

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT OF**

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

YEAR ENDED JUNE 30, 2018

**PREPARED BY THE
FINANCE DEPARTMENT**

**JOHN TOOP
DIRECTOR OF BUSINESS SERVICES**

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INDEPENDENT SCHOOL DISTRICT NO. 270
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INTRODUCTORY SECTION



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

Date: November 14, 2018

INTRODUCTION

The Comprehensive Annual Financial Report (CAFR) of Independent School District No. 270, Hopkins, Minnesota (the District) for the fiscal year ended June 30, 2018 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 6,770 students from a population of over 64,000 citizens residing in a 29.5 square mile area. During 2017 - 2018 the District operated 12 buildings: 1 high school, 2 junior high schools, 6 elementary schools, 2 special services buildings and a bus depot. The District is organized by grade level with 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.

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

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:

- Slightly declining enrollment;
- Insufficient increases in state funding;
- Inflationary pressures on key expenditure areas.

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

- It is facing a continuing, short and mid-term enrollment decline;
- Present and future outlook for revenue increases is pessimistic;
- District's cost structure is tied roughly 80% to people, with building operating costs coming next.

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, 2018, 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 2017 - 2018 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.

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

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 has been experiencing declining enrollment from FY09 to FY18 to the magnitude of 656 students or about a 8.8% decrease over this 10-year period. State funding on average is equal to about \$6,000 per student. When enrollment declines, revenue is reduced by the loss of students from the previous year times \$6,000 per student.

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, 2018 of \$8.7 million, or 8.8% of its General Fund expenditures. This is a turnaround of \$12.9 million, or about 14.14%, reflecting tough decisions that the School Board and administration have had to make to bring the District back to fiscal health.

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

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 \$9,721,507,300 in 2010 to \$10,518,327,358 in 2018. While the District is essentially fully developed residentially, commercial development and redevelopment is clearly evident throughout the community.

MAJOR INITIATIVES

XinXing Academy, Hopkins Public Schools' Chinese Immersion program, opened at Eisenhower Elementary School in 2007. XinXing attracts students from all parts of the Hopkins School District, as well as from other school districts in the Twin Cities area through open enrollment.

XinXing currently has two sections each of full-day kindergarten and grades 1-11. XinXing has continued to add a grade level every year, and will be fully implemented through the 12th grade in 2019-20.

XinXing classrooms have been designated Confucius Classrooms by the Confucius Institute at the University of Minnesota. As part of this designation, XinXing has received grants for the past six years to support Chinese cultural experiences such as dance, art, and Gong Fu.

Hopkins will embark on a partnership with the Science Museum of Minnesota and Cargill to bring computational thinking to our elementary schools. This is similar to the support Hopkins received the past five years in the area of engineering through the Engineering is Elementary program that brought rigorous STEM work into our elementary classrooms.

Hopkins Juntos secondary Spanish Immersion program now serves students in grades 7-12. The students participating in the program are a combination of Heritage speakers of Spanish and students that have completed an elementary Spanish immersion program.

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

Both Hopkins North and Hopkins West Junior High are International Baccalaureate World Schools through the implementation of the Middle Years Programme. The schools have adjusted course offerings in the past 2 years to better align with the IBMYP.

Elementary FLES (Foreign Language in the Elementary Schools) is now articulated through grade six, and administrators are planning for the transition of this program into the traditional world language offerings of the junior high.

Beginning this school year, the District has distributed additional technology and student devices at the elementary level as part of the *Elementary Ecosystem*. This includes 1:1 iPads to elementary grade levels and a cart of Chromebooks for each site.

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 2017, 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 John Toop in providing complete and accurate data for this Comprehensive Annual Financial Report.

Sincerely,



John Toop
Director of Business Services



Dr. Rhoda Mhiripiri-Reed
Superintendent



Suzanne Johnson
Controller

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2018**

SCHOOL BOARD

<u>NAME</u>	<u>TERM ON BOARD EXPIRES</u>	<u>BOARD POSITION</u>
Wendy Donovan	January 1, 2020	Chair
Kris Newcomer	January 1, 2020	Vice Chair
Steven Adams	January 1, 2020	Treasurer
Fartun Ahmed	January 1, 2022	Director
Jen Bouchard	January 1, 2022	Director
Dave Larson	January 1, 2020	Director
Chris LaTondresse	January 1, 2022	Director

ADMINISTRATION

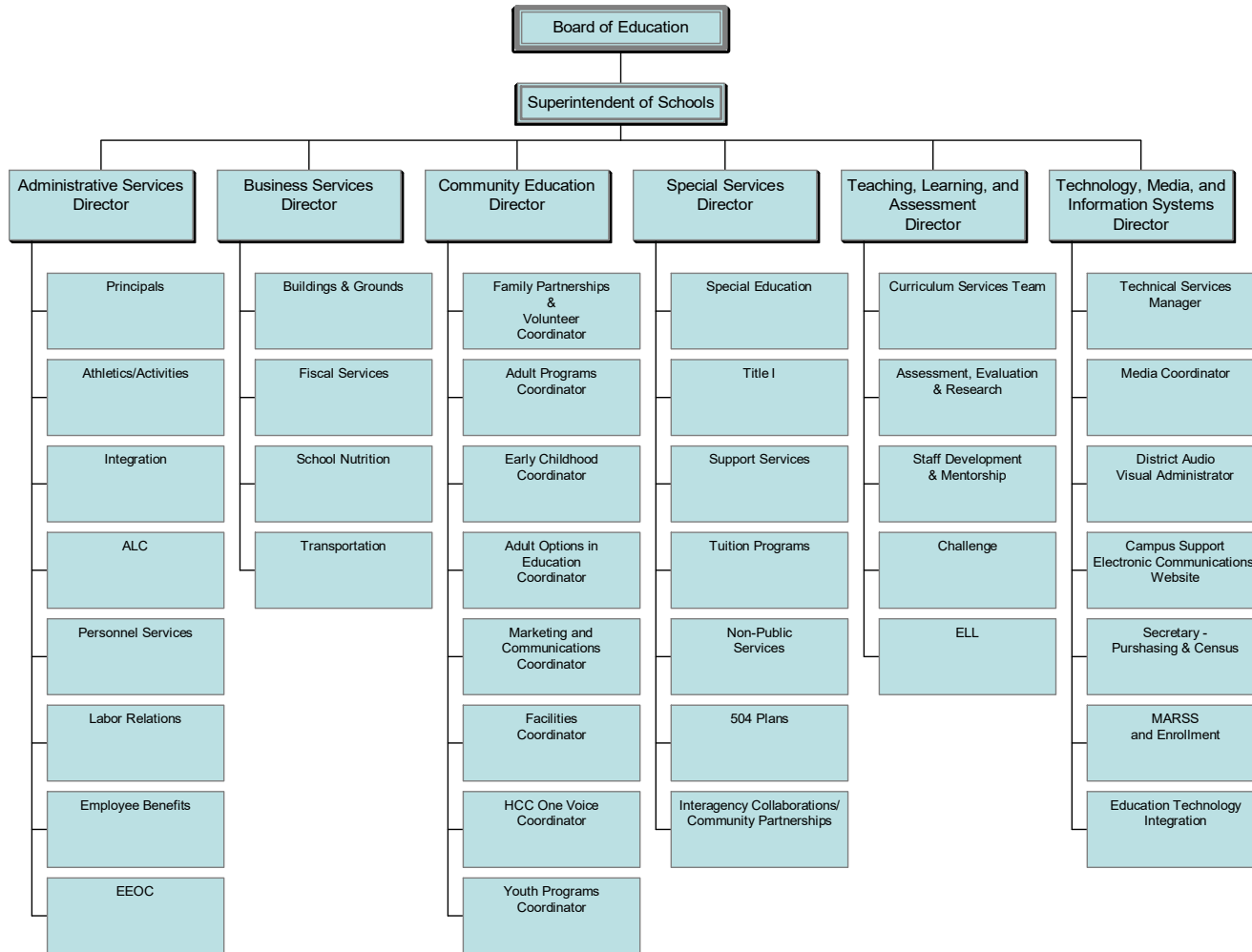
Dr. Rhoda Mhiripiri-Reed
John Toop

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, 2018**



HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING
JUNE 30, 2018



The Certificate of Excellence in Financial Reporting
is presented to

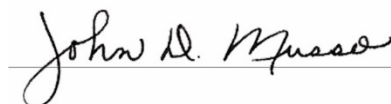
Hopkins Public Schools ISD 270

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Charles E. Peterson, Jr., SFO, RSBA, MBA
President



John D. Musso, CAE
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, 2018, 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 opinions.

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, 2018, 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.

Emphasis of Matter

During fiscal year ended June 30, 2018, Hopkins Public Schools adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of the implementation of this standard, Hopkins Public Schools reported a restatement for the change in accounting principle (see Note 15). Our auditors' opinion was not modified with respect to the restatement.

Report on Summarized Prior Year Information

We have previously audited Hopkins Public Schools' 2017 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 12, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended **June 30, 2017** is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 funding progress for other postemployment benefits and other pension benefits payable, schedules of the District's 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 Matters (Continued)

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.

The combining and individual fund financial statements and the uniform financial accounting and reporting standards 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.

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 November 14, 2018, 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
November 14, 2018

REQUIRED SUPPLEMENTARY INFORMATION

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

This section of Hopkins Public Schools – Independent School District No. 270's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. 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 (2017-2018) and the prior year (2016-2017) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2017-2018 fiscal year include the following:

- Net position of the District in total decreased by \$26,264,037, from June 2017 resulting in an ending net position deficit of \$88,259,512.
- The decrease in net position is after the restatement of the beginning net position as a result of the implementation of GASB Statement No. 75 and the revaluation of the District's OPEB liability at June 30, 2017.
- Overall General Fund revenues were \$96,438,651 as compared to \$96,846,184 of expenditures.
- Total fund balance of the General Fund decreased by \$2,526,846 from the prior year resulting from revenues increasing over \$2.5 million while expenditures increased about \$6.9 million. Transfers out also decreased by more than \$1.2 million.
- The District issued \$29,030,000 in General Obligation School Building Bonds in the current year.

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 agent* 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, 2018**

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 non-financial 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.
- 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.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

- *Fiduciary Funds* – The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship funds and the flexible benefit plan. 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 \$(88,259,512) on June 30, 2018.

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

	Governmental Activities as of June 30,		Percentage Change
	2018	2017	
Current and Other Assets	\$ 132,326,805	\$ 120,384,398	9.92 %
Capital Assets	165,820,929	158,192,140	4.82
Total Assets	<u>298,147,734</u>	<u>278,576,538</u>	7.03
Deferred Outflows of Resources	103,338,286	142,298,385	(27.38)
Current Liabilities	12,470,011	9,332,308	33.62
Long-Term Liabilities	395,535,015	414,707,960	(4.62)
Total Liabilities	<u>408,005,026</u>	<u>424,040,268</u>	(3.78)
Deferred Inflows of Resources	<u>81,740,506</u>	<u>52,215,895</u>	56.54
Net Position:			
Net Investment in Capital Assets	22,053,140	28,641,741	(23.00)
Restricted	5,905,947	10,098,439	(41.52)
Unrestricted	<u>(116,218,599)</u>	<u>(94,121,420)</u>	23.48
Total Net Position	<u>\$ (88,259,512)</u>	<u>\$ (55,381,240)</u>	59.37

Net position of the District decreased by \$26,264,037 from the restated June 2017 amount primarily due to a significant increase in the net pension liability (NPL) in the prior year which will be amortized over a five-year period. The increase in NPL is partially offset by current year reductions in the liability. While some of the related expenses are deferred until future periods in the form of deferred outflows, the District recognized \$25,457,773 in expenses in fiscal year 2018 related to the increase in their net pension liabilities.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Changes in Net Position

The District's total revenues were \$133,336,889 for the year ended June 30, 2018. Property taxes and state formula aid accounted for 79% of total revenue for the year (see Figure A-1). Another 1% came from other general revenues combined with investment earnings and the remaining 20% from program revenues.

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

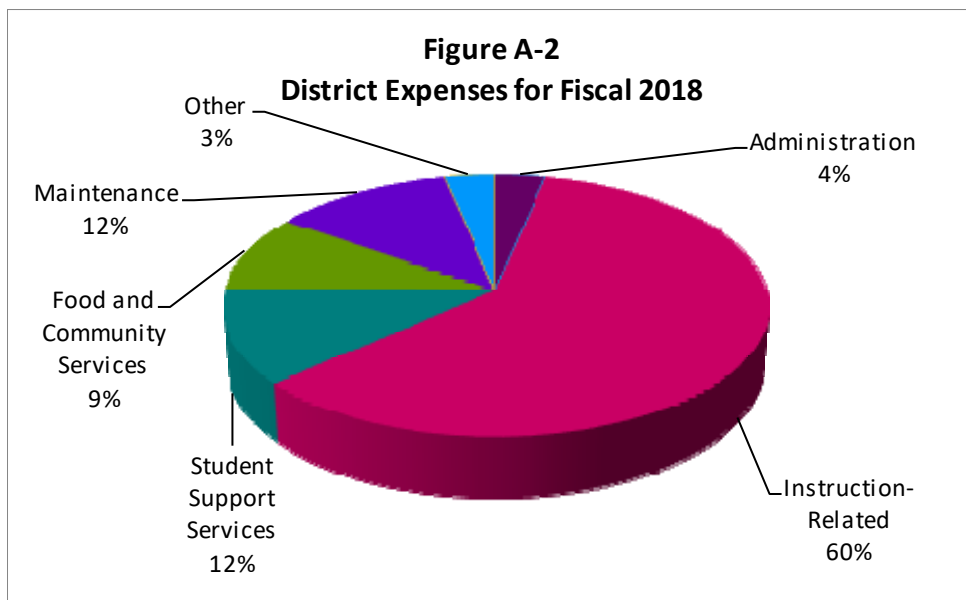
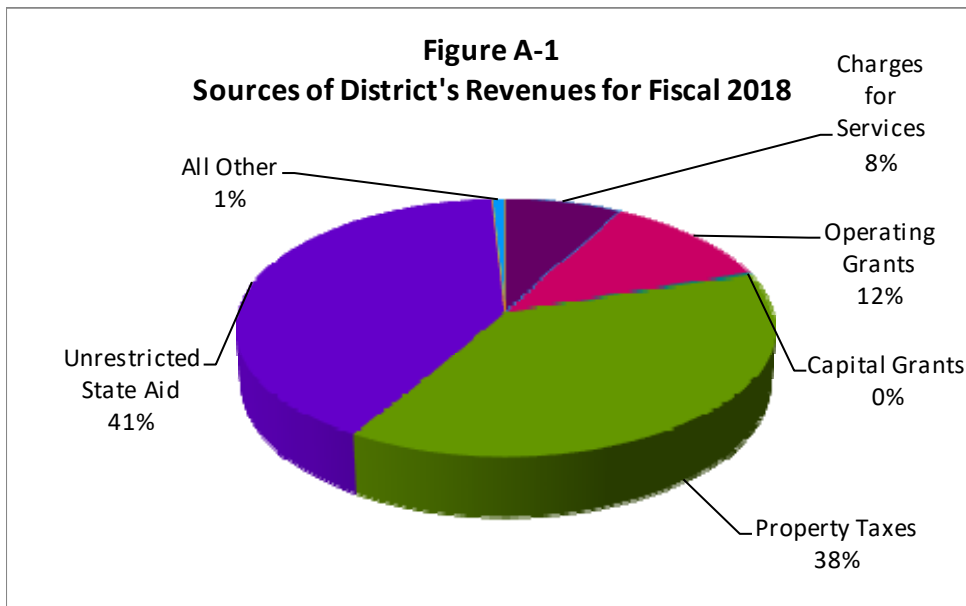
	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2018	2017	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 10,624,301	\$ 10,706,988	(0.77)%
Operating Grants and Contributions	15,972,054	19,149,940	(16.59)
Capital Grants and Contributions	427,504	80,061	433.97
<u>General Revenues</u>			
Property Taxes	50,849,015	50,103,270	1.49
Unrestricted State Aid	54,358,728	53,665,184	1.29
Earnings on Investments	843,281	990,135	(14.83)
Other	262,006	401,744	(34.78)
Total Revenues	<u>133,336,889</u>	<u>135,097,322</u>	(1.30)
Expenses			
Administration	5,361,601	5,604,111	(4.33)
District Support Services	4,041,454	2,188,737	84.65
Regular Instruction	74,082,770	75,020,531	(1.25)
Vocational Education Instruction	1,703,900	1,859,183	(8.35)
Special Education Instruction	20,349,472	21,314,677	(4.53)
Instructional Support Services	5,457,785	5,781,370	(5.60)
Pupil Support Services	9,296,987	9,869,746	(5.80)
Sites and Buildings	19,194,948	15,927,872	20.51
Fiscal and Other Fixed Cost Programs	235,254	254,518	(7.57)
Food Service	4,194,963	4,249,115	(1.27)
Community Service	10,571,316	10,425,140	1.40
Interest and Fiscal Charges on Long-Term Liabilities	5,110,476	5,027,855	1.64
Total Expenses	<u>159,600,926</u>	<u>157,522,855</u>	1.32
Change in Net Position	(26,264,037)	(22,425,533)	
Beginning Net Position	(55,381,240)	(26,971,184)	
Prior Period Restatement	(6,614,235)	(5,984,523)	
Beginning Net Position, as Restated	<u>(61,995,475)</u>	<u>(32,955,707)</u>	
Ending Net Position	<u>\$ (88,259,512)</u>	<u>\$ (55,381,240)</u>	

The total cost of all programs and services was \$159,600,926. Total expenses exceeded revenues decreasing net position by \$26,264,037 from the prior year restated net position.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

The total revenues of all *governmental* activities this year was \$133,336,889.

