HOPKINS

PUBLIC SCHOOLS

CFAC ANNUAL FINANCIAL REPORT

FOR THE BUDGET YEAR ENDING JUNE 30, 2021

ADMINISTRATION

Dr. Rhoda Mhiripiri - Reed
Dr. Nik Lightfoot
Mr. Tariro Chapinduka

GOVERNANCE

Director Steve Adams
Director Chris LaTondresse

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

Citizens Financial Advisory Committee
2020-21 Budget Recommendations
to the School Board

January 21, 2020

EXECUTIVE SUMMARY

The Citizens Financial Advisory Committee (CFAC) in partnership with Hopkins Public Schools administrators was established to leverage the financial experience and expertise of a group of community members and provide recommendations to the School Board regarding the financial planning and performance of the Hopkins School District. The recommendations upon acceptance by the school board will be used by Tariro Chapinduka, Director of Business Services, to develop the 2020-21 budget.

CFAC Members

Luke Jacobson
Valerie Dahlman
Molly Rutzick
Warren Goodroad
Elliot Berman (Student Representative)

The committee has formally met three times with Superintendent Rhoda Mhiripiri-Reed, Assistant Superintendent Nik Lightfoot and Director of Business Services Tariro Chapinduka. School Board members who serve on CFAC for 2019-20 are Directors Steve Adams and Chris LaTondresse.

The committee review has focused on the following information:

- Audited results for Fiscal year ending June 30, 2019
- General Fund Assigned/Unassigned fund balance as of June 30, 2019
- Budget Pro-Forma and Planning for (FY2021) thru FY 2024
- HEA and HASA contract negotiations
- Number of students enrolled and future enrollment projections
- Current and projected per student funding from the State
- Staffing comparison with neighboring school districts
- Salary and fringe benefit costs of teachers, support staff and administration
- Pension funding on a District (OPEB) and State level (TRA/PERA)
- General discussion about other factors affecting the District’s financial health.

Assumptions and Recommendations for FY21 Budget to the School Board:

- State per student funding in the projection years of FY21 and FY22 to increase at 2% each year.
- Projected enrollment increase of 66 students in FY20
- 3.5% annual increase in FY20 AND FY21 in total salaries and wages
- Fringe benefits to increase by 5% (34% compounded) for FY21

All other costs to increase at 2% on an annual basis except Utilities and Transportation which will increase at 4%

- Audited Unassigned General fund balance for FY19 Financial statements is 7.7%.

CFAC Conclusion

The District has a total General Fund balance of $11.1 million or 11.63% as of June 30, 2019 (See Exhibit A). The General Fund Unassigned fund balance decreased from $8,373,311 (8.6%) at June 30, 2018, to$7,748,076 (7.7%) at June 30, 2019. The most recent legislative session increased the per pupil formula allowance by 2% for FY2020 and FY2021. These increases in funding will not keep pace with the inflation of District labor contracts and District utility and transportation costs, therefore adjustments will need to be made to match expenses with projected revenue streams. Going into the future, the District will be budgeting using the revenue model instead of the expenditure model which has been the case in the past. Changing the budget model will help the district align our resources with our needs. CFAC, however, will continue to recommend that additional funds need to be added to the Unassigned Fund Balance to maintain an Unassigned fund balance at or near 10%, which is in line with the District's auditor recommendation of 8-15%, and which is comparable with neighboring districts. As projected in the FY2020 budget, expenditures exceeded projected revenues. Thus, it is necessary to find continued efficiencies in services and programs for both FY2020 and FY2021. CFAC supports the move to restructure the district and its budget. If this does not occur, the Unassigned Fund Balance will quickly decrease below board policy of 6% during this timeframe.

Further, CFAC recommends that the Board continue its move toward fully funding the District's long-term liabilities for Other Post-Employment Benefits (OPEB) and Severance using a four-year phase out model. These two long-term liabilities combined are approximately 76% funded based on the last actuarial valuation date of 7-1-18 (Exhibit E1). CFAC agrees with the actuarial recommendation that these liabilities should strive to be minimally funded at the 90% level. OPEB and Severance are real costs the District pays out on an annual basis, and these costs should be considered in current labor contracts while they are being negotiated. Finally, any excesses in annual budgets can be used to bring these liabilities closer to the 100% funding level (see Exhibit E and E1).

