u>	<u>-</u>	<u>1,388,080</u>	<u>-</u>	<u>18,194,914</u>	<u>54,142,531</u>	<u>48,608,922</u>
Fund Balance:							
Nonspendable:							
Inventory	87,108	177,701	-	-	-	264,809	113,045
Prepays	166,283	312	2,186	262,693	-	431,474	408,322
Restricted for:							
Student Activities	233,191	-	-	-	-	233,191	-
Staff Development	243,566	-	-	-	-	243,566	82,790
Capital Projects Levy	-	-	-	294,356	-	294,356	-
Operating Capital	1,233,050	-	-	-	-	1,233,050	998,486
Medical Assistance	839,879	-	-	-	-	839,879	639,884
Learning and Development	18,468	-	-	-	-	18,468	-
Community Education	-	-	810,808	-	-	810,808	1,731,773
Early Childhood and Family Education	-	-	297,551	-	-	297,551	281,895
School Readiness	-	-	27,990	-	-	27,990	12,735
Adult Basic Education	-	-	736	-	-	736	37,425
Safe Schools Levy	119,933	-	-	-	-	119,933	-
Long-Term Facilities Maintenance	639,328	-	-	-	-	639,328	10,887,869
Restricted for Other Purposes	-	797,712	-	49,920	3,159,566	4,007,198	11,722,572
Assigned for:							
Health and Safety	-	-	-	-	-	-	312,132
Enrollment Contingency	1,000,000	-	-	-	-	1,000,000	-
Strategic Visioning 2031	235,676	-	-	-	-	235,676	467,429
Strategic Transportation	-	-	-	-	-	-	127,500
Building Renovation	482,899	-	-	-	-	482,899	500,000
Special Projects	220,102	-	-	-	-	220,102	-
Unassigned	8,004,529	-	-	-	-	8,004,529	7,748,076
Total Fund Balance	<u>13,524,012</u>	<u>975,725</u>	<u>1,139,271</u>	<u>606,969</u>	<u>3,159,566</u>	<u>19,405,543</u>	<u>36,071,933</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 50,361,766</u>	<u>\$ 1,149,844</u>	<u>\$ 3,321,999</u>	<u>\$ 2,132,471</u>	<u>\$ 21,361,355</u>	<u>\$ 78,327,435</u>	<u>\$ 92,502,737</u>

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	2020	2019
Total Fund Balance for Governmental Funds	\$ 19,405,543	\$ 36,071,933
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	2,867,600	2,867,600
Construction in Progress	15,578,107	25,085,229
Land Improvements, Net of Accumulated Depreciation	12,181,904	10,611,792
Buildings and Improvements, Net of Accumulated Depreciation	143,500,409	123,890,662
Equipment, Net of Accumulated Depreciation	16,560,851	16,751,476
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 in the funds.		
	467,062	368,009
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
	(2,443,312)	(2,750,208)
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	(81,835,525)	(80,144,319)
Deferred Inflows of Resources - Pensions	(82,223,698)	(103,004,791)
Deferred Outflows of Resources - Pensions	51,632,871	75,212,119
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	(156,825,000)	(167,740,000)
Unamortized Premiums	(5,759,266)	(6,842,436)
Unamortized Deferred Gains on Refunding	(136,002)	(156,925)
Obligations Under Capital Leases	(2,660,854)	(3,006,684)
The District's other postemployment benefits liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Other Postemployment Benefits Payable	(25,394,876)	(24,542,888)
Deferred Outflows of Resources - Other Postemployment Benefits	3,114,864	2,345,739
Internal service funds are used by management to charge the costs of health and dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end is:		
	32,707,844	33,158,217
Total Net Position of Governmental Activities	\$ (59,261,478)	\$ (61,825,475)

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2020	2019
REVENUES							
Local Sources:							
Property Taxes	\$ 28,680,573	\$ -	\$ 1,495,097	\$ 5,349,177	\$ 17,050,408	\$ 52,575,255	\$ 51,946,767
Earnings on Investments	222,378	7,054	41,051	305,499	49,099	625,081	1,251,613
Other	4,143,574	1,591,371	5,624,073	72,664	-	11,431,682	13,206,269
State Sources	66,790,032	301,701	2,322,129	-	-	69,413,862	66,395,240
Federal Sources	3,983,390	3,073,429	114,470	-	-	7,171,289	5,734,246
Total Revenues	103,819,947	4,973,555	9,596,820	5,727,340	17,099,507	141,217,169	138,534,135
EXPENDITURES							
Current:							
Administration	4,379,882	-	-	-	-	4,379,882	4,158,956
District Support Services	4,796,570	-	-	-	-	4,796,570	5,215,768
Elementary and Secondary Regular Instruction	46,990,453	-	-	-	-	46,990,453	45,690,309
Vocational Education Instruction	1,316,860	-	-	-	-	1,316,860	1,297,841
Special Education Instruction	16,639,136	-	-	-	-	16,639,136	16,240,938
Instructional Support Services	6,236,585	-	-	-	-	6,236,585	6,476,852
Pupil Support Services	9,947,366	-	-	-	-	9,947,366	9,352,041
Sites and Buildings	10,245,095	-	-	-	-	10,245,095	10,008,457
Fiscal and Other Fixed Cost Programs	245,185	-	-	-	-	245,185	278,697
Food Service	-	4,363,230	-	-	-	4,363,230	4,172,181
Community Service	-	-	10,500,338	-	-	10,500,338	10,715,045
Capital Outlay	1,288,277	230,059	162,576	24,199,967	-	25,880,879	31,474,896
Debt Service:							
Principal	345,830	-	-	-	10,915,000	11,260,830	31,757,844
Interest and Fiscal Charges	68,637	-	-	-	6,406,177	6,474,814	6,408,304
Total Expenditures	102,499,876	4,593,289	10,662,914	24,199,967	17,321,177	159,277,223	183,248,129
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,320,071	380,266	(1,066,094)	(18,472,627)	(221,670)	(18,060,054)	(44,713,994)
OTHER FINANCING SOURCES (USES)							
Sale of Equipment	200	1,800	-	349,155	-	351,155	138,802
Insurance Recovery	-	-	-	-	-	-	48,693
Issuance of Bonds	-	-	-	-	-	-	36,730,000
Bond Premium	-	-	-	-	-	-	2,110,029
Transfers In	1,042,509	-	-	-	-	1,042,509	2,850,416
Transfers Out	-	-	-	-	-	-	(1,050,000)
Total Other Financing Sources (Uses)	1,042,709	1,800	-	349,155	-	1,393,664	40,827,940
NET CHANGE IN FUND BALANCE	2,362,780	382,066	(1,066,094)	(18,123,472)	(221,670)	(16,666,390)	(3,886,054)
FUND BALANCES							
Beginning of Year	11,161,232	593,659	2,205,365	18,730,441	3,381,236	36,071,933	39,957,987
End of Year	\$ 13,524,012	\$ 975,725	\$ 1,139,271	\$ 606,969	\$ 3,159,566	\$ 19,405,543	\$ 36,071,933

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	2020	2019
Net Change in Fund Balance - Total Governmental Funds	\$ (16,666,390)	\$ (3,886,054)
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. The amount by which capital outlays exceeded depreciation in the current period is:		
Capital Outlays	23,073,448	24,170,321
Depreciation Expense	(11,591,336)	(10,784,491)
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 unearned in the governmental funds.		
	99,053	47,988
Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.		
Change in Accrued Interest - Capital Leases	3,386	3,308
Principal Payments - Capital Leases	345,830	337,844
Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in the net pension liability and the related deferred inflows and outflows of resources.		
	(4,293,124)	24,470,415
In the statement of activities, certain operating expenses - severance benefits and compensated absences - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts paid).		
	(196,237)	340,952
Other postemployment benefit (OPEB) expenditures in the governmental funds are measured by current year employer contributions. OPEB expenses on the statement of activities are measured by the change in the net OPEB liability and the related deferred inflows and outflows of resources.		
	(82,863)	-
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. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:		
General Obligation and Certificates of Participation Bond Proceeds	-	(36,730,000)
Bond Premium or Discount	-	(2,110,029)
Repayment of Bond Principal	10,915,000	31,420,000
Change in Deferred Gain on Bond Refunding	20,923	(156,925)
Change in Accrued Interest	303,510	(233,459)
Amortization of Bond Premium	1,083,170	1,007,108
Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The change in net position of the internal service funds is reported with governmental activities.		
	(450,373)	(1,462,941)
Change in Net Position of Governmental Activities	\$ 2,563,997	\$ 26,434,037

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	\$ 28,573,716	\$ 28,303,067	\$ 28,680,573	\$ 377,506
Earnings on Investments	318,137	318,137	222,378	(95,759)
Other	3,571,546	3,592,036	4,143,574	551,538
State Sources	64,481,475	66,468,599	66,790,032	321,433
Federal Sources	4,025,478	3,989,549	3,983,390	(6,159)
Total Revenues	100,970,352	102,671,388	103,819,947	1,148,559
EXPENDITURES				
Current:				
Administration	4,648,495	4,327,291	4,379,882	52,591
District Support Services	7,582,006	5,726,451	4,796,570	(929,881)
Elementary and Secondary Regular Instruction	45,778,982	47,596,804	46,990,453	(606,351)
Vocational Education Instruction	1,280,507	1,358,653	1,316,860	(41,793)
Special Education Instruction	16,139,637	16,278,497	16,639,136	360,639
Instructional Support Services	4,681,233	6,405,391	6,236,585	(168,806)
Pupil Support Services	8,817,133	10,120,471	9,947,366	(173,105)
Sites and Buildings	9,564,663	9,956,882	10,245,095	288,213
Fiscal and Other Fixed Cost Programs	(759,008)	(788,626)	245,185	1,033,811
Capital Outlay	3,237,100	3,311,236	1,288,277	(2,022,959)
Debt Service:				
Principal	345,830	345,830	345,830	-
Interest and Fiscal Charges	68,837	68,837	68,637	(200)
Total Expenditures	101,385,415	104,707,717	102,499,876	(2,207,841)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(415,063)	(2,036,329)	1,320,071	3,356,400
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	-	-	200	200
Transfers In	-	-	1,042,509	1,042,509
Transfers Out	(303,561)	(692,800)	-	692,800
Total Other Financing Sources (Uses)	(303,561)	(692,800)	1,042,709	1,735,509
NET CHANGE IN FUND BALANCE	<u>\$ (718,624)</u>	<u>\$ (2,729,129)</u>	2,362,780	<u>\$ 5,091,909</u>
FUND BALANCE				
Beginning of Year			11,161,232	
End of Year			<u>\$ 13,524,012</u>	

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Earnings and Investments	\$ -	\$ -	\$ 7,054	\$ 7,054
Other - Primarily Meal Sales	2,265,033	1,511,745	1,591,371	79,626
State Sources	195,567	141,150	301,701	160,551
Federal Sources	1,971,882	2,568,688	3,073,429	504,741
Total Revenues	<u>4,432,482</u>	<u>4,221,583</u>	<u>4,973,555</u>	<u>751,972</u>
EXPENDITURES				
Current:				
Food Service	4,290,574	4,138,700	4,363,230	224,530
Capital Outlay	89,045	233,200	230,059	(3,141)
Total Expenditures	<u>4,379,619</u>	<u>4,371,900</u>	<u>4,593,289</u>	<u>221,389</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	52,863	(150,317)	380,266	530,583
OTHER FINANCING SOURCES				
Sale of Equipment	-	1,400	1,800	400
NET CHANGE IN FUND BALANCE	<u>\$ 52,863</u>	<u>\$ (148,917)</u>	382,066	<u>\$ 530,983</u>
FUND BALANCE				
Beginning of Year			593,659	
End of Year			<u>\$ 975,725</u>	

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	\$ 1,419,965	\$ 1,380,215	\$ 1,495,097	\$ 114,882
Earnings and Investments	-	-	41,051	41,051
Other - Primarily Tuition and Fees	6,587,181	4,779,490	5,624,073	844,583
State Sources	2,155,191	2,276,544	2,322,129	45,585
Federal Sources	100,000	114,470	114,470	-
Total Revenues	10,262,337	8,550,719	9,596,820	1,046,101
EXPENDITURES				
Current:				
Community Service	11,149,203	10,366,791	10,500,338	133,547
Capital Outlay	133,700	131,200	162,576	31,376
Total Expenditures	11,282,903	10,497,991	10,662,914	164,923
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,020,566)	(1,947,272)	(1,066,094)	881,178
OTHER FINANCING SOURCES				
Transfers In	125,000	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ (895,566)</u>	<u>\$ (1,947,272)</u>	(1,066,094)	<u>\$ 881,178</u>
FUND BALANCE				
Beginning of Year			2,205,365	
End of Year			<u>\$ 1,139,271</u>	

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF NET POSITION
PROPRIETARY FUND
INTERNAL SERVICE FUND
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	Governmental Activities - Internal Service Funds	
	2020	2019
ASSETS		
Current Assets:		
Cash and Investments	\$ 34,212,784	\$ 34,821,611
Accounts Receivable	112,798	137,157
Interest Receivable	127,058	157,267
Total Assets	<u>34,452,640</u>	<u>35,116,035</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	(19,855)	7,052
Claims Payable - Medical	448,747	711,378
Unearned Revenue	1,315,904	1,239,388
Total Liabilities	<u>1,744,796</u>	<u>1,957,818</u>
NET POSITION		
Unrestricted	<u>\$ 32,707,844</u>	<u>\$ 33,158,217</u>

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION
PROPRIETARY FUND
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	Governmental Activities - Internal Service Funds	
	2020	2019
OPERATING REVENUES		
Charges for Services:		
Health Insurance Premiums	\$ 11,157,168	\$ 10,760,964
OPERATING EXPENSES		
Health Insurance Claim Payments	11,224,682	11,092,080
Severance Payments	884,964	809,363
OPEB Payments	120,977	117,456
Total Operating Expenses	<u>12,230,623</u>	<u>12,018,899</u>
OPERATING LOSS	(1,073,455)	(1,257,935)
NONOPERATING INCOME		
Earnings on Investments	<u>1,665,591</u>	<u>1,595,410</u>
INCOME BEFORE TRANSFERS	592,136	337,475
OTHER FINANCING SOURCES (USES)		
Transfers In	-	300,000
Transfers Out	(1,042,509)	(2,100,416)
Total Other Financing Sources (Uses)	<u>(1,042,509)</u>	<u>(1,800,416)</u>
CHANGE IN NET POSITION	(450,373)	(1,462,941)
Net Position - Beginning	<u>33,158,217</u>	<u>34,621,158</u>
NET POSITION - ENDING	<u>\$ 32,707,844</u>	<u>\$ 33,158,217</u>

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	Governmental Activities - Internal Service Funds	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Interfund Services Provided	\$ 11,258,043	\$ 10,820,178
Payments for Medical Fees and Insurance Claims	(11,514,220)	(11,109,382)
Payments for Other Postemployment Benefits	(120,977)	(490,926)
Payments for Severance Benefits	(884,964)	(809,363)
Net Cash Used by Operating Activities	(1,262,118)	(1,589,493)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from Other Funds	-	300,000
Transfers to Other Funds	(1,042,509)	(2,100,416)
Net Cash Used by Noncapital Financing Activities	(1,042,509)	(1,800,416)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	285,098	736,044
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,019,529)	(2,653,865)
Cash and Cash Equivalents - Beginning	17,314,273	19,968,138
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 15,294,744</u>	<u>\$ 17,314,273</u>
DISPLAYED ON STATEMENT OF FUND NET POSITION AS:		
Cash and Cash Equivalents	\$ 15,294,744	\$ 17,314,273
Investments	18,918,040	17,507,338
Total Cash and Investments on the Statement of Net Position	<u>\$ 34,212,784</u>	<u>\$ 34,821,611</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (1,073,455)	\$ (1,257,935)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
(Increase) Decrease in Accounts Receivable	24,359	(58,484)
Decrease in Accounts Payable	(26,907)	(17,671)
Increase (Decrease) in Claims Payable	(262,631)	369
Decrease in Due to Other Funds	-	(373,470)
Increase in Unearned Revenue	76,516	117,698
Total Adjustments	(188,663)	(331,558)
Net Cash Used by Operating Activities	<u>\$ (1,262,118)</u>	<u>\$ (1,589,493)</u>

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

	Scholarship Custodial Fund
ASSETS	
Cash and Investments	\$ 66,365
LIABILITIES	
Accounts and Contracts Payable	38,966
Due to Other Funds	2,034
Total Liabilities	<u>41,000</u>
NET POSITION	
Held In Trust	<u>\$ 25,365</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2020**

	Scholarship Custodial Fund
ADDITIONS	
Gifts and Donations	\$ 17,790
Earnings on Investments	613
Total Additions	<u>18,403</u>
DEDUCTIONS	
Scholarships Awarded	14,951
Miscellaneous	11,133
Total Deductions	<u>26,084</u>
CHANGE IN NET POSITION	(7,681)
Net Position - Beginning of Year	-
Prior Period Restatement of Custodial Fund Net Position	33,046
Net Position - Beginning of Year, as Restated	<u>33,046</u>
NET POSITION - END OF YEAR	<u>\$ 25,365</u>

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 270 (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. This financial report has been prepared in conformity with GASB Statement No. 34.

B. Financial Reporting Entity

The District is an instrumentality of the state of Minnesota established to function as an educational institution. The elected School Board (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 requires 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. There are no other entities for which the District is financially accountable.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. In accordance with Minnesota state statutes, the District's student activity accounts are included in these financial statements. As part of the implementation of GASB Statement No. 84 in the fiscal year ended June 30, 2020, the District's student activity funds were moved into the District's General Fund.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation

The Government-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, except for the fiduciary funds. The Fiduciary Funds are only reported in the statement of fiduciary net position at the fund financial statement level.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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.

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 Government-wide financial statements.