- Some of the cost was paid by the users of the District's programs (\$10,624,301).
- The federal and state governments subsidized certain programs with grants and contributions (\$16,399,558).
- Most of the District's costs (\$105,207,743), however, were paid for by District taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with \$50,849,015 in property taxes, and \$54,358,728 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, 2018**

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
	2018	2017		2018	2017	
Administration	\$ 5,361,601	\$ 5,604,111	(4.33)%	\$ 5,170,493	\$ 5,310,384	(2.63)%
District Support Services	4,041,454	2,188,737	84.65	4,032,565	2,170,720	85.77
Regular Instruction	74,082,770	75,020,531	(1.25)	70,710,074	70,056,183	0.93
Vocational Education Instruction	1,703,900	1,859,183	(8.35)	1,653,650	1,773,169	(6.74)
Special Education Instruction	20,349,472	21,314,677	(4.53)	10,435,152	10,733,460	(2.78)
Instructional Support Services	5,457,785	5,781,370	(5.60)	5,421,851	5,549,885	(2.31)
Pupil Support Services	9,296,987	9,869,746	(5.80)	9,072,178	9,533,719	(4.84)
Sites and Buildings	19,194,948	15,927,872	20.51	17,595,169	14,343,834	22.67
Fiscal and Other Fixed Cost Programs	235,254	254,518	(7.57)	235,254	254,518	(7.57)
Food Service	4,194,963	4,249,115	(1.27)	110,870	(125,318)	(188.47)
Community Service	10,571,316	10,425,140	1.40	3,029,335	2,957,457	2.43
Interest and Fiscal Charges on Long-Term Liabilities	5,110,476	5,027,855	1.64	5,110,476	5,027,855	1.64
Total	\$ 159,600,926	\$ 157,522,855	1.32	\$ 132,577,067	\$ 127,585,866	3.91

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 \$39,957,987, or \$8,439,603 more than last year's ending fund balance of \$31,518,384.

Total revenues and other financing sources for the District's governmental funds were \$163,573,527 while total expenditures and other financing uses were \$155,133,924. This difference is primarily the result of a bond issue for construction to improve district facilities. The increase is offset by repayment of bond principal and principal payments on capital leases that were paid off in 17-18.

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.

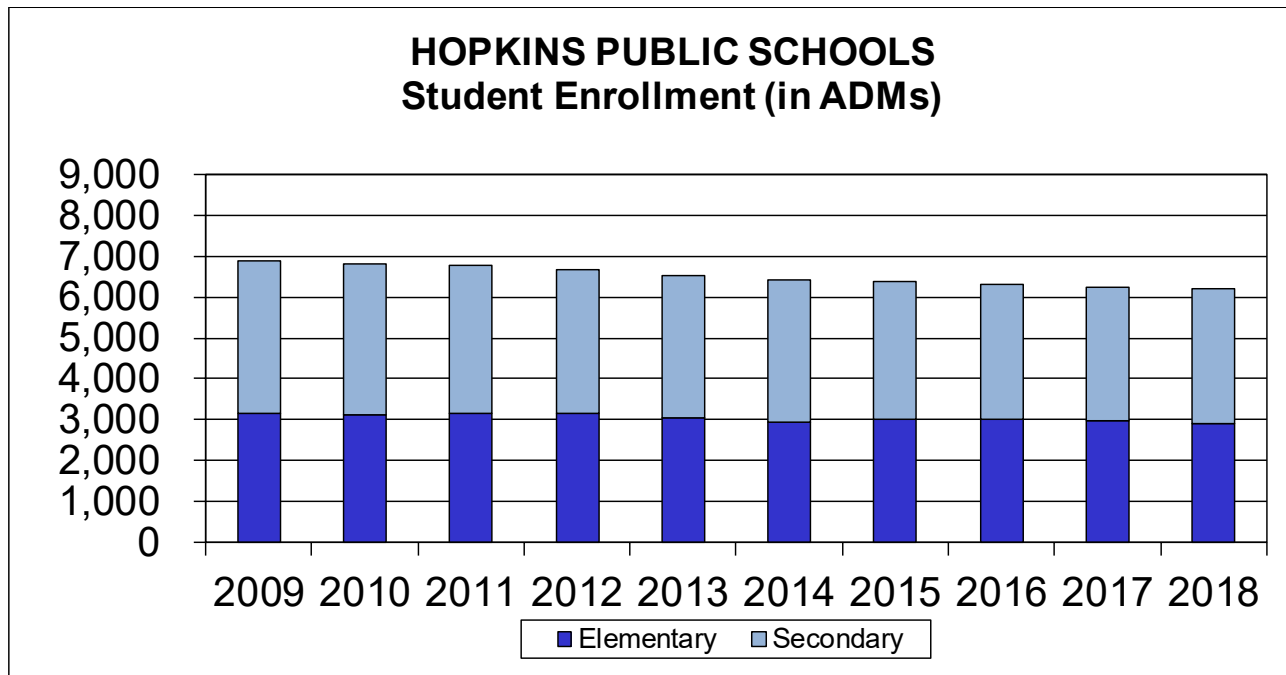
Approximately 68% of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having no meaningful authority to determine the level of resources. This includes special education state aid that is based upon a cost reimbursement model 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, 2018**

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 seven years.

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



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Pre-K & KH	84.03	78.36	91.45	72.74	67.19	74.35	91.51	101.71	110.70	120.03
Reg K	454.08	470.15	458.84	452.81	450.86	494.96	505.31	504.80	425.27	448.38
Elementary	3,167.60	3,114.15	3,149.87	3,149.38	3,032.91	2,929.49	3,025.60	3,016.15	2,991.90	2,909.26
Secondary	3,720.19	3,711.71	3,625.53	3,517.28	3,486.77	3,473.61	3,370.47	3,302.99	3,251.02	3,292.46
Total Students for Aid	7,425.90	7,374.37	7,325.69	7,192.21	7,037.73	6,972.41	6,992.89	6,925.65	6,778.89	6,770.13
Percent Change	0.37%	-0.69%	-0.66%	-1.82%	-2.15%	-0.93%	0.29%	-0.96%	-2.12%	-0.13%

Over the last 10 years, the District has experienced a decline in average daily membership by 656 students or 8.8%. It is anticipated the trend will continue for the near term but flatten out in future years, as the District's pre-school population settles at about 490 kindergarten students per year as compared to approximately 590 students graduating annually for the next three years. The District continues to 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, 2018**

The following schedule presents a summary of General Fund Revenues.

**Table A-5
General Fund Revenues**

	Year Ended		Change	
	June 30, 2018	June 30, 2017	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 27,058,222	\$ 25,608,340	\$ 1,449,882	5.7 %
Earnings on Investments	318,137	144,870	173,267	119.6
Other	3,902,241	4,327,036	(424,795)	(9.8)
State Sources	62,224,846	61,072,518	1,152,328	1.9
Federal Sources	2,935,205	2,775,987	159,218	5.7
Total General Fund Revenue	<u>\$ 96,438,651</u>	<u>\$ 93,928,751</u>	<u>\$ 2,509,900</u>	2.7

Total General Fund Revenue increased by \$2,509,900 or 2.7% 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 2017-2018 local property tax revenue increased by \$1,449,882, or 5.7%. Earnings on investments increased by \$173,267 as the district held higher investment balances from the bond issuance in the current year.

State Sources increased by \$1,152,328, or 1.9%. Federal Sources increased by \$159,218, or 5.7%.

Other revenue sources decreased by \$424,795, or 9.8%, mainly due to the requirement to recognize Medical Assistance revenue as a restricted fund balance beginning in 16-17. Revenue in 16-17 included the 15-16 deferred revenue reversal. In addition, significant lighting rebates were received in 16-17 that were not received in 17-18.

For fiscal year 2017-2018, there was a 2.0% increase in the General Education per student allowance.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

The following schedule presents a summary of General Fund Expenditures.

**Table A-6
General Fund Expenditures**

	Year Ended		Change	
	June 30, 2018	June 30, 2017	Increase (Decrease)	Percent Change
Salaries	\$ 56,003,918	\$ 55,499,835	\$ 504,083	0.9 %
Employee Benefits	17,237,100	15,985,381	1,251,719	7.8
Purchased Services	14,234,921	13,027,130	1,207,791	9.3
Supplies and Materials	2,902,686	1,980,618	922,068	46.6
Capital Expenditures	4,756,591	2,197,569	2,559,022	116.4
Debt Service	1,155,454	740,985	414,469	55.9
Other Expenditures	555,514	455,995	99,519	21.8
Total General Fund Expenditures	<u>\$ 96,846,184</u>	<u>\$ 89,887,513</u>	<u>\$ 6,958,671</u>	7.7

Total General Fund Expenditures increased \$6,958,671 or 7.7% from the previous year. The major factors driving the increase from 2016-2017 to 2017-2018 was an increase in Employee Benefits as a result of a comprehensive three year audit of benefits which resulted in additional amounts due to employees, which were paid in 2017-2018. The increase in Purchased Services is primarily due to a substantial increase in the elementary and secondary regular instruction category. In 2017-2018, there were significant expenditures for various trips (band, orchestra, China trip at Eisenhower and West) that were not incurred in the previous year. In addition, the District hosted the West Alternative Program (WALT) in 2017-2018, which increased costs by approximately \$475k. The hosted relationship resulted in excess of revenue over expenses of \$169k. Other Expenditures were \$100k higher in the General Fund in 2017-2018. This is primarily due to the fact that dues and memberships became unallowable in the capital project fund in the current year and costs were transferred to the general fund. Capital Expenditures were higher due to increased capital improvements and equipment purchases.

In fiscal 2017-2018, General Fund expenditures were more than revenues by \$2,526,846 including other financing sources and uses. Therefore, total fund balance decreased from \$14,023,724 in the prior year to \$11,496,878 as of June 30, 2018. After deducting statutory categories of fund balance and District commitments and assignments, the General Fund Unassigned fund balance decreased from \$8,540,982 at June 30, 2017, to \$8,373,311 at June 30, 2018. This represents about 8.6% of fiscal year 2017-2018 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 non-recurring costs.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

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 \$266,339 or 0.2% more than budgeted, while expenditures were \$807,855 or 0.8% less than budgeted.

While the District's final budget for the General Fund anticipated that fund balance would decrease by \$3,618,902, the actual results for the year show that fund balance decreased in total by \$2,526,846.

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 and other financing uses exceeded revenues and other financing sources by \$397,789 in 2017-2018. The ending Debt Service fund balance at June 30, 2018 of \$2,580,649 includes \$1,832,640 for meeting future regular debt service obligations and \$748,009 available for meeting future OPEB debt service obligations.

OTHER MAJOR FUNDS

Revenues exceeded expenditures in the Food Service Fund by \$16,858 for 2017-2018. The Food Service Fund increased its fund balance to \$739,114. In the Community Service Fund expenditures exceeded revenues by \$160,533 and a transfer in of \$250,000 resulted in the fund balance of the Community Service Fund ending at \$2,216,581, with \$1,722,878 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 2018-19 that allow them to continue to operate on a sound financial basis.

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, 2018**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2018, the District had invested approximately \$290 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 \$10 million.

**Table A-7
Capital Assets**

	2018	2017	Percentage Change
Land	\$ 2,867,600	\$ 2,867,600	-
Construction in Progress	17,574,089	3,538,549	396.6
Land Improvements	16,271,752	15,934,482	2.1
Buildings and Improvements	226,712,528	226,076,190	0.3
Equipment	26,689,872	24,057,074	10.9
Less: Accumulated Depreciation	(124,294,912)	(114,281,755)	8.8
Total Capital Assets	<u>\$ 165,820,929</u>	<u>\$ 158,192,140</u>	4.8

Construction – Next Five Years

In fiscal 2018, the District began its fourteen-year (thirteenth construction year) of a rolling 10-year program to address in excess of \$80 million in deferred maintenance needs, with an emphasis on improving indoor air quality and roof and window replacement. The revised 10-year facilities management plan identified \$15 million in projects for Phase VI. The district bonded for \$15 million in the spring of 2017. The District will be moving towards a more property tax levy driven source of revenue and less of a bonding source of revenue over the next five years. 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, 2018**

Long-Term Liabilities

At year-end, the District had \$155,145,000 in general obligation bonds outstanding – an increase of 17.5% from last year – as shown in Note 4 to the financial statements. This is in addition to \$7,285,000 of general obligation OPEB bonds. 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 decreased \$39,915,686, or 16.6%. The District also increased its postemployment severance and health benefits payable at June 30, 2018 by a net of \$8.8 million.

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

	2018	2017	Percentage Change
Net Pension Liability	\$ 200,291,321	\$ 240,207,007	(16.6)%
Other Postemployment Benefits Payable	23,729,651	14,971,005	58.5
Other Long-Term Liabilities:			
General Obligation Bonds	155,145,000	132,080,000	17.5
General Obligation OPEB Bonds	7,285,000	11,185,000	(34.9)
Net Bond Premium and Discount	5,739,515	5,430,075	5.7
Capital Leases Payable	3,344,528	10,834,873	(69.1)
Total Long-Term Liabilities	<u>\$ 395,535,015</u>	<u>\$ 414,707,960</u>	(4.6)
Long-Term Liabilities:			
Due Within One Year	\$ 10,832,844	\$ 10,674,614	1.5 %
Due in More Than One Year	384,702,171	404,033,346	(4.8)
Total	<u>\$ 395,535,015</u>	<u>\$ 414,707,960</u>	(4.6)

FACTORS BEARING ON THE DISTRICT'S FUTURE

Hopkins Public Schools remained financially stable as of June 30, 2018. Audited results for 2017-2018 will result in a revised General Fund budget that will keep its General Fund Unassigned fund balance as of June 30, 2019 at or slightly below the same level as June 30, 2018. This will keep Hopkins Public Schools Unassigned fund balance in the range of 8-15%, an amount that will keep it in line with financially strong neighboring districts. The State legislature will set the budget for potentially increased per pupil funding for 2019-20 and 2020-21. A range between a 1.5% - 2.5% increase in per pupil funding will be assumed when creating the 2019-20 and 2020-21 budgets. Hopkins Public Schools remains in a strong fiscal position assuming conservative increases for education funding.

Hopkins Public Schools will need to continue to look at possible ways to increase other non-state revenue and continue to identify efficiencies to control expenses for fiscal year 2018-19 and beyond. Some examples of this are solar gardens and solar rooftop arrays to reduce electricity costs. Expenditures begin to exceed revenues in 2020-21 in the long-term financial planning model.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

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.