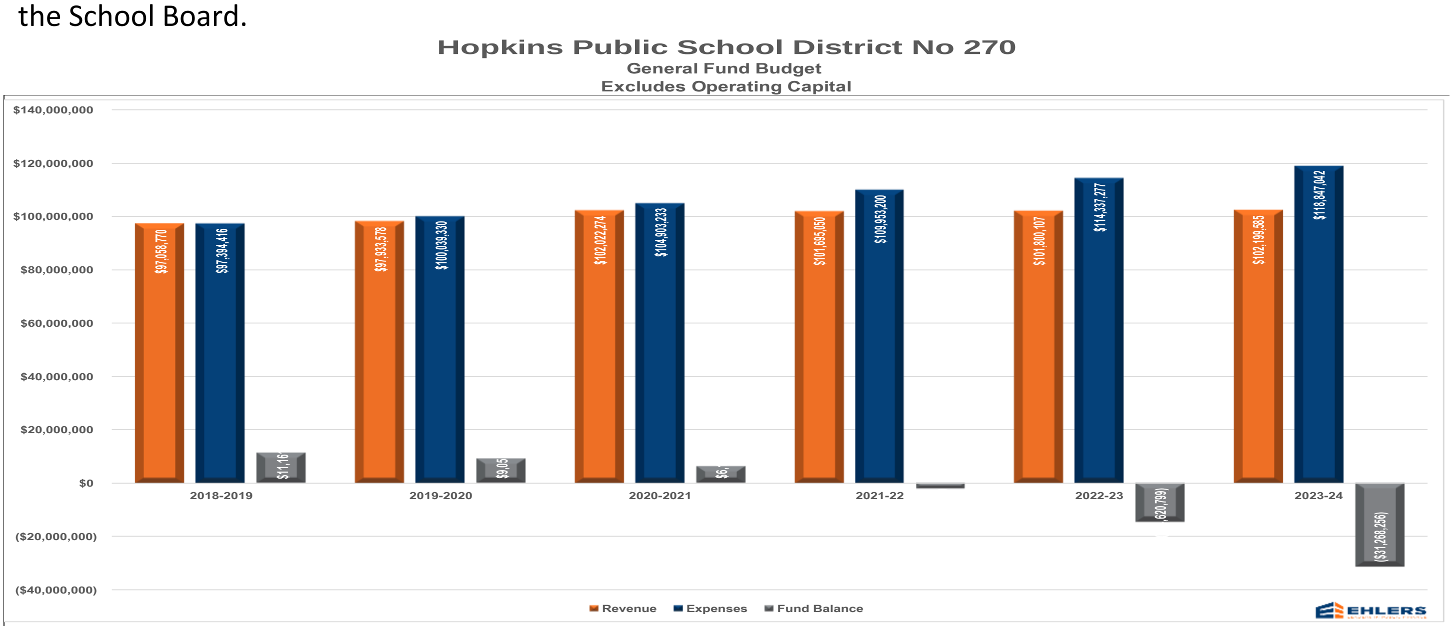
Background to CFAC Recommendations

The Citizens Financial Advisory Committee (CFAC) has conducted a review of the current and projected financial condition of the Hopkins School District. CFAC's recommendations to the Hopkins School Board are based on consensus of the group to determine the underlying budget assumptions that inform the budget projections for 2020-21 (and beyond). Hopkins is inspired by Vision 2031 which is moving the district from Great to World Class. The recommendations are based on current and near-term political and economic factors that impact the present and future financial situation of both the State of Minnesota and the Hopkins School District as well as the district's strategic vision. Our recommendations are largely influenced by four primary conditions:

1. The outlook for significant revenue increases remains pessimistic.
2. There is a need to make cost reductions for the District to meet Vision 2031 goals.
3. Given that salary and fringe benefit costs make up 82% of the District's expenses for 2019-20 and beyond, any growth in this area in excess of the rate of state increases will seriously threaten the financial and programmatic viability of the District over a 3 to 5 year period of time.
4. The District is projecting a slight increase in enrollment in the near future which may not be sustainable in the long run. Projection years beginning in 2019-20 show a slight increase of 191 students or .7%, over two years. It should be noted that enrollment for FY18-19 and FY19-20 came in above projections, with a slight increase.

Budget Projection Model

The Budget Projection Model (BPM) that the District utilizes and that CFAC has reviewed currently has expenditure increases for 1) increasing enrollment and 2) expenses exceeding revenues based on the assumptions provided in the areas highlighted later in the report. It should be noted that CFAC has looked at results in the BPM for both a 2% Revenue / 3% Salary and 5% Fringe increase. All scenarios have expenses exceeding available revenue in FY20-21. Due to this outcome, District administration, as of this writing, will need to look at expenditure reductions in FY20-21 to present a balanced budget to the School Board.



CFAC encourages the District to continue using the Budget Projection Model to monitor the 3 to 5 year projected Unassigned Fund Balance and make sure it is funded adequately at a minimal $8 million, or 10% of annual operating expenses. This is higher than School Board policy of a 6% floor; however, CFAC believes this is critical to assure the District can financially support and protect the quality curriculum and programs offered its students as well as meet the Vision 2031 strategic goals.

CFAC believes the following suggestions should also be considered:

- In an era of historically small increases in State revenue, the fund balance should not be used to simply cover ongoing cost increases because it will be quickly depleted.
- The District should change the practice of using OPEB and Severance Liability trust funds to cover the gap in the budgets.
- The District should continue to maintain the detailed BPM to show intermediate and long-term impacts of different financial options.

Analysis

Due to anticipated enrollment increases in FY20 and FY21, we can expect district revenue to slightly increase in those two years and at the same time costs continue to outpace our revenue. While we start from a structurally unbalanced budget in FY20, to structurally balance the budget going forward absent structural changes, we must have a mix of enrollment and funding increases sufficient to cover our outstanding labor commitments and the rising costs of supplies and materials. Unfortunately, we can only expect the formula amount through which we receive the bulk of our state aid to increase by a mere 2%. Even if enrollment were to hold steady this would be insufficient to fund our existing cost structure going forward. Our BPM assumes few structural changes, so the ongoing cost increases quickly begin to show themselves as annual deficits.

General Fund Balance Reserves, Local Retirement Funding and Teachers Retirement Association (TRA)

General Fund Balance Reserves

The General Fund Unassigned fund balance is the cumulative sum of the annual excess or deficiency of revenues over expenses. Any fund balance, whether Unassigned, Committed, Assigned or Restricted can only be used once, thus the reason why there is always encouragement to use fund balance for one-time expenses such as equipment, curriculum, retirement funding or emergencies. Paying for ongoing labor contract costs that exceed available revenue does not constitute an emergency but a structural deficit.

Hopkins General Fund Unassigned fund balance, after audited results for FY18-19, stands at $7,748,076, or 7.7% of FY19 total General Fund expenses (see Exhibit A). District administration has communicated to CFAC that the District's auditor stated that she would prefer to see the Unassigned Fund Balance in the 8-15% range. The District is below that range in the Unassigned fund balance. When you factor in the Committed fund balance for Hopkins and other comparison districts, Hopkins retains a healthy fund balance (see Exhibit A).

The Minnesota Department of Education (MDE) complicates this issue by reporting the sum of Unassigned, Committed, and Assigned fund balances divided by unrestricted expenses as an available fund balance percentage to spend. This confuses lay readers of financial statements, making them think the reporting district has all of these dollars available in their Unassigned Fund Balance, when in fact there may be very good reasons why a district assigns or commits fund balance dollars out of their Unassigned Fund Balance.