Separate Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type: a custodial fund. Since by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the Government-wide statements.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the Government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service fund is charges for service in the form of insurance premiums and OPEB contributions. Operating expenses for the internal service fund include the cost of services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and accounting principles generally accepted in the United States of America. 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. Food service sales, community education tuition, 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.

The District reports unearned revenue on its statement of net position and balance sheet. Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to incurring the qualifying expenditures. In subsequent periods when the District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

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:

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. Major sources of revenue include meal sales to students and federal and state grants.

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. Major sources of revenue include fees collected for these programs.

Capital Projects Fund

The Capital Projects Fund/Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

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.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Proprietary Fund

Internal Service Fund

The Internal Service Fund accounts for financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The District's Internal Service Fund includes its self-insured health insurance plan for its employees. In fiscal year 2009, the District also established a revocable trust to account for cash and other assets held by the District for the payment of Other Postemployment Benefits, which is accounted for as an internal service fund. In fiscal year 2012, the District established an internal service fund for the payment of certain severance benefits to District employees.

Fiduciary Fund

Custodial Fund

The Custodial Fund is used to account for money held by the District in the capacity of a custodian for others. The fund is used for the activity of the District's scholarship fund.

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Each May, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, Capital Projects – Building Construction, and Debt Service Funds. The approved budget is published in summary form in the District's legal newspaper. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the School Board 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 School Board action. Revisions to budgeted amounts must be approved by the School Board.

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

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting (Continued)

Budgeted amounts include mid-year budget amendments as follows:

	Original Budget	Amendments	Amended Budget
<u>Revenues</u>			
General Fund	\$ 100,970,352	\$ 1,701,036	\$ 102,671,388
Special Revenue Funds:			
Food Service Fund	4,432,482	(210,899)	4,221,583
Community Service Fund	10,262,337	(1,711,618)	8,550,719
Capital Projects Fund	5,549,177	-	5,549,177
Debt Service Fund	13,206,263	4,046,025	17,252,288
<u>Expenditures</u>			
General Fund	\$ 101,385,415	\$ 3,322,302	\$ 104,707,717
Special Revenue Funds:			
Food Service Fund	4,379,619	(7,719)	4,371,900
Community Service Fund	11,282,903	(784,912)	10,497,991
Capital Projects Fund	16,304,749	-	16,304,749
Debt Service Fund	13,417,379	3,897,985	17,315,364

Budget provisions for the Debt Service Fund are set by state law governing required debt service levels. Budgeted revenues exclude other financing sources such as long-term debt proceeds.

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

F. 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.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Investments (Continued)

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, banker's acceptances, and U.S. Treasury and agency obligations. Investments in external investment pools operated in a manner consistent with the SEC's Rule 2a7 of the Investment Act of 1940 are valued at the pool's share price.

G. 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.

H. 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.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments using the consumption method. Under the consumption method, prepaid expenses are treated as an asset when purchased rather than accounted for an expense. Expense is allocated over the periods benefitted.

J. Property Taxes

Property tax levies are established by the School Board 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 and are responsible for spreading all levies over taxable property. Such taxes become a lien on January 1. Taxes are generally due on May 15 and October 15 and counties generally remit taxes to the Districts at periodic intervals as they are collected. A portion of property taxes levied is paid through state credits which are included in revenue from state sources in the financial statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Property Taxes (Continued)

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 a deferred inflow of resources (unavailable 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."

In accordance with state law, the current tax shift consists of an amount equal to 31% of the District's 2000 Pay 2001 operating referendum levy (frozen at \$4,134,655) advance recognized as revenue in fiscal 2019 with no corresponding state aid adjustment. Certain other portions of the District's 2019 pay 2020 levy, normally revenue for the 2020-21 fiscal year, are also advance recognized at June 30, 2020, as required by state statute to match revenue with the same fiscal year as the related expenditures.

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 a deferred inflow 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, 2020, are included in Property Taxes Levied for Subsequent Year to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

K. 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 maintains a threshold level of \$5,000 or more for capitalizing capital assets. 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 Government-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 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 7 to 20 years for equipment.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

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.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Currently, the District has two types of items that qualify for reporting in this category. The District reports deferred outflows of resources related to pensions and Other Postemployment Benefits. See Notes 7 through Note 9 for additional detail.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four types of items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the District's year-end) under the modified accrual basis of accounting. The third type of deferred inflows reports is related to pensions. The last type of deferred inflows relates to funds needed to defease the carrying value of debt being less than the carrying value itself and thus a deferred gain on bond refunding is recorded. See Notes 7 and Note 8 for additional detail on deferred inflows related to pensions.

M. Long-Term Obligations

In the Government-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. Issuance costs are expensed on both the fund financial statements and government-wide financial statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

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 positions 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. Accrued Employee Benefits

Sick Pay

Substantially all District employees are entitled to sick leave at various rates. For certain employees, unused sick leave is a factor in the calculation of an employee's severance pay upon termination.

Pension and Health Benefits

Severance and health benefits consist of lump sum early retirement incentive payments and postemployment health care benefits. Accounting policies for severance and health benefits are described below.

1. Early Retirement Incentive and Convertible Sick Leave

The District maintains various early retirement incentive payment plans for its employee groups. Each employee group plan contains benefit formulas based on years of service and/or minimum age requirements. No employee can receive early retirement incentive payments exceeding one year's salary. Benefits are not considered vested until actual turnover occurs.

The long-term portion of early retirement incentive and administrator experience benefits is recognized as part of other pension benefits payable.

At June 30, 2020, the long-term portion of the estimated early retirement incentive and convertible sick leave liability is included as part of the net pension liability on the statement of net position. See Note 8 for further information.

2. Postemployment Health Care Benefits

In addition to retirement benefits, the District provides postretirement medical insurance benefits to teachers, administrators, principals, food service workers, custodians, and clerical employees, in accordance with their respective master employment agreements. The eligibility for, amount of, duration of, and District's contribution to the cost of the benefits provided varies by contract and date of retirement. See Note 9 for further information.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Statement of Cash Flows

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalents. The Internal Service Fund's equity in the Government-wide cash and investment management pool is considered to be cash equivalents.

Q. Fund Balance

In the fund financial statements, governmental funds report fund balances in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable – portions of fund balance related to prepaids, inventories, long-term receivables, and corpus on any permanent fund.

Restricted – funds are constrained from outside parties (statute, grantors, bond agreements, etc.).

Committed – funds are established and modified by a resolution approved by the Board of Education.

Assigned – consists of internally imposed constraints. The Board of Education passed a resolution authorizing the Superintendent and Director of Business Services to assign fund balances and their intended uses.

Unassigned – is the residual classification for the general fund and also reflects negative residual amounts in other funds.

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 amounts.

The District formally adopted a fund balance policy for the General Fund. The policy establishes a year-end minimum unassigned fund balance of 6% of the annual budget.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. 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 have been no significant reductions 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 years.

S. Net Position

Net position represents the difference between assets and liabilities in the Government-wide, Proprietary Fund, and Fiduciary Fund financial statements. Net investment in capital assets consists of capital assets, net of accumulation depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the Government-wide financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

T. Comparative Data

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

NOTE 2 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 the 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.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk – Custodial credit risk for deposits 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 have a deposit policy that will minimize Custodial Credit Risk by obtaining collateral or bond for all uninsured amounts on deposit, and by obtaining necessary documentation to show compliance or bond for all uninsured amounts on deposit, and by obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law. 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 department of a commercial bank or other financial institution not owned or controlled by the depository. All of the District's deposits were fully insured during the year ended June 30, 2020.

B. Investments

The District may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies
- Shares of investment companies registered under the Federal Investment Company 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
- 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

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

At June 30, 2020, the District's investment balances were as follows:

Investments Measured at Fair Value	Fair Value
U.S. Treasuries with Maturities at Purchase of Greater Than 1 Year	\$ 2,130,357
Federal Home Loan Bank	1,995,339
Federal National Mortgage Association	2,335,770
Federal Farm Credit Bank	733,772
Municipal Bonds	8,968,151
Corporate Bonds	1,309,900
Mutual Funds	1,167,437
Total Investments Measured at Fair Value	<u>\$ 18,640,726</u>
Investments Measured at Amortized Cost	Amortized Cost
Money Markets	\$ 291,938
MSDLAF+ Liquid Class	15,183,450
MSDLAF+ Max Class	36,507,537
Total Investments Measured at Amortized Cost	<u>\$ 51,982,925</u>
Total District Investments	<u>\$ 70,623,651</u>

Credit Risk – Generally, 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.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policies do not limit the maturities of investments; however, when purchasing investments, the District considers such things as interest rates and cash flow needs.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The credit ratings and maturities of the District's investments are as follows:

Type	Total	Maturity Duration in Years				No Maturities	Rating
		Less Than 1	1 to 5	6 to 10	> 10		
U.S. Treasury Notes	\$ 2,130,357	\$ -	\$ 369,125	\$ 480,126	\$ 1,281,106	\$ -	N/A
Federal Home Loan Bank	1,995,339	-	-	1,995,339	-	-	AAA - AA
Federal National Mortgage Association	2,335,770	-	551,121	1,784,649	-	-	AAA - AA
Federal Farm Credit Bank	733,772	-	-	733,772	-	-	AAA - AA
Municipal Bonds	8,968,151	120,462	418,862	8,428,827	-	-	AAA - A
Corporate Bonds	1,309,900	-	275,588	1,034,312	-	-	A - BB+
Mutual Funds	1,167,437	1,167,437	-	-	-	-	AAA
Money Markets	291,938	-	-	-	-	291,938	AAA
MSDLAF+	51,690,987	-	-	-	-	51,690,987	N/A
Total	<u>\$ 70,623,651</u>	<u>\$ 1,287,899</u>	<u>\$ 1,614,696</u>	<u>\$ 14,457,025</u>	<u>\$ 1,281,106</u>	<u>\$ 51,982,925</u>	

Concentration of Credit Risk – The District places no limit on the amount that the District may invest in any on issuer. The District had no investments at June 30, 2020 which individually comprised more than 5% of total investments.

The deposits and investments are presented in the financial statements as follows:

Cash and Investments - Statement of Net Position	\$ 70,557,286
Cash and Investments with Fiscal Agent - Statement of Net Position	59,000
Cash and Investments - Statement of Fiduciary Net Position	66,365
Total Cash and Investments	<u>\$ 70,682,651</u>

C. Fair Value Measurements

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The District follows an accounting standard which defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the District has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quotes prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Fair Value Measurements (Continued)

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

Assets of the District measured at fair value on a recurring basis:

Investment	Level 1	Level 2	Level 3	Total
U.S. Treasuries with Maturities at Purchase of Greater Than One Year	\$ 2,130,357	\$ -	\$ -	\$ 2,130,357
Federal Home Loan Bank	-	1,995,339	-	1,995,339
Federal National Mortgage Association	-	2,335,770	-	2,335,770
Federal Farm Credit Bank	-	733,772	-	733,772
Municipal Bonds	-	8,968,151	-	8,968,151
Corporate Bonds	-	1,309,900	-	1,309,900
Mutual Funds	1,167,437	-	-	1,167,437
Total	<u>\$ 3,297,794</u>	<u>\$ 15,342,932</u>	<u>\$ -</u>	<u>18,640,726</u>
Investments Measured at Amortized Cost				51,982,925
Total				<u>\$ 70,623,651</u>

Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities as well as governmental agencies securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 2,867,600	\$ -	\$ -	\$ 2,867,600
Construction in Progress	25,085,229	16,635,417	(26,142,539)	15,578,107
Total Capital Assets, Not Being Depreciated	27,952,829	16,635,417	(26,142,539)	18,445,707
Capital Assets, Being Depreciated				
Land Improvements	21,914,742	2,702,384	-	24,617,126
Buildings and Improvements	230,077,615	27,531,339	-	257,608,954
Equipment	34,340,976	2,346,847	-	36,687,823
Total Capital Assets, Being Depreciated	286,333,333	32,580,570	-	318,913,903
Accumulated Depreciation for:				
Land Improvements	(11,302,950)	(1,132,272)	-	(12,435,222)
Buildings and Improvements	(106,186,953)	(7,921,592)	-	(114,108,545)
Equipment	(17,589,500)	(2,537,472)	-	(20,126,972)
Total Accumulated Depreciation	(135,079,403)	(11,591,336)	-	(146,670,739)
Total Capital Assets, Being Depreciated, Net	151,253,930	20,989,234	-	172,243,164
Governmental Activities Capital Assets, Net	<u>\$ 179,206,759</u>	<u>\$ 37,624,651</u>	<u>\$ (26,142,539)</u>	<u>\$ 190,688,871</u>

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

Governmental Activities	
Administration	\$ 588,828
District Support Services	1,466
Regular Instruction	10,774,242
Pupil Support Services	104,410
Sites and Buildings	11,081
Community Service	111,309
Total Depreciation Expense, Governmental Activities	<u>\$ 11,591,336</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 LONG-TERM LIABILITIES

A. Components of Long-Term Debt

Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding	
				Due Within One Year	Total
4/13/2011	4.00% - 5.00%	29,410,000	2/1/2028	\$ -	\$ 29,410,000
4/13/2011	2.00% - 3.00%	3,000,000	2/1/2021	335,000	335,000
6/27/2012	0.45% - 1.80%	6,120,000	2/1/2022	710,000	1,430,000
5/16/2013	3.00% - 3.25%	16,090,000	2/1/2030	-	15,890,000
5/15/2013	1.50% - 4.00%	18,940,000	2/1/2026	1,700,000	11,320,000
5/21/2015	2.00% - 3.00%	10,120,000	2/1/2023	3,620,000	10,120,000
5/21/2015	2.00% - 4.00%	4,425,000	2/1/2030	235,000	3,350,000
11/12/2015	2.00% - 5.00%	18,305,000	2/1/2022	3,270,000	6,695,000
1/25/2017	3.00% - 4.00%	14,140,000	2/1/2032	-	14,140,000
2/21/2018	3.00% - 5.00%	29,030,000	2/1/2034	765,000	27,840,000
11/8/2018	3.25% - 5.00%	18,835,000	2/1/2027	660,000	18,400,000
3/14/2019	3.00% - 4.00%	17,895,000	2/1/2035	-	17,895,000
Total General Obligation Bonds				11,295,000	156,825,000
Bond Premiums				-	5,759,266
Capital Lease Payable				354,005	2,660,854
Total				<u>\$ 11,649,005</u>	<u>\$ 165,245,120</u>

B. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds Payable		Capital Lease Obligation Payable	
	Principal	Interest	Principal	Interest
2021	\$ 11,295,000	\$ 5,801,420	\$ 354,005	\$ 60,462
2022	11,940,000	5,423,110	362,373	52,094
2023	12,060,000	5,014,600	370,939	43,529
2024	10,160,000	4,513,900	379,707	34,760
2025	10,130,000	4,068,000	388,683	25,785
2026-2030	56,435,000	13,615,088	805,147	23,789
2031-2035	44,805,000	3,742,450	-	-
Total	<u>\$ 156,825,000</u>	<u>\$ 42,178,568</u>	<u>\$ 2,660,854</u>	<u>\$ 240,419</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt

General Obligation School Building Bonds

These bonds were issued to finance acquisition, construction, and/or improvement of capital facilities or to refinance (refund) previous bond issues. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of these bonds. Total deferred tax levies are available to retire bond principal and interest payable. These levies are subject to reduction if fund balances exceed limitations imposed by Minnesota law. In addition, assets are available in an escrow account to be used for the repayment of certain refunded bonds.

On April 13, 2011, the District issued \$3,000,000 of General Obligation School Building Bonds, Series 2011B. The proceeds of this issue were used to finance safety and security improvements and parking lot improvements.

On June 27, 2012, the District issued \$6,120,000 General Obligation School Building Refunding Bonds, Series 2012A, to finance an advanced crossover refunding of the 2014 through 2022 maturities of the District's \$9,870,000 General Obligation School Building Bonds, Series 2004A.

On May 16, 2013, the District issued \$18,940,000 General Obligation Refunding Bonds, Series 2013B, to finance an advanced crossover refunding of the 2016 through 2026 maturities of the District's \$30,900,000 General Obligation Alternative Facilities Bonds, Series 2006.

On May 21, 2015, the District issued \$4,425,000 General Obligation Capital Facilities Bonds, Series 2015B. The proceeds of this issue were used to finance energy conservation measures throughout the District.

On November 12, 2015, the District issued \$18,305,000 General Obligation School Building Refunding Bonds, Series 2015C, to finance an advance refunding of the 2017 through 2022 maturities of the District's \$32,045,000 General Obligation School Building Refunding Bonds, Series 2006C.

On February 21, 2018, the District issued \$29,030,000 General Obligation School Building Bonds, Series 2018A, to provide funds for the acquisition and betterment of school sites and facilities, and to prepay the District's \$4,273,000 Lease Purchase, Series 2013, and the District's \$4,215,000 Lease Purchase, Series 2014.

General Obligation Alternative Facilities Bonds

On April 13, 2011, the District issued \$29,410,000 of General Obligation Alternative Facilities Bonds, Series 2011A. The proceeds of this issue were used to finance the acquisition and betterment of projects included in the District's 10-year facility plan.

On May 16, 2013, the District issued \$16,090,000 of General Obligation Alternative Facilities Bonds, Series 2013A. The proceeds of this issue were used to finance the acquisition and betterment of projects included in the District's 10-year facility plan.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

General Obligation Alternative Facilities Bonds (Continued)

On May 21, 2015, the District issued \$10,120,000 of General Obligation Alternative Facilities Bonds, Series 2015A. The proceeds of this issued were used to finance the acquisition and betterment of projects included in the District's 10-year facility plan.

General Obligation Facilities Maintenance Bonds

On January 25, 2017, the District issued \$14,140,000 of General Obligation Facilities Maintenance Bonds, Series 2017A. The proceeds of this issue will be used to finance facility maintenance projects included in the 10-year facility plan of the District.