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, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)**

	Governmental Activities	
	2018	2017
ASSETS		
Cash and Investments	\$ 94,632,009	\$ 85,527,917
Cash with Fiscal Agent	1,035,250	-
Receivables:		
Property Taxes	24,712,496	24,722,536
Other Governments	10,743,111	8,691,593
Other	653,308	603,058
Prepaid Items	393,440	702,892
Inventories	157,191	136,402
Capital Assets:		
Land and Construction in Progress	20,441,689	6,406,149
Other Capital Assets, Net of Depreciation	145,379,240	151,785,991
Total Assets	298,147,734	278,576,538
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Other Postemployment Benefits	1,254,410	-
Deferred Outflows - Pensions	102,083,876	142,298,385
Total Deferred Outflows	103,338,286	142,298,385
LIABILITIES		
Salaries Payable	1,051,613	739,518
Accounts and Contracts Payable	6,427,243	4,096,178
Accrued Interest	2,520,057	2,375,832
Due to Other Governmental Units	778,786	559,914
Unearned Revenue	1,692,312	1,560,866
Long-Term Liabilities:		
Net Pension Liability	200,291,321	240,207,007
Other Postemployment Benefits Payable	23,729,651	14,971,005
Bonds and Other Liabilities Due Within One Year	10,832,844	10,674,614
Bonds and Other Liabilities Due in More Than One Year	160,681,199	148,855,334
Total Liabilities	408,005,026	424,040,268
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for Subsequent Year	47,477,685	47,132,178
Deferred Inflows - Pensions	34,262,821	5,083,717
Total Deferred Inflows of Resources	81,740,506	52,215,895
NET POSITION		
Net Investment in Capital Assets	22,053,140	28,641,741
Restricted for:		
General Fund Operating Capital Purposes	722,956	2,173,244
General Fund State-Mandated Reserves	751,662	708,368
Food Service	739,114	722,256
Community Service	2,225,694	2,089,063
Debt Service	155,399	698,332
Capital Projects - Building Construction	1,311,122	3,707,176
Unrestricted	(116,218,599)	(94,121,420)
Total Net Position	\$ (88,259,512)	\$ (55,381,240)

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2017)**

Functions	2018				2017	
	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position	Revenue and Change in Net Position
				Total Governmental Activities	Total Governmental Activities	
GOVERNMENTAL ACTIVITIES						
Administration	\$ 5,361,601	\$ 170,571	\$ 12,007	\$ 8,530	\$ (5,170,493)	(5,310,384)
District Support Services	4,041,454	8,562	327	-	(4,032,565)	(2,170,720)
Regular Instruction	74,082,770	1,556,008	1,811,970	4,718	(70,710,074)	(70,056,183)
Vocational Education Instruction	1,703,900	3,058	47,192	-	(1,653,650)	(1,773,169)
Special Education Instruction	20,349,472	123,283	9,791,037	-	(10,435,152)	(10,733,460)
Instructional Support Services	5,457,785	19,029	16,905	-	(5,421,851)	(5,549,885)
Pupil Support Services	9,296,987	117,347	107,462	-	(9,072,178)	(9,533,719)
Sites and Buildings	19,194,948	805,232	380,291	414,256	(17,595,169)	(14,343,834)
Fiscal and Other Fixed Cost Programs	235,254	-	-	-	(235,254)	(254,518)
Food Service	4,194,963	2,125,603	1,958,490	-	(110,870)	125,318
Community Service	10,571,316	5,695,608	1,846,373	-	(3,029,335)	(2,957,457)
Interest and Fiscal Charges on Long-Term Liabilities	5,110,476	-	-	-	(5,110,476)	(5,027,855)
Total School District	<u>\$ 159,600,926</u>	<u>\$ 10,624,301</u>	<u>\$ 15,972,054</u>	<u>\$ 427,504</u>	<u>(132,577,067)</u>	<u>(127,585,866)</u>
GENERAL REVENUES						
Property Taxes Levied for:						
General Purposes					27,056,370	25,613,722
Community Service					1,390,148	1,454,956
Debt Service					14,822,188	14,616,054
Capital Projects					7,580,309	8,418,538
State Aid Not Restricted to Specific Purposes					54,358,728	53,665,184
Earnings on Investments					843,281	990,135
Miscellaneous					128,963	401,744
Gain on Sale of Capital Assets					133,043	-
Total General Revenues					<u>106,313,030</u>	<u>105,160,333</u>
CHANGE IN NET POSITION					<u>(26,264,037)</u>	<u>(22,425,533)</u>
Net Position - Beginning					(55,381,240)	(26,971,184)
Change in Accounting Principal - See Note 15					<u>(6,614,235)</u>	<u>(5,984,523)</u>
Net Position - Beginning, as Restated					<u>(61,995,475)</u>	<u>(32,955,707)</u>
NET POSITION - ENDING					<u>\$ (88,259,512)</u>	<u>\$ (55,381,240)</u>

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)**

	Major Funds					Total Governmental	
	General	Food Service	Community Service	Capital Projects	Debt Service	Funds	
						2018	2017
ASSETS							
Cash and Investments	\$ 16,176,578	\$ 369,784	\$ 3,547,204	\$ 26,166,907	\$ 11,764,402	\$ 58,024,875	\$ 49,711,242
Cash with Fiscal Agent	-	-	-	1,035,250	-	1,035,250	-
Receivables:							
Current Property Taxes	15,450,977	-	765,788	-	8,175,710	24,392,475	24,400,175
Delinquent Property Taxes	216,101	-	9,113	-	94,807	320,021	322,361
Accounts and Interest Receivable	235,539	13,949	132,872	26,032	-	408,392	371,704
Due from Other Minnesota School Districts	510,910	-	28,421	-	-	539,331	213,774
Due from Minnesota Department of Education	6,858,162	31,972	(6,740)	-	-	6,883,394	5,230,387
Due from Federal through Minnesota Department of Education	2,880,230	268,292	105,785	-	-	3,254,307	2,927,271
Due from Other Governmental Units	14,407	-	51,672	-	-	66,079	320,161
Due from Other Funds	350,000	23,470	-	-	-	373,470	23,470
Inventory	78,121	79,070	-	-	-	157,191	136,402
Prepays	163,767	1,180	-	228,493	-	393,440	702,892
Total Assets	\$ 42,934,792	\$ 787,717	\$ 4,634,115	\$ 27,456,682	\$ 20,034,919	\$ 95,848,225	\$ 84,359,839
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Liabilities:							
Salaries and Compensated Absences Payable	\$ 313,019	\$ 15,209	163,777	\$ 17,127	\$ -	\$ 509,132	\$ 309,059
Payroll Deductions and Employer Contributions Payable	453,682	8,354	62,572	17,873	-	542,481	426,989
Accounts and Contracts Payable	1,079,995	23,307	91,292	4,496,917	-	5,691,511	3,638,310
Due to Other Governmental Units	513,086	1,733	263,967	-	-	778,786	559,914
Unearned Revenue	369,804	-	200,818	-	-	570,622	452,644
Total Liabilities	2,729,586	48,603	782,426	4,531,917	-	8,092,532	5,386,916
Deferred Inflows of Resources:							
Unavailable Revenue - Property Taxes Levied for Subsequent Year	28,492,227	-	1,625,995	-	17,359,463	47,477,685	47,132,178
Unavailable Revenue - Delinquent Property Taxes	216,101	-	9,113	-	94,807	320,021	322,361
Total Deferred Inflows of Resources	28,708,328	-	1,635,108	-	17,454,270	47,797,706	47,454,539
Fund Balance:							
Nonspendable:							
Inventory	78,121	79,070	-	-	-	157,191	554,650
Prepays	163,767	1,180	-	228,493	-	393,440	284,644
Restricted for:							
Staff Development	235,987	-	-	-	-	235,987	295,204
Capital Projects Levy	-	-	-	1,082,629	-	1,082,629	-
Operating Capital	722,956	-	-	-	-	722,956	2,173,244
Medical Assistance	515,675	-	-	-	-	515,675	413,164
Community Education	-	-	1,722,878	-	-	1,722,878	1,670,241
Early Childhood and Family Education	-	-	294,674	-	-	294,674	223,074
School Readiness	-	-	5,777	-	-	5,777	49,995
Adult Basic Education	-	-	52,538	-	-	52,538	37,790
Long-Term Facilities Maintenance	-	-	-	2,035,617	-	2,035,617	7,959,676
Restricted for Other Purposes	-	658,864	140,714	19,578,026	2,580,649	22,958,253	7,273,910
Assigned for:							
Buses and Bus Shelter	27,500	-	-	-	-	27,500	27,500
Turf Fields	100,000	-	-	-	-	100,000	750,000
Health and Safety Close-Out	312,132	-	-	-	-	312,132	312,132
Benefit Audit	-	-	-	-	-	-	493,650
Playgrounds	-	-	-	-	-	-	55,210
Quality Compensation	-	-	-	-	-	-	29,778
Transition Costs	-	-	-	-	-	-	373,540
Building Purchase	500,000	-	-	-	-	500,000	-
Strategic Visioning 2031	467,429	-	-	-	-	467,429	-
Unassigned	8,373,311	-	-	-	-	8,373,311	8,540,982
Total Fund Balance	11,496,878	739,114	2,216,581	22,924,765	2,580,649	39,957,987	31,518,384
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 42,934,792	\$ 787,717	\$ 4,634,115	\$ 27,456,682	\$ 20,034,919	\$ 95,848,225	\$ 84,359,839

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, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)**

	2018	2017
Total Fund Balance for Governmental Funds	\$ 39,957,987	\$ 31,518,384
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	17,574,089	3,538,549
Land Improvements, Net of Accumulated Depreciation	5,914,352	6,309,818
Buildings and Improvements, Net of Accumulated Depreciation	127,985,839	134,659,532
Equipment, Net of Accumulated Depreciation	11,479,049	10,816,641
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.		
	320,021	322,361
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditures when due.		
	(2,520,057)	(2,375,832)
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	(200,291,321)	(240,207,007)
Deferred Inflows of Resources - Pensions	(34,262,821)	(5,083,717)
Deferred Outflows of Resources - Pensions	102,083,876	142,298,385
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	(162,430,000)	(143,265,000)
Unamortized Premiums	(5,739,515)	(5,430,075)
Obligations Under Capital Leases	(3,344,528)	(10,834,873)
Other Postemployment Benefits Payable	(23,729,651)	(14,971,005)
Deferred Outflows of Resources - Other Postemployment Benefits	1,254,410	-
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:		
	34,621,158	34,454,999
Total Net Position of Governmental Activities	\$ (88,259,512)	\$ (55,381,240)

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, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2017)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2018	2017
REVENUES							
Local Sources:							
Property Taxes	\$ 27,058,222	\$ -	\$ 1,390,717	\$ 7,580,309	\$ 14,822,107	\$ 50,851,355	\$ 50,107,678
Earnings on Investments	318,137	10,236	39,810	275,393	60,369	703,945	276,671
Other	3,902,241	2,131,839	6,093,319	87,776	-	12,215,175	12,963,957
State Sources	62,224,846	202,445	1,952,527	-	-	64,379,818	63,170,425
Federal Sources	2,935,205	1,845,745	105,785	-	-	4,886,735	4,888,848
Total Revenues	<u>96,438,651</u>	<u>4,190,265</u>	<u>9,582,158</u>	<u>7,943,478</u>	<u>14,882,476</u>	<u>133,037,028</u>	<u>131,407,579</u>
EXPENDITURES							
Current:							
Administration	4,179,572	-	-	-	-	4,179,572	4,138,586
District Support Services	2,311,373	-	-	-	-	2,311,373	1,846,598
Elementary and Secondary Regular Instruction	46,274,076	-	-	-	-	46,274,076	43,862,824
Vocational Education Instruction	1,279,959	-	-	-	-	1,279,959	1,314,391
Special Education Instruction	14,992,720	-	-	-	-	14,992,720	14,606,775
Instructional Support Services	3,604,288	-	-	-	-	3,604,288	3,599,280
Pupil Support Services	8,310,271	-	-	-	-	8,310,271	8,585,842
Sites and Buildings	9,746,626	-	-	-	-	9,746,626	8,740,145
Fiscal and Other Fixed Cost Programs	235,254	-	-	-	-	235,254	254,518
Food Service	-	4,131,427	-	-	-	4,131,427	4,134,538
Community Service	-	-	9,658,501	-	-	9,658,501	9,379,018
Capital Outlay	4,756,591	42,230	84,190	20,273,220	-	25,156,231	15,144,738
Debt Service:							
Principal	809,614	-	-	6,680,732	9,865,000	17,355,346	9,530,064
Interest and Fiscal Charges	345,840	-	-	-	5,415,265	5,761,105	5,739,368
Total Expenditures	<u>96,846,184</u>	<u>4,173,657</u>	<u>9,742,691</u>	<u>26,953,952</u>	<u>15,280,265</u>	<u>152,996,749</u>	<u>130,876,685</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(407,533)	16,608	(160,533)	(19,010,474)	(397,789)	(19,959,721)	530,894
OTHER FINANCING SOURCES (USES)							
Sale of Equipment	-	250	-	134,093	-	134,343	-
Insurance Recovery	17,862	-	-	-	-	17,862	-
Issuance of Bonds	-	-	-	29,030,000	-	29,030,000	14,140,000
Bond Premium	-	-	-	1,104,294	-	1,104,294	877,020
Issuance of Certificates of Participation	-	-	-	-	-	-	3,667,000
Transfers In	-	-	250,000	-	-	250,000	250,000
Transfers Out	(2,137,175)	-	-	-	-	(2,137,175)	(3,361,612)
Total Other Financing Sources (Uses)	<u>(2,119,313)</u>	<u>250</u>	<u>250,000</u>	<u>30,268,387</u>	<u>-</u>	<u>28,399,324</u>	<u>15,572,408</u>
NET CHANGE IN FUND BALANCE	(2,526,846)	16,858	89,467	11,257,913	(397,789)	8,439,603	16,103,302
FUND BALANCES							
Beginning of Year	<u>14,023,724</u>	<u>722,256</u>	<u>2,127,114</u>	<u>11,666,852</u>	<u>2,978,438</u>	<u>31,518,384</u>	<u>15,415,082</u>
End of Year	<u>\$ 11,496,878</u>	<u>\$ 739,114</u>	<u>\$ 2,216,581</u>	<u>\$ 22,924,765</u>	<u>\$ 2,580,649</u>	<u>\$ 39,957,987</u>	<u>\$ 31,518,384</u>

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, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2017)**

	2018	2017
Net Change in Fund Balance - Total Governmental Funds	\$ 8,439,603	\$ 16,103,302
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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:</p>		
Capital Outlays	17,799,661	7,710,600
Gain on Disposal of Capital Assets	133,043	-
Proceeds from the Sales of Capital Assets	(134,343)	-
Depreciation Expense	(10,169,572)	(9,784,365)
<p>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.</p>		
	(2,340)	(4,408)
<p>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.</p>		
Change in Accrued Interest - Capital Leases	102,467	(28,953)
Principal Payments - Capital Leases	7,490,345	470,064
<p>Pension expenses in the governmental funds are measured by current year employer contributions. Pension expenditures on the statement of activities are measured by the change in the net pension liability and the related deferred inflows and outflows of resources.</p>		
	(25,457,773)	(27,400,314)
<p>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 actually paid).</p>		
	(4,910,156)	(2,119,948)
<p>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:</p>		
General Obligation and Certificates of Participation Bond Proceeds	(29,030,000)	(14,140,000)
Bond Premium or Discount	(1,104,294)	(877,020)
Certificates of Participation Proceeds	-	(3,667,000)
Repayment of Bond Principal	9,865,000	9,060,000
Change in Accrued Interest	(246,692)	73,396
Amortization of Bond Premium	794,855	731,991
Amortization of Bond Discount	-	(64,921)
<p>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.</p>		
	166,159	1,512,043
Change in Net Position of Governmental Activities	\$ (26,264,037)	\$ (22,425,533)