Local District Retirement Funding

In FY18-19, the District continued to try to keep pace with the funding of its local retirement liabilities. The combined liability amounts for OPEB and Severance of $37 million based on the actuarial valuation as of 7-1-18 and the funded amount of $28.7 million equals a 78% funded level (See Exhibit E1).

The District transferred $2.1 million from the Severance fund to balance the budget in FY19-20. With that revenue coming out of the Severance fund, the overall funded percentage drops to under 76%. The District's actuarial firm recommends at least 90%. Further, the annual cost of one more year of service for all employees of the District is approximately $2.2 million, of which the District is only budgeting for $500,000 (see Exhibit E). CFAC believes the District should continue to strive to fund its local retirement liabilities up to the 100% level.

CFAC has the following recommendations for the School Board regarding fund balances and funding of District retirement liabilities:

- Place any annual surplus amounts into the OPEB Revocable Trust Fund and the Internal Service Fund for Severance to continue the move to a 100% funded level. This will be done in phases.
- Change the practice of funding budget gaps using Unassigned Fund Balance, OPEB or Severance Trust Funds.
- Cost the annual local retirement obligations (OPEB/Severance) into future labor contracts on an ongoing basis.

It should be noted that the Internal Service Fund for Severance is an in-house fund, therefore the dollars in this fund can be re-directed back to the General Fund if necessary, still providing the District with emergency flexibility. Further, and importantly, the dollars in the Internal Service Fund for Severance provide cash flow for the District.

<u>Teachers Retirement Association (TRA) Long-Term Liability Funding</u>

The Teachers Retirement Association currently has its statewide long-term liability funded at only approximately 80%. In order to move toward 100% funding, the TRA Board of Trustees advanced (and the legislature subsequently approved in the 2018 legislative session) language that would lower the annual cost of living adjustment (COLA) for retired teachers from 2 percent to 1 percent for 5 years, increasing by 0.1 percent each year up to 1.5 percent as of 1/1/28. The active-teacher contribution rate would increase to 7.75 percent effective 7/1/23. It also calls for an increase in the employer (school district) contribution rate, from 7.5 percent to 8.75 percent (a 17% increase in the contribution rate), phased in incrementally over 6 years. The legislation provides State funding for the higher employer contribution through a pension adjustment in the school aid formula. Effective July 1, 2011, the legislature increased the employer rate from 5.5 percent to 7.5 percent, with no corresponding increase in state aid.

CFAC has discussed this legislation and the corresponding adjustment in the school aid formula resulting in no net increase in funding for schools.

CFAC Recommendation: CFAC recommends the Board consider striving to fund its local pension liabilities (OPEB/Severance) to the 100% level while keeping the Unassigned Fund Balance at or slightly under 10%. Using General Fund annual surpluses, if any, to fund local pension liabilities up to the 100% level is a prudent use of favorable audit results. Using General Fund reserves to fund ongoing expenses will result in a declining fund balance and can result in a downgrade of the District's bond rating, increasing interest costs to taxpayers when the District bonds for infrastructure maintenance or when the District refinances existing debt.

Total General Fund Revenue Sources and History

Exhibit D shows General Fund revenues by major source for FY20. State funding comprises 67.2% of our revenue. Another 28.5% of District revenue comes from local property taxes and other local sources including activity participation fees, gate receipts, gifts, and interest income. Federal sources comprise only 4.2% of District revenue. CFAC notes that the District has fully maximized its operating referendum levy authority.

CFAC Recommendation: Since the legislature has determined funding for FY2020-21, CFAC is recommending a 2% increase in the per pupil allowance for projection years FY20-21 through FY21-22.

Student Enrollment and Impact on Revenue

CFAC recommends accepting the District's assumption that the District increased enrollment by approximately 191 students over two years. Enrollment is and should be monitored and the forecast needs to be adjusted annually by District personnel.

Many Minnesota school districts are experiencing declining enrollment due to demographic changes. In the Hopkins School District there is the additional impact of choice and competition. 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 experienced declining enrollment in the last decade (see Exhibit B). One promising thing to note however, is that for FY18-19 and FY19-20 the District experienced Fall enrollment numbers that were above projections. We expect enrollment to increase in FY20-21 before declining slightly then stabilizing.

In a competitive, choice-driven environment, CFAC recognizes the investments the District is now making to stabilize enrollment and improve and increase academic performance and rigor. The District is launching a community-wide innovative strategic plan. Vision 2031 represents our strategic move from Great to World Class. While Hopkins is truly a great place to learn and work, the District aspires to improve to World Class in all that we do. World Class does not mean elite or exclusive. It means the best, and every Hopkins student deserves the best. Vision 2031 is a collective vision and is championed by students, staff, parents, and community members District-wide. Vision 2031 articulates six specific beliefs, six unique innovation drivers, and six compelling core values. District stakeholders have started implementing the strategic action plan that will operationalize our collective move to World Class.

Because every student deserves a brilliant future, the District's instructional and programming investments include:

- Strategic staffing to maintain Kindergarten class sizes at optimal levels;
- World Language in the Elementary Schools, including Immersion programs;
- Science, Technology, Engineering, Arts and Math (STEAM) opportunities for students;
- Pre-K investments and outreach leveraging Community Education programs and dollars;
- International Baccalaureate (IB) at both Junior High schools;
- Safety and security enhancements at all buildings.

CFAC Recommendation: Based upon the enrollment analysis and assumptions presented, CFAC supports the administration's recommendation for projecting enrollment for FY19 to FY23. It is also further recommended that enrollment projections and underlying assumptions continue to be updated on an annual basis. Further, CFAC recommends the District expand its strategic efforts to retain students and grow enrollment.