On November 8, 2018, the District issued \$18,835,000 General Obligation Alternative Facilities Refunding Bonds, Series 2018B, to call and prepay the 2020 through 2027 maturities of the District's outstanding 2009B Alternative Facilities Bonds.

On March 14, 2019, the District issued \$17,895,000 of General Obligation Facilities Maintenance Bonds, Series 2019A. The proceeds of this issue will be used to finance facility maintenance projects included in the 10-year facility plan of the District.

Capital Leases Payable

On December 29, 2016, the District entered into a lease-purchase financing agreement with First Resource Bank to finance the construction, installation, and equipping of synthetic turf fields at Hopkins High School. The total financed was \$3,667,000, with an interest rate of 2.50% and requires the District to make semi-annual principal and interest payments through February 1, 2027. The athletic fields acquired through the lease proceeds, as well as additional District funds, were completed in 2019 for a total cost of \$5,482,339 and had accumulated depreciation of \$411,175 at June 30, 2020.

D. Changes in Long-Term Debt

	June 30, 2019	Additions	Retirements	June 30, 2020
Bonds Payable	\$ 167,740,000	\$ -	\$ 10,915,000	\$ 156,825,000
Bond Premiums	6,842,436	-	1,083,170	5,759,266
Capital Lease Payable	3,006,684	-	345,830	2,660,854
Total	<u>\$ 177,589,120</u>	<u>\$ -</u>	<u>\$ 12,344,000</u>	<u>\$ 165,245,120</u>

Subsequent Debt Issuances

In November 2020, the district issued \$40,650,000 Alternative Facilities Refunding and Alternative Facilities Maintenance Bonds, Series 2020A. The bonds were issued to affect a current refunding of the 2011A GO Alternative Facilities bonds as well as to provide funds for facilities maintenance projects included in the ten-year facility plan of the District.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 FUND BALANCES

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. A description of deficit balance restrictions is included herein since the District has specific statutory authority to levy taxes for such deficits.

A. Restricted for Student Activities

Represents the resources available for the extracurricular activity funds raised by students.

B. Restricted for Staff Development

A portion of the general education aid received by the District is restricted for staff development. The cumulative amount of aid received in excess of staff development expenditures has been reported as a restriction of fund balance in the General Fund.

C. Restricted for Capital Projects Levy

Represents resources restricted for projects financed with the District's capital projects levy.

D. Restricted for Operating Capital

The District levies taxes and receives state aid to be used for the purchase of equipment or facilities. The cumulative excess of such revenues over equipment and facilities expenditures is reported as a restriction of fund balance in the General Fund.

E. Restricted for Medical Assistance

This fund balance restriction represents resources to be used for Medical Assistance expenditures.

F. Restricted for Learning and Development

Represents resources available for reducing the pupil-to-staff ratio.

G. Restricted for Community Education Programs

This fund balance restriction represents accumulated resources available to provide general community education programming.

H. Restricted for Early Childhood and Family Education Programs

This fund balance restriction represents accumulated resources available to provide services for early childhood and family education programming.

I. Restricted for School Readiness

This fund balance restriction represents accumulated resources available to provide school readiness programming in accordance with funding made available for that purpose.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 FUND BALANCES (CONTINUED)

J. Restricted for Safe Schools Levy

Represents the unspent resources available from the safe schools' levy.

K. Restricted for Adult Basic Education Programs

This fund balance restriction represents accumulated resources available to provide adult basic education programming.

L. Restricted for Long-Term Facilities Maintenance

Represents unspent general obligation bond proceeds issued to finance facilities plans approved by the Board.

M. 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. These amounts are restricted for food service, community service, capital projects, or debt service, per the fund in which they are contained.

NOTE 6 INTERFUND BALANCES AND TRANSFERS

The District had no interfund receivables and payables at June 30, 2020. The District had the following interfund transfers during the year ended June 30, 2020:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,042,509	\$ -
Internal Service Fund:		
Severance Fund	-	1,042,509
Total	<u>\$ 1,042,509</u>	<u>\$ 1,042,509</u>

The purpose of these interfund transfers was as follows:

The Severance Internal Service Fund transferred \$1,042,509 to the General Fund to reimburse it for severance costs paid for during the year by the General Fund.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS

Substantially all employees of the School are required by state law to belong to pension plans administered by Teachers' Retirement Association (TRA) or Public Employees' Retirement Association (PERA), all of which are administered on a statewide basis. Disclosures relating to these plans follow:

A. Plan Description

The District participates in the following cost sharing, multiple employer defined benefit pension plans administered by the Public Employees Retirement Association (PERA) and Teachers Retirement Fund (TRA). PERA's and TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's and TRA's defined benefit pension plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan

All full-time and certain part-time employees of the District, other than teachers, are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

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 schools, 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 University of Minnesota System).

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided

PERA and TRA provide 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.

1. General Employees Plan Benefits

General Employees Plan 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 PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% of average salary for each of the first 10 years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be 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%. 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. For 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 reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. 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 five consecutive years of allowable service, age, and a formula multiplier based on years of credit at termination of service.

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.

Tier 1 Benefits

Tier 1	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 if Service Years 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 Service 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

Tier II Benefits

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. For years of service July 1, 2006 and after, a level formula of 1.9% per year for Coordinated members and 2.7% for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statute. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

Members first employed after June 30, 1989, receive only the Tier II calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Six different types of annuities are available to members upon retirement. The No Refund Life 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.

C. Contributions

1. General Employees Fund Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2020 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2020 were \$1,517,766. The District's contributions were equal to the required contributions as set by state statute.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for fiscal year 2020 were:

	2020	
	Employee	Employer
Basic	11.00%	11.92%
Coordinated	7.50%	7.92%

The District's contributions to TRA for the plan's fiscal year ended June 30, 2020 were \$3,884,585. The District's contributions were equal to the required contributions for each year as set by state statute.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs

1. General Employees Plan Pension Costs

At June 30, 2020, the District reported a liability of \$16,309,889 for its proportionate share of the General Employees Plan's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million to the fund in 2019. The state of Minnesota is considered a non-employer contributing District 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 \$506,978, for a total net pension liability of \$16,816,867 associated with the District. The net pension liability was measured as of June 30, 2019, 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, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers.

At June 30, 2020, the District's proportion was 0.2950%, which was an increase of 0.0133% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$1,736,536 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized an additional \$37,968 as pension expense (and corresponding grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2020, the District reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 452,007	\$ -
Changes in Actuarial Assumptions	-	1,281,968
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	1,653,199
Changes in Proportion and Differences Between		
District Contributions and Proportionate		
Share of Contributions	620,727	448,047
District Contributions Subsequent to the		
Measurement Date	1,517,766	-
Total	<u>\$ 2,590,500</u>	<u>\$ 3,383,214</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. GERS Pension Costs (Continued)

A total of \$1,517,766 reported as deferred outflows of resources related to pensions resulting from District contributions to GERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to GERS pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2021	\$ (940,546)
2022	(1,276,614)
2023	(119,604)
2024	26,284
2025	-
Thereafter	-

2. TRA Pension Costs

At June 30, 2020, the District reported a liability of \$52,254,224 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2019, 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 0.8198% at the end of the measurement period and 0.8197% for 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	\$ 52,254,224
State's Proportionate Share of the Net Pension Liability Associated with the District	4,624,083

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

For the year ended June 30, 2020, the District recognized pension expense of \$8,108,557. It also recognized \$351,505 as pension expense and grant revenue for the support provided by direct aid.

At June 30, 2020, 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 7,429	\$ 1,268,841
Changes in Actuarial Assumptions	43,974,127	69,322,012
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	4,330,266
Changes in Proportion and Differences Between		
District Contributions and Proportionate		
Share of Contributions	20,873	2,719,717
District Contributions Subsequent to the		
Measurement Date	3,884,585	-
Total	<u>\$ 47,887,014</u>	<u>\$ 77,640,836</u>

A total of \$3,884,585 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 ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2021	\$ 2,274,211
2022	(991,374)
2023	(20,482,143)
2024	(14,344,432)
2025	(94,669)
Thereafter	-

The District recognized \$11,315,767 in pension expense in 2020 for all of the pension plans in which it participates.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.50% per Year	2.50% per Year
Active Member Payroll Growth	3.25% per Year	2.85% for 10 years and 3.25% thereafter
Investment Rate of Return	7.50%	7.50%

PERA Salary increases were based on a service-related table. PERA mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. PERA cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan.

Actuarial assumptions used in the PERA June 30, 2019 valuation were based on the results of actuarial experience studies. The recent four-year experience study in the General Employees Plan was completed in 2015. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions,

TRA preretirement mortality rates were based on 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. Post-retirement mortality rates were based on 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. Post-disability mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment. 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.

TRA assumptions are based on the full experience study dated June 2015 and the study of the economic assumptions presented to the Board in November 2017.

The following changes in actuarial assumptions for PERA occurred in 2019:

- The mortality projection scale was changed from MP-2017 to MP-2018.
- The employer supplemental contribution was changed prospectively, decreasing 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.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions for TRA occurred in 2019:

- 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 percent 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.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

The State Board of Investment, which manages the investments of PERA and TRA, 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.50 %	5.10%
Private Markets	25.00	5.90%
Fixed Income	20.00	0.75%
International Equity	17.50	5.90%
Cash Equivalents	2.00	0.00%
Totals	100.00 %	

F. Discount Rate

The discount rate used to measure the PERA General Employees Plan liability in 2019 was 7.50%. 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 positions of the General Employees Fund 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 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contribution will be made at the fiscal year 2019 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. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. 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:

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
<u>GERF Discount Rate</u>	6.50%	7.50%	8.50%
District's Proportionate Share of the GERF Net Pension Liability	\$ 26,812,580	\$ 16,309,889	\$ 7,637,830
<u>TRA Discount Rate</u>	6.50%	7.50%	8.50%
District's Proportionate Share of the TRA Net Pension Liability	\$ 83,306,010	\$ 52,254,224	\$ 26,652,485

H. Pension Plan Fiduciary Net Position

Detailed information about GERF'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; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

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 1-800-652-9026.

NOTE 8 SUPPLEMENTAL PENSION PLAN

A. Plan Description

The District provides a single-employer defined benefit supplemental pension benefit to eligible employees. Currently, certain groups of employees are eligible to retire and receive the pension supplement after the completion of a minimum amount of years of service and, for some employee groups, the attainment of age 55. Benefits range from a flat dollar amount to percentages of annual salary up to a maximum of 100% of annual salary. Certain benefits are also dependent on the number of unused sick days remaining.

Currently, there are 1,007 active employees who are eligible to receive benefits under the plan as of July 1, 2019.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 SUPPLEMENTAL PENSION PLAN (CONTINUED)

B. Funding Policy

Payments under the plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated for the payment of future benefits. The General Fund is used for funding all of the pension/retirement benefits. The employer makes all contributions.

C. Total Pension Liability

The District recognizes its total pension liability, rather than a net pension liability. In order for the District to recognize a net pension liability, assets must be accumulated in a trust that meets the following criteria:

- Contributions from the employer and nonemployer contributing entities, and the earnings thereon, must be irrevocable.
- Pension plan assets must be dedicated to providing pensions to Plan members in accordance with benefit terms.
- Pension plan assets must be legally protected from the creditors of employer-nonemployer contributing entities, the Plan administrator, and the Plan members.

No assets are accumulated in a trust that meets all of the above criteria. Accordingly, the District's total pension liability is not reduced by any assets accumulated, and the District must report its total pension liability.

The District's total pension liability was determined by an actuarial valuation dated July 1, 2018 with a measurement date of July 1, 2019. At June 30, 2020, the District reported a total pension liability of \$13,271,412. Changes in the District's total pension liability were as follows:

Total Pension Liability - Beginning Balance	\$ 13,034,523
Changes for the Year	
Service Cost	732,001
Interest	460,096
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions and Other Inputs	297,433
Benefit Payments	(1,252,641)
Other Changes	-
Net Changes	<u>236,889</u>
Total Pension Liability - Ending Balance	<u>\$ 13,271,412</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 SUPPLEMENTAL PENSION PLAN (CONTINUED)

D. Pension Costs

For the year ended June 30, 2020, the District recognized pension expense of \$1,081,201. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 774,183
Changes of Assumptions of Other Inputs	270,393	425,465
Benefit Payments Subsequent to the Measurement Date	884,964	-
Pension Administrative Expenses Incurred Subsequent to the Measurement Date	-	-
Total	<u>\$ 1,155,357</u>	<u>\$ 1,199,648</u>

The District's benefit payments and amounts incurred by the District for pension administrative expenses subsequent to the measurement date of \$884,964 reported as deferred outflows of resources will be recognized as a reduction of the total pension liability in the year ended June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ (110,896)
2022	(110,896)
2023	(110,896)
2024	(110,896)
2025	(110,896)
Thereafter	(374,775)

E. Actuarial Methods and Assumptions

The actuarial total pension liability was determined as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	July 1, 2018
Measurement Date:	July 1, 2019
Actuarial Cost Method:	Entry Age, Level Percentage of Pay
Discount Rate:	3.10%
Inflation:	2.50%
Salary Increases:	3.00%
Retirement Age:	55
Mortality:	RP-2014 White Collar Mortality Tables with Tables with MP-2017 Generational Improvement Scale

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 SUPPLEMENTAL PENSION PLAN (CONTINUED)

F. Discount Rate

The discount rate used to measure the total pension liability was 3.10%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds. The discount rate was changed from 3.50% in the prior measurement period to 3.10%.

G. Total Pension Liability Sensitivity

The following presents the District's total pension liability, calculated using the discount rate of 3.10%, as well as what the District's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.10%) or one percentage point higher (4.10%) than the current rate:

	1% Decrease (2.10%)	Current Discount Rate (3.10%)	1% Increase (4.10%)
Total Pension Liability	<u>\$ 14,162,950</u>	<u>\$ 13,271,412</u>	<u>\$ 12,417,818</u>

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PAYABLE

A. Plan Description

The District operates a single-employer retiree benefit plan (the Plan) that provides health and dental insurance to eligible employees and their spouses through the District's health insurance plan. There are 1,130 active participants, 93 retired participants, and 18 spouses. Benefit and eligibility provisions are established through individual contracts and negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report.

B. Funding Policy

The District has assets designated for OPEB. These assets are in a revocable trust which is included as an internal service fund in these financial statements. Contribution requirements are also negotiated between the District and union representatives. The eligibility for, amount of, duration of, and District's contribution to the cost of the benefits provided varies by contract and date of retirement. For fiscal year 2020, the District contributed \$1,955,835 to the plan.

C. Actuarial Methods and Assumptions

The District's total OPEB liability was determined by an actuarial valuation with a valuation date of July 1, 2018 and a measurement date of July 1, 2019. Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using standard actuarial roll-forward techniques.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

C. Actuarial Methods and Assumptions (Continued)

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.00%
20-Year Municipal Bond Yield	3.10%
Health Care Trend Rates	6.25% Decreasing to 5.00% Over 5 Years

Mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on the MP-2017 Generational Improvement Scale and other adjustments.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2016.

The discount rate used to measure the total OPEB liability was 3.10%. The discount rate is based on the estimated yield of 20-year AA-rated bonds.

D. Actuarial Methods and Assumptions

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

- The discount rate was changed from 3.50% to 3.10%.

E. Changes in the total OPEB Liability

	<u>Total OPEB Liability</u>
Beginning Balance	\$ 24,542,888
Changes for the Year:	
Service Cost	1,415,894
Interest Cost	874,625
Differences Between Expected and Actual Experience	-
Changes of Assumptions	517,304
Contributions-Employer	-
Net Investment income	-
Benefit Payments	(1,955,835)
Other Changes	-
Net Changes	<u>851,988</u>
Ending Balance	<u><u>\$ 25,394,876</u></u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

E. Changes in the total OPEB Liability (Continued)

The follow presents the total OPEB liability of the District, as well as what the District's total 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 (2.10%)	Discount Rate (3.10%)	1% Increase (4.10%)
Total OPEB Liability	\$ 26,961,693	\$ 25,394,876	\$ 23,883,515

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (5.25% decreasing to 4.00% over five years) or 1% point higher (7.25% decreasing to 6.00% over five years) than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease (5.25% Decreasing to 4.00% Over 5 Years)	Current Trend Rates (6.25% Decreasing to 5.00% Over 5 Years)	1% Increase (7.25% Decreasing to 6.00% Over 5 Years)
Total OPEB Liability	\$ 24,252,927	\$ 25,394,876	\$ 26,741,547

F. OPEB Liability Costs

For the year ended June 30, 2020, the District recognized OPEB expense of \$2,391,758. At June 30, 2020, the Districted reported no deferred inflows of resources and \$3,114,864 of deferred outflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources
Difference Between Expected and Actual Experience	\$ 49,486
Change of Assumptions	812,155
Contributions Between Measurement Date and Reporting Date	2,253,223
Total	<u>\$ 3,114,864</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

F. OPEB Liability Costs (Continued)

The contributions subsequent to the measurement date will reduce the District's total OPEB liability in the District's fiscal year ended June 30, 2021.

Other amounts reported as deferred outflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Expense</u>
2021	\$ 101,239
2022	101,239
2023	101,239
2024	101,239
2025	101,239
Thereafter	355,446

NOTE 10 FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan which is classified as a "cafeteria plan" under Section 125 of the Internal Revenue Code. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the plan for health care and dependent care benefits.

Before the beginning of the plan year, which is July 1 to June 30, each participant designates a total amount of pre-tax dollars to be contributed to the plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the plan, whether or not such contributions have been made.

All assets of the plan are held in a separate bank account, administered by a third-party. Payments are made by the District to participating employees for eligible medical expenses. Payments of insurance premiums (health, dental, life, and disability) are made by the District directly to designated insurance companies. These payments are made on a monthly basis and all plan activity is included in the financial statements as a Private-Purpose Trust Fund.