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, 2018**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 25,679,930	\$ 27,450,134	\$ 27,058,222	\$ (391,912)
Earnings on Investments	30,000	90,000	318,137	228,137
Other	3,594,283	3,618,950	3,902,241	283,291
State Sources	61,583,474	61,850,234	62,224,846	374,612
Federal Sources	3,099,401	3,162,994	2,935,205	(227,789)
Total Revenues	<u>93,987,088</u>	<u>96,172,312</u>	<u>96,438,651</u>	<u>266,339</u>
EXPENDITURES				
Current:				
Administration	4,243,768	4,281,684	4,179,572	(102,112)
District Support Services	2,051,213	2,160,929	2,311,373	150,444
Elementary and Secondary Regular Instruction	44,046,693	45,517,216	46,274,076	756,860
Vocational Education Instruction	1,350,566	1,252,865	1,279,959	27,094
Special Education Instruction	15,770,869	15,048,098	14,992,720	(55,378)
Instructional Support Services	3,866,951	4,168,534	3,604,288	(564,246)
Pupil Support Services	8,717,272	8,815,005	8,310,271	(504,734)
Sites and Buildings	8,896,729	9,309,365	9,746,626	437,261
Fiscal and Other Fixed Cost Programs	283,422	733,649	235,254	(498,395)
Capital Outlay	3,392,429	5,211,240	4,756,591	(454,649)
Debt Service:				
Principal	809,614	809,614	809,614	-
Interest and Fiscal Charges	345,840	345,840	345,840	-
Total Expenditures	<u>93,775,366</u>	<u>97,654,039</u>	<u>96,846,184</u>	<u>(807,855)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	211,722	(1,481,727)	(407,533)	1,074,194
OTHER FINANCING SOURCES (USES)				
Insurance Recovery	-	-	17,862	17,862
Transfers Out	(1,102,608)	(2,137,175)	(2,137,175)	-
Total Other Financing Sources (Uses)	<u>(1,102,608)</u>	<u>(2,137,175)</u>	<u>(2,119,313)</u>	<u>17,862</u>
NET CHANGE IN FUND BALANCE	<u>\$ (890,886)</u>	<u>\$ (3,618,902)</u>	(2,526,846)	<u>\$ 1,092,056</u>
FUND BALANCE				
Beginning of Year			<u>14,023,724</u>	
End of Year			<u>\$ 11,496,878</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local Sources:				
Earnings and Investments	\$ -	\$ -	\$ 10,236	\$ 10,236
Other - Primarily Meal Sales	2,279,501	2,245,354	2,131,839	(113,515)
State Sources	177,862	168,035	202,445	34,410
Federal Sources	2,018,017	1,842,560	1,845,745	3,185
Total Revenues	<u>4,475,380</u>	<u>4,255,949</u>	<u>4,190,265</u>	<u>(65,684)</u>
EXPENDITURES				
Current:				
Food Service	4,343,001	4,096,501	4,131,427	34,926
Capital Outlay	<u>80,323</u>	<u>69,009</u>	<u>42,230</u>	<u>(26,779)</u>
Total Expenditures	<u>4,423,324</u>	<u>4,165,510</u>	<u>4,173,657</u>	<u>8,147</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	52,056	90,439	16,608	(73,831)
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	<u>-</u>	<u>-</u>	<u>250</u>	<u>250</u>
NET CHANGE IN FUND BALANCE	<u>\$ 52,056</u>	<u>\$ 90,439</u>	16,858	<u>\$ (73,581)</u>
FUND BALANCE				
Beginning of Year			<u>722,256</u>	
End of Year			<u>\$ 739,114</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Local Sources:				
Property Taxes	\$ 1,425,018	\$ 1,425,018	\$ 1,390,717	\$ (34,301)
Earnings and Investments	-	-	39,810	39,810
Other - Primarily Meal Sales	5,936,019	5,859,457	6,093,319	233,862
State Sources	1,922,967	1,980,550	1,952,527	(28,023)
Federal Sources	110,000	105,785	105,785	-
Total Revenues	<u>9,394,004</u>	<u>9,370,810</u>	<u>9,582,158</u>	<u>211,348</u>
EXPENDITURES				
Current:				
Community Service	9,367,416	9,487,175	9,658,501	171,326
Capital Outlay	58,550	79,066	84,190	5,124
Total Expenditures	<u>9,425,966</u>	<u>9,566,241</u>	<u>9,742,691</u>	<u>176,450</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(31,962)	(195,431)	(160,533)	34,898
OTHER FINANCING SOURCES				
Transfers In	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 218,038</u>	<u>\$ 54,569</u>	89,467	<u>\$ 34,898</u>
FUND BALANCE				
Beginning of Year			<u>2,127,114</u>	
End of Year			<u>\$ 2,216,581</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, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)**

	Governmental Activities - Internal Service Funds	
	2018	2017
ASSETS		
Current Assets:		
Cash and Investments	\$ 36,607,134	\$ 35,816,675
Accounts Receivable	78,673	80,685
Interest Receivable	166,243	150,669
Total Assets	36,852,050	36,048,029
LIABILITIES		
Current Liabilities:		
Accounts Payable	24,723	11,042
Claims Payable - Medical	711,009	450,296
Due to Other Funds	373,470	23,470
Unearned Revenue	1,121,690	1,108,222
Total Liabilities	2,230,892	1,593,030
NET POSITION		
Restricted	16,443,818	16,937,986
Unrestricted	18,177,340	17,517,013
Total Net Position	\$ 34,621,158	\$ 34,454,999

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, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2017)**

	Governmental Activities - Internal Service Funds	
	2018	2017
OPERATING REVENUES		
Charges for Services:		
Health Insurance Premiums	\$ 9,820,802	\$ 9,431,982
OPERATING EXPENSES		
Health Insurance Claim Payments	10,243,410	10,024,879
Severance Payments	969,184	940,890
OPEB Payments	468,560	779,246
Total Operating Expenses	11,681,154	11,745,015
OPERATING LOSS	(1,860,352)	(2,313,033)
NONOPERATING INCOME		
Earnings on Investments	139,336	713,464
LOSS BEFORE TRANSFERS	(1,721,016)	(1,599,569)
OTHER FINANCING SOURCES		
Transfer In	1,887,175	3,111,612
CHANGE IN NET POSITION	166,159	1,512,043
Net Position - Beginning	34,454,999	32,942,956
NET POSITION - ENDING	\$ 34,621,158	\$ 34,454,999

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, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2017)**

	Governmental Activities - Internal Service Funds	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Interfund Services Provided	\$ 9,836,282	\$ 9,955,092
Payments for Medical Fees and Insurance Claims	(9,969,016)	(10,276,741)
Payments for Other Postemployment Benefits	(118,560)	(941,767)
Payments for Severance Benefits	(969,184)	(940,890)
Net Cash Used by Operating Activities	(1,220,478)	(2,204,306)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from Other Funds	1,887,175	3,111,612
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	283,504	303,837
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	950,201	1,211,143
Cash and Cash Equivalents - Beginning	19,017,937	17,806,794
CASH AND CASH EQUIVALENTS - ENDING	\$ 19,968,138	\$ 19,017,937
DISPLAYED ON STATEMENT OF FUND NET POSITION AS:		
Cash and Cash Equivalents	\$ 19,968,138	\$ 19,017,937
Investments	16,638,996	16,798,738
Total Cash and Investments on the Statement of Net Position	\$ 36,607,134	\$ 35,816,675
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (1,860,352)	\$ (2,313,033)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Decrease in Accounts Receivable	2,012	554,771
Increase (Decrease) in Accounts Payable	13,681	(2,157)
Increase (Decrease) in Claims Payable	260,713	(249,705)
Increase (Decrease) in Due to Other Funds	350,000	(162,521)
Increase (Decrease) in Unearned Revenue	13,468	(31,661)
Total Adjustments	639,874	108,727
Net Cash Used by Operating Activities	\$ (1,220,478)	\$ (2,204,306)

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

	Scholarship Private-Purpose Trust
ASSETS	
Cash and Investments	\$ 88,145
Accounts Receivable	180
Total Assets	88,325
LIABILITIES	
Accounts and Contracts Payable	36,246
Due to Other Funds	1,417
Total Liabilities	37,663
NET POSITION	
Held In Trust	\$ 50,662

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2018**

	Scholarship Private-Purpose Trust
ADDITIONS	
Gifts and Donations	\$ 25,304
Earnings on Investments	849
Total Additions	26,153
DEDUCTIONS	
Scholarships Awarded	24,274
Miscellaneous	2,658
Total Deductions	26,932
CHANGE IN NET POSITION	(779)
Net Position - Beginning of Year	51,441
NET POSITION - END OF YEAR	\$ 50,662

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, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 270 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

Independent School District No. 270 (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. However, in accordance with Minnesota Statutes, the District's School Board has not elected to control or exercise oversight responsibility with respect to the underlying student activities. Accordingly, the student activity accounts are not included in these financial statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Change in Accounting Principle

During fiscal year ended June 30, 2018, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. These pronouncements require the restatement of the June 30, 2017 net position of the governmental activities. See note 15 for additional information on the restatement.

D. 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 statements 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: private purpose trust. 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.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basic Financial Statement Presentation (Continued)

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 non-operating 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 non-operating revenues and expenses.

E. 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.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus and Basis of Accounting (Continued)

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, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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

Private-Purpose Trust

The Private-Purpose Trust Fund is used to account for money held by the District in the capacity of trustee for others. The fund is used for the activity of the District's scholarship fund.

F. 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, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgeting (Continued)

Budgeted amounts include mid-year budget amendments as follows:

	Original Budget	Amendments	Amended Budget
<u>Revenues</u>			
General Fund	\$ 93,987,088	\$ 2,185,224	\$ 96,172,312
Special Revenue Funds:			
Food Service Fund	4,475,380	(219,431)	4,255,949
Community Service Fund	9,394,004	(23,194)	9,370,810
Capital Projects Fund	9,166,555	(1,770,204)	7,396,351
Debt Service Fund	10,550,714	4,635,143	15,185,857
<u>Expenditures</u>			
General Fund	\$ 93,775,366	\$ 3,878,673	\$ 97,654,039
Special Revenue Funds:			
Food Service Fund	4,423,324	(257,814)	4,165,510
Community Service Fund	9,425,966	140,275	9,566,241
Capital Projects Fund	19,303,181	14,344,943	33,648,124
Debt Service Fund	10,865,670	4,416,420	15,282,090

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.

G. 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, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. 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.

H. 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.

I. 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.

J. 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.

K. 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, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. 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 2016 with no corresponding state aid adjustment. Certain other portions of the District's 2017 pay 2018 levy, normally revenue for the 2018-19 fiscal year, are also advance recognized at June 30, 2018, 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, 2018, 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.

L. 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, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. 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.

M. 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 Note 7 and 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 three 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. See Note 7 for additional detail on deferred inflows related to pensions.

N. 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, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. 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.

P. 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, 2018, 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, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. 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.

R. 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, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. 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.

T. 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.

U. 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, 2017, 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, 2018**

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 departments 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, 2018.

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 thirteen 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, 2018**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

At June 30, 2018, the District's investment balances were as follows:

<u>Investments Measured at Fair Value</u>	Fair Value
U.S. Treasuries with Maturities at Purchase of Greater Than 1 Year	\$ 4,565,768
Federal Home Loan Mortgage Corp.	164,807
Federal National Mortgage Association	511,930
Municipal Bonds	9,297,540
Corporate Bonds	856,776
Mutual Funds	999,575
Total Investments Measured at Fair Value	<u>\$ 16,396,396</u>
<u>Investments Measured at Amortized Cost</u>	Amortized Cost
Money Markets	\$ 252,809
MSDLAF+ Liquid Class	24,383,408
MSDLAF+ Max Class	53,687,541
Total Investments Measured at Amortized Cost	<u>\$ 78,323,758</u>
Total District Investments	<u>\$ 94,720,154</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, 2018**

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	\$ 4,565,768	\$ -	\$ 1,814,800	\$ 1,906,650	\$ 844,318	\$ -	N/A
Federal Home Loan Mortgage Corp.	164,807	-	164,807	-	-	-	AAA - AA
Federal National Mortgage Association	511,930	-	511,930	-	-	-	AAA - AA
Municipal Bonds	9,297,540	-	2,811,669	6,485,871	-	-	AAA - A
Corporate Bonds	856,776	-	242,786	613,990	-	-	A - BB+
Mutual Funds	999,575	999,575	-	-	-	-	AAA
Money Markets	252,809	-	-	-	-	252,809	AAA
MSDLAF+	78,070,949	-	-	-	-	78,070,949	N/A
Total	<u>\$ 94,720,154</u>	<u>\$ 999,575</u>	<u>\$ 5,545,992</u>	<u>\$ 9,006,511</u>	<u>\$ 844,318</u>	<u>\$ 78,323,758</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, 2018 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	\$ 94,632,009
Cash and Investments with Fiscal Agent - Statement of Net Position	1,035,250
Cash and Investments - Statement of Fiduciary Net Position	88,145
Total Cash and Investments	<u>\$ 95,755,404</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, 2018**

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	\$ 4,565,768	\$ -	\$ -	\$ 4,565,768
Federal Home Loan Mortgage Corp.	-	164,807	-	164,807
Federal National Mortgage Association	-	511,930	-	511,930
Municipal Bonds	-	9,297,540	-	9,297,540
Corporate Bonds	-	856,776	-	856,776
Mutual Funds	999,575	-	-	999,575
Total	<u>\$ 5,565,343</u>	<u>\$ 10,831,053</u>	<u>\$ -</u>	16,396,396
Investments Measured at Amortized Cost				78,323,758
Total				<u>\$ 94,720,154</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, 2018**

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 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	<u>3,538,549</u>	<u>14,035,540</u>	<u>-</u>	<u>17,574,089</u>
Total Capital Assets, Not Being Depreciated	6,406,149	14,035,540	-	20,441,689
Capital Assets, Being Depreciated				
Land Improvements	15,934,482	420,996	(83,726)	16,271,752
Buildings and Improvements	226,076,190	3,261,286	(2,624,948)	226,712,528
Equipment	<u>24,057,074</u>	<u>2,658,787</u>	<u>(25,989)</u>	<u>26,689,872</u>
Total Capital Assets, Being Depreciated	266,067,746	6,341,069	(2,734,663)	269,674,152
Accumulated Depreciation for:				
Land Improvements	(9,624,664)	(816,462)	83,726	(10,357,400)
Buildings and Improvements	(91,416,658)	(7,358,031)	48,000	(98,726,689)
Equipment	<u>(13,240,433)</u>	<u>(1,995,079)</u>	<u>24,689</u>	<u>(15,210,823)</u>
Total Accumulated Depreciation	<u>(114,281,755)</u>	<u>(10,169,572)</u>	<u>156,415</u>	<u>(124,294,912)</u>
Total Capital Assets, Being Depreciated, Net	<u>151,785,991</u>	<u>(3,828,503)</u>	<u>(2,578,248)</u>	<u>145,379,240</u>
Governmental Activities Capital Assets, Net	<u>\$ 158,192,140</u>	<u>\$ 10,207,037</u>	<u>\$ (2,578,248)</u>	<u>\$ 165,820,929</u>

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

Governmental Activities	
District Support Services	\$ 1,467
Regular Instruction	9,927,789
Vocational Education Instruction	654
Pupil Support Services	24,597
Sites and Buildings	12,866
Food Service	83,990
Community Service	118,209
Total Depreciation Expense, Governmental Activities	<u>\$ 10,169,572</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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
5/19/2009	3.00% - 4.00%	24,300,000	2/1/2027	\$ 770,000	\$ 21,695,000
10/20/2009	4.05% - 4.45%	9,335,000	2/1/2020	3,555,000	7,285,000
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	315,000	975,000
6/27/2012	0.45% - 1.80%	6,120,000	2/1/2022	685,000	2,810,000
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	1,570,000	14,525,000
5/21/2015	2.00% - 3.00%	10,120,000	2/1/2023	-	10,120,000
5/21/2015	2.00% - 4.00%	4,425,000	2/1/2030	205,000	3,775,000
11/12/2015	2.00% - 5.00%	18,305,000	2/1/2022	2,970,000	12,775,000
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	425,000	29,030,000
Total General Obligation Bonds				10,495,000	162,430,000
Bond Premiums				-	5,739,515
Capital Lease Payable				337,844	3,344,528
Total				\$ 10,832,844	\$ 171,514,043

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
2019	\$ 10,495,000	\$ 6,024,172	\$ 337,844	\$ 76,623
2020	11,365,000	5,654,823	345,830	68,637
2021	11,555,000	5,190,133	354,005	60,462
2022	12,200,000	4,808,023	362,373	52,094
2023	12,330,000	4,389,113	370,939	43,529
2024-2028	55,350,000	15,337,713	1,573,537	84,334
2029-2033	43,870,000	4,766,025	-	-
2034-2038	5,265,000	157,950	-	-
Total	\$ 162,430,000	\$ 46,327,952	\$ 3,344,528	\$ 385,679

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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 May 19, 2009, the District issued \$24,300,000 of General Obligation Alternative Facilities Bonds, Series 2009B. 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 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.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

General Obligation Alternative Facilities Bonds (Continued)

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.

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 ten-year facility plan of the District.

General Obligation Taxable OPEB Bonds

The District raised funds for Other Postemployment Benefits through the issuance of General Obligation Taxable Bonds during fiscal years 2009 and 2010.

The Series 2009C issue was in the amount of \$9,335,000 and sold on October 20, 2009. The proceeds from this issue were used to finance the Districts Net OPEB Obligations under GASB 45 (see Note 8 for information on the District's OPEB Obligation).

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 capital lease proceeds, as well as additional District funds, were still in construction in progress at June 30, 2018 and had a total cost of \$5,025,110 as of June 30, 2018.

Subsequent Issuances

In November 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 General Obligation Alternative Facilities Bonds.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

D. Changes in Long-Term Debt

	June 30, 2017	Additions	Retirements	June 30, 2018
Bonds Payable	\$ 143,265,000	\$ 29,030,000	\$ 9,865,000	\$ 162,430,000
Bond Premiums	5,430,075	1,104,295	794,855	5,739,515
Capital Lease Payable	10,834,873	-	7,490,345	3,344,528
Total	<u>\$ 159,529,948</u>	<u>\$ 30,134,295</u>	<u>\$ 18,150,200</u>	<u>\$ 171,514,043</u>

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 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.