Total General Fund Expense and Revenue History

Exhibit F shows general fund expenditures by object through actual FY2018-19. Total General Fund Expenditures increased $4,312,037 or 4.5% from the previous year. There were slight increases and decreases when budgeted expenditure were compared to the actual expenditures There were also increases in salaries and benefits due to bargaining agreement settlements with employee unions. The district also moved certain positions which had been funded outside of the general fund back into the general fund category. Total General Fund Revenue increased by $3,259,942 or 3.4% from the previous year (see Exhibit D).

Salary and Fringe Benefit Expenses

School districts are labor intensive, with 80-85% (82% on an actual basis for Hopkins in FY18-19) of their expenses for salaries and benefits.

CFAC Recommendation: The District accepted an agreement with the Hopkins Education Association (HEA) and Hopkins Association of School Administrators (HASA) in November 2019. Estimated contract increases for all bargaining groups are factored into the Budget Projection Model for FY19-20 through FY22-23 that CFAC has reviewed at a rate of 3.5% for salaries and benefits, along with other scenarios that are higher and lower. This estimate of 3.5% will result in expenses exceeding revenues in FY19-20. Due to increased enrollment projections, the district revenue and expenditure will see a slight positive shift for FY20-21 but that shift will be temporary and unsustainable.

It should be noted that in order to achieve a balanced budget and for the District Unassigned Fund Balance to be replenished from FY19-20 to FY20-21 the district will need to make reductions in staffing and programs.

Other Costs

CFAC recognizes the amount of cost efficiencies the District has implemented in the past. The District has now finalized implementing more energy efficient lighting in all District buildings. Implementing the contract for solar garden participation as a way to mitigate future electric rate increases has been slowed by Xcel Energy and regulatory agencies. However, the District has selected a vendor and is in negotiation with them to install solar rooftop arrays on 2-3 selected buildings in the near future. The District will also automate some of the Procurement and Purchasing processes as well as work with vendors in price negotiations and strategic sourcing which will save costs long-term.

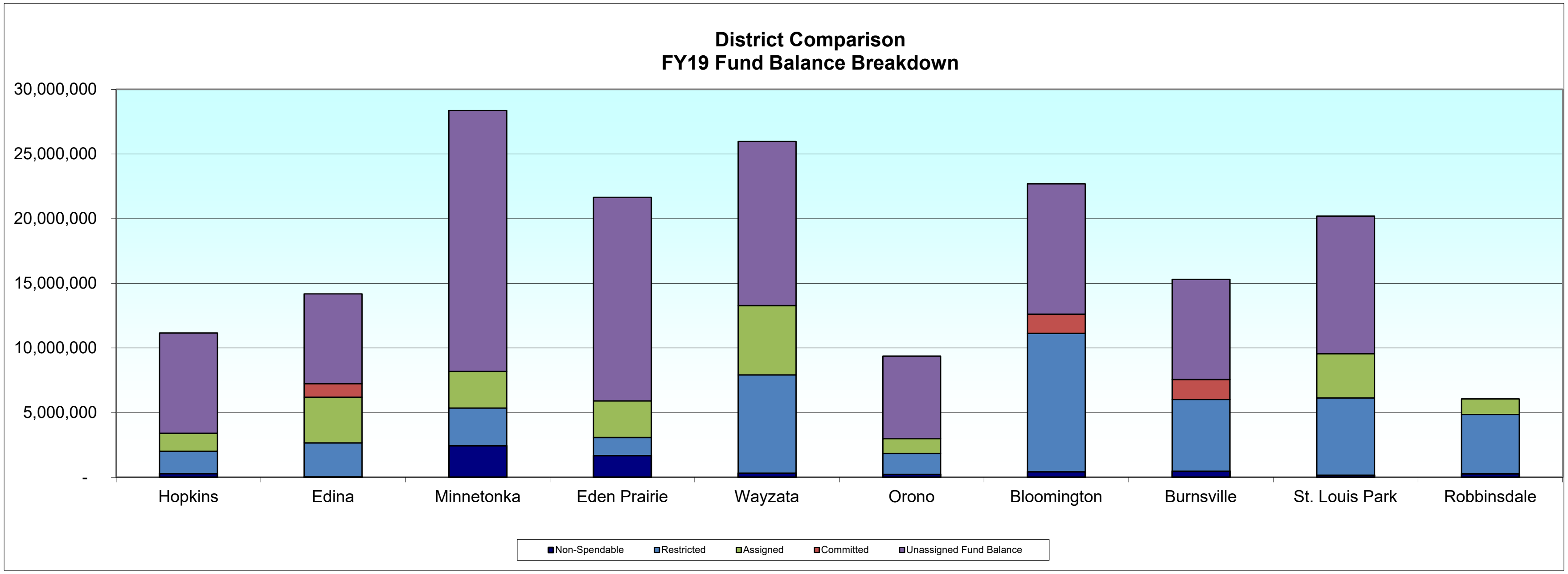
CFAC Recommendation: CFAC recommends continuing to look for ways to bring additional efficiencies to control other costs. For budgeting purposes, after looking at the last five years of expenses, CFAC recommends projecting a 2% increase for Purchased Services, a 4% increase for utility and transportation costs, and a 2% increase for supply costs for FY19-20 through FY22-23. CFAC also recommends the District identify cost-effective ways to meet the goals of the Vision 2031 strategic plan.