All plan property and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to eligible health care and dependent care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 HEALTH AND DENTAL SELF-INSURANCE PLAN

The District maintains an Internal Service Fund to account for and finance a self-insurance program for health and dental benefits. Accordingly, the District has not purchased outside insurance for the risks of losses to which it is exposed for amounts under its stop-loss limit of \$100,000 at which point reinsurance coverage is available. District management believes it is more economical to manage its risks internally and set aside assets for claim settlement. The Internal Service Fund currently services all claims and risk of loss to which the District is exposed for health and dental expenses.

Participants in the program make premium payments to the fund based on the insurance premium. The District contributes a portion of premiums to the plan based on employment contracts. The excess amount received above current year claims is used to establish a reserve for future claims. At June 30, 2020, there is a reserve of \$3,873,417.

District liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing a claim liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

There were no liabilities in excess of claims paid at June 30, 2020. There is a possibility for loss if claims are in excess of the premiums collected. The District does not believe this occurrence would have a material financial effect on the District. The District held \$5,505,415 in cash and investments at June 30, 2020 for payment of claims.

Changes in the balances of claim liabilities during fiscal years 2020 and 2019 were as follows:

	2020	2019
Beginning of Fiscal Year Liability - July 1,	\$ 711,378	\$ 711,009
Current Year Claims, Changes in Estimates, and Other Charges	11,224,682	11,092,080
Current Year Claims Paid, Including an Estimate of Claims Incurred But Not Reported (IBNR)	(11,487,313)	(11,091,711)
End of Fiscal Year Liability - June 30,	<u>\$ 448,747</u>	<u>\$ 711,378</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12 COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

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 fund. 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.

B. Operating Leases

In November 1997, the District entered into a lease agreement with the Housing and Redevelopment Authority in and for the city of Hopkins. The District is leasing a building owned by the city to be used for the Hopkins Center for the Arts. The lease had an initial term of 10 years with 10-year renewal periods at the District's discretion. The District renewed the lease for an additional 10 years extending through October 2027. The rent is \$100,000 per year.

In June 2013, the District entered into a lease agreement with Hennepin County for the lease of space in the Wells Fargo Building in Hopkins for the District's Resource West Program. The lease terms extend for 10 years through August 31, 2023 and include annual lease payments ranging from \$30,136 to \$31,564.

Future minimum lease payments required under these operating leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 154,487
2022	158,232
2023	162,093
2024	139,510
2025	138,235
2026-2028	338,400
Total Future Minimum Lease Payments	<u>\$ 1,090,957</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)

C. Joint Powers Agreement

The District entered into a joint powers agreement with the city of Minnetonka to provide for the joint construction, use, maintenance, and operation of the Lindbergh Center, a multi-use athletic and community center. As specified in the agreement and related management plan, the District and the city will share in the proportionate costs to build, maintain, and operate the facility. The agreement also outlines finance-related issues such as revenue sharing.

Operating results of the Lindbergh Center for fiscal 2019-2020 are as follows:

	<u>School District</u>	<u>City</u>
Total Expenditures	\$ 249,392	\$ 101,864
Total Revenue	(88,704)	(36,231)
Final Operating Costs to Respective Government	<u>\$ 160,688</u>	<u>\$ 65,633</u>

D. Construction Commitments

At June 30, 2020, the District is committed to approximately \$0.6 million in contracts in progress.

NOTE 13 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following funds at June 30, 2020:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Funds:			
Food Service Fund	\$ 4,371,900	\$ 4,593,289	\$ 221,389
Community Service Fund	10,497,991	10,662,914	164,923
Capital Projects Fund	16,304,749	24,199,967	7,895,218
Debt Service Fund	17,315,364	17,321,177	5,813

The overages were considered by District management to be the result of necessary expenditures critical to operations and were approved by the Board.

NOTE 14 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 amount set forth in their respective bargaining agreements. Contributions are invested in tax-deferred annuities selected and owned by Plan participants. Contributions to the plan for the fiscal year ended June 30, 2020 totaled \$177,018.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 15 NET INVESTMENT IN CAPITAL ASSETS

The District's net investment in capital assets was calculated as follows:

Net Investment in Capital Assets	
Capital Assets, Net of Accumulated Depreciation	\$ 190,688,871
Less: General Obligation Bonds Outstanding	(156,825,000)
Less: Capital Leases Payable	(2,660,854)
Less: Unamortized Premium on Capital-Related Bonds	(5,759,266)
Less: Deferred Gain on Bond Refundings	(136,002)
Less: Capital-Related Accounts and Contracts Payable	(1,492,889)
Plus: Capital Projects Fund Unspent Bond Proceeds	59,000
Total Net Investment in Capital Assets	<u>\$ 23,873,860</u>

NOTE 16 RESTATEMENT OF CUSTODIAL FUND NET POSITION

Due to the implementation of GASB Statement No. 84, *Fiduciary Activities*, the District's scholarship fund was reclassified as a custodial fund from a private purpose trust fund. As a result, the beginning net position of custodial funds was restated from the prior year amount of \$0 to the current year beginning net position, which now includes the activity of the scholarship fund. The restatement is not material to fiduciary funds.

REQUIRED SUPPLEMENTARY INFORMATION

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST THREE MEASUREMENT PERIODS**

	Measurement Date		
	July 1, 2019	July 1, 2018	July 1, 2017
Service Cost	\$ 1,415,894	\$ 1,285,813	\$ 1,344,733
Interest	874,625	829,379	799,678
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	61,858	-
Changes of Assumptions of Other Inputs	517,304	433,227	-
Benefit Payments	(1,955,835)	(1,254,410)	(1,170,163)
Other Changes	-	(542,630)	-
Net Changes	851,988	813,237	974,248
Total OPEB Liability - Beginning	24,542,888	23,729,651	22,755,403
Total OPEB Liability - Ending	\$ 25,394,876	\$ 24,542,888	\$ 23,729,651
Covered Employee Payroll	\$ 62,285,759	\$ 60,471,611	\$ 53,977,701
Total OPEB Liability as a Percentage of Covered Employee Payroll	40.77%	40.59%	43.96%

NOTE: The District implemented GASB Statement No 75 in fiscal year 2018, and the above table will be expanded to 10 years of information as the information becomes available.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
TRA SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
LAST SIX MEASUREMENT DATES**

	Measurement Date June 30,					
	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.8198%	0.8197%	0.8411%	0.8633%	0.8628%	0.9324%
District's Proportionate Share of the Net Pension Liability	\$ 52,254,224	\$ 51,482,236	\$ 167,898,818	\$ 205,917,648	\$ 53,372,713	\$ 42,964,321
State's Proportionate Share of the Net Pension Liability						
Associated with District	4,624,083	4,837,086	16,230,127	20,669,786	6,546,465	3,022,504
Total	<u>\$ 56,878,307</u>	<u>\$ 56,319,322</u>	<u>\$ 184,128,945</u>	<u>\$ 226,587,434</u>	<u>\$ 59,919,178</u>	<u>\$ 45,986,825</u>
District's Covered Payroll	\$ 46,079,360	\$ 45,207,213	\$ 45,321,333	\$ 44,803,453	\$ 43,789,520	\$ 42,563,629
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	113.40%	113.88%	370.46%	459.60%	121.88%	100.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.21%	78.07%	51.57%	44.88%	76.80%	81.50%

Note: Ten years of data was not available. The above table will be expanded to 10 years of information as the information becomes available.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
PERA SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
LAST SIX MEASUREMENT DATES**

	Measurement Date June 30,					
	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.2950%	0.2817%	0.2923%	0.2993%	0.3135%	0.3326%
District's Proportionate Share of the Net Pension Liability	\$ 16,309,889	\$ 15,627,561	\$ 18,660,239	\$ 24,301,675	\$ 16,247,197	\$ 15,623,882
State's Proportionate Share of the Net Pension Liability Associated with District	506,978	512,717	234,649	317,389	-	-
Total	<u>\$ 16,816,867</u>	<u>\$ 16,140,278</u>	<u>\$ 18,894,888</u>	<u>\$ 24,619,064</u>	<u>\$ 16,247,197</u>	<u>\$ 15,623,882</u>
District's Covered Payroll	\$ 20,802,413	\$ 18,956,667	\$ 20,876,400	\$ 18,755,067	\$ 18,427,268	\$ 17,458,331
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	78.40%	82.44%	89.38%	129.57%	88.17%	89.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.23%	79.50%	75.90%	68.90%	78.20%	78.70%

Note: Ten years of data was not available. The above table will be expanded to 10 years of information as the information becomes available.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
TRA SCHEDULE OF DISTRICT CONTRIBUTIONS
LAST SEVEN FISCAL YEARS**

	Fiscal Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 3,884,585	\$ 3,455,952	\$ 3,390,541	\$ 3,399,100	\$ 3,360,259	\$ 3,284,214	\$ 2,979,454
Contributions in Relation to the Statutorily Required Contribution	(3,884,585)	(3,455,952)	(3,390,541)	(3,399,100)	(3,360,259)	(3,284,214)	(2,979,454)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 54,712,465	\$ 46,079,360	\$ 45,207,213	\$ 45,321,333	\$ 44,803,453	\$ 43,789,520	\$ 42,563,629
Contributions as a Percentage of Covered Payroll	7.71%	7.50%	7.50%	7.50%	7.50%	7.50%	7.00%

Note: Ten years of data was not available. The above table will be expanded to 10 years of information as the information becomes available.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
PERA SCHEDULE OF DISTRICT CONTRIBUTIONS
LAST SEVEN FISCAL YEARS**

	Fiscal Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 1,517,766	\$ 1,560,181	\$ 1,421,750	\$ 1,565,730	\$ 1,406,630	\$ 1,359,011	\$ 1,265,729
Contributions in Relation to the Statutorily Required Contribution	(1,517,766)	(1,560,181)	(1,421,750)	(1,565,730)	(1,406,630)	(1,359,011)	(1,265,729)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 20,236,880	\$ 20,802,413	\$ 18,956,667	\$ 20,876,400	\$ 18,755,067	\$ 18,427,268	\$ 17,458,331
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.38%	7.25%

Note: Ten years of data was not available. The above table will be expanded to 10 years of information as the information becomes available.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL PENSION LIABILITY AND RELATED RATIOS
SUPPLEMENTAL PENSION PLAN
LAST THREE MEASUREMENT DATES**

	Measurement Date		
	July 1, 2019	July 1, 2018	July 1, 2017
Service Cost	\$ 732,001	\$ 664,771	\$ 689,485
Interest	460,096	473,190	296,170
Changes in Benefit Terms	-	-	4,153,716
Differences Between Expected and Actual Experience	-	(946,225)	-
Changes of Assumptions of Other Inputs	297,433	(111,774)	(459,274)
Benefit Payments	(1,252,641)	(967,459)	(935,517)
Other Changes	-	189,756	-
Net Changes	236,889	(697,741)	3,744,580
Total Pension Liability - Beginning	13,034,523	13,732,264	9,987,684
Total Pension Liability - Ending	\$ 13,271,412	\$ 13,034,523	\$ 13,732,264
Covered Employee Payroll	\$ 54,656,357	\$ 53,064,424	\$ 53,977,701
Total Pension Liability as a Percentage of Covered Employee Payroll	24.28%	24.56%	25.44%

*Ten Years of Data Will be Presented as it Becomes Available

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

CHANGES IN SIGNIFICANT 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 years ended June 30:

A. General Employees Fund

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.
- The employer supplemental contribution was changed prospectively, decreasing 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

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

2017

- 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 postretirement 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.

2016

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- 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.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

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

A. Coordinated Plan

2019

- No changes.

2018

- 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 percent 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.
- The single discount rate was changed from 5.12% to 7.5%

2017

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- The investment return assumption was changed from 8.0% to 7.5%.
- 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 ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate was changed from 4.66% to 5.12%.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

2016

- There was a change in actuarial assumptions that affected the measurement of the total liability since the prior measurement date.
- Postretirement benefit adjustments are now assumed to stay level at 2.0% annually.
- The single discount rate was changed from 8.0% to 4.66%

The following changes were reflected in the valuation performed on behalf of the District's Postemployment Benefits Plan for the years ended June 30:

2019

- The discount rate was changed from 3.50% to 3.10%

2018

- The discount rate was changed from 3.70% to 3.50%

2017

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality table was updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale.
- The expected long-term investment return was changed from 3.40% to 3.70%
- For The discount rate was changed from 3.40% to 3.70%.

The following changes were reflected in the valuation performed on behalf of the District's Supplemental Benefits Pension Plan for the years ended June 30:

2019

- The discount rate was changed from 3.50% to 3.10%

2018

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.40% to 3.50%.
- Paraprofessionals' severance benefits are now paid 100% to a 403(b) (GASB 73) and 0% to a VEBA (GASB 75) instead of 75% to a 403(b) and 25% to a VEBA. Also, the annual cap for all Paraprofessionals retiring in the same year increased from \$120,000 to \$150,000.
- Administrators need 120 unused sick days to be eligible to receive 50% of annual salary and 60 unused sick days to be eligible for 37.50% of annual salary. Previously 80 and 40 unused sick days were needed.

SUPPLEMENTARY INFORMATION

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
GENERAL FUND
BALANCE SHEET
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	2020	2019
ASSETS		
Cash and Investments	\$ 20,087,653	\$ 13,829,323
Receivables:		
Current Property Taxes	20,097,132	17,020,305
Delinquent Property Taxes	300,569	239,948
Accounts and Interest Receivable	171,572	360,044
Due from Other Minnesota School Districts	300,806	424,482
Due from Minnesota Department of Education	7,072,174	8,272,937
Due from Federal Through the Minnesota Department of Education	1,818,343	3,337,284
Due from Other Governmental Units	260,126	302,225
Inventory	87,108	54,839
Prepays	166,283	230,096
Total Assets	<u>\$ 50,361,766</u>	<u>\$ 44,071,483</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 136,235	\$ 192,223
Payroll Deductions and Employer Contributions Payable	484,005	419,472
Accounts and Contracts Payable	948,958	956,575
Due to Other Minnesota School Districts	582,362	1,117,542
Due to Other Governmental Units	1,024	37,901
Unearned Revenue	125,633	365,252
Total Liabilities	<u>2,278,217</u>	<u>3,088,965</u>
Deferred Inflows:		
Unavailable Revenue - Property Taxes Levied for Subsequent Year	34,258,968	29,581,338
Unavailable Revenue - Delinquent Property Taxes	300,569	239,948
Total Deferred Inflows of Resources	<u>34,559,537</u>	<u>29,821,286</u>
Fund Balance:		
Nonspendable:		
Inventory	87,108	230,096
Prepays	166,283	54,839
Restricted for:		
Student Activities	233,191	-
Staff Development	243,566	82,790
Operating Capital	1,233,050	998,486
Learning and Development	18,468	-
Safe Schools Levy	119,933	-
Long-Term Facilities Maintenance	639,328	-
Medical Assistance	839,879	639,884
Assigned for:		
Health and Safety	-	312,132
Enrollment Contingency	1,000,000	-
Strategic Visioning	235,676	467,429
Strategic Transportation	-	127,500
Building Renovation	482,899	500,000
Special Projects	220,102	-
Unassigned	8,004,529	7,748,076
Total Fund Balance	<u>13,524,012</u>	<u>11,161,232</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 50,361,766</u>	<u>\$ 44,071,483</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020		2019	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 28,303,067	\$ 28,680,573	\$ 377,506	\$ 27,698,676
Earnings on Investments	318,137	222,378	(95,759)	381,687
Other	3,592,036	4,143,574	551,538	3,741,164
State Sources	66,468,599	66,790,032	321,433	63,985,373
Federal Sources	3,989,549	3,983,390	(6,159)	3,891,693
Total Revenues	102,671,388	103,819,947	1,148,559	99,698,593
EXPENDITURES				
Current:				
Administration:				
Salaries	2,987,908	3,093,257	105,349	2,970,249
Employee Benefits	897,258	904,105	6,847	862,005
Purchased Services	274,798	247,781	(27,017)	185,321
Supplies and Materials	117,729	62,767	(54,962)	79,629
Capital Expenditures	135,000	60,261	(74,739)	131,605
Other Expenditures	49,598	71,972	22,374	61,752
Total Administration	4,462,291	4,440,143	(22,148)	4,290,561
District Support Services:				
Salaries	3,452,686	3,309,178	(143,508)	3,276,399
Employee Benefits	1,423,258	1,047,528	(375,730)	1,013,273
Purchased Services	524,027	439,272	(84,755)	547,176
Supplies and Materials	236,882	182,471	(54,411)	208,093
Capital Expenditures	66,225	6,399	(59,826)	66,825
Other Expenditures	89,598	(181,879)	(271,477)	170,827
Total District Support Services	5,792,676	4,802,969	(989,707)	5,282,593
Elementary and Secondary Regular Instruction:				
Salaries	33,761,936	33,438,428	(323,508)	32,539,343
Employee Benefits	9,935,157	9,840,935	(94,222)	9,547,855
Purchased Services	2,621,469	2,339,727	(281,742)	2,332,866
Supplies and Materials	1,224,576	1,044,763	(179,813)	987,374
Capital Expenditures	1,018,601	919,358	(99,243)	372,128
Other Expenditures	53,666	326,600	272,934	282,871
Total Elementary and Secondary Regular Instruction	48,615,405	47,909,811	(705,594)	46,062,437