B. Restricted for Capital Projects Levy

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

C. 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.

D. Restricted for Medical Assistance

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

E. Restricted for Community Education Programs

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

F. 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.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 FUND BALANCES (CONTINUED)

G. 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.

H. Restricted for Adult Basic Education Programs

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

I. Restricted for Long-Term Facilities Maintenance

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

J. 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 has the following interfund receivable and payable at June 30, 2018:

	Due from Other Fund	Due to Other fund
General Fund	\$ 350,000	\$ -
Food Service Special Revenue Fund	23,470	-
OPEB Revocable Trust Internal Service Fund	-	373,470
Total	\$ 373,470	\$ 373,470

The purpose of these interfund balances was as follows:

The Revocable Trust Fund owes the General Fund \$350,000 and the Food Service Fund \$23,470 for OPEB payments which the funds had made during the previous two years.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 INTERFUND BALANCES AND TRANSFERS (CONTINUED)

The District had the following interfund transfers during the year ended June 30, 2018:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 2,137,175
Community Service Special Revenue Fund	250,000	-
Internal Service Fund:		
Severance Fund	1,887,175	-
Total	\$ 2,137,175	\$ 2,137,175

The purpose of these interfund transfers was as follows:

The General Fund transferred amounts to the Community Service Fund to pay for marketing costs to promote the Fund's programs and \$1,887,175 to the Severance Internal Service Fund to fund severance costs and extend the life of the OPEB trust.

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 follows:

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. 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 (GERF)

PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. All full-time and certain part-time employees of the District other than teachers are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

2. Teachers Retirement Fund (TRA)

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.

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INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. Plan Description (Continued)

2. Teachers Retirement Fund (TRA) (Continued)

Teachers employed in Minnesota's public elementary and secondary schools, charter schools, and certain educational institutions maintained by the state (except those teachers employed by the City of St. Paul and by the University of Minnesota system) are required to be TRA members. State university, community college, and technical college teachers first employed by the Minnesota State Colleges and Universities (MnSCU) may elect TRA coverage within one year of eligible employment. Alternatively, these teachers may elect coverage through the Defined Contribution Retirement Plan (DCR) administered by MnSCU.

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.

PERA: Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

TRA: Postretirement benefit increases are provided to eligible benefit recipients each January. The TRA increase is 2.0%. After the TRA funded ratio exceeds 90% for two consecutive years, the annual postretirement benefit will increase to 2.5%.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. 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. GERF Benefits

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 and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year 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. Disability benefits are available for vested members, and are based upon years of service and average high-five salary.

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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
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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

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

1. GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.5%, respectively, of their annual covered salary in fiscal year 2018. In fiscal year 2018, the District was required to contribute 11.78% of pay for Basic Plan members and 7.5% for Coordinated Plan members. The District's contributions to the GERF for the plan's fiscal year ended June 30, 2018 were \$1,421,750. The District's contributions were equal to the required contributions for each year as set by state statute.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for fiscal year 2018 were:

	2018	
	Employee	Employer
Basic	11.0%	11.5%
Coordinate	7.5%	7.5%

The District's contributions to TRA for the plan's fiscal year ended June 30, 2018 were \$3,390,541. 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, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs

1. GERF Pension Costs

At June 30, 2018, the District reported a liability of \$18,660,239 for its proportionate share of the GERF's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$6 million to the fund in 2017. The state of Minnesota is considered a nonemployer 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 \$234,649. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the District's proportion was 0.2923%, which was a decrease of 0.007 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the District recognized pension expense of \$1,855,584 for its proportionate share of GERF's pension expense. In addition, the District recognized an additional \$6,777 as pension expense (and corresponding grant revenue) for its proportionate share of the state of Minnesota's contribution of \$6 million to the General Employees Fund.

At June 30, 2018, the District reported its proportionate share of GERF'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	\$ 614,985	\$ 1,200,459
Changes in Actuarial Assumptions	3,098,003	1,870,691
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	806,992
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	971,404
District Contributions Subsequent to the Measurement Date	1,421,750	-
Total	<u>\$ 5,134,738</u>	<u>\$ 4,849,546</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. GERF Pension Costs (Continued)

A total of \$1,421,750 reported as deferred outflows of resources related to pensions resulting from District contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2019	\$ (662,419)
2020	778,027
2021	(460,075)
2022	(792,091)
2023	-
Thereafter	-

2. TRA Pension Costs

At June 30, 2018, the District reported a liability of \$167,898,818 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2017, 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 0.8411% at the end of the measurement period and 0.8633% 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:

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	\$ 167,898,818
State's Proportionate Share of the Net Pension Liability Associated with the District	16,230,127

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

For the year ended June 30, 2018, the District recognized pension expense of \$28,479,340. It also recognized \$311,284 as pension expense for the support provided by direct aid.

At June 30, 2018, 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	\$ 1,264,332	\$ 1,179,015
Changes in Actuarial Assumptions	91,307,251	23,519,974
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	1,315,657
Changes in Proportion and Differences Between		
District Contributions and Proportionate		
Share of Contributions	19,555	2,981,108
District Contributions Subsequent to the		
Measurement Date	3,390,541	-
Total	<u>\$ 95,981,679</u>	<u>\$ 28,995,754</u>

A total of \$3,390,541 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

<u>Year Ending June 30.</u>	<u>Pension Expense Amount</u>
2019	\$ 16,562,222
2020	19,502,785
2021	18,076,097
2022	14,725,665
2023	(5,271,385)
Thereafter	-

The District recognized total pension expense of \$25,665,829 for all of the pension plans in which it participates. This includes \$311,284 and \$6,777 in TRA and GERF, respectively, related to direct aid recognized as pension expense.

**HOPKINS PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

The total pension liability in the June 30, 2017, 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% - 3.25%
Investment Rate of Return	7.50%	5.12%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP 2014 tables for the proper group, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.0% per year for all future years for the General Employees Plan. Cost of living benefit increases for retirees are assumed to be 2.0% per year for all future years for the TRA.

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan and TRA was completed in 2015.

The following changes in actuarial assumptions for the General Employees Fund occurred in 2017:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60.0% 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.

The following changes in actuarial assumptions for TRA occurred in 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.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the nonvested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.00% to 7.50%.
- The price inflation assumption was lowered from 2.75% to 2.50%.
- The payroll growth assumption was lowered from 3.50% to 3.00%.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Assumptions (Continued)

- The general wage growth assumption was lowered from 3.50% to 2.85% for 10 years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

The target allocation and best estimates of arithmetic 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	39 %	5.10%
International Equity	19	5.30%
Bonds	20	0.75%
Alternative Assets	20	5.90%
Cash	2	0.00%
Totals	100 %	

G. Discount Rate

The discount rate used to measure the total pension liability was 7.50% for the General Employee's Fund and 5.12% for TRA. For TRA, this was an increase from the discount rate at the prior measurement date of 4.66%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in Minnesota Statutes.

Based on PERA's assumptions, the fiduciary net position of the General Employees Fund was 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.

Based on TRA's assumptions, the pension plan's fiduciary net position was projected to be depleted in 2053 and, as a result, the Municipal Bond Index Rate was used in the determination of the Single Equivalent Interest Rate (SEIR). The long-term expected rate of 3.56% was applied to periods on and after 2053, resulting in a SEIR of 5.1%. There was a change in the Municipal Bond Index Rate from the prior year measurement date (3.01%).

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. Discount Rate (Continued)

of return (7.50%) was applied to periods before 2053 and the Municipal Bond Index Rate of 3.56% was applied to periods on and after 2053, resulting in a SEIR of 5.12%. There was a change in the Municipal Bond Index Rate from the prior year measurement date (3.01%).

H. Pension Liability Sensitivity

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

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	\$ 28,943,417	\$ 18,660,239	\$ 10,241,590
<u>TRA Discount Rate</u>	4.12%	5.12%	6.12%
District's Proportionate Share of the TRA Net Pension Liability	\$ 221,594,086	\$ 167,898,818	\$ 122,627,174

I. 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 1,030 active employees who are eligible to receive benefits under the plan as of July 1, 2016.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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 as of July 1, 2017 (the measurement date). At June 30, 2018, the District reported a total pension liability of \$13,732,264. Changes in the District's total pension liability were as follows:

Total Pension Liability - June 30, 2017	\$	9,987,684
Changes for the Year		
Service Cost		689,485
Interest		296,170
Changes in Benefit Terms		4,153,716
Differences Between Expected and Actual Experience		-
Changes of Assumptions and Other Inputs		(459,274)
Benefit Payments		(935,517)
Other Changes		-
Net Changes		3,744,580
Total Pension Liability - June 30, 2018	\$	13,732,264

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INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 SUPPLEMENTAL PENSION PLAN (CONTINUED)

D. Pension Costs

For the year ended June 30, 2018, the District recognized pension expense of \$4,130,159. At June 30, 2018, 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	\$ -	\$ -
Changes of Assumptions of Other Inputs	-	417,521
Benefit Payments Subsequent to the Measurement Date	967,459	-
Pension Administrative Expenses Incurred Subsequent to the Measurement Date	-	-
Total	\$ 967,459	\$ 417,521

The District's benefit payments and amounts incurred by the District for pension administrative expenses subsequent to the measurement date of \$967,459 reported as deferred outflows of resources will be recognized as a reduction of the total pension liability in the year ended June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2019	\$ (41,753)
2020	(41,753)
2021	(41,753)
2022	(41,753)
2023	(41,753)
Thereafter	(208,756)

E. Actuarial Methods and Assumptions

The actuarial total pension liability was determined as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	July 1, 2016
Measurement Date:	July 1, 2017
Actuarial Cost Method:	Entry Age, Level Percentage of Pay
Discount Rate:	3.40%
Inflation:	2.50%
Salary Increases:	3.00%
Retirement Age:	55
Mortality:	RP-2014 White Collar Mortality Tables with Tables with MP-2015 Generational Improvement Scale

**HOPKINS PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 SUPPLEMENTAL PENSION PLAN (CONTINUED)

F. Discount Rate

The discount rate used to measure the total pension liability was 3.40%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

G. Total Pension Liability Sensitivity

The following presents the District's total pension liability, calculated using the discount rate of 3.40%, 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 (2.40%) or one percentage point higher (3.40%) than the current rate:

	1% Decrease (2.4%)	Current Discount Rate (3.4%)	1% Increase (4.4%)
Total Pension Liability	\$ 14,636,191	\$ 13,732,264	\$ 12,869,007

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 1,184 active participants, 78 retired participants, and 6 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 2018, the District contributed \$1,254,410 to the plan.

C. Actuarial Methods and Assumptions

The District's OPEB liability was measured as of July 1, 2017, and the total OPEB liability (asset) used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2016. 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
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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, 2016, 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	3.40%
Health Care Trend Rates	6.50% Decreasing to 5.00% Over 6 Years

Mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on the MP-2015 Generational Improvement Scale and other adjustments.

The actuarial assumptions used in the July 1, 2016 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 3.40%. The discount rate is based on the estimated yield of 20-year AA-rated bonds.

C. Actuarial Methods and Assumptions

Since the most recent GASB Statement No. 45 Other Postemployment Benefits valuation, the following changes have been made:

- The discount rate was changed from 3.50% to 3.40%.
- The actuarial cost method was changed from projected unit credit to entry age as prescribed by GASB 75.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

D. Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability
Balances at July 1, 2016	\$ 22,755,403
Changes for the Year:	
Service Cost	1,344,733
Interest Cost	799,678
Benefit Payments	(1,170,163)
Net Changes	974,248
Balances at July 1, 2017	\$ 23,729,651

The follow presents the net OPEB liability (assets) of the District, as well as what the District's net OPEB liability (asset) 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 (2.4%)	Discount Rate (3.4%)	1% Increase (4.4%)
Net OPEB Liability (Asset)	\$ 25,254,747	\$ 23,729,651	\$ 22,263,530

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1% point lower (5.50% decreasing to 4.00% over 6 years) or 1% point higher (7.50% decreasing to 6.00% over 6 years) than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease (5.50% Decreasing to 4.00% over 6 Years)	Current Trend Rates (6.50% Decreasing to 5.00% over 6 Years)	1% Increase (7.50% Decreasing to 6.00% over 6 Years)
Net OPEB Liability (Asset)	\$ 22,689,565	\$ 23,729,651	\$ 24,959,520

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

E. OPEB Liability Costs

For the year ended June 30, 2018, the District recognized OPEB expense of \$890,001. At June 30, 2018, the District reported no deferred inflows of resources and \$1,254,410 of deferred outflows of resources resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019.

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 administrator. 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 the 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.

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.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11 HEALTH AND DENTAL SELF-INSURANCE PLAN (CONTINUED)

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, 2018, there is a reserve of \$4,180,362.

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, 2018. 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 \$5,959,111 in cash and investments at June 30, 2018 for payment of claims.

Changes in the balances of claim liabilities during fiscal years 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Beginning of Fiscal Year Liability - July 1,	\$ 450,296	\$ 700,001
Current Year Claims, Changes in Estimates, and Other Charges	10,243,410	10,024,879
Current Year Claims Paid, Including an Estimate of Claims Incurred But Not Reported (IBNR)	<u>(9,982,697)</u>	<u>(10,274,584)</u>
End of Fiscal Year Liability - June 30,	<u><u>\$ 711,009</u></u>	<u><u>\$ 450,296</u></u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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 ten 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:

Year Ending June 30,	Amount
2019	\$ 147,298
2020	150,850
2021	154,487
2022	158,232
2023	162,093
2024	616,146
Total Future Minimum Lease Payments	\$ 1,389,106

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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 2017-2018 are as follows:

	School District	City
Total Expenditures	\$ 304,256	\$ 124,274
Total Revenue	(133,919)	(54,699)
Final Operating Costs to Respective Government	\$ 170,337	\$ 69,575

D. Construction Commitments

At June 30, 2018, the District is committed to approximately \$8.8 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, 2018:

	Budget	Expenditures	Excess
Special Revenue Funds:			
Community Service Fund	\$ 9,566,241	\$ 9,742,691	\$ 176,450

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 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	\$ 165,820,929
Less: General Obligation Bonds Outstanding	(162,430,000)
Add back: OPEB Bonds Outstanding	7,285,000
Less: Unamortized Premium on Capital-Related Bonds	(5,739,515)
Less: Capital-Related Accounts and Contracts Payable	(4,496,917)
Plus: Capital Projects Fund Unspent Bond Proceeds	21,613,643
Total Net Investment in Capital Assets	\$ 22,053,140

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 15 CHANGE IN ACCOUNTING PRINCIPLE

During the fiscal year ended June 30, 2018, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This pronouncement requires the restatement of the June 30, 2017 net position of the governmental activities as follows:

Net Position, June 30, 2017, as Previously Reported	\$ (55,381,240)
Cumulative Affect of Application of GASB 75, Revaluation of OPEB Liability	<u>(6,614,235)</u>
Net Position, June 30, 2017, as Restated	<u><u>\$ (61,995,475)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS**

	Measurement Date July 1, 2017
Service Cost	\$ 1,344,733
Interest	799,678
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions of Other Inputs	-
Benefit Payments	(1,170,163)
Other Changes	-
Net Changes	974,248
Total Pension Liability - Beginning	22,755,403
Total Pension Liability - Ending	\$ 23,729,651
 Covered Employee Payroll	 \$ 53,977,701
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 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 FOUR MEASUREMENT DATES**

	Measurement Date June 30,			
	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.8411%	0.8633%	0.8628%	0.9324%
District's Proportionate Share of the Net Pension Liability	\$ 167,898,818	\$ 205,917,648	\$ 53,372,713	\$ 42,964,321
State's Proportionate Share of the Net Pension Liability Associated with District	16,230,127	20,669,786	6,546,465	3,022,504
Total	<u>\$ 184,128,945</u>	<u>\$ 226,587,434</u>	<u>\$ 59,919,178</u>	<u>\$ 45,986,825</u>
District's Covered Payroll	\$ 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	370.46%	459.60%	121.88%	100.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 FOUR MEASUREMENT DATES**

	Measurement Date June 30,			
	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.2923%	0.2993%	0.3135%	0.3326%
District's Proportionate Share of the Net Pension Liability	\$ 18,660,239	\$ 24,301,675	\$ 16,247,197	\$ 15,623,882
State's Proportionate Share of the Net Pension Liability Associated with District	234,649	317,389	-	-
Total	<u>\$ 18,894,888</u>	<u>\$ 24,619,064</u>	<u>\$ 16,247,197</u>	<u>\$ 15,623,882</u>
District's Covered Payroll	20,876,400	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	89.38%	129.57%	88.17%	89.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 FIVE FISCAL YEARS**

	Fiscal Year Ended June 30,				
	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 3,390,541	\$ 3,399,100	\$ 3,360,259	\$ 3,284,214	\$ 2,979,454
Contributions in Relation to the Statutorily Required Contribution	(3,390,541)	(3,399,100)	(3,360,259)	(3,284,214)	(2,979,454)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Employee Covered Payroll	\$ 45,207,213	\$ 45,321,333	\$ 44,803,453	\$ 43,789,520	\$ 42,563,629
Contributions as a Percentage of Covered Payroll	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 FIVE FISCAL YEARS**