Final Summary of CFAC Recommendations

In closing, CFAC recognizes that the Hopkins School District is working diligently to thrive in a competitive, choice-driven environment. CFAC affirms the investments the District is now making to stabilize and grow enrollment as well as increase student performance. The District's community-wide innovative strategic plan, Vision 2031, represents our strategic move from Great to World Class. In order to sustain Hopkins as truly a great place to learn and work, the District and CFAC must work together to right-size the District's budget while ensuring alignment between strategic priorities and available resources. To conclude, CFAC recommends the following immediate and long-term actions:

- Restructure the District budget from expenditure to a revenue model, while considering a realignment of District personnel and other substantive resources.
- Align available resources to support Vision 2031 priorities;
- Bring Unassigned Fund Balance to 10% over time.
- The School Board consider striving to fund its local pension liabilities to the 100% level while keeping the Unassigned Fund Balance at or slightly under 10%. The following actions will help achieve this:
    - The School Board continue its move toward fully funding the District's long-term liabilities for Other Post-Employment Benefits (OPEB) and Severance using a four-year phase out model. Again, the goal here is to bring these liabilities closer to the 100% funding level.
    - Place any annual surplus amounts into the OPEB Revocable Trust Fund and the Internal Service Fund for Severance to continue the move to a 100% funded level. This will be done in phases.
    - Change the practice of funding budget gaps using Unassigned Fund Balance, OPEB or Severance Trust Funds.
    - Cost the annual local retirement obligations (OPEB/Severance) into future labor contracts on an ongoing basis.
- Continue to look for ways to bring additional efficiencies to control other costs. Project a 2% increase for Purchased Services, a 4% increase for utility and transportation costs, and a 2% increase for supply costs for FY19-20 through FY22-23.
- Project a 2% increase in the per pupil allowance for projection years FY20-21 through FY21-22.
- Continue to update enrollment projections and underlying assumptions on an annual basis. Expand District strategic efforts to retain students and grow enrollment.

Exhibit A



	Hopkins	Edina	Minnetonka	Eden Prairie	Wayzata	Orono	Bloomington	Burnsville	St. Louis Park	Robbinsdale
Non-Spendable	284,935	31,133	2,434,164	1,676,290	316,399	225,690	426,006	469,393	160,802	264,546
Restricted	1,721,160	2,624,734	2,916,480	1,403,680	7,600,701	1,618,044	10,712,055	5,545,064	5,979,060	4,579,465
Assigned	1,407,061	3,534,808	2,840,798	2,826,714	5,369,294	1,130,600	10	-	3,422,803	1,210,419
Committed	-	1,037,614	-	-	-	-	1,478,149	1,550,194	-	-
Unassigned Fund Balance	7,748,080	6,954,177	20,175,859	15,751,476	12,681,756	6,399,433	10,078,846	7,738,652	10,638,903	-
Total Fund Balance	**11,161,236**	**14,182,466**	**28,367,301**	**21,658,160**	**25,968,150**	**9,373,767**	**22,695,066**	**15,303,303**	**20,201,568**	**6,054,430**
Total Fund Balance MDE SOD calc	9,440,076	11,557,732	25,450,821	20,254,480	18,367,449	7,755,723	11,983,011	9,758,239	14,222,508	1,474,965
MDE Expenditure Denominator	81,156,042	98,223,666	115,377,537	98,200,311	133,911,351	33,235,969	127,973,644	102,758,358	58,543,881	133,467,295
Total Fund Balance % MDE SOD calc	11.63%	11.77%	22.06%	20.63%	13.72%	23.34%	9.36%	9.50%	24.29%	1.11%
Unassigned Fund Balance % per MDE	9.55%	7.08%	17.49%	16.04%	9.47%	19.25%	7.88%	7.53%	18.17%	0.00%
Fund Balance % with Committed per MDE	9.55%	8.14%	17.49%	16.04%	9.47%	19.25%	9.03%	9.04%	18.17%	0.00%
Report Run Date	12/2/19	11/8/19	11/19/19	11/22/19	11/20/19	11/7/19	11/26/19	11/29/29	11/26/19	12/2/19
Total General Fund Expenses	101,158,221	113,439,232	142,382,286	122,810,798	157,201,517	38,702,045	163,599,935	132,076,287	67,071,025	173,235,030
Unassigned Fund Balance %	**7.66%**	**6.13%**	**14.17%**	**12.83%**	**8.07%**	**16.54%**	**6.16%**	**5.86%**	**15.86%**	**0.00%**
Fund Balance % with Committed	**7.66%**	**7.04%**	**14.17%**	**12.83%**	**8.07%**	**16.54%**	**7.06%**	**7.03%**	**15.86%**	**0.00%**

Footnotes:

Nonspendable - portions of fund balance related to prepaids, inventories, long term receivables, and corpus of 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 Supt. and Dir. 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.

Source: MDE Uniform Financial Accounting and Reporting Standards Compliance Report 6/30/19

Exhibit B

Hopkins Public School District No 270

Historical Adjusted Average Daily Membership (ADM)

Enter Projection Assumption: 3 Yr Avg = 1; 5 Yr Avg = 2; 3 Yr Wt Avg=3; 5 Yr Wt Avg=4 | **1**

Grade	Actual 14-15	Actual 15-16	Actual 16-17	Actual 17-18	Budget 18-19	Projected 19-20	Projected 20-21	Projected 21-22	Projected 22-23	Projected 23-24
PKG	57.9	64.6	65.1	70.8	87.8	87.8	**87.8**	**87.8**	**87.8**	**87.8**
Kgt Hdp	33.7	37.1	45.6	49.0	45.2	45.2	**45.2**	**45.2**	**45.2**	**45.2**
KDG	505.3	504.8	425.3	448.4	455.4	509.4	**470.4**	**470.4**	**470.4**	**470.4**
1	552.5	505.5	525.7	479.1	490.5	508.0	**559.4**	**513.1**	**513.4**	**513.4**
2	513.6	551.6	487.6	501.8	486.2	488.5	**502.8**	**550.2**	**504.0**	**504.0**
3	470.9	501.6	536.2	475.3	494.4	491.3	**484.3**	**495.3**	**542.7**	**496.5**
4	472.7	464.4	489.8	514.9	483.0	487.2	**485.8**	**479.1**	**493.4**	**543.6**
5	502.2	490.6	467.0	477.4	515.0	502.8	**493.0**	**491.6**	**484.8**	**499.3**
6	513.6	502.5	485.7	460.8	483.3	500.3	**597.1**	**487.4**	**486.0**	**479.3**
7	499.9	559.4	527.5	535.4	509.8	518.1	**543.8**	**542.0**	**530.2**	**528.7**
8	606.7	509.8	554.7	539.5	537.9	522.3	**525.1**	**551.1**	**549.3**	**537.4**
9	555.7	590.0	499.4	544.2	542.7	541.6	**518.6**	**521.3**	**547.2**	**545.4**
10	529.4	552.1	593.8	504.6	535.3	564.8	**549.6**	**528.6**	**532.1**	**558.1**
11	555.2	513.6	542.0	582.8	486.0	506.7	**541.1**	**526.5**	**506.4**	**509.8**
12	623.6	578.1	533.6	597.1	674.6	619.0	**614.0**	**651.0**	**635.3**	**613.8**
	6,992.9	**6,925.7**	**6,778.9**	**6,780.9**	**6,826.9**	**6,892.9**	**7,017.9**	**6,940.6**	**6,928.2**	**6,932.5**