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020			2019
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (CONTINUED)				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 760,539	\$ 759,470	\$ (1,069)	\$ 757,602
Employee Benefits	204,283	198,054	(6,229)	203,689
Purchased Services	342,148	313,823	(28,325)	296,104
Supplies and Materials	49,715	35,281	(14,434)	35,314
Capital Expenditures	4,401	-	(4,401)	-
Other Expenditures	1,968	10,232	8,264	5,132
Total Vocational Education Instruction	1,363,054	1,316,860	(46,194)	1,297,841
Special Education Instruction:				
Salaries	11,819,959	11,950,604	130,645	11,521,145
Employee Benefits	3,472,001	3,777,225	305,224	3,655,479
Purchased Services	887,967	696,123	(191,844)	856,763
Supplies and Materials	94,689	48,298	(46,391)	76,596
Capital Expenditures	75,594	11,004	(64,590)	24,128
Other Expenditures	3,881	166,886	163,005	130,955
Total Special Education Instruction	16,354,091	16,650,140	296,049	16,265,066
Instructional Support Services:				
Salaries	4,778,932	4,547,184	(231,748)	4,554,964
Employee Benefits	1,042,635	1,291,965	249,330	1,286,358
Purchased Services	366,277	211,863	(154,414)	390,847
Supplies and Materials	201,434	153,186	(48,248)	215,067
Capital Expenditures	150	-	(150)	-
Other Expenditures	16,113	32,387	16,274	29,616
Total Instructional Support Services	6,405,541	6,236,585	(168,956)	6,476,852
Pupil Support Services:				
Salaries	2,926,271	2,786,995	(139,276)	2,297,540
Employee Benefits	599,650	901,391	301,741	717,849
Purchased Services	6,547,632	6,210,238	(337,394)	6,301,265
Supplies and Materials	25,625	20,214	(5,411)	25,038
Capital Expenditures	80,068	17,494	(62,574)	85,058
Other Expenditures	21,293	28,528	7,235	10,349
Total Pupil Support Services	10,200,539	9,964,860	(235,679)	9,437,099

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020			2019
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (CONTINUED)				
Current (Continued):				
Sites and Buildings:				
Salaries	\$ 3,716,683	\$ 3,860,262	\$ 143,579	\$ 3,688,535
Employee Benefits	1,203,317	1,260,504	57,187	1,191,511
Purchased Services	4,341,055	4,410,700	69,645	4,344,103
Supplies and Materials	672,077	677,876	5,799	737,740
Capital Expenditures	1,931,197	273,761	(1,657,436)	1,344,151
Other Expenditures	23,750	35,753	12,003	46,568
Total Sites and Buildings	11,888,079	10,518,856	(1,369,223)	11,352,608
Fiscal and Other Fixed Costs:				
Employee Benefits	(1,042,509)	-	1,042,509	-
Purchased Services	253,883	245,185	(8,698)	278,697
Total Fiscal and Other Fixed Costs	(788,626)	245,185	1,033,811	278,697
Debt Service:				
Principal	345,830	345,830	-	337,844
Interest and Fiscal Charges	68,837	68,637	(200)	76,623
Total Debt Service	414,667	414,467	(200)	414,467
Total Expenditures	104,707,717	102,499,876	(2,207,841)	101,158,221
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,036,329)	1,320,071	3,356,400	(1,459,628)
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	-	200	200	31,500
Insurance Recovery	-	-	-	42,066
Transfers In	-	1,042,509	1,042,509	2,100,416
Transfers Out	(692,800)	-	692,800	(1,050,000)
Total Other Financing Sources (Uses)	(692,800)	1,042,709	1,735,509	1,123,982
NET CHANGE IN FUND BALANCE	<u>\$ (2,729,129)</u>	2,362,780	<u>\$ 5,091,909</u>	(335,646)
FUND BALANCE				
Beginning of Year		11,161,232		11,496,878
End of Year		<u>\$ 13,524,012</u>		<u>\$ 11,161,232</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
FOOD SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and Investments	\$ 234,096	\$ 301,818
Receivables:		
Accounts and Interest Receivable	1,074	23,969
Due from Other Minnesota School Districts	-	644
Due from Minnesota Department of Education	130,444	31,033
Due from Federal Through the Minnesota Department of Education	606,192	247,416
Due from Other Governmental Units	25	-
Inventory	177,701	58,206
Prepays	<u>312</u>	<u>-</u>
Total Assets	<u><u>\$ 1,149,844</u></u>	<u><u>\$ 663,086</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 21,829	\$ 12,584
Payroll Deductions and Employer Contributions Payable	57,040	28,252
Accounts and Contracts Payable	95,197	28,538
Due to Other Governmental Units	<u>53</u>	<u>53</u>
Total Liabilities	174,119	69,427
Fund Balance:		
Nonspendable:		
Inventory	177,701	58,206
Prepays	312	-
Restricted for:		
Other Purposes	<u>797,712</u>	<u>535,453</u>
Total Fund Balance	<u><u>975,725</u></u>	<u><u>593,659</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 1,149,844</u></u>	<u><u>\$ 663,086</u></u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
FOOD SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020			2019
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Earnings on Investments	\$ -	\$ 7,054	\$ 7,054	\$ 12,320
Other - Primarily Meal Sales	1,511,745	1,591,371	79,626	2,118,530
State Sources	141,150	301,701	160,551	199,963
Federal Sources	2,568,688	3,073,429	504,741	1,733,130
Total Revenues	<u>4,221,583</u>	<u>4,973,555</u>	<u>751,972</u>	<u>4,063,943</u>
EXPENDITURES				
Current:				
Salaries	1,696,412	1,895,631	199,219	1,816,390
Employee Benefits	703,922	652,133	(51,789)	629,848
Purchased Services	85,900	(1,138)	(87,038)	105,541
Supplies and Materials	1,648,466	1,811,613	163,147	1,613,793
Other Expenditures	4,000	4,991	991	6,609
Capital Outlay	233,200	230,059	(3,141)	43,844
Total Expenditures	<u>4,371,900</u>	<u>4,593,289</u>	<u>221,389</u>	<u>4,216,025</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(150,317)	380,266	530,583	(152,082)
OTHER FINANCING SOURCES				
Sale of Equipment	1,400	1,800	400	-
Insurance Recovery	-	-	-	6,627
Total Other Financing Sources	<u>1,400</u>	<u>1,800</u>	<u>400</u>	<u>6,627</u>
NET CHANGE IN FUND BALANCE	<u>\$ (148,917)</u>	382,066	<u>\$ 530,983</u>	(145,455)
FUND BALANCE				
Beginning of Year		593,659		739,114
End of Year		<u>\$ 975,725</u>		<u>\$ 593,659</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
COMMUNITY SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and Investments	\$ 2,399,376	\$ 3,413,726
Receivables:		
Current Property Taxes	716,092	706,085
Delinquent Property Taxes	12,988	10,908
Accounts and Interest Receivable	4,111	32,462
Due from Other Minnesota School Districts	1,810	1,810
Due from Minnesota Department of Education	(27,667)	47,335
Due from Federal Through the Minnesota Department of Education	114,470	109,423
Due from Other Governmental Units	98,633	100,508
Prepays	<u>2,186</u>	<u>-</u>
Total Assets	<u><u>\$ 3,321,999</u></u>	<u><u>\$ 4,422,257</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 159,271	\$ 150,754
Payroll Deductions and Employer Contributions Payable	195,149	125,844
Accounts and Contracts Payable	95,339	90,676
Due to Other Minnesota School Districts	318,395	237,279
Unearned Revenue	<u>26,494</u>	<u>194,144</u>
Total Liabilities	794,648	798,697
Deferred Inflows:		
Property Taxes Levied for Subsequent Year	1,375,092	1,407,287
Unavailable Revenue - Delinquent Taxes	<u>12,988</u>	<u>10,908</u>
Total Deferred Inflows of Resources	1,388,080	1,418,195
Fund Balance:		
Nonspendable:		
Prepays	2,186	-
Restricted for:		
Community Education	810,808	1,731,773
Early Childhood and Family Education	297,551	281,895
School Readiness	27,990	12,735
Adult Basic Education	736	37,425
Other Purposes	<u>-</u>	<u>141,537</u>
Total Fund Balance	<u>1,139,271</u>	<u>2,205,365</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 3,321,999</u></u>	<u><u>\$ 4,422,257</u></u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
COMMUNITY SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020			2019
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 1,380,215	\$ 1,495,097	\$ 114,882	\$ 1,713,546
Earnings on Investments	-	41,051	41,051	61,736
Other - Primarily Tuition and Fees	4,779,490	5,624,073	844,583	6,519,546
State Sources	2,276,544	2,322,129	45,585	2,209,904
Federal Sources	114,470	114,470	-	109,423
Total Revenues	8,550,719	9,596,820	1,046,101	10,614,155
EXPENDITURES				
Current:				
Salaries	6,381,213	6,626,859	245,646	6,691,692
Employee Benefits	1,825,169	1,902,611	77,442	1,924,253
Purchased Services	1,522,810	1,288,903	(233,907)	1,539,594
Supplies and Materials	592,699	461,179	(131,520)	518,168
Other Expenditures	44,900	220,786	175,886	41,338
Capital Outlay	131,200	162,576	31,376	160,326
Total Expenditures	10,497,991	10,662,914	164,923	10,875,371
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,947,272)	(1,066,094)	881,178	(261,216)
OTHER FINANCING SOURCES				
Transfers In	-	-	-	250,000
NET CHANGE IN FUND BALANCE	<u>\$ (1,947,272)</u>	(1,066,094)	<u>\$ 881,178</u>	(11,216)
FUND BALANCE				
Beginning of Year		2,205,365		2,216,581
End of Year		<u>\$ 1,139,271</u>		<u>\$ 2,205,365</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
CAPITAL PROJECTS FUND
BALANCE SHEET
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and Investments	\$ 1,810,763	\$ 21,513,513
Cash with Fiscal Agent	59,000	681,590
Receivables:		
Accounts and Interest Receivable	15	177
Due from Other Governmental Units	-	221,728
Prepays	<u>262,693</u>	<u>178,226</u>
 Total Assets	 <u><u>\$ 2,132,471</u></u>	 <u><u>\$ 22,595,234</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Payroll Deductions and Employer Contributions Payable	\$ 32,613	\$ 30,435
Accounts and Contracts Payable	<u>1,492,889</u>	<u>3,834,358</u>
Total Liabilities	<u>1,525,502</u>	<u>3,864,793</u>
 Fund Balance:		
Nonspendable:		
Prepays	262,693	178,226
Restricted for:		
Capital Projects Levy	294,356	-
Long-Term Facilities Maintenance	-	10,887,869
Restricted for Other Purposes	<u>49,920</u>	<u>7,664,346</u>
Total Fund Balance	<u>606,969</u>	<u>18,730,441</u>
 Total Liabilities and Fund Balance	 <u><u>\$ 2,132,471</u></u>	 <u><u>\$ 22,595,234</u></u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020			2019
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 5,349,177	\$ 5,349,177	\$ -	\$ 5,356,546
Earnings on Investments	-	305,499	305,499	552,584
Other	200,000	72,664	(127,336)	827,029
Total Revenues	5,549,177	5,727,340	178,163	6,736,159
EXPENDITURES				
Current:				
Salaries	182,603	321,763	139,160	348,990
Employee Benefits	60,864	88,987	28,123	99,730
Purchased Services	317,982	1,214,654	896,672	3,656,447
Capital Outlay	15,743,300	22,574,563	6,831,263	25,141,664
Debt Service:				
Interest and Fiscal Charges	-	-	-	215,158
Total Expenditures	16,304,749	24,199,967	7,895,218	29,461,989
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(10,755,572)	(18,472,627)	(7,717,055)	(22,725,830)
OTHER FINANCING SOURCES				
Sale of Equipment	-	349,155	349,155	107,302
Issuance of Bonds	-	-	-	17,895,000
Bond Premium	-	-	-	29,204
Transfers In	-	-	-	500,000
Total Other Financing Sources	-	349,155	349,155	18,531,506
NET CHANGE IN FUND BALANCE	<u>\$ (10,755,572)</u>	<u>(18,123,472)</u>	<u>\$ (7,367,900)</u>	<u>(4,194,324)</u>
FUND BALANCE				
Beginning of Year		18,730,441		22,924,765
End of Year		<u>\$ 606,969</u>		<u>\$ 18,730,441</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	Regular Debt Service	OPEB Debt Service	Totals	
			2020	2019
ASSETS				
Cash and Investments	\$ 10,861,567	\$ 951,047	\$ 11,812,614	\$ 11,977,446
Receivables:				
Current Property Taxes	9,395,236	-	9,395,236	8,656,078
Delinquent Property Taxes	113,363	40,142	153,505	117,153
Total Assets	<u>\$ 20,370,166</u>	<u>\$ 991,189</u>	<u>\$ 21,361,355</u>	<u>\$ 20,750,677</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities:				
Accounts and Contracts Payable	\$ 6,875	\$ -	\$ 6,875	\$ -
Deferred Inflows:				
Property Taxes Levied for Subsequent Year	18,041,409	-	18,041,409	17,252,288
Unavailable Revenue - Delinquent Taxes	113,363	40,142	153,505	117,153
Total Deferred Inflows of Resources	<u>18,154,772</u>	<u>40,142</u>	<u>18,194,914</u>	<u>17,369,441</u>
Fund Balance:				
Restricted for:				
Debt Service	<u>2,208,519</u>	<u>951,047</u>	<u>3,159,566</u>	<u>3,381,236</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 20,370,166</u>	<u>\$ 991,189</u>	<u>\$ 21,361,355</u>	<u>\$ 20,750,677</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020					2019
	Final Budgeted Amounts	Regular Debt Service	OPEB Debt Service	Total Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES						
Local Sources:						
Property Taxes	\$ 17,252,288	\$ 13,049,374	\$ 4,001,034	\$ 17,050,408	\$ (201,880)	\$ 17,177,999
Earnings on Investments	-	33,157	15,942	49,099	49,099	243,286
Total Revenues	17,252,288	13,082,531	4,016,976	17,099,507	(152,781)	17,421,285
EXPENDITURES						
Debt Service:						
Bond Principal	10,915,000	7,185,000	3,730,000	10,915,000	-	31,420,000
Bond Interest	6,393,364	6,227,379	165,985	6,393,364	-	6,024,172
Paying Agent Fees and Other	7,000	12,813	-	12,813	5,813	92,351
Total Expenditures	17,315,364	13,425,192	3,895,985	17,321,177	5,813	37,536,523
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	(63,076)	(342,661)	120,991	(221,670)	(158,594)	(20,115,238)
OTHER FINANCING SOURCES						
Proceeds of Refunding Bonds	-	-	-	-	-	18,835,000
Bond Premium	-	-	-	-	-	2,080,825
Total Other Financing Sources	-	-	-	-	-	20,915,825
NET CHANGE IN FUND BALANCE						
	<u>\$ (63,076)</u>	(342,661)	120,991	(221,670)	<u>\$ (158,594)</u>	800,587
FUND BALANCE						
Beginning of Year		2,551,180	830,056	3,381,236		2,580,649
End of Year		<u>\$ 2,208,519</u>	<u>\$ 951,047</u>	<u>\$ 3,159,566</u>		<u>\$ 3,381,236</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
INTERNAL SERVICE FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	Self- Insurance Accounts	OPEB Revocable Trust	Severance	Totals	
				2020	2019
ASSETS					
Current Assets:					
Cash and Investments	\$ 5,505,415	\$ 18,932,665	\$ 9,774,704	\$ 34,212,784	\$ 34,821,611
Accounts Receivable	112,798	-	-	112,798	137,157
Interest Receivable	-	127,058	-	127,058	157,267
Total Assets	5,618,213	19,059,723	9,774,704	34,452,640	35,116,035
LIABILITIES					
Current Liabilities:					
Accounts Payable	(19,855)	-	-	(19,855)	7,052
Claims Payable - Medical	448,747	-	-	448,747	711,378
Unearned Revenue	1,315,904	-	-	1,315,904	1,239,388
Total Liabilities	1,744,796	-	-	1,744,796	1,957,818
NET POSITION					
Unrestricted	3,873,417	19,059,723	9,774,704	32,707,844	33,158,217
Total Liabilities and Net Position	\$ 5,618,213	\$ 19,059,723	\$ 9,774,704	\$ 34,452,640	\$ 35,116,035