	Fiscal Year Ended June 30,				
	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 1,421,750	\$ 1,565,730	\$ 1,406,630	\$ 1,359,011	\$ 1,265,729
Contributions in Relation to the Statutorily Required Contribution	(1,421,750)	(1,565,730)	(1,406,630)	(1,359,011)	(1,265,729)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 18,956,667	\$ 20,876,400	\$ 18,755,067	\$ 18,427,268	\$ 17,458,331
Contributions as a Percentage of Covered Payroll	7.500%	7.500%	7.500%	7.375%	7.250%

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
YEAR ENDED JUNE 30, 2018**

	Measurement Date July 1, 2017
Service Cost	\$ 689,485
Interest	296,170
Changes in Benefit Terms	4,153,716
Differences Between Expected and Actual Experience	-
Changes of Assumptions of Other Inputs	(459,274)
Benefit Payments	(935,517)
Other Changes	-
Net Changes	3,744,580
Total Pension Liability - Beginning	9,987,684
Total Pension Liability - Ending	\$ 13,732,264
 Covered Employee Payroll	 \$ 53,977,701
 Total Pension Liability as a Percentage of Covered Employee Payroll	 25.44%

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

SUPPLEMENTARY INFORMATION

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
GENERAL FUND
BALANCE SHEET
JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)**

	2018	2017
ASSETS		
Cash and Investments	\$ 16,176,578	\$ 21,551,075
Receivables:		
Current Property Taxes	15,450,977	16,123,481
Delinquent Property Taxes	216,101	217,953
Accounts and Interest Receivable	235,539	259,194
Due from Other Minnesota School Districts	510,910	187,163
Due from Minnesota Department of Education	6,858,162	5,091,025
Due from Federal Through the Minnesota Department of Education	2,880,230	2,750,604
Due from Other Governmental Units	14,407	264,721
Due from Other Funds	350,000	-
Inventory	78,121	70,536
Prepays	163,767	488,784
Total Assets	\$ 42,934,792	\$ 47,004,536
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 313,019	\$ 162,928
Payroll Deductions and Employer Contributions Payable	453,682	386,345
Accounts and Contracts Payable	1,079,995	806,766
Due to Other Minnesota School Districts	445,383	387,556
Due to Other Governmental Units	67,703	45,317
Unearned Revenue	369,804	452,644
Total Liabilities	2,729,586	2,241,556
Deferred Inflows:		
Unavailable Revenue - Property Taxes Levied for Subsequent Year	28,492,227	30,521,303
Unavailable Revenue - Delinquent Property Taxes	216,101	217,953
Total Deferred Inflows of Resources	28,708,328	30,739,256
Fund Balance:		
Nonspendable:		
Inventory	163,767	488,784
Prepays	78,121	70,536
Restricted for:		
Staff Development	235,987	295,204
Operating Capital	722,956	2,173,244
Medical Assistance	515,675	413,164
Assigned for:		
Buses and Bus Shelter	27,500	27,500
Turf Fields	100,000	750,000
Health and Safety Close-Out	312,132	312,132
Benefit Audit	-	493,650
Playgrounds	-	55,210
Quality Compensation	-	29,778
Transition Costs	-	373,540
Building Purchase	500,000	-
Strategic Visioning	467,429	-
Unassigned	8,373,311	8,540,982
Total Fund Balance	11,496,878	14,023,724
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 42,934,792	\$ 47,004,536

**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, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2017)**

	2018			2017
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 27,450,134	\$ 27,058,222	\$ (391,912)	\$ 25,608,340
Earnings on Investments	90,000	318,137	228,137	144,870
Other	3,618,950	3,902,241	283,291	4,327,036
State Sources	61,850,234	62,224,846	374,612	61,072,518
Federal Sources	3,162,994	2,935,205	(227,789)	2,775,987
Total Revenues	<u>96,172,312</u>	<u>96,438,651</u>	<u>266,339</u>	<u>93,928,751</u>
EXPENDITURES				
Current:				
Administration:				
Salaries	3,128,427	2,930,170	(198,257)	2,948,257
Employee Benefits	811,805	862,005	50,200	849,568
Purchased Services	171,094	253,007	81,913	222,341
Supplies and Materials	119,779	76,141	(43,638)	69,858
Capital Expenditures	135,529	96,661	(38,868)	209,457
Other Expenditures	50,579	58,249	7,670	48,562
Total Administration	<u>4,417,213</u>	<u>4,276,233</u>	<u>(140,980)</u>	<u>4,348,043</u>
District Support Services:				
Salaries	1,143,247	1,268,295	125,048	1,057,218
Employee Benefits	319,888	378,333	58,445	300,698
Purchased Services	478,038	548,488	70,450	341,270
Supplies and Materials	206,727	93,489	(113,238)	173,417
Capital Expenditures	30,000	40,748	10,748	150,673
Other Expenditures	13,029	22,768	9,739	(26,005)
Total District Support Services	<u>2,190,929</u>	<u>2,352,121</u>	<u>161,192</u>	<u>1,997,271</u>
Elementary and Secondary Regular Instruction:				
Salaries	32,465,104	31,993,288	(471,816)	31,658,692
Employee Benefits	9,244,552	9,822,282	577,730	8,991,941
Purchased Services	1,904,995	2,593,556	688,561	1,882,858
Supplies and Materials	1,845,712	1,554,335	(291,377)	952,382
Capital Expenditures	238,400	342,947	104,547	456,531
Other Expenditures	56,853	310,615	253,762	376,951
Total Elementary and Secondary Regular Instruction	<u>45,755,616</u>	<u>46,617,023</u>	<u>861,407</u>	<u>44,319,355</u>

**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, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2017)**

	2018			2017
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (Continued)				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 778,097	\$ 780,934	\$ 2,837	\$ 841,552
Employee Benefits	199,065	191,077	(7,988)	215,822
Purchased Services	235,246	260,941	25,695	213,514
Supplies and Materials	39,987	39,978	(9)	43,458
Capital Expenditures	-	4,401	4,401	3,190
Other Expenditures	470	7,029	6,559	45
Total Vocational Education Instruction	<u>1,252,865</u>	<u>1,284,360</u>	<u>31,495</u>	<u>1,317,581</u>
Special Education Instruction:				
Salaries	10,919,760	10,785,920	(133,840)	10,724,151
Employee Benefits	3,140,847	3,432,190	291,343	3,225,231
Purchased Services	869,355	675,387	(193,968)	580,519
Supplies and Materials	75,865	60,652	(15,213)	43,401
Capital Expenditures	68,842	78,435	9,593	21,272
Other Expenditures	42,271	38,571	(3,700)	33,473
Total Special Education Instruction	<u>15,116,940</u>	<u>15,071,155</u>	<u>(45,785)</u>	<u>14,628,047</u>
Instructional Support Services:				
Salaries	2,613,221	2,477,789	(135,432)	2,601,416
Employee Benefits	865,737	719,470	(146,267)	704,927
Purchased Services	474,494	206,686	(267,808)	234,643
Supplies and Materials	208,286	173,613	(34,673)	53,122
Capital Expenditures	330,369	24,810	(305,559)	90,554
Other Expenditures	6,796	26,730	19,934	5,172
Total Instructional Support Services	<u>4,498,903</u>	<u>3,629,098</u>	<u>(869,805)</u>	<u>3,689,834</u>
Pupil Support Services:				
Salaries	2,399,019	2,294,724	(104,295)	2,291,304
Employee Benefits	577,201	704,775	127,574	689,961
Purchased Services	5,797,429	5,263,105	(534,324)	5,568,841
Supplies and Materials	18,674	21,307	2,633	17,939
Capital Expenditures	13,111	12,892	(219)	24,465
Other Expenditures	22,682	26,360	3,678	17,797
Total Pupil Support Services	<u>8,828,116</u>	<u>8,323,163</u>	<u>(504,953)</u>	<u>8,610,307</u>

**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, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2017)**

	2018		Over (Under) Final Budget	2017
	Final Budget	Actual Amounts		Actual Amounts
EXPENDITURES (Continued)				
Current (Continued):				
Sites and Buildings:				
Salaries	\$ 3,374,495	\$ 3,472,798	\$ 98,303	\$ 3,377,245
Employee Benefits	1,007,547	1,126,968	119,421	1,007,233
Purchased Services	4,000,307	4,198,497	198,190	3,728,626
Supplies and Materials	861,824	883,171	21,347	627,041
Capital Expenditures	4,394,989	4,155,697	(239,292)	1,241,427
Other Expenditures	65,192	65,192	-	-
Total Sites and Buildings	13,704,354	13,902,323	197,969	9,981,572
Fiscal and Other Fixed Costs:				
Employee Benefits	493,649	-	(493,649)	-
Purchased Services	240,000	235,254	(4,746)	254,518
Total Fiscal and Other Fixed Costs	733,649	235,254	(498,395)	254,518
Debt Service:				
Principal	809,614	809,614	-	470,064
Interest and Fiscal Charges	345,840	345,840	-	270,921
Total Debt Service	1,155,454	1,155,454	-	740,985
Total Expenditures	97,654,039	96,846,184	(807,855)	89,887,513
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,481,727)	(407,533)	1,074,194	4,041,238
OTHER FINANCING SOURCES (USES)				
Insurance Recovery	-	17,862	17,862	-
Transfers Out	(2,137,175)	(2,137,175)	-	(3,361,612)
Total Other Financing Sources (Uses)	(2,137,175)	(2,119,313)	17,862	(3,361,612)
NET CHANGE IN FUND BALANCE	\$ (3,618,902)	(2,526,846)	\$ 1,092,056	679,626
FUND BALANCE				
Beginning of Year		14,023,724		13,344,098
End of Year		\$ 11,496,878		\$ 14,023,724

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
FOOD SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and Investments	\$ 369,784	\$ 583,531
Receivables:		
Accounts and Interest Receivable	13,949	28,992
Due from Minnesota Department of Education	31,972	847
Due from Federal Through the Minnesota Department of Education	268,292	58,558
Due from Other Funds	23,470	23,470
Inventory	79,070	65,866
Prepays	1,180	-
	<u>787,717</u>	<u>761,264</u>
Total Assets	<u>\$ 787,717</u>	<u>\$ 761,264</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 15,209	\$ 13,489
Payroll Deductions and Employer Contributions Payable	8,354	-
Accounts and Contracts Payable	23,307	25,519
Due to Other Minnesota School Districts	1,733	-
Total Liabilities	<u>48,603</u>	<u>39,008</u>
Fund Balance:		
Nonspendable:		
Inventory	79,070	65,866
Prepays	1,180	-
Restricted for:		
Other Purposes	658,864	656,390
Total Fund Balance	<u>739,114</u>	<u>722,256</u>
	<u>\$ 787,717</u>	<u>\$ 761,264</u>
Total Liabilities and Fund Balance	<u>\$ 787,717</u>	<u>\$ 761,264</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, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2017)**

	2018		2017	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Earnings on Investments	\$ -	\$ 10,236	\$ 10,236	\$ 6,302
Other - Primarily Meal Sales	2,245,354	2,131,839	(113,515)	2,257,591
State Sources	168,035	202,445	34,410	216,121
Federal Sources	1,842,560	1,845,745	3,185	1,994,752
Total Revenues	<u>4,255,949</u>	<u>4,190,265</u>	<u>(65,684)</u>	<u>4,474,766</u>
EXPENDITURES				
Current:				
Salaries	1,721,273	1,765,571	44,298	1,746,723
Employee Benefits	604,677	618,750	14,073	566,678
Purchased Services	133,755	122,383	(11,372)	113,580
Supplies and Materials	1,628,596	1,616,715	(11,881)	1,698,730
Other Expenditures	8,200	8,008	(192)	8,827
Capital Outlay	69,009	42,230	(26,779)	59,457
Total Expenditures	<u>4,165,510</u>	<u>4,173,657</u>	<u>8,147</u>	<u>4,193,995</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	90,439	16,608	(73,831)	280,771
OTHER FINANCING SOURCES				
Sale of Equipment	<u>-</u>	<u>250</u>	<u>250</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 90,439</u>	16,858	<u>\$ (73,581)</u>	280,771
FUND BALANCE				
Beginning of Year		<u>722,256</u>		<u>441,485</u>
End of Year		<u>\$ 739,114</u>		<u>\$ 722,256</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
COMMUNITY SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2018**

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)

	2018	2017
ASSETS		
Cash and Investments	\$ 3,547,204	\$ 3,355,379
Receivables:		
Current Property Taxes	765,788	710,043
Delinquent Property Taxes	9,113	9,682
Accounts and Interest Receivable	132,872	47,410
Due from Other Minnesota School Districts	28,421	26,611
Due from Minnesota Department of Education	(6,740)	138,515
Due from Federal Through the Minnesota Department of Education	105,785	118,109
Due from Other Governmental Units	51,672	52,442
Prepays	-	4,047
Total Assets	\$ 4,634,115	\$ 4,462,238
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 163,777	\$ 117,517
Payroll Deductions and Employer Contributions Payable	62,572	40,644
Accounts and Contracts Payable	91,292	615,222
Due to Other Minnesota School Districts	263,967	10,495
Due to Other Governmental Units	-	116,546
Unearned Revenue	200,818	-
Total Liabilities	782,426	900,424
Deferred Inflows:		
Property Taxes Levied for Subsequent Year	1,625,995	1,425,018
Unavailable Revenue - Delinquent Taxes	9,113	9,682
Total Deferred Inflows of Resources	1,635,108	1,434,700
Fund Balance:		
Nonspendable:		
Prepays	-	4,047
Restricted for:		
Community Education	1,722,878	1,670,241
Early Childhood and Family Education	294,674	223,074
School Readiness	5,777	49,995
Adult Basic Education	52,538	37,790
Other Purposes	140,714	141,967
Total Fund Balance	2,216,581	2,127,114
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 4,634,115	\$ 4,462,238

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
COMMUNITY SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2017)**

	2018		2017	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 1,425,018	\$ 1,390,717	\$ (34,301)	\$ 1,455,760
Earnings on Investments	-	39,810	39,810	28,441
Other - Primarily Tuition and Fees	5,859,457	6,093,319	233,862	6,095,023
State Sources	1,980,550	1,952,527	(28,023)	1,881,786
Federal Sources	105,785	105,785	-	118,109
Total Revenues	<u>9,370,810</u>	<u>9,582,158</u>	<u>211,348</u>	<u>9,579,119</u>
EXPENDITURES				
Current:				
Salaries	5,932,586	5,877,214	(55,372)	5,763,139
Employee Benefits	1,490,574	1,733,855	243,281	1,541,059
Purchased Services	1,520,199	1,535,293	15,094	1,584,839
Supplies and Materials	528,006	498,970	(29,036)	481,160
Other Expenditures	15,810	13,169	(2,641)	8,821
Capital Outlay	79,066	84,190	5,124	36,056
Total Expenditures	<u>9,566,241</u>	<u>9,742,691</u>	<u>176,450</u>	<u>9,415,074</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(195,431)	(160,533)	34,898	164,045
OTHER FINANCING SOURCES				
Transfers In	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 54,569</u>	89,467	<u>\$ 34,898</u>	414,045
FUND BALANCE				
Beginning of Year		<u>2,127,114</u>		<u>1,713,069</u>
End of Year		<u>\$ 2,216,581</u>		<u>\$ 2,127,114</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
CAPITAL PROJECTS FUND
BALANCE SHEET
JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and Investments	\$ 26,166,907	\$ 13,623,613
Cash with Fiscal Agent	1,035,250	-
Receivables:		
Accounts and Interest Receivable	26,032	36,108
Due from Other Governmental Units	-	2,998
Prepays	<u>228,493</u>	<u>210,061</u>
Total Assets	<u><u>\$ 27,456,682</u></u>	<u><u>\$ 13,872,780</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 17,127	\$ 15,125
Payroll Deductions and Employer Contributions Payable	17,873	-
Accounts and Contracts Payable	<u>4,496,917</u>	<u>2,190,803</u>
Total Liabilities	4,531,917	2,205,928
Fund Balance:		
Nonspendable:		
Prepays	228,493	210,061
Restricted for:		
Capital Projects Levy	1,082,629	-
Long-Term Facilities Maintenance	2,035,617	7,959,676
Restricted for Other Purposes	<u>19,578,026</u>	<u>3,497,115</u>
Total Fund Balance	<u><u>22,924,765</u></u>	<u><u>11,666,852</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 27,456,682</u></u>	<u><u>\$ 13,872,780</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, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2017)**