Exhibit C

	2015	2016	2017	2018	2019
Local Property Taxes	$23,720,510	$23,687,302	$25,608,340	$27,058,222	$27,698,676
State Sources	59,904,963	61,641,459	61,072,518	62,224,846	63,985,373
Federal Sources	2,464,613	2,355,868	2,775,987	2,935,205	3,891,693
Other	3,854,657	3,591,347	4,471,906	4,220,378	4,122,851
Total Revenues	$89,944,743	$91,275,976	$93,928,751	$96,438,651	$99,698,593

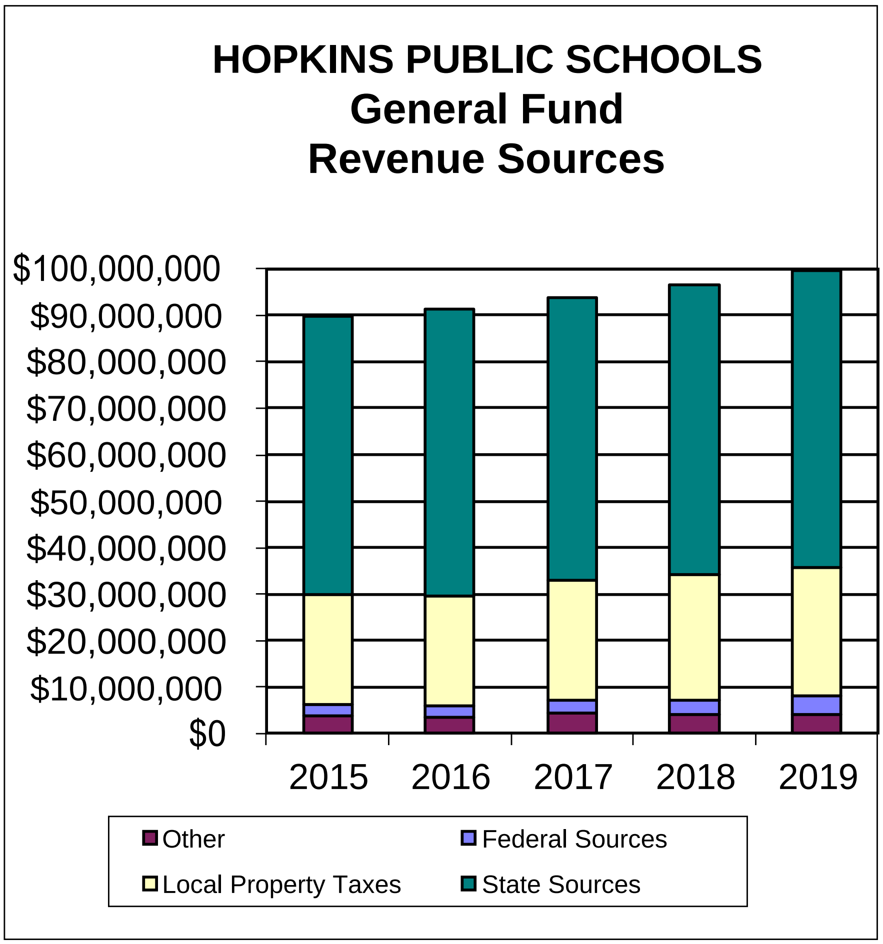


Exhibit D

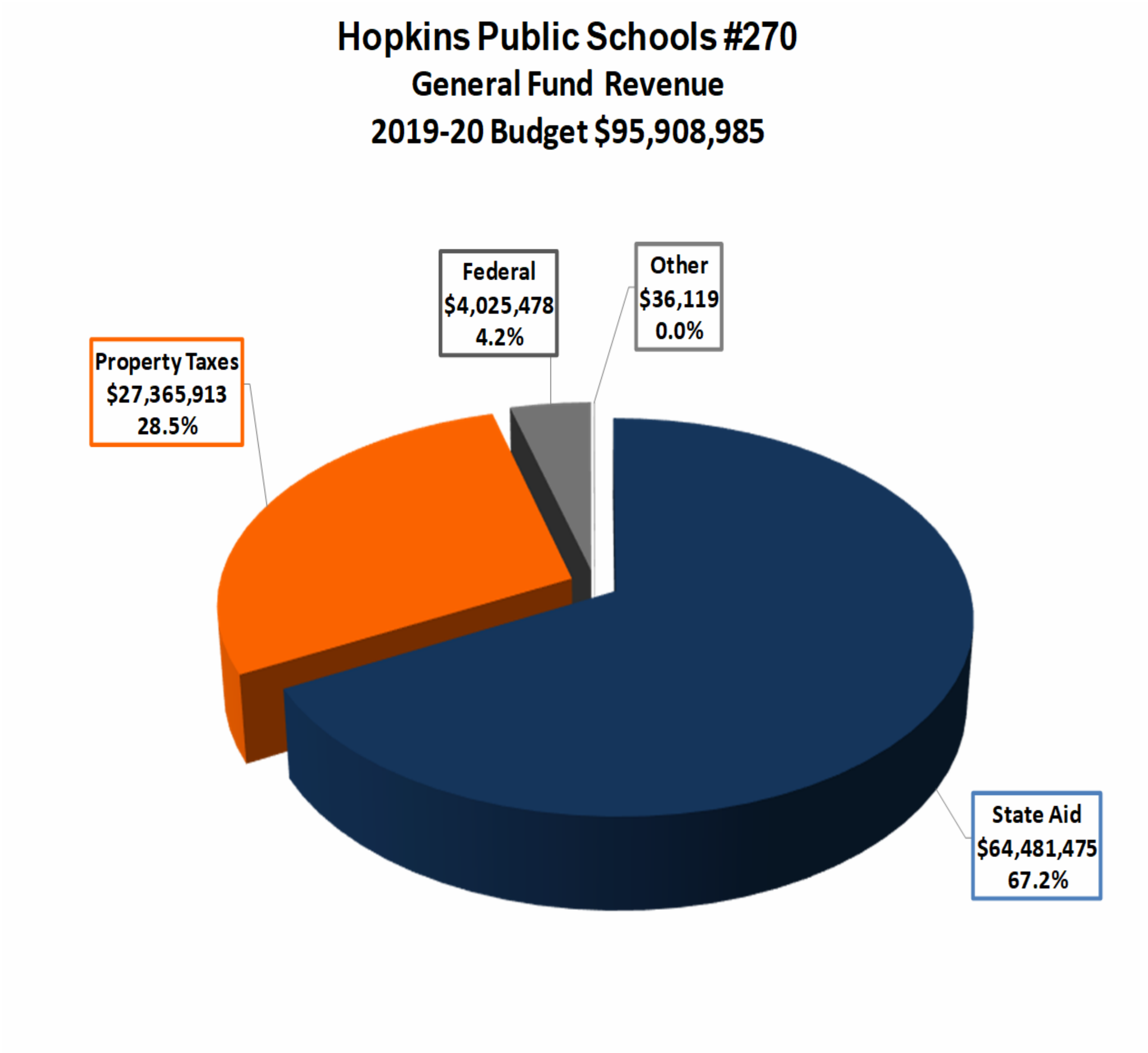

Hopkins Public Schools #270
General Fund Revenue
2019-20 Budget $95,908,985
Federal
$4,025,478
4.2%
Other
$36,119
0.0%
Property Taxes
$27,365,913
28.5%
State Aid
$64,481,475
67.2%

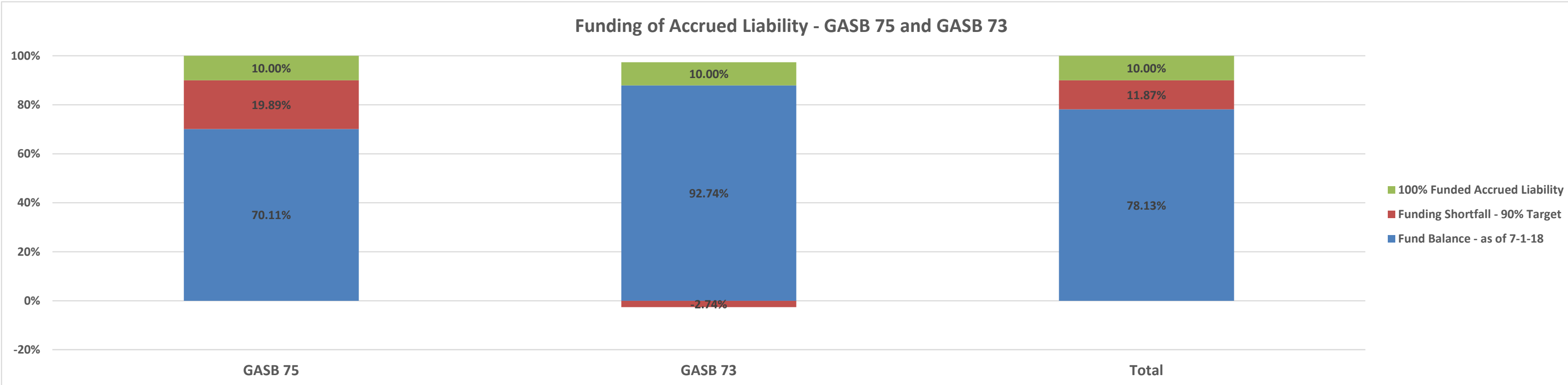
Exhibit E

Severance Liability

	Community Education Coordinators and Providers; and Kids Co./Stepping Stone Employees	Clerical Employees	Custodians	Administrators and Superintendent	Nutrition Services	Para-professionals	Teachers	ABE/ECFE Teachers	Other Individuals (Groups 1, 3, 4, and 50)	Total
Counts										
Active	96	77	60	22	58	189	569	11	48	1,130