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
INTERNAL SERVICE FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	Self- Insurance Accounts	OPEB Revocable Trust	Severance	Totals	
				2020	2019
OPERATING REVENUES					
Charges for Services:					
Health Insurance Premiums	\$ 11,157,168	\$ -	\$ -	\$ 11,157,168	\$ 10,760,964
OPERATING EXPENSES					
Health Insurance Claim Payments	11,224,682	-	-	11,224,682	11,092,080
Severance Payments	-	-	884,964	884,964	809,363
OPEB Payments	-	120,977	-	120,977	117,456
Total Operating Expenses	<u>11,224,682</u>	<u>120,977</u>	<u>884,964</u>	<u>12,230,623</u>	<u>12,018,899</u>
OPERATING LOSS	(67,514)	(120,977)	(884,964)	(1,073,455)	(1,257,935)
NONOPERATING INCOME					
Earnings on Investments	<u>49,576</u>	<u>1,501,494</u>	<u>114,521</u>	<u>1,665,591</u>	<u>1,595,410</u>
NET INCOME (LOSS) BEFORE TRANSFERS	(17,938)	1,380,517	(770,443)	592,136	337,475
OTHER FINANCING SOURCES (USES)					
Transfer In	-	-	-	-	300,000
Transfer Out	-	-	(1,042,509)	(1,042,509)	(2,100,416)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,042,509)</u>	<u>(1,042,509)</u>	<u>(1,800,416)</u>
CHANGE IN NET POSITION	(17,938)	1,380,517	(1,812,952)	(450,373)	(1,462,941)
Net Position - Beginning	<u>3,891,355</u>	<u>17,679,206</u>	<u>11,587,656</u>	<u>33,158,217</u>	<u>34,621,158</u>
NET POSITION - ENDING	<u>\$ 3,873,417</u>	<u>\$ 19,059,723</u>	<u>\$ 9,774,704</u>	<u>\$ 32,707,844</u>	<u>\$ 33,158,217</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
INTERNAL SERVICE FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	Self- Insurance Accounts	OPEB Revocable Trust	Severance	Totals	
				2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Interfund Services Provided	\$ 11,258,043	\$ -	\$ -	\$ 11,258,043	\$ 10,820,178
Payments for Medical Fees and Insurance Claims	(11,514,220)	-	-	(11,514,220)	(11,109,382)
Payments for Other Postemployment Benefits	-	(120,977)	-	(120,977)	(490,926)
Payments for Severance Benefits	-	-	(884,964)	(884,964)	(809,363)
Net Cash Used by Operating Activities	(256,177)	(120,977)	(884,964)	(1,262,118)	(1,589,493)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from Other Funds	-	-	-	-	300,000
Transfers to Other Funds	-	-	(1,042,509)	(1,042,509)	(2,100,416)
Net Cash Used by Noncapital Financing Activities	-	-	(1,042,509)	(1,042,509)	(1,800,416)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	49,576	121,001	114,521	285,098	736,044
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(206,601)	24	(1,812,952)	(2,019,529)	(2,653,865)
Cash and Cash Equivalents - Beginning	5,712,016	14,601	11,587,656	17,314,273	19,968,138
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 5,505,415</u>	<u>\$ 14,625</u>	<u>\$ 9,774,704</u>	<u>\$ 15,294,744</u>	<u>\$ 17,314,273</u>
DISPLAYED ON STATEMENT OF FUND NET POSITION AS:					
Cash and Cash Equivalents	\$ 5,505,415	\$ 14,625	\$ 9,774,704	\$ 15,294,744	\$ 17,314,273
Investments	-	18,918,040	-	18,918,040	17,507,338
Total Cash and Investments on the Statement of Net Position	<u>\$ 5,505,415</u>	<u>\$ 18,932,665</u>	<u>\$ 9,774,704</u>	<u>\$ 34,212,784</u>	<u>\$ 34,821,611</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES					
Operating Loss	\$ (67,514)	\$ (120,977)	\$ (884,964)	\$ (1,073,455)	\$ (1,257,935)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities					
(Increase) Decrease in Accounts Receivable	24,359	-	-	24,359	(58,484)
Decrease in Accounts Payable	(26,907)	-	-	(26,907)	(17,671)
Increase (Decrease) in Claims Payable	(262,631)	-	-	(262,631)	369
Decrease in Due to Other Funds	-	-	-	-	(373,470)
Increase in Unearned Revenue	76,516	-	-	76,516	117,698
Total Adjustments	(188,663)	-	-	(188,663)	(331,558)
Net Cash Used by Operating Activities	<u>\$ (256,177)</u>	<u>\$ (120,977)</u>	<u>\$ (884,964)</u>	<u>\$ (1,262,118)</u>	<u>\$ (1,589,493)</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
JUNE 30, 2020**

	AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND			
Total Revenue	\$ 103,819,947	\$ 103,819,942	\$ 5
Total Expenditures	102,499,876	102,499,876	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	253,391	253,392	(1)
<i>Restricted:</i>			
401 Student Activities	233,191	233,191	-
403 Staff Development	243,566	243,566	-
405 Deferred Maintenance	-	-	-
406 Health and Safety	-	-	-
407 Capital Project Levy	(935,285)	(935,285)	-
408 Cooperative Programs	-	-	-
413 Projects Funded by COP	-	-	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maintenance	-	-	-
424 Operating Capital	2,168,335	2,168,335	-
426 \$25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning and Development	18,468	18,468	-
434 Area Learning Center	-	-	-
435 Contracted Alternative Programs	-	-	-
436 State-Approved Alternative Programs	-	-	-
438 Gifted and Talented	-	-	-
440 Teacher Development and Evaluations	-	-	-
441 Basic Skills Programs	-	-	-
445 Career and Technical Programs	-	-	-
448 Achievement and Integration	-	-	-
449 Safe Schools Crime Levy	119,933	119,933	-
451 QZAB Payments	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
453 Unfunded Severance & Retirement Levy	-	-	-
464 Restricted Fund Balance	-	-	-
467 Long-Term Facilities Maintenance	639,328	639,328	-
472 Medical Assistance	839,879	839,879	-
<i>Committed:</i>			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	-	-	-
<i>Assigned:</i>			
462 Assigned Fund Balance	1,938,677	1,938,677	-
<i>Unassigned:</i>			
422 Unassigned Fund Balance	8,004,529	8,004,527	2
02 FOOD SERVICE			
Total Revenue	4,973,555	4,973,554	1
Total Expenditures	4,593,289	4,593,289	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	178,013	178,013	-
<i>Restricted:</i>			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	797,712	797,712	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE			
Total Revenue	9,596,820	9,596,819	1
Total Expenditures	10,662,914	10,662,914	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	2,186	2,186	-
<i>Restricted:</i>			
426 \$25 Taconite	-	-	-
431 Community Education	810,808	810,808	-
432 E.C.F.E.	297,551	297,551	-
440 Teacher Development and Evaluations	-	-	-
444 School Readiness	27,990	27,990	-
447 Adult Basic Education	736	736	-
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE (CONTINUED)
JUNE 30, 2020**

	AUDIT	UFARS	DIFFERENCE
06 BUILDING CONSTRUCTION			
Total Revenue	\$ 5,727,340	\$ 5,727,340	\$ -
Total Expenditures	24,199,967	24,199,967	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	262,693	262,693	-
<i>Restricted:</i>			
407 Capital Projects Levy	294,356	294,356	-
409 Alternative Facility Program	-	-	-
413 Projects Funded by COP	-	-	-
467 Long-Term Facilities Maintenance	(730,501)	(730,501)	-
464 Restricted Fund Balance	780,421	780,421	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
07 DEBT SERVICE			
Total Revenue	13,082,531	13,082,530	1
Total Expenditures	13,425,192	13,425,191	1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
451 QZAB and QSCB Payments	-	-	-
464 Restricted Fund Balance	2,208,519	2,208,519	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
08 TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
422 Net Position	-	-	-
18 CUSTODIAL			
Total Revenue	18,403	18,402	1
Total Expenditures	26,084	26,082	2
<i>Net Position:</i>			
401 Student Activities	-	-	-
402 Scholarships	25,365	25,356	9
422 Net Position	-	-	-
20 INTERNAL SERVICE			
Total Revenue	11,321,265	11,321,264	1
Total Expenditures	12,109,646	12,109,644	2
<i>Net Position:</i>			
422 Net Position	13,648,121	13,648,121	-
25 OPEB REVOCABLE TRUST			
Total Revenue	1,501,494	1,501,494	-
Total Expenditures	120,977	120,977	-
<i>Net Position:</i>			
422 Net Position	19,059,723	19,059,723	-
45 OPEB IRREVOCABLE TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
47 OPEB DEBT SERVICE			
Total Revenue	4,016,976	4,016,977	(1)
Total Expenditures	3,895,985	3,895,985	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
464 Restricted Fund Balance	951,047	951,047	-

STATISTICAL SECTION (UNAUDITED)

This part of the Hopkins Public Schools comprehensive annual financial report presents detailed information as a context for understating what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activity it performs.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2011	2012	2013	2014
Governmental Activities				
Net Investment in Capital Assets	\$ 8,514,533	\$ 9,944,518	\$ 11,711,667	\$ 15,885,515
Restricted	4,662,680	2,268,838	4,217,295	2,397,149
Unrestricted	14,987,961	14,777,335	15,398,309	11,286,030
Total Governmental Activities Net Position	<u>\$ 28,165,174</u>	<u>\$ 26,990,691</u>	<u>\$ 31,327,271</u>	<u>\$ 29,568,694</u>

Source: District's financial records.

Note: Beginning with 2015, the net position includes the effects of implementing GASB Statements Nos. 68 and 71, which required the District to record its proportionate share of the state administered defined benefit pension plans in which it participates. Beginning in 2018 the net position includes the effects of implementing GASB Statement No. 75, which adjusted the way the District's OPEB liability is measured.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NET POSITION BY COMPONENT (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 18,582,850	\$ 23,952,842	\$ 28,641,741	\$ 12,896,090	\$ 22,915,255	\$ 23,873,860
3,049,717	4,471,490	10,098,439	5,905,911	5,457,499	8,366,016
(55,274,101)	(55,395,516)	(94,121,420)	(107,061,513)	(90,198,229)	(91,501,354)
<u>\$ (33,641,534)</u>	<u>\$ (26,971,184)</u>	<u>\$ (55,381,240)</u>	<u>\$ (88,259,512)</u>	<u>\$ (61,825,475)</u>	<u>\$ (59,261,478)</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental Activities:				
Administration	\$ 3,886,290	\$ 4,234,800	\$ 3,909,891	\$ 3,710,664
District Support Services	1,996,425	1,876,871	1,884,001	2,156,481
Regular Instruction	46,526,198	34,553,785	42,600,108	43,536,297
Vocational Education Instruction	1,032,431	1,030,780	1,097,780	1,005,928
Special Education Instruction	14,719,711	14,713,589	14,648,982	14,944,211
Instructional Support Services	4,015,309	3,949,700	3,901,694	4,186,084
Pupil Support Services	8,062,714	7,520,723	7,346,843	7,771,228
Sites and Buildings	13,653,836	30,964,522	19,153,416	20,911,495
Fiscal and Other Fixed Cost Programs	177,885	224,935	237,032	271,000
Food Service	4,088,968	4,067,566	4,167,355	4,092,596
Community Service	9,146,023	9,307,748	9,944,797	10,667,163
Interest on Long-Term Debt	6,998,109	6,279,986	5,794,867	6,600,072
Total Governmental Activities Expenses	<u>\$ 114,303,899</u>	<u>\$ 118,725,005</u>	<u>\$ 114,686,766</u>	<u>\$ 119,853,219</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
Administration	\$ -	\$ -	\$ -	\$ -
District Support Services	-	-	-	-
Regular Instruction	1,244,760	1,179,082	1,190,669	1,155,272
Vocational Education Instruction	-	-	-	-
Special Education Instruction	435,757	275,136	249,875	154,534
Instructional Support Services	36,572	17,633	19,716	19,217
Pupil Support Services	34,573	17,523	28,341	36,707
Sites and Buildings	415,503	759,659	1,033,210	362,545
Food Service	2,357,230	2,335,055	2,412,791	2,200,394
Community Service	5,133,172	5,986,755	6,342,528	5,783,082
Operating Grants and Contributions	20,245,196	15,711,241	16,474,776	17,066,386
Capital Grants and Contributions	1,812,131	2,843,901	1,744,474	1,721,420
Total Governmental Activities Program Revenue	<u>\$ 31,714,894</u>	<u>\$ 29,125,985</u>	<u>\$ 29,496,380</u>	<u>\$ 28,499,557</u>
Net Expense				
Governmental Activities	<u>\$ (82,589,005)</u>	<u>\$ (89,599,020)</u>	<u>\$ (85,190,386)</u>	<u>\$ (91,353,662)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes:				
General Purposes and Capital Projects	\$ 27,414,609	\$ 19,088,953	\$ 19,938,887	\$ 11,257,068
Community Service	1,943,704	1,301,537	1,361,145	700,646
Debt Service	13,200,938	12,780,282	14,571,791	14,043,788
Capital Projects	5,021,400	6,654,459	6,514,220	6,372,556
Unrestricted State Aid	37,146,339	44,893,616	45,886,955	55,326,174
Unrestricted Investment Earnings	2,035,795	2,243,690	(102,744)	830,633
Gain on Sale of Capital Assets	-	-	-	42,650
Miscellaneous	809,713	1,789,333	1,356,712	1,648,539
Total Governmental Activities	<u>\$ 87,572,498</u>	<u>\$ 88,751,870</u>	<u>\$ 89,526,966</u>	<u>\$ 90,222,054</u>
Change in Net Position	\$ 4,983,493	\$ (847,150)	\$ 4,336,580	\$ (1,131,608)
Net Position - Beginning	23,181,681	28,165,174	26,990,691	31,327,271
Prior Period Adjustment	-	(327,333)	-	(626,969)
Net Position - Ending	<u>\$ 28,165,174</u>	<u>\$ 26,990,691</u>	<u>\$ 31,327,271</u>	<u>\$ 29,568,694</u>

Source: District's financial records.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 4,050,926	\$ 4,147,904	\$ 5,604,111	\$ 5,361,601	\$ 3,084,800	\$ 5,187,577
2,163,267	2,088,225	2,188,737	4,041,454	5,099,790	4,973,713
43,781,953	54,063,008	75,020,531	74,082,770	39,578,619	62,335,841
1,076,456	1,423,789	1,859,183	1,703,900	870,422	1,351,171
15,257,689	15,989,709	21,314,677	20,349,472	11,152,732	17,524,989
4,246,721	4,243,960	5,781,370	5,457,785	5,197,523	6,493,756
8,041,111	7,986,832	9,878,519	9,296,987	8,576,359	10,270,877
22,516,225	14,326,242	15,927,872	19,194,948	16,545,796	11,804,890
424,278	269,926	254,518	235,254	278,697	245,185
4,351,770	4,437,815	4,240,342	4,194,963	4,244,581	4,598,575
9,904,238	10,169,469	10,425,140	10,571,316	10,186,680	10,978,332
6,261,412	4,504,285	5,027,855	5,110,476	5,573,114	5,063,825
<u>\$ 122,076,046</u>	<u>\$ 123,651,164</u>	<u>\$ 157,522,855</u>	<u>\$ 159,600,926</u>	<u>\$ 110,389,113</u>	<u>\$ 140,828,731</u>
\$ -	\$ 137,637	\$ 168,396	\$ 170,571	\$ 169,329	\$ 149,858
8,762	7,348	10,052	8,562	5,535	6,408
1,579,157	1,242,316	1,275,414	1,556,008	1,191,671	1,136,831
3,072	5,939	2,395	3,058	2,109	1,173
124,495	153,476	182,696	123,283	138,753	129,532
19,461	17,100	16,441	19,029	741,637	783,190
500,283	114,353	126,673	117,347	110,698	296,076
1,015,622	921,007	889,773	805,232	821,089	741,833
2,281,440	2,266,293	2,249,463	2,125,603	2,109,801	1,568,840
5,951,842	5,533,474	5,785,685	5,695,608	6,222,316	5,367,063
16,173,852	15,459,603	19,149,940	15,972,054	13,765,249	19,191,748
318,408	218,425	80,061	427,504	580,583	530,435
<u>\$ 27,976,394</u>	<u>\$ 26,076,971</u>	<u>\$ 29,936,989</u>	<u>\$ 27,023,859</u>	<u>\$ 25,858,770</u>	<u>\$ 29,902,987</u>
<u>\$ (94,099,652)</u>	<u>\$ (97,574,193)</u>	<u>\$ (127,585,866)</u>	<u>\$ (132,577,067)</u>	<u>\$ (84,530,343)</u>	<u>\$ (110,925,744)</u>
\$ 23,818,768	\$ 23,624,265	\$ 25,613,722	\$ 27,056,370	\$ 27,722,523	\$ 28,741,194
1,594,199	1,437,522	1,454,956	1,390,148	1,715,341	1,497,177
14,205,042	14,861,215	14,616,054	14,822,188	17,200,345	17,086,760
8,331,369	8,436,720	8,418,538	7,580,309	5,356,546	5,349,177
50,310,068	54,554,759	53,665,184	54,358,728	55,800,925	57,939,346
522,972	1,186,057	990,135	843,281	2,847,023	2,290,672
-	-	-	133,043	-	350,955
558,333	144,005	401,744	128,963	321,677	234,460
<u>\$ 99,340,751</u>	<u>\$ 104,244,543</u>	<u>\$ 105,160,333</u>	<u>\$ 106,313,030</u>	<u>\$ 110,964,380</u>	<u>\$ 113,489,741</u>
\$ 5,241,099	\$ 6,670,350	\$ (22,425,533)	\$ (26,264,037)	\$ 26,434,037	\$ 2,563,997
29,568,694	(33,641,534)	(26,971,184)	(55,381,240)	(88,259,512)	(61,825,475)
(68,451,327)	-	(5,984,523)	(6,614,235)	-	-
<u>\$ (33,641,534)</u>	<u>\$ (26,971,184)</u>	<u>\$ (55,381,240)</u>	<u>\$ (88,259,512)</u>	<u>\$ (61,825,475)</u>	<u>\$ (59,261,478)</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Nonspendable	\$ 943,454	\$ 242,902	\$ 246,984	\$ 235,207
Restricted	463,895	941,882	777,092	689,370
Committed	8,188,384	-	6,041,951	6,041,951
Assigned	664,173	1,592,271	2,442,348	1,233,735
Unassigned	11,338,113	12,750,788	8,088,001	8,834,090
Total General Fund	21,598,019	15,527,843	17,596,376	17,034,353
All Other Governmental Funds				
Nonspendable, Reported in:				
Food Service Fund	43,336	49,011	57,661	52,927
Community Service Fund	713	8,833	10,461	997
Capital Projects Fund	106,947	132,807	304,099	285,856
Restricted, Reported in:				
Food Service Fund	8,010	7,823	148,995	202,161
Community Service Fund	952,704	1,005,385	1,256,159	1,157,784
Capital Projects Fund	17,203,350	618,171	11,931,839	7,365,897
Debt Service Funds	36,162,797	7,775,293	23,677,796	22,937,517
Unassigned, Reported in:				
Capital Projects Fund	-	(511,507)	-	-
Community Service Fund	-	-	-	-
All Other Governmental Funds	54,477,857	9,085,816	37,387,010	32,003,139
Total All Funds	\$ 76,075,876	\$ 24,613,659	\$ 54,983,386	\$ 49,037,492