	2018			2017
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 7,286,351	\$ 7,580,309	\$ 293,958	\$ 8,418,538
Earnings on Investments	-	275,393	275,393	54,569
Other	110,000	87,776	(22,224)	283,307
Total Revenues	<u>7,396,351</u>	<u>7,943,478</u>	<u>547,127</u>	<u>8,756,414</u>
EXPENDITURES				
Current:				
Salaries	3,424,039	3,325,071	(98,968)	3,293,104
Employee Benefits	979,518	1,068,233	88,715	1,017,028
Purchased Services	604,386	2,643,072	2,038,686	503,458
Supplies and Materials	-	-	-	164,391
Other Expenditures	-	-	-	513,248
Capital Outlay	21,732,207	13,236,844	(8,495,363)	7,360,427
Debt Service:				
Principal	6,907,974	6,680,732	(227,242)	-
Total Expenditures	<u>33,648,124</u>	<u>26,953,952</u>	<u>(6,694,172)</u>	<u>12,851,656</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(26,251,773)	(19,010,474)	7,241,299	(4,095,242)
OTHER FINANCING SOURCES				
Sale of Equipment	-	134,093	134,093	-
Issuance of Bonds	30,000,000	29,030,000	(970,000)	14,140,000
Bond Premium	-	1,104,294	1,104,294	877,020
Issuance of Certificates of Participation	-	-	-	3,667,000
Total Other Financing Sources	<u>30,000,000</u>	<u>30,268,387</u>	<u>268,387</u>	<u>18,684,020</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,748,227</u>	11,257,913	<u>\$ 7,509,686</u>	14,588,778
FUND BALANCE				
Beginning of Year		<u>11,666,852</u>		<u>(2,921,926)</u>
End of Year		<u>\$ 22,924,765</u>		<u>\$ 11,666,852</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)**

	Regular Debt Service	OPEB Debt Service	Totals	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
ASSETS				
Cash and Investments	\$ 8,916,694	\$ 2,847,708	\$ 11,764,402	\$ 10,597,644
Receivables:				
Current Property Taxes	6,306,482	1,869,228	8,175,710	7,566,651
Delinquent Property Taxes	<u>60,689</u>	<u>34,118</u>	<u>94,807</u>	<u>94,726</u>
Total Assets	<u>\$ 15,283,865</u>	<u>\$ 4,751,054</u>	<u>\$ 20,034,919</u>	<u>\$ 18,259,021</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Deferred Inflows:				
Property Taxes Levied for Subsequent Year	\$ 13,390,536	\$ 3,968,927	\$ 17,359,463	\$ 15,185,857
Unavailable Revenue - Delinquent Taxes	<u>60,689</u>	<u>34,118</u>	<u>94,807</u>	<u>94,726</u>
Total Deferred Inflows of Resources	<u>13,451,225</u>	<u>4,003,045</u>	<u>17,454,270</u>	<u>15,280,583</u>
Fund Balance:				
Regular Debt Service	<u>1,832,640</u>	<u>748,009</u>	<u>2,580,649</u>	<u>2,978,438</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 15,283,865</u>	<u>\$ 4,751,054</u>	<u>\$ 20,034,919</u>	<u>\$ 18,259,021</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, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2017)**

	2018				2017	
	Final Budgeted Amounts	Regular Debt Service	OPEB Debt Service	Total Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES						
Local Sources:						
Property Taxes	\$ 15,185,857	\$ 10,261,334	\$ 4,560,773	\$ 14,822,107	\$ (363,750)	\$ 14,625,040
Earnings on Investments	-	41,411	18,958	60,369	60,369	42,489
Other	-	-	-	-	-	1,000
Total Revenues	<u>15,185,857</u>	<u>10,302,745</u>	<u>4,579,731</u>	<u>14,882,476</u>	<u>(303,381)</u>	<u>14,668,529</u>
EXPENDITURES						
Debt Service:						
Bond Principal	9,865,000	5,965,000	3,900,000	9,865,000	-	9,060,000
Bond Interest	5,410,090	4,895,670	514,420	5,410,090	-	5,463,497
Paying Agent Fees and Other	7,000	5,175	-	5,175	(1,825)	4,950
Total Expenditures	<u>15,282,090</u>	<u>10,865,845</u>	<u>4,414,420</u>	<u>15,280,265</u>	<u>(1,825)</u>	<u>14,528,447</u>
NET CHANGE IN FUND BALANCE	<u>\$ (96,233)</u>	<u>(563,100)</u>	<u>165,311</u>	<u>(397,789)</u>	<u>\$ (301,556)</u>	<u>140,082</u>
FUND BALANCE						
Beginning of Year		<u>2,395,740</u>	<u>582,698</u>	<u>2,978,438</u>		<u>2,838,356</u>
End of Year		<u>\$ 1,832,640</u>	<u>\$ 748,009</u>	<u>\$ 2,580,649</u>		<u>\$ 2,978,438</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
INTERNAL SERVICE FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)**

	Self- Insurance Accounts	OPEB Revocable Trust	Severance	Totals	
				2018	2017
ASSETS					
Current Assets:					
Cash and Investments	\$ 5,934,393	\$ 16,651,045	\$ 14,021,696	\$ 36,607,134	\$ 35,816,675
Accounts Receivable	78,673	-	-	78,673	80,685
Interest Receivable	-	166,243	-	166,243	150,669
Total Assets	<u>6,013,066</u>	<u>16,817,288</u>	<u>14,021,696</u>	<u>36,852,050</u>	<u>36,048,029</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	24,723	-	-	24,723	11,042
Claims Payable - Medical	711,009	-	-	711,009	450,296
Due to Other Funds	-	373,470	-	373,470	23,470
Unearned Revenue	1,121,690	-	-	1,121,690	1,108,222
Total Liabilities	<u>1,857,422</u>	<u>373,470</u>	<u>-</u>	<u>2,230,892</u>	<u>1,593,030</u>
NET POSITION					
Restricted	-	16,443,818	-	16,443,818	16,937,986
Unrestricted	4,155,644	-	14,021,696	18,177,340	17,517,013
Total Net Position	<u>4,155,644</u>	<u>16,443,818</u>	<u>14,021,696</u>	<u>34,621,158</u>	<u>34,454,999</u>
Total Liabilities and Net Position	<u>\$ 6,013,066</u>	<u>\$ 16,817,288</u>	<u>\$ 14,021,696</u>	<u>\$ 36,852,050</u>	<u>\$ 36,048,029</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
INTERNAL SERVICE FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2017)**

	Self- Insurance Accounts	OPEB Revocable Trust	Severance	Totals	
				2018	2017
OPERATING REVENUES					
Charges for Services:					
Health Insurance Premiums	\$ 9,820,802	\$ -	\$ -	\$ 9,820,802	\$ 9,431,982
OPERATING EXPENSES					
Health Insurance Claim Payments	10,243,410	-	-	10,243,410	10,024,879
Severance Payments	-	-	969,184	969,184	940,890
OPEB Payments	-	468,560	-	468,560	779,246
Total Operating Expenses	<u>10,243,410</u>	<u>468,560</u>	<u>969,184</u>	<u>11,681,154</u>	<u>11,745,015</u>
OPERATING LOSS	(422,608)	(468,560)	(969,184)	(1,860,352)	(2,313,033)
NONOPERATING INCOME					
Earnings on Investments	<u>49,217</u>	<u>(25,608)</u>	<u>115,727</u>	<u>139,336</u>	<u>713,464</u>
NET LOSS BEFORE TRANSFERS	(373,391)	(494,168)	(853,457)	(1,721,016)	(1,599,569)
OTHER FINANCING SOURCES					
Transfer In	<u>-</u>	<u>-</u>	<u>1,887,175</u>	<u>1,887,175</u>	<u>3,111,612</u>
CHANGE IN NET POSITION	(373,391)	(494,168)	1,033,718	166,159	1,512,043
Net Position - Beginning	<u>4,529,035</u>	<u>16,937,986</u>	<u>12,987,978</u>	<u>34,454,999</u>	<u>32,942,956</u>
NET POSITION - ENDING	<u>\$ 4,155,644</u>	<u>\$ 16,443,818</u>	<u>\$ 14,021,696</u>	<u>\$ 34,621,158</u>	<u>\$ 34,454,999</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
INTERNAL SERVICE FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2017)**

	Self- Insurance Accounts	OPEB Revocable Trust	Severance	Totals	
				2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Interfund Services Provided	\$ 9,836,282	\$ -	\$ -	\$ 9,836,282	\$ 9,955,092
Payments for Medical Fees and Insurance Claims	(9,969,016)	-	-	(9,969,016)	(10,276,741)
Payments for Other Postemployment Benefits	-	(118,560)	-	(118,560)	(941,767)
Payments for Severance Benefits	-	-	(969,184)	(969,184)	(940,890)
Net Cash Used by Operating Activities	<u>(132,734)</u>	<u>(118,560)</u>	<u>(969,184)</u>	<u>(1,220,478)</u>	<u>(2,204,306)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from Other Funds	-	-	1,887,175	1,887,175	3,111,612
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	<u>49,217</u>	<u>118,560</u>	<u>115,727</u>	<u>283,504</u>	<u>303,837</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(83,517)	-	1,033,718	950,201	1,211,143
Cash and Cash Equivalents - Beginning	<u>6,042,628</u>	<u>12,049</u>	<u>12,963,260</u>	<u>19,017,937</u>	<u>17,806,794</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 5,959,111</u>	<u>\$ 12,049</u>	<u>\$ 13,996,978</u>	<u>\$ 19,968,138</u>	<u>\$ 19,017,937</u>
DISPLAYED ON STATEMENT OF FUND NET POSITION AS:					
Cash and Cash Equivalents	\$ 5,934,393	12,049	\$ 14,021,696	\$ 19,968,138	\$ 19,017,937
Investments	-	16,638,996	-	16,638,996	16,798,738
Total Cash and Investments on the Statement of Net Position	<u>\$ 5,934,393</u>	<u>\$ 16,651,045</u>	<u>\$ 14,021,696</u>	<u>\$ 36,607,134</u>	<u>\$ 35,816,675</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Loss	\$ (422,608)	\$ (468,560)	\$ (969,184)	\$ (1,860,352)	\$ (2,313,033)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:					
Decrease in Accounts Receivable	2,012	-	-	2,012	554,771
Increase (Decrease) in Accounts Payable	13,681	-	-	13,681	(2,157)
Increase (Decrease) in Claims Payable	260,713	-	-	260,713	(249,705)
Increase (Decrease) in Due to Other Funds	-	350,000	-	350,000	(162,521)
Increase (Decrease) in Unearned Revenue	13,468	-	-	13,468	(31,661)
Total Adjustments	<u>289,874</u>	<u>350,000</u>	<u>-</u>	<u>639,874</u>	<u>108,727</u>
Net Cash Used by Operating Activities	<u>\$ (132,734)</u>	<u>\$ (118,560)</u>	<u>\$ (969,184)</u>	<u>\$ (1,220,478)</u>	<u>\$ (2,204,306)</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
JUNE 30, 2018**

	AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND			
Total Revenue	\$ 96,456,513	\$ 96,456,515	\$ (2)
Total Expenditures	96,846,184	96,846,184	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	241,888	241,888	-
<i>Restricted:</i>			
403 Staff Development	235,987	235,987	-
405 Deferred Maintenance	-	-	-
406 Health and Safety	(311,089)	(311,089)	-
407 Capital Project Levy	-	-	-
408 Cooperative Programs	-	-	-
413 Projects Funded by COP	-	-	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maintenance	-	-	-
424 Operating Capital	722,956	722,956	-
426 \$25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning and Development	-	-	-
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 Sage Schools Crime Levy	-	-	-
451 QZAB Payments	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
453 Unfunded Severance & Retirement Levy	-	-	-
464 Restricted Fund Balance	-	-	-
467 Long-Term Facilities Maintenance	-	-	-
472 Medical Assistance	515,675	515,675	-
<i>Committed:</i>			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	-	-	-
<i>Assigned:</i>			
462 Assigned Fund Balance	1,407,061	1,407,061	-
<i>Unassigned:</i>			
422 Unassigned Fund Balance	8,684,400	8,684,401	(1)
02 FOOD SERVICE			
Total Revenue	4,190,265	4,190,268	(3)
Total Expenditures	4,173,657	4,173,661	(4)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	80,250	80,250	-
<i>Restricted:</i>			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	658,864	658,863	1
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE			
Total Revenue	9,582,158	9,582,157	1
Total Expenditures	9,742,691	9,742,692	(1)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
426 \$25 Taconite	-	-	-
431 Community Education	1,722,878	1,722,878	-
432 E.C.F.E.	294,674	294,674	-
440 Teacher Development and Evaluations	-	-	-
444 School Readiness	5,777	5,776	1
447 Adult Basic Education	52,538	52,538	-
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	140,714	140,714	-
<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, 2018**

	AUDIT	UFARS	DIFFERENCE
06 BUILDING CONSTRUCTION			
Total Revenue	\$ 7,943,478	\$ 7,943,479	\$ (1)
Total Expenditures	26,953,952	26,953,955	(3)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	228,493	228,493	-
<i>Restricted:</i>			
407 Capital Projects Levy	1,082,629	1,082,629	-
409 Alternative Facility Program	-	-	-
413 Projects Funded by COP	-	-	-
467 Long-Term Facilities Maintenance	2,035,617	2,035,617	-
464 Restricted Fund Balance	19,578,026	19,578,026	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
07 DEBT SERVICE			
Total Revenue	10,302,745	10,302,746	(1)
Total Expenditures	10,865,845	10,865,846	(1)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
451 QZAB and QSCB Payments	-	-	-
464 Restricted Fund Balance	1,832,640	1,832,640	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
08 TRUST			
Total Revenue	26,153	26,153	-
Total Expenditures	26,932	26,933	(1)
<i>Net Position:</i>			
422 Net Position	50,662	50,661	1
20 INTERNAL SERVICE			
Total Revenue	9,985,746	9,985,746	-
Total Expenditures	11,212,594	11,212,594	-
<i>Net Position:</i>			
422 Net Position	18,177,340	18,177,340	-
25 OPEB REVOCABLE TRUST			
Total Revenue	(25,608)	(25,608)	-
Total Expenditures	468,560	468,560	-
<i>Net Position:</i>			
422 Net Position	16,443,818	16,443,819	(1)
45 OPEB IRREVOCABLE TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
47 OPEB DEBT SERVICE			
Total Revenue	4,579,731	4,579,731	-
Total Expenditures	4,414,420	4,414,420	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
464 Restricted Fund Balance	748,009	748,009	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-

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 activities 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			
	2009	2010	2011	2012
Governmental Activities				
Net Investment in Capital Assets	\$ 9,397,957	\$ 8,937,746	\$ 8,514,533	\$ 9,944,518
Restricted	3,264,739	1,160,465	4,662,680	2,268,838
Unrestricted	11,482,994	13,083,470	14,987,961	14,777,335
Total Governmental Activities Net Position	\$ 24,145,690	\$ 23,181,681	\$ 28,165,174	\$ 26,990,691

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.