Retiree	2	5	0	3	0	0	80	1	2	93
Total	98	82	60	25	58	189	649	12	50	1,223
Present Value of Future Benefits										
Active	$ 2,194,629	$ 1,997,163	$ 1,677,504	$ 764,836	$ 842,839	$ 1,188,546	$ 25,800,427	$ 163,876	$ 1,505,838	$ 36,135,658
Retiree	33,014	132,378	0	343,588	0	0	4,611,490	28,224	62,146	5,210,840
Total	2,227,643	2,129,541	1,677,504	1,108,424	842,839	1,188,546	30,411,917	192,100	1,567,984	41,346,498
Total OPEB Liability										
Active	1,148,889	1,258,414	975,767	363,575	368,728	443,054	14,047,561	75,232	650,828	19,332,048
Retiree	33,014	132,378	0	343,588	0	0	4,611,490	28,224	62,146	5,210,840
Total	1,181,903	1,390,792	975,767	707,163	368,728	443,054	18,659,051	103,456	712,974	24,542,888
Service Cost	84,495	85,092	56,306	28,966	46,166	75,983	866,607	7,930	72,842	1,324,387
Expected Benefit Payments										
Active (expected to retire)	16,487	67,110	56,303	2,056	15,994	12,268	187,987	3,061	16,421	377,687
Retiree	25,541	57,268	0	66,306	0	0	1,694,097	6,018	25,782	1,875,012
Total	42,028	124,378	56,303	68,362	15,994	12,268	1,882,084	9,079	42,203	2,252,699