Source: District's financial records

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
FUND BALANCES, GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 227,406	\$ 300,955	\$ 559,320	\$ 241,888	\$ 284,935	\$ 253,391
1,106,251	1,678,394	2,881,612	1,474,618	1,721,160	3,327,415
5,735,000	2,428,627	-	-	-	-
1,318,370	666,960	2,041,810	1,407,061	779,561	1,938,677
9,793,489	8,269,162	8,540,982	8,373,311	7,748,076	8,004,529
18,180,516	13,344,098	14,023,724	11,496,878	10,533,732	13,524,012
55,135	64,422	65,866	80,250	58,206	178,013
9,886	-	4,047	-	-	2,186
185,365	232,123	210,061	228,493	178,226	262,693
232,199	377,063	656,390	658,864	535,453	797,712
1,446,265	1,713,069	2,123,067	2,216,581	2,205,365	1,137,085
7,057,691	-	11,456,791	22,696,272	18,552,215	344,276
2,266,113	2,838,356	2,978,438	2,580,649	3,381,236	3,159,566
-	(3,154,049)	-	-	-	-
-	-	-	-	-	-
11,252,654	2,070,984	17,494,660	28,461,109	24,910,701	5,881,531
<u>\$ 29,433,170</u>	<u>\$ 15,415,082</u>	<u>\$ 31,518,384</u>	<u>\$ 39,957,987</u>	<u>\$ 35,444,433</u>	<u>\$ 19,405,543</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
Local Sources:				
Property Taxes	\$ 47,811,467	\$ 39,798,547	\$ 42,099,659	\$ 32,904,587
Earnings on Investments	1,329,918	824,803	13,649	41,037
Other	12,010,270	11,938,608	12,624,153	12,676,441
State Sources	50,209,998	58,469,704	59,335,727	68,092,504
Federal Sources	7,301,196	5,383,247	4,746,783	4,676,489
Total Revenues	118,662,849	116,414,909	118,819,971	118,391,058
Expenditures				
Current:				
Administration	3,666,698	3,652,025	3,702,143	3,457,551
District Support Services	1,861,933	1,648,725	1,753,551	1,960,920
Regular Instruction	38,667,861	38,978,437	39,772,620	40,454,347
Vocational Education Instruction	983,264	1,016,099	1,061,807	972,508
Special Education Instruction	14,036,315	14,227,674	14,068,452	14,399,228
Instructional Support Services	3,842,452	3,777,992	3,674,819	3,969,721
Pupil Support Services	7,774,145	7,306,760	7,030,543	7,507,772
Sites and Buildings	7,410,776	7,253,963	8,108,678	8,087,321
Fiscal and Other Fixed Cost Programs	177,885	224,935	237,032	271,000
Food Service	3,935,752	4,015,583	4,033,197	3,952,468
Community Service Fund	8,792,900	9,208,143	9,734,396	10,451,595
Capital Outlay	25,132,251	24,779,167	11,808,102	20,920,610
Debt Service:				
Principal	8,175,817	8,577,199	8,338,313	9,899,521
Interest and Fiscal Charges	7,438,214	8,204,899	6,531,412	6,595,604
Total Expenditures	131,896,263	132,871,601	119,855,065	132,900,166
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,233,414)	(16,456,692)	(1,035,094)	(14,509,108)
Other Financing Sources (Uses)				
Sale of Equipment	136,635	17,375	43,404	44,378
Sale of Real Property	12,925	-	-	-
Insurance Recovery	-	-	-	28,836
Sale of Bonds	42,260,000	6,120,000	35,030,000	8,490,000
Bond Premium	1,372,728	-	2,831,417	-
Capital Lease Proceeds	-	257,817	-	-
Capital Improvement Loan Proceeds	2,389,000	-	-	-
Payment to Refunded Bond Escrow Agent	(10,580,000)	(32,385,000)	(6,000,000)	-
Transfers In	228,000	-	356,840	1,650,000
Transfers Out	(228,000)	(8,688,384)	(856,840)	(1,650,000)
Total Other Financing Sources (Uses)	35,591,288	(34,678,192)	31,404,821	8,563,214
Net Change in Fund Balances	<u>\$ 22,357,874</u>	<u>\$ (51,134,884)</u>	<u>\$ 30,369,727</u>	<u>\$ (5,945,894)</u>
Debt Service as a Percentage of Noncapital Expenditures	14.60%	15.50%	13.80%	13.70%

Sources: District's financial records

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 47,751,576	\$ 48,467,153	\$ 50,107,678	\$ 50,851,355	\$ 51,946,767	\$ 52,575,255
52,324	96,136	276,671	703,945	1,251,613	625,081
12,106,279	12,302,244	12,963,957	12,215,175	13,206,269	11,431,682
61,936,703	63,949,812	63,170,425	64,379,818	66,395,240	69,413,862
4,800,700	4,523,206	4,888,848	4,886,735	5,734,246	7,171,289
126,647,582	129,338,551	131,407,579	133,037,028	138,534,135	141,217,169
3,800,920	4,012,660	4,138,586	4,179,572	4,158,956	4,379,882
2,176,186	2,078,586	1,846,598	2,311,373	5,215,768	4,796,570
42,182,408	43,614,720	43,862,824	46,274,076	45,690,309	46,990,453
1,082,007	1,405,443	1,314,391	1,279,959	1,297,841	1,316,860
14,820,763	15,225,594	14,606,775	14,992,720	16,240,938	16,639,136
4,181,973	4,140,524	3,599,280	3,604,288	6,476,852	6,236,585
7,824,549	7,824,324	8,585,842	8,310,271	9,352,041	9,947,366
8,257,340	8,536,324	8,740,145	9,746,626	10,008,457	10,245,095
424,278	269,926	254,518	235,254	278,697	245,185
4,328,328	4,249,996	4,134,538	4,131,427	4,172,181	4,363,230
9,787,057	10,001,398	9,379,018	9,658,501	10,715,045	10,500,338
27,329,925	20,706,852	15,144,738	25,156,231	31,474,896	25,880,879
8,106,513	9,521,735	9,530,064	17,355,346	31,757,844	11,260,830
6,558,113	6,019,346	5,739,368	5,761,105	6,408,304	6,474,814
140,860,360	137,607,428	130,876,685	152,996,749	183,248,129	159,277,223
(14,212,778)	(8,268,877)	530,894	(19,959,721)	(44,713,994)	(18,060,054)
49,321	63,124	-	134,343	138,802	351,155
-	-	-	-	-	-
1,113	473	-	17,862	48,693	-
14,545,000	18,305,000	14,140,000	29,030,000	17,859,000	-
763,022	2,163,565	877,020	1,104,294	2,110,029	-
-	-	3,667,000	-	-	-
-	-	-	-	-	-
(20,250,000)	(20,375,000)	-	-	-	-
1,773,113	815,000	250,000	250,000	2,850,416	1,042,509
(2,273,113)	(6,721,373)	(3,361,612)	(2,137,175)	(1,050,000)	-
(5,391,544)	(5,749,211)	15,572,408	28,399,324	21,956,940	1,393,664
\$ (19,604,322)	\$ (14,018,088)	\$ 16,103,302	\$ 8,439,603	\$ (22,757,054)	\$ (16,666,390)
11.50%	12.60%	12.40%	17.10%	17.10%	13.02%

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(UNAUDITED)**

Payable Year	(1) Residential Property	(2) Commercial Property	Total Assessed Value	Total Direct School Tax Rate
2011	\$ 6,532,859,500	\$ 2,519,158,100	\$ 9,052,017,600	26.456%
2012	6,068,959,262	2,486,074,800	8,555,034,062	29.270%
2013	5,852,199,127	2,521,418,100	8,373,617,227	29.730%
2014	5,853,960,954	2,585,214,200	8,439,175,154	32.358%
2015	6,722,136,651	2,857,098,000	9,579,234,651	30.340%
2016	6,717,731,163	2,858,753,300	9,576,484,463	28.514%
2017	6,987,222,057	3,051,045,950	10,038,268,007	25.611%
2018	7,511,299,258	3,007,028,100	10,518,327,358	29.035%
2019	8,265,407,905	3,060,481,589	11,325,889,494	27.022%
2020	8,852,174,603	3,274,091,977	12,126,266,580	27.190%

Source: Hennepin County

Notes:

- (1) Residential includes single family homes, townhomes and condominiums, and all other property including vacant land, farm, utilities, personal property and railroad property.
- (2) Commercial property above includes both commercial and industrial property.
- (3) Data for the estimated actual value of taxable property was not readily available.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended June 30,	ISD No. 270 Direct Rate (1)					Overlapping Rates		
	General Fund Basic Rate	Community Service	General Obligation Debt Service	OPEB	Total Direct School Tax Rate	City of Eden Prairie	City of Edina	City of Golden Valley
2011	11.539	1.377	12.553	0.984	26.453	31.239	24.660	53.060
2012	11.871	1.453	14.910	1.036	29.270	33.250	26.247	55.796
2013	12.423	1.553	14.677	1.077	29.730	34.617	27.216	58.204
2014	14.970	1.771	12.780	2.837	32.358	34.709	27.920	61.839
2015	13.906	1.423	10.564	4.134	30.027	33.954	26.605	54.626
2016	13.530	1.357	9.547	4.080	28.514	32.327	27.137	54.452
2017	11.121	1.243	9.169	4.078	25.611	32.667	28.271	56.109
2018	13.145	1.361	11.207	3.322	29.035	32.526	27.849	55.152
2019	12.481	1.097	10.291	3.153	27.022	31.690	27.499	53.780
2020	12.936	1.010	13.244	-	27.190	31.676	28.082	53.400

Sources: Overlapping Rate Data provided by the District's financial advisor, Ehlers & Associates.
School Tax Report from County Auditor's Office

Notes:

- (1) Tax Capacity Rate Method
- (2) Special Districts includes Metro Mosquito, Metro Council and Metro Transit.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
DIRECT AND OVERLAPPING PROPERTY TAX RATES (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

Overlapping Rates								Total Direct and Overlapping Tax Rate City of Hopkins
City of Hopkins	City of Minnetonka	City of Plymouth	City of St. Louis Park	Special Districts (2)	Hennepin County	Hennepin Parks	Other	
56.463	33.705	27.490	43.276	2.949	45.187	3.765	0.815	349.062
59.718	35.595	28.716	45.672	3.084	48.231	3.943	0.799	370.321
63.819	37.567	29.816	48.228	3.242	49.461	4.054	4.562	390.516
64.290	37.865	30.114	50.378	3.335	49.959	4.169	4.863	401.799
62.503	37.089	28.374	49.433	3.006	46.398	4.491	2.371	378.877
65.581	35.863	27.838	47.829	2.899	45.356	3.601	4.263	375.660
64.485	36.564	26.959	47.861	2.821	44.087	3.365	4.390	373.190
67.833	35.965	26.804	48.101	2.683	42.808	3.161	4.333	376.250
71.697	34.960	26.355	46.373	2.542	41.861	2.961	4.211	370.951
70.748	36.772	26.206	45.066	2.461	41.084	2.859	4.392	369.936

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Taxpayer	2020			2011		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
EP Campus I LLC	\$ 2,999,372	1	1.890%			
United Healthcare Srv, Inc.	2,750,980	2	1.730%			
Colfin Midwest NNN INV LLC	1,604,370	4	1.010%			
General Mills, Inc.	1,513,490	5	0.950%	\$ 1,892,930	1	1.451%
Allianz Life Insurance Co., North America	1,645,530	3	1.030%	1,587,010	2	1.216%
The Colonnade	1,409,770	6	0.890%			
Thomson Reuters Property Tax Service	1,086,410	7	0.680%	819,250	7	0.628%
Cargill Incorporated	1,023,630	8	0.640%	702,750	9	0.539%
Wells Real Estate Funds	955,270	9	0.600%	935,250	4	0.717%
Property Reserve, Inc.	891,290	10	0.560%	839,250	5	0.643%
CSM West Ridge Inc.				738,450	8	0.566%
United Center LLC				967,250	3	0.741%
Teachers Ins. & Annuity Assoc.				837,096	6	0.642%
Golden Jack LLC				666,910	10	0.511%
Total	<u>\$ 12,880,740</u>		<u>8.090%</u>	<u>\$ 9,986,146</u>		<u>7.654%</u>

Source:

Hennepin County

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Taxes Levied for the Fiscal Year					
Fiscal Year	General Fund Basic Levy	Community Service Levy	Debt Service Fund Levy	OPEB Levy	Total Tax Levy (1)
2011	\$ 24,011,587	\$ 1,272,000	\$ 11,596,031	\$ 908,406	\$ 37,788,024 (2)
2012	24,511,272	1,275,332	13,086,549	908,599	39,781,752 (2)
2013	24,764,374	1,344,996	12,714,884	932,646	39,756,900 (2)
2014	30,222,527	1,549,967	11,185,763	2,482,634	45,440,891 (2)
2015	30,196,834	1,368,801	10,166,837	3,978,289	45,710,761 (2)
2016	32,306,985	1,407,728	9,904,838	4,232,984	47,852,535 (2)
2017	30,396,539	1,338,598	9,873,590	4,391,320	46,000,047 (2)
2018	30,995,500	1,536,214	12,651,147	3,749,775	48,932,636 (2)
2019	31,916,090	1,324,036	12,425,008	3,806,672	49,471,806 (2)
2020	36,445,291	1,298,603	17,037,857	-	54,781,751

Notes:

(1) State credits are included in the operating levy.

(2) Original Gross Levy

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
PROPERTY TAX LEVIES AND COLLECTIONS (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percentage of Levy Outstanding
Current Tax Collection	Percentage of Levy		Total Tax Collection	Percentage of Levy		
\$ 19,099,386	50.5%	\$ 18,688,638	\$ 37,788,024	100.0%	\$ -	0.0%
19,943,659	50.1%	19,838,093	39,781,752	100.0%	-	0.0%
21,239,387	53.4%	18,517,513	39,756,900	100.0%	-	0.0%
21,122,800	46.5%	24,404,271	45,527,071	100.2%	(86,180)	-0.2%
24,167,808	52.9%	21,520,766	45,688,574	100.0%	22,187	0.0%
24,505,786	51.2%	23,312,746	47,818,532	99.9%	34,003	0.1%
25,766,512	56.0%	20,140,368	45,906,880	99.8%	93,167	0.2%
24,569,651	50.2%	24,204,371	48,774,022	99.7%	158,614	0.3%
27,400,000	55.4%	21,826,535	49,226,535	99.5%	245,271	0.5%
27,800,000	50.7%	-	27,800,000	50.7%		0.0%

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Governmental Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	Capital Improvement Loans	Capital Leases Payable	Other Long-Term Debt	Resources Restricted for Repayment			
2011	\$ 184,460,000	\$ 2,351,240	\$ 268,792	\$ -	\$ (36,162,797)	\$ 150,917,235	-	\$ 2,442
2012	150,345,000	1,892,834	202,893	-	(7,775,293)	144,665,434	-	2,336
2013	171,505,000	1,424,521	154,590	-	(23,662,321)	149,421,790	-	2,417
2014	163,030,000	-	8,594,661	-	(22,937,517)	148,687,144	-	2,405
2015	149,270,000	-	8,144,672	-	(2,266,113)	155,148,559	-	2,510
2016	138,185,000	-	7,637,937	-	(2,838,356)	142,984,581	-	2,313
2017	148,695,075	-	10,834,873	-	(2,978,438)	156,551,510	-	2,533
2018	148,695,075	-	3,344,528	-	(2,580,649)	149,458,954	-	2,750
2019	167,740,000	-	3,006,684	-	(3,381,236)	167,365,448	-	2,567
220	162,584,266	-	2,660,854	-	(3,159,566)	162,085,554	-	2,486

Notes: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

(1) Personal income information for residents living within the District is not available.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2020
(UNAUDITED)**

	2018/19			
	Adjusted		Estimated	Estimated
	Taxable Net	Debt	Percentage	Share of
	Tax Capacity	Outstanding	Applicable	Overlapping
				Debt
Overlapping:				
Hennepin County	\$ 2,112,707,400	\$ 1,070,610,000	6.4628%	\$ 69,191,349
Cities:				
Eden Prairie	123,047,160	26,647,000	5.2204%	1,391,076
Edina	141,311,302	40,650,000	7.3407%	2,984,006
Golden Valley	46,939,314	46,195,000	54.9666%	25,391,831
Hopkins	25,252,707	68,335,000	98.1534%	67,073,125
Minnetonka	111,515,652	26,805,000	53.7703%	14,413,123
Plymouth	146,534,687	44,785,000	3.2142%	1,439,472
St. Louis Park	79,948,547	57,325,000	5.6082%	3,214,888
Metropolitan Council	4,576,187,142	230,225,000	2.9837%	6,869,238
Three Rivers Park District	1,487,545,247	53,830,000	9.1789%	4,940,991
Total Overlapping				<u>196,909,099</u>
Direct:				
Hopkins ISD No. 270	136,539,987	169,765,000		<u>169,765,000</u>
Total Direct and Overlapping Bonded Debt:				<u><u>\$ 366,674,099</u></u>

Sources: Taxable value data used to estimate applicable percentages and Debt outstanding data provided by the District's financial advisor, Ehlers.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. The method used to determine the percentage of overlapping debt is representative of area and geographic jurisdiction.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)
(UNAUDITED)**

		Fiscal Year			
		2011	2012	2013	2014
	(1)	\$ 1,458,226	\$ 1,283,255	\$ 1,348,492	\$ 1,438,581
: Applicable to Limit	(2)	132,640	130,910	131,820	142,780
margin		<u>\$ 1,325,586</u>	<u>\$ 1,152,345</u>	<u>\$ 1,216,672</u>	<u>\$ 1,295,801</u>
: Applicable to the Limit					
age of Debt Limit		9.10%	10.20%	9.78%	9.93%

are from the Hennepin County
Auditors Office.

Net debt applicable to limit is based on District records.

According to the Minnesota Department of Revenue, the Economic Market Value (the "EMV") for Independent School District No. 270 (Hopkins) is about 98.1% of the actual selling prices of property most recently sold in the District. The sales ratio was calculated by comparing the selling prices with the Assessor's Estimated Market Value (the "AEMV").