Hopkins Public Schools #270 (Exhibit E1)

GASB 75, GASB 73 and the OPEB Credit as of 7/1/18



Description	GASB 75	GASB 73	Total
Fund Balance - as of 7-1-18	70.11%	92.74%	78.13%
Funding Shortfall - 90% Target	19.89%	-2.74%	11.87%
100% Funded Accrued Liability	10.00%	10.00%	10.00%

GASB 75	
Total OPEB Accrued Liability (7-1-18)	**23,729,651**
Normal Cost	**1,324,387**
Current $ allocated from Budget	**-**
OPEB Trust Fund Balance	**17,679,206**
- OPEB Credit in 2019-20 Budget	**(1,042,509)**
Projected OPEB Trust Fund Balance	**16,636,697**
Projected % of Accrued Liability Funded	**70.11%**
90% Recommended Funding Level	**21,356,686**
Funding Overage (Shortfall)	**(4,719,989)**
80% Recommended Funding Level	**18,983,721**
Funding Overage (Shortfall)	**(2,347,024)**
Combined Funding Excess (Shortfall) to be at 80%	**(686,986)**
Combined Funding Excess (Shortfall) to be at 90%	**(4,363,404)**

GASB 73	
Total Severance Accrued Liability (7-1-18)	**13,034,523**
Normal Cost	**684,714**
Current $ allocated from Budget	**500,000**
Severance Fund Balance	**13,688,072**
- Transfer Out - Op Ref Adj Due to Enroll	**(2,100,416)**
- ARC for 2019-20 (in Budget)	**500,000**
- ARC for 2020-21	**-**
Projected Severance Fund Balance	**12,087,656**
Projected % of Accrued Liability Funded	**92.74%**
90% Recommended Funding Level	**11,731,071**
Funding Overage (Shortfall)	**356,585**
80% Recommended Funding Level	**10,427,618**
Funding Overage (Shortfall)	**1,660,038**

Normal Cost - GASB 75 and GASB 73:

Description	2015-16	2016-17	2017-18	2018-19	2019-20
Normal Cost - GASB 75	1,507,388	1,507,388	1,507,388	1,324,387	1,324,387
Normal Cost - GASB 73	532,611	532,611	532,611	684,714	684,714
TOTAL - Normal Cost	**2,039,999**	**2,039,999**	**2,039,999**	**2,009,101**	**2,009,101**
Normal Cost reflected in the Budget	500,000	500,000	500,000	300,000	500,000
Add'l Normal Cost Required in Budget	**1,539,999**	**1,539,999**	**1,539,999**	**1,709,101**	**1,509,101**

NOTE: Normal Cost is the additional cost associated with one more year of service.

OPEB Credit History:

Run Avg. Available	Year	Credit Avail	$ Amt. - Credit Taken				
	2008-09	1,782,267	**1,782,267**	Credit taken	**Available**	**Taken**	
1,768,375	**2009-10**	1,754,483	**1,754,483**	Credit taken	**5-Year Avg.**	**5-Year Avg.**	
1,619,251	**2010-11**	1,321,004	**1,321,004**	Credit taken	1,335,514	228,270	Thru FY18
1,562,351	**2011-12**	1,391,650	**455,807**	Credit taken	**3-Year Avg.**	**3-Year Avg.**	
1,550,361	**2012-13**	1,502,403	**1,091,843**	Credit taken	1,339,236	124,490	Thru FY18
1,521,812	**2013-14**	1,379,063	**605,360**	Credit taken			
1,487,381	**2014-15**	1,280,798	**162,521**	Credit taken			
1,449,587	**2015-16**	1,185,030	**23,470**	Credit taken			
1,421,475	**2016-17**	1,196,575	**-**	Credit taken			
1,442,938	**2017-18**	1,636,102	**350,000**	Credit taken			
	2018-19	Hildi, Inc #	**-**	Credit taken			
	2019-20	Unknown	**(1,042,509)**	Credit taken	**FACTORED INTO BUDGET -- Need to keep in mind with Revised 2019-20 Budget**		
TOTAL		**14,429,375**	**6,504,246**				
			45.08%				

Historical OPEB Explicit/Implicit VEBA: Credits for Fund 1 ONLY

Exhibit F

General Fund- Expenditure by Object

	2019				2018	2017
	Budget	Actual	Over (Under) Budget	%	Actual	Actual
Salaries	$ 61,659,157	$ 61,605,777	$ (53,380)	(0.1)%	$ 56,003,918	$ 55,499,835
Employee Benefits	17,867,782	18,478,019	610,237	3.4	17,237,100	15,985,381
Purchased Services	14,827,206	15,533,142	705,936	4.8	14,234,921	13,027,130
Supplies and Materials	2,781,984	2,364,851	(417,133)	(15.0)	2,902,686	1,980,618
Capital Expenditures	2,826,547	2,023,895	(802,652)	(28.4)	4,756,591	2,197,569
Other Expenditures	864,582	1,152,537	287,955	33.3	1,710,968	1,196,980
Total Expenditures	$ 100,827,258	$ 101,158,221	$ 330,963	0.3 %	$ 96,846,184	$ 89,887,513