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
LEGAL DEBT MARGIN INFORMATION (CONTINUED)
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)
(UNAUDITED)**

Legal Debt Margin Calculation for Fiscal Year 2019

Economic Market Value (3)	\$ 12,126,266,580
Debt Limit (15% of Assessed Value)	1,818,939,987
Debt Applicable to Limit	<u>156,825,000</u>
Legal Debt Margin	<u><u>\$ 1,662,114,987</u></u>

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 1,514,087	\$ 1,572,658	\$ 1,505,740	\$ 1,552,148	\$ 1,645,320	\$ 1,662,115
<u>149,520</u>	<u>138,185</u>	<u>148,695</u>	<u>148,695</u>	<u>164,010</u>	<u>156,825</u>
<u><u>\$ 1,364,567</u></u>	<u><u>\$ 1,434,473</u></u>	<u><u>\$ 1,357,045</u></u>	<u><u>\$ 1,403,453</u></u>	<u><u>\$ 1,488,876</u></u>	<u><u>1,505,290</u></u>
9.88%	8.79%	9.88%	9.58%	9.92%	9.44%

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars) (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Enrollment</u>	<u>City of Hopkins Unemployment Rate</u>	
2011	61,813	-	-	7,326	5.5%	
2012	61,931	-	-	7,192	5.1%	
2013	61,813	-	-	7,038	4.3%	
2014	61,813	-	-	6,972	3.8%	
2015	61,813	-	-	6,993	3.1%	
2016	61,813	-	-	6,926	3.8%	
2017	61,813	-	-	6,779	3.6%	
2018	54,340	-	-	6,770	3.4%	
2019	65,197	-	-	6,827	3.2%	
2020	65,199	-	-	6,645	N/A	(2)

Source: Minnesota Department of Education

Notes:

(1) Personal income information for residents living within the District is not available.

(2) Not available at this time

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Employer	2020		2011	
	(1)		(2)	
	Employees	Rank	Employees	Rank
United Healthcare/Optum Health	5,000	1	2,650	2
General Mills	5,000	2	5,900	1
Cargill	3,500	3	2,350	3
Micro-Tech Hearing Instruments	2,000	4	-	-
Polaroid	2,000	5	-	-
SuperValu, Inc.	1,400	6	1,265	5
I.S.D. No. 270 (Hopkins Public Schools)	1,345	7	1,200	6
Abbott Labs (Previously St. Jude Medical)	800	9	1,100	7
MTS Systems Corporation	1,000	8	-	-
GE Water & Process Tech.	700	10	700	8
Datacard Group	-	-	1,400	4
American Medical Systems	-	-	500	9
Opportunity Partners	-	-	500	10
Total	17,745		14,915	

Source:

(1) 2020 information provided by the District's financial advisor Ehlers.

(2) Includes the major employers in the City of Hopkins, the City of Golden Valley, and the City of Minnetonka.

Note: Total employment for the area served by Hopkins ISD No. 270 is not available and, therefore, a percentage of total employment for each of the employers listed above is not included.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
FULL-TIME EQUIVALENT DISTRICT LICENSED EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Full-Time Equivalent Employees as of June 30,			
	2011	2012	2013	2014
Administrative Staff				
Superintendent	1.0	1.0	1.0	1.0
Principals	9.1	9.0	9.0	9.0
Administrative Assistants (Asst. Principals and Asst. Superintendent)	8.0	7.0	7.0	7.3
Supervisory Coordinator	4.0	4.0	3.0	6.5
Total Administrative Staff	22.1	21.0	20.0	23.8
Support Service Staff				
Other Non-Instructional Staff				
Counselors	17.0	17.0	17.0	16.6
Media/Librarian	9.9	10.0	10.0	9.6
Nurse	9.3	9.7	9.8	9.3
Social Worker	10.5	10.7	9.8	9.6
Psychologists	4.0	3.9	4.9	4.5
Total Support Service Staff	50.7	51.3	51.5	49.6
Special Education Teachers				
Speech Language	16.6	15.1	13.8	13.3
Other Special Education Teachers	67.0	66.7	62.4	64.5
Total Special Education Teachers	83.6	81.8	76.2	77.8
Classroom Teachers				
K-12 Teacher	370.0	377.7	398.6	390.4
Vocational Education Teacher	0.0	0.0	0.0	0.0
Pre-K, ECFE, and Other Teacher	17.2	17.2	21.8	19.2
Total Classroom Teachers	387.2	394.9	420.4	409.6
Total	543.6	549.0	568.1	560.8

Source: Minnesota Department of Education STARS data.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
FULL-TIME EQUIVALENT DISTRICT LICENSED EMPLOYEES BY TYPE (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

Full-Time Equivalent Employees as of June 30,					
2015	2016	2017	2018	2019	2020
1.0	1.0	1.0	1.0	1.0	1.0
9.0	9.0	9.0	9.0	9.0	9.0
8.0	7.0	7.0	8.0	8.0	9.0
8.7	7.0	7.0	10.0	10.0	5.0
26.7	24.0	24.0	28.0	28.0	24.0
15.8	11.4	12.0	17.0	17.0	20.0
11.4	7.7	10.0	9.0	10.0	10.0
9.5	10.2	9.5	8.7	8.7	9.6
9.7	9.2	9.5	9.0	9.5	14.5
5.0	7.6	6.2	4.5	5.0	5.0
51.4	46.1	47.2	48.2	50.2	59.1
14.9	13.6	15.0	12.5	12.2	15.0
67.7	70.6	66.3	58.2	68.1	63.4
82.6	84.2	81.3	70.7	80.3	78.4
397.3	412.4	420.3	408.3	392.5	405.2
0.0	0.0	0.0	0.0	0.0	0.0
20.5	17.3	20.6	23.0	20.2	23.8
417.8	429.7	441.0	431.3	412.7	429.0
578.5	584.0	593.5	578.2	571.2	590.5

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Governmental Activities	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio
2011	7,326	\$ 93,566,557	\$ 12,772	(0.20) %	\$ 131,896,263	\$ 18,004	4.99 %	470.8	15.6
2012	7,192	93,319,183	12,975	1.59	132,871,601	18,475	2.62	476.7	15.1
2013	7,038	94,802,603	13,470	3.81	119,855,065	17,030	(7.82)	496.6	14.2
2014	6,972	96,950,951	13,906	3.23	132,900,166	19,062	11.93	487.4	14.3
2015	6,993	100,723,553	14,403	3.58	140,860,360	20,143	5.67	500.4	14.0
2016	6,926	103,880,868	14,992	4.09	137,607,428	19,868	(1.36)	513.9	13.5
2017	6,779	103,496,582	15,267	1.84	130,876,685	19,306	(2.83)	522.2	12.9
2018	6,770	110,762,532	16,361	7.16	152,996,749	22,599	17.06	502.0	13.5
2019	6,827	116,249,617	17,028	4.08	183,248,129	26,842	18.77	493.1	13.8
2019	6,645	117,756,079	17,721	4.07	172,533,845	25,964	(3.27)	507.4	13.1

Source: District records and teaching staff numbers from the Minnesota Department of Education STARS data.

Notes: Operating expenditures are total expenditures less debt service and capital projects.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

School	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Elementary										
Alice Smith (1951)										
Square feet	81,526	81,526	81,526	81,526	84,998	84,998	84,998	84,998	84,998	84,998
Capacity	592	592	592	592	629	629	629	629	629	629
Enrollment (1)	604	569	557	548	565	564	552	494	490	490
Eisenhower (1954)										
Square feet	121,173	121,173	121,173	121,173	121,173	121,173	121,173	121,048	121,048	121,048
Capacity	792	792	792	792	898	898	898	898	898	898
Enrollment (1)	734	774	776	760	734	703	672	687	681	681
Gatewood (1958)										
Square feet	75,039	75,039	75,759	75,793	75,793	75,793	75,793	75,793	75,793	75,793
Capacity	692	692	692	692	561	561	561	561	561	561
Enrollment (1)	528	530	530	501	511	485	435	428	383	383
Glen Lake (1956)										
Square feet	84,916	84,916	84,916	84,916	87,816	87,816	87,816	87,816	87,816	87,816
Capacity	566	566	566	566	650	650	650	650	650	650
Enrollment (1)	511	524	489	474	477	500	487	469	484	484
Tanglen (1966)										
Square feet	74,332	74,332	74,332	83,593	85,458	85,458	87,369	87,369	87,369	87,369
Capacity	592	592	592	592	633	633	633	633	633	633
Enrollment (1)	572	538	469	467	504	534	520	520	553	553
Meadowbrook (1948)										
Square feet	110,580	111,200	111,200	125,200	125,200	125,200	129,830	129,830	129,830	129,830
Capacity	616	616	616	616	927	927	927	927	927	927
Enrollment (1)	636	633	632	647	726	758	752	788	832	832
Middle										
North Junior High (1958)										
Square feet	192,927	193,671	193,671	193,671	193,671	193,671	193,671	193,671	193,671	193,671
Capacity	896	896	896	896	1,019	1,019	1,019	1,019	1,019	1,019
Enrollment (1)	911	842	859	950	929	941	875	917	884	884
West Junior High (1959)										
Square feet	202,474	202,474	202,474	202,474	202,474	202,474	197,474	197,474	197,474	197,474
Capacity	873	873	873	873	1,065	1,065	1,065	1,065	1,065	1,065
Enrollment (1)	804	750	727	714	708	702	687	689	684	684

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
SCHOOL BUILDING INFORMATION (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>School</u>	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
High										
Hopkins High School (1970)										
Square feet	477,725	478,834	478,834	479,426	479,426	479,426	479,426	479,426	479,426	479,426
Capacity	2,166	2,166	2,166	2,166	2,179	2,179	2,179	2,179	2,179	2,179
Enrollment (1)	1,702	1,681	1,765	1,693	1,609	1,556	1,584	1,536	1,543	1,543
Other										
Katherine Curren (1948)										
Square feet	65,593	65,593	65,593	65,593	65,593	65,593	65,593	65,791	65,791	65,791
Capacity	380	380	380	380	423	423	423	423	423	423
Enrollment (1)	-	-	-	-	-	-	-	-	-	-
Community Center (1954)										
Square feet	160,186	160,311	160,311	160,311	245,309	245,309	245,309	245,309	245,309	245,309
Capacity	745	745	745	745	745	745	745	745	745	745
Enrollment (1)	-	-	-	-	-	-	-	-	-	-
Harley Hopkins Family Center (1990)										
Square feet	40,930	40,930	40,930	40,930	40,930	40,930	40,930	40,930	40,930	40,930
Capacity	360	360	360	360	303	303	303	303	303	303
Enrollment (1)	64	54	57	45	57	63	64	71	71	71
Bus Depot (1978)										
Square feet	87,040	87,040	87,040	87,040	87,040	87,040	87,040	87,040	87,040	87,040
Total										
Square feet	1,774,441	1,777,039	1,777,759	1,801,646	1,894,881	1,894,881	1,896,297	1,896,495	1,896,495	1,896,495
Capacity	9,270	9,270	9,270	9,270	10,032	10,032	10,032	10,032	10,032	10,032
Enrollment	7,066	6,895	6,861	6,799	6,820	6,806	6,640	6,598	1,614	1,614
Athletics										
Football fields	4	4	4	4	10	10	4	3	3 (3)	3
Soccer fields	7	7	7	7	8	8	7	11	11 (3)	11
Running tracks	2	2	2	2	1	1	1	1	1	1
Baseball/softball	14	14	16	16	17	17	16	16	16	16
Swimming pools	3	3	3	3	3	3	3	3	3	3
Playgrounds	6	9	9	9	13	13	13	13	13	13

Source: Square footage, capacity and athletic statistics are derived from District records. Enrollment was obtained from "School Average Daily Membership" reports available on the Minnesota Department of Education website.

Notes:

- (1) Enrollment reflects average daily membership served by site. Resident students served under tuition agreements are excluded from this enrollment data.
- (2) Katherine Curren leased to Ubah Academy beginning in 2007-2008 school year through current year.
- (3) Note that fields at the High School are used for football, soccer and lacrosse. The remaining fields are at West Junior High.
- (4) During fiscal year 2015 the District reassessed its building capacities based on recommendations from the Minnesota Department of Education. This resulted in a change in many of the buildings' capacities without actual additions or other alterations to the buildings.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
OPERATING INDICATORS BY FUNCTION
STANDARDIZED TESTING AND GRADUATION RATES
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Standardized Tests										
MCA Reading (See Note 1)										
Grade 3	73.40%	78.00%	59.10%	62.20%	57.50%	56.30%	61.00%	60.60%	55.90%	NA
Grade 5	85.00	82.70	69.50	70.80	66.60	69.80	67.00	69.90	71.20	NA
Grade 7	73.80	77.80	60.60	59.80	62.30	65.90	65.80	66.80	52.70	NA
Grade 10	81.70	84.30	68.30	69.10	60.60	51.60	53.80	55.80	59.70	NA
MCA Math (See Note 1)										
Grade 3	61.50	73.20	68.90	72.50	67.09	67.10	73.00	70.60	64.00	NA
Grade 5	54.00	64.10	61.90	65.20	59.08	62.50	58.20	59.70	54.70	NA
Grade 7	43.10	58.70	50.70	57.10	56.24	59.90	56.20	57.80	43.60	NA
Grade 11 (See Note 3)	50.50	61.10	56.60	61.10	50.67	36.80	48.00	55.30	55.00	NA
ACT (See Note 4)										
Hopkins Average Composite Score	23.30	23.70	23.80	23.10	21.00	21.60	21.50	21.60	21.50	21.90
State Average Composite Score	22.90	22.80	23.00	22.90	20.50	N/A	N/A	NA	NA	NA

N/A - Not Available

Note 1: Percent of students scoring at or above proficiency on the Minnesota Comprehensive Assessment Test

Note 2: The MCA Reading test in 2013 was for the first time based on the Common Core national standards, which require a significantly higher level of rigor than in previous years. As a result, test scores are not directly comparable with previous MCA Reading test results, since the standards on which the test is based are not the same.

Note 3: The Grade 11 MCA Math results are not representative of Hopkins students. In 2016, 32% of the Grade 11 students opted out of the MCA Math; In 2017, refusals decreased but were still sizable at 15%.

Note 4: ACT data was reported for the high school graduating class through 2014. Beginning in 2015, the Grade 11 district

Note 5: Due to Covid-19, MCA testing in the Spring was not done in 2020.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
SUMMARY OF MEALS SERVED
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Year Ended June 30,</u>	<u>Non-Program Adult Meals</u>	<u>Total Meals Served Students</u>	<u>Regular Price Meals</u>	<u>Free Meals Served</u>	<u>Reduced Price Meals Served</u>
2011	27,179	720,653	391,151	269,371	60,131
2012	28,945	726,562	373,695	293,117	59,750
2013	24,540	687,771	356,759	274,374	56,637
2014	24,021	645,548	322,019	268,358	55,171
2015	27,542	712,577	359,816	287,122	65,639
2016	27,811	717,272	364,345	293,604	59,323
2017	22,299	690,115	359,609	266,457	64,049
2018	25,155	648,854	338,736	244,588	65,530
2019	23,912	593,778	310,102	225,811	57,865
2020	18,612	437,799	233,046	160,986	43,767
	<u>June 30,</u>	<u>Elementary</u>	<u>Middle</u>	<u>High School</u> ⁽¹⁾	
	2011	\$ 2.45	\$ 2.70	\$ 2.95	
	2012	2.55	2.80	3.05	
	2013	2.65	2.90	3.15	
	2014	2.70	2.95	3.20	
	2015	2.70	2.95	3.20	
	2016	2.75	3.00	3.25	
	2017	2.85	3.10	3.35	
	2018	2.85	3.10	3.35	
	2019	2.95	3.20	3.45	
	2020	3.00	3.25	3.50	

⁽¹⁾ Includes New Generation and Ethnic Food Options.

Source: District Food Service Department

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
SCHEDULE OF INSURANCE COVERAGE
JUNE 30, 2020
(UNAUDITED)**

Type of Coverage	Amount of Coverage
Property Coverage:	
Real and Personal Property (Blanketed)	\$ 349,861,010
Blanket Valuable Papers and Records	5,000,000
Accounts Receivables	3,886,000
Fine Arts	2,500,000
Blanket Computer Hardware/Software	35,607,455
Miscellaneous Mobile Equipment	5,000,000
Audio Visual Equipment	7,500,000
Musical Instruments	7,500,000
Extra Expense	20,000,000
Artificial Turf	15,572,921
Auto Physical Damage	22,371,571
Miscellaneous Mobile Equipment	See above
Liability Coverages:	
General Liability, Sexual Harassment Liability and Sexual Abuse Liability	
Each Occurrence	4,000,000
General Aggregate Limit	8,000,000
Premises Medical Payments any one occurrence	5,000
Premises Medical Payments any one person	25,000
Law Enforcement Liability	
Each Occurrence	4,000,000
Aggregate Limit	8,000,000
Employee Benefits Liability	
Each Occurrence	4,000,000
Aggregate Limit	8,000,000
Professional Liability (Nurses, Occupational Therapists, Psychologists)	
Limit Each Claim	Included in GL
Aggregate	Included in GL
Excess Liability	
Each Occurrence	n/a
Aggregate	n/a
Crime Coverage	
Employee Dishonesty	1,000,000
Forgery or Alteration	1,000,000
Money and Securities (Inside and Outside Premises)	1,000,000
Business Automobile Coverage	
Each Occurrence	2,000,000
Aggregate Limit	N/A
Uninsured Motorists	1,000,000
Underinsured Motorists	1,000,000
School Leaders Errors and Omissions:	
Each Occurrence	4,000,000
Aggregate	8,000,000
Boiler and Machinery Coverage:	
Property Damage	200,000,000
Business Income/Extra Expense	10,000,000
Expediting Expense	n/a
Pollutant Cleanup and Removal - Aggregate	n/a on property
Spoilage	Included