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 11,711,667	\$ 15,885,515	\$ 18,582,850	\$ 23,952,842	\$ 28,641,741	\$ 22,053,140
4,217,295	2,397,149	3,049,717	4,471,490	10,098,439	5,905,947
<u>15,398,309</u>	<u>11,286,030</u>	<u>(55,274,101)</u>	<u>(55,395,516)</u>	<u>(94,121,420)</u>	<u>(116,218,599)</u>
<u>\$ 31,327,271</u>	<u>\$ 29,568,694</u>	<u>\$ (33,641,534)</u>	<u>\$ (26,971,184)</u>	<u>\$ (55,381,240)</u>	<u>\$ (88,259,512)</u>

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

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
Governmental Activities:				
Administration	\$ 3,285,901	\$ 3,648,146	\$ 3,886,290	\$ 4,234,800
District Support Services	2,308,118	2,828,721	1,996,425	1,876,871
Regular Instruction	40,520,816	44,637,858	46,526,198	34,553,785
Vocational Education Instruction	1,384,804	1,248,106	1,032,431	1,030,780
Special Education Instruction	13,811,596	14,386,953	14,719,711	14,713,589
Instructional Support Services	5,002,242	4,360,704	4,015,309	3,949,700
Pupil Support Services	8,095,048	9,404,028	8,062,714	7,520,723
Sites and Buildings	11,445,683	15,438,221	13,653,836	30,964,522
Fiscal and Other Fixed Cost Programs	191,136	238,698	177,885	224,935
Food Service	3,786,269	4,130,632	4,088,968	4,067,566
Community Service	8,826,182	9,376,157	9,146,023	9,307,748
Interest on Long-Term Debt	5,891,676	7,043,733	6,998,109	6,279,986
Total Governmental Activities Expenses	<u>\$ 104,549,471</u>	<u>\$ 116,741,957</u>	<u>\$ 114,303,899</u>	<u>\$ 118,725,005</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
Administration	\$ -	\$ -	\$ -	\$ -
District Support Services	-	-	-	-
Regular Instruction	971,677	946,786	1,244,760	1,179,082
Vocational Education Instruction	-	-	-	-
Special Education Instruction	754,187	587,150	435,757	275,136
Instructional Support Services	113,784	40,857	36,572	17,633
Pupil Support Services	19,286	20,456	34,573	17,523
Sites and Buildings	370,069	368,477	415,503	759,659
Food Service	2,602,123	2,505,302	2,357,230	2,335,055
Community Service	4,315,869	4,740,723	5,133,172	5,986,755
Operating Grants and Contributions	19,321,499	24,109,333	20,245,196	15,711,241
Capital Grants and Contributions	492,086	1,821,035	1,812,131	2,843,901
Total Governmental Activities Program Revenue	<u>\$ 28,960,580</u>	<u>\$ 35,140,119</u>	<u>\$ 31,714,894</u>	<u>\$ 29,125,985</u>
Net Expense				
Governmental Activities	<u>\$ (75,588,891)</u>	<u>\$ (81,601,838)</u>	<u>\$ (82,589,005)</u>	<u>\$ (89,599,020)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes:				
General Purposes and Capital Projects	\$ 19,398,005	\$ 18,633,795	\$ 27,414,609	\$ 19,088,953
Community Service	1,303,424	1,239,087	1,943,704	1,301,537
Debt Service	11,589,965	12,391,050	13,200,938	12,780,282
Capital Projects	3,364,822	3,509,249	5,021,400	6,654,459
Unrestricted State Aid	48,284,425	40,733,289	37,146,339	44,893,616
Unrestricted Investment Earnings	1,434,880	2,949,211	2,035,795	2,243,690
Gain on Sale of Capital Assets	-	-	-	-
Miscellaneous	788,838	1,182,148	809,713	1,789,333
Total Governmental Activities	<u>\$ 86,164,359</u>	<u>\$ 80,637,829</u>	<u>\$ 87,572,498</u>	<u>\$ 88,751,870</u>
Change in Net Position	\$ 10,575,468	\$ (964,009)	\$ 4,983,493	\$ (847,150)
Net Position - Beginning	13,570,222	24,145,690	23,181,681	28,165,174
Prior Period Adjustment	-	-	-	(327,333)
Net Position - Ending	<u>\$ 24,145,690</u>	<u>\$ 23,181,681</u>	<u>\$ 28,165,174</u>	<u>\$ 26,990,691</u>

Source: District's financial records.

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ 3,909,891	\$ 3,710,664	\$ 4,050,926	\$ 4,147,904	\$ 5,604,111	\$ 5,361,601	
1,884,001	2,156,481	2,163,267	2,088,225	2,188,737	4,041,454	
42,600,108	43,536,297	43,781,953	54,063,008	75,020,531	74,082,770	
1,097,780	1,005,928	1,076,456	1,423,789	1,859,183	1,703,900	
14,648,982	14,944,211	15,257,689	15,989,709	21,314,677	20,349,472	
3,901,694	4,186,084	4,246,721	4,243,960	5,781,370	5,457,785	
7,346,843	7,771,228	8,041,111	7,986,832	9,878,519	9,296,987	
19,153,416	20,911,495	22,516,225	14,326,242	15,927,872	19,194,948	
237,032	271,000	424,278	269,926	254,518	235,254	
4,167,355	4,092,596	4,351,770	4,437,815	4,240,342	4,194,963	
9,944,797	10,667,163	9,904,238	10,169,469	10,425,140	10,571,316	
5,794,867	6,600,072	6,261,412	4,504,285	5,027,855	5,110,476	
<u>\$ 114,686,766</u>	<u>\$ 119,853,219</u>	<u>\$ 122,076,046</u>	<u>\$ 123,651,164</u>	<u>\$ 157,522,855</u>	<u>\$ 159,600,926</u>	
\$ -	\$ -	\$ -	\$ 137,637	\$ 168,396	\$ 170,571	
-	-	8,762	7,348	10,052	8,562	
1,190,669	1,155,272	1,579,157	1,242,316	1,275,414	1,556,008	
-	-	3,072	5,939	2,395	3,058	
249,875	154,534	124,495	153,476	182,696	123,283	
19,716	19,217	19,461	17,100	16,441	19,029	
28,341	36,707	500,283	114,353	126,673	117,347	
1,033,210	362,545	1,015,622	921,007	889,773	805,232	
2,412,791	2,200,394	2,281,440	2,266,293	2,249,463	2,125,603	
6,342,528	5,783,082	5,951,842	5,533,474	5,785,685	5,695,608	
16,474,776	17,066,386	16,173,852	15,459,603	19,149,940	15,972,054	
1,744,474	1,721,420	318,408	218,425	80,061	427,504	
<u>\$ 29,496,380</u>	<u>\$ 28,499,557</u>	<u>\$ 27,976,394</u>	<u>\$ 26,076,971</u>	<u>\$ 29,936,989</u>	<u>\$ 27,023,859</u>	
<u>\$ (85,190,386)</u>	<u>\$ (91,353,662)</u>	<u>\$ (94,099,652)</u>	<u>\$ (97,574,193)</u>	<u>\$ (127,585,866)</u>	<u>\$ (132,577,067)</u>	
\$ 19,938,887	\$ 11,257,068	\$ 23,818,768	\$ 23,624,265	\$ 25,613,722	\$ 27,056,370	
1,361,145	700,646	1,594,199	1,437,522	1,454,956	1,390,148	
14,571,791	14,043,788	14,205,042	14,861,215	14,616,054	14,822,188	
6,514,220	6,372,556	8,331,369	8,436,720	8,418,538	7,580,309	
45,886,955	55,326,174	50,310,068	54,554,759	53,665,184	54,358,728	
(102,744)	830,633	522,972	1,186,057	990,135	843,281	
-	42,650	-	-	-	133,043	
1,356,712	1,648,539	558,333	144,005	401,744	128,963	
<u>\$ 89,526,966</u>	<u>\$ 90,222,054</u>	<u>\$ 99,340,751</u>	<u>\$ 104,244,543</u>	<u>\$ 105,160,333</u>	<u>\$ 106,313,030</u>	
\$ 4,336,580	\$ (1,131,608)	\$ 5,241,099	\$ 6,670,350	\$ (22,425,533)	\$ (26,264,037)	
26,990,691	31,327,271	29,568,694	(33,641,534)	(26,971,184)	(55,381,240)	
-	(626,969)	(68,451,327)	-	(5,984,523)	(6,614,235)	
<u>\$ 31,327,271</u>	<u>\$ 29,568,694</u>	<u>\$ (33,641,534)</u>	<u>\$ (26,971,184)</u>	<u>\$ (55,381,240)</u>	<u>\$ (88,259,512)</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			
	2009	2010	2011	2012
General Fund				
Reserved	\$ 1,127,256	\$ -	\$ -	\$ -
Unreserved	11,177,041	-	-	-
Nonspendable	-	758,524	943,454	242,902
Restricted	-	587,906	463,895	941,882
Committed	-	5,231,755	8,188,384	-
Assigned	-	-	664,173	1,592,271
Unassigned	-	10,474,350	11,338,113	12,750,788
Total General Fund	<u>12,304,297</u>	<u>17,052,535</u>	<u>21,598,019</u>	<u>15,527,843</u>
All Other Governmental Funds				
Reserved, Reported in:				
Community Service Fund	1,214,408	-	-	-
Capital Projects Fund	13,935,097	-	-	-
Debt Service Funds	33,491,243	-	-	-
Unreserved, Reported in:				
Food Service Fund	276,390	-	-	-
Community Service Fund	24,260	-	-	-
Capital Projects Fund	2,821,036	-	-	-
Debt Service Funds	-	-	-	-
Nonspendable, Reported in:				
Food Service Fund	-	42,251	43,336	49,011
Community Service Fund	-	965	713	8,833
Capital Projects Fund	-	54,192	106,947	132,807
Restricted, Reported in:				
Food Service Fund	-	119,681	8,010	7,823
Community Service Fund	-	667,113	952,704	1,005,385
Capital Projects Fund	-	367,660	17,203,350	618,171
Debt Service Funds	-	35,923,359	36,162,797	7,775,293
Unassigned, Reported in:				
Capital Projects Fund	-	(509,754)	-	(511,507)
All Other Governmental Funds	<u>51,762,434</u>	<u>36,665,467</u>	<u>54,477,857</u>	<u>9,085,816</u>
Total All Funds	<u>\$ 64,066,731</u>	<u>\$ 53,718,002</u>	<u>\$ 76,075,876</u>	<u>\$ 24,613,659</u>

Source: District's financial records

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
246,984	235,207	227,406	300,955	559,320	241,888
777,092	689,370	1,106,251	1,678,394	2,881,612	1,474,618
6,041,951	6,041,951	5,735,000	2,428,627	-	-
2,442,348	1,233,735	1,318,370	666,960	2,041,810	1,407,061
8,088,001	8,834,090	9,793,489	8,269,162	8,540,982	8,373,311
<u>17,596,376</u>	<u>17,034,353</u>	<u>18,180,516</u>	<u>13,344,098</u>	<u>14,023,724</u>	<u>11,496,878</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
57,661	52,927	55,135	64,422	65,866	80,250
10,461	997	9,886	-	4,047	-
304,099	285,856	185,365	232,123	210,061	228,493
148,995	202,161	232,199	377,063	656,390	658,864
1,256,159	1,157,784	1,446,265	1,713,069	2,123,067	2,216,581
11,931,839	7,365,897	7,057,691	-	11,456,791	22,696,272
23,677,796	22,937,517	2,266,113	2,838,356	2,978,438	2,580,649
-	-	-	(3,154,049)	-	-
<u>37,387,010</u>	<u>32,003,139</u>	<u>11,252,654</u>	<u>2,070,984</u>	<u>17,494,660</u>	<u>28,461,109</u>
<u>\$ 54,983,386</u>	<u>\$ 49,037,492</u>	<u>\$ 29,433,170</u>	<u>\$ 15,415,082</u>	<u>\$ 31,518,384</u>	<u>\$ 39,957,987</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			
	2009	2010	2011	2012
Revenues				
Local Sources:				
Property Taxes	\$ 35,387,978	\$ 35,678,900	\$ 47,811,467	\$ 39,798,547
Earnings on Investments	1,390,036	1,389,261	1,329,918	824,803
Other	12,435,762	11,577,607	12,010,270	11,938,608
State Sources	61,507,060	54,954,932	50,209,998	58,469,704
Federal Sources	4,084,606	10,522,997	7,301,196	5,383,247
Total Revenues	<u>114,805,442</u>	<u>114,123,697</u>	<u>118,662,849</u>	<u>116,414,909</u>
Expenditures				
Current:				
Administration	3,816,573	3,908,181	3,666,698	3,652,025
District Support Services	2,501,857	2,462,394	1,861,933	1,648,725
Regular Instruction	41,762,461	42,362,009	38,667,861	38,978,437
Vocational Education Instruction	1,566,591	1,312,537	983,264	1,016,099
Special Education Instruction	15,881,247	15,383,680	14,036,315	14,227,674
Instructional Support Services	5,519,038	4,658,650	3,842,452	3,777,992
Pupil Support Services	8,540,778	9,417,335	7,774,145	7,306,760
Sites and Buildings	7,249,743	7,445,050	7,410,776	7,253,963
Fiscal and Other Fixed Cost Programs	191,136	238,698	177,885	224,935
Food Service	4,014,958	4,226,206	3,935,752	4,015,583
Community Service Fund	9,382,823	9,529,981	8,792,900	9,208,143
Capital Outlay	23,359,943	19,761,645	25,132,251	24,779,167
Debt Service:				
Principal	6,705,000	7,991,604	8,175,817	8,577,199
Interest and Fiscal Charges	6,010,115	6,973,991	7,438,214	8,204,899
Total Expenditures	<u>136,502,263</u>	<u>135,671,961</u>	<u>131,896,263</u>	<u>132,871,601</u>
Deficiency of Revenues Under Expenditures	(21,696,821)	(21,548,264)	(13,233,414)	(16,456,692)
Other Financing Sources (Uses)				
Sale of Equipment	5,878	20	136,635	17,375
Sale of Real Property	-	-	12,925	-
Insurance Recovery	537	-	-	-
Sale of Bonds	34,400,000	9,335,000	42,260,000	6,120,000
Bond Premium	207,115	-	1,372,728	-
Capital Lease Proceeds	1,054,576	-	-	257,817
Capital Improvement Loan Proceeds	-	-	2,389,000	-
Payment to Refunded Bond Escrow Agent	-	-	(10,580,000)	(32,385,000)
Transfers In	-	1,864,515	228,000	-
Transfers Out	(1,864,515)	-	(228,000)	(8,688,384)
Total Other Financing Sources (Uses)	<u>33,803,591</u>	<u>11,199,535</u>	<u>35,591,288</u>	<u>(34,678,192)</u>
Net Change in Fund Balances	<u>\$ 12,106,770</u>	<u>\$ (10,348,729)</u>	<u>\$ 22,357,874</u>	<u>\$ (51,134,884)</u>
Debt Service as a Percentage of Noncapital Expenditures	11.20%	12.90%	14.60%	15.50%

Sources: District's financial records

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 42,099,659	\$ 32,904,587	\$ 47,751,576	\$ 48,467,153	\$ 50,107,678	\$ 50,851,355
13,649	41,037	52,324	96,136	276,671	703,945
12,624,153	12,676,441	12,106,279	12,302,244	12,963,957	12,215,175
59,335,727	68,092,504	61,936,703	63,949,812	63,170,425	64,379,818
4,746,783	4,676,489	4,800,700	4,523,206	4,888,848	4,886,735
<u>118,819,971</u>	<u>118,391,058</u>	<u>126,647,582</u>	<u>129,338,551</u>	<u>131,407,579</u>	<u>133,037,028</u>
3,702,143	3,457,551	3,800,920	4,012,660	4,138,586	4,179,572
1,753,551	1,960,920	2,176,186	2,078,586	1,846,598	2,311,373
39,772,620	40,454,347	42,182,408	43,614,720	43,862,824	46,274,076
1,061,807	972,508	1,082,007	1,405,443	1,314,391	1,279,959
14,068,452	14,399,228	14,820,763	15,225,594	14,606,775	14,992,720
3,674,819	3,969,721	4,181,973	4,140,524	3,599,280	3,604,288
7,030,543	7,507,772	7,824,549	7,824,324	8,585,842	8,310,271
8,108,678	8,087,321	8,257,340	8,536,324	8,740,145	9,746,626
237,032	271,000	424,278	269,926	254,518	235,254
4,033,197	3,952,468	4,328,328	4,249,996	4,134,538	4,131,427
9,734,396	10,451,595	9,787,057	10,001,398	9,379,018	9,658,501
11,808,102	20,920,610	27,329,925	20,706,852	15,144,738	25,156,231
8,338,313	9,899,521	8,106,513	9,521,735	9,530,064	17,355,346
6,531,412	6,595,604	6,558,113	6,019,346	5,739,368	5,761,105
<u>119,855,065</u>	<u>132,900,166</u>	<u>140,860,360</u>	<u>137,607,428</u>	<u>130,876,685</u>	<u>152,996,749</u>
(1,035,094)	(14,509,108)	(14,212,778)	(8,268,877)	530,894	(19,959,721)
43,404	44,378	49,321	63,124	-	134,343
-	-	-	-	-	-
-	28,836	1,113	473	-	17,862
35,030,000	8,490,000	14,545,000	18,305,000	14,140,000	29,030,000
2,831,417	-	763,022	2,163,565	877,020	1,104,294
-	-	-	-	3,667,000	-
-	-	-	-	-	-
(6,000,000)	-	(20,250,000)	(20,375,000)	-	-
356,840	1,650,000	1,773,113	815,000	250,000	250,000
<u>(856,840)</u>	<u>(1,650,000)</u>	<u>(2,273,113)</u>	<u>(6,721,373)</u>	<u>(3,361,612)</u>	<u>(2,137,175)</u>
<u>31,404,821</u>	<u>8,563,214</u>	<u>(5,391,544)</u>	<u>(5,749,211)</u>	<u>15,572,408</u>	<u>28,399,324</u>
<u>\$ 30,369,727</u>	<u>\$ (5,945,894)</u>	<u>\$ (19,604,322)</u>	<u>\$ (14,018,088)</u>	<u>\$ 16,103,302</u>	<u>\$ 8,439,603</u>
13.80%	13.70%	11.50%	12.60%	12.40%	17.10%

**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
2009	\$ 7,327,683,400	\$ 2,684,830,100	\$ 10,012,513,500	20.080%
2010	7,040,592,200	2,680,915,100	9,721,507,300	23.050%
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%

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
2009	7.370	1.153	11.142	0.415	20.080	27.271	22.447	45.914
2010	9.034	1.246	11.861	0.910	23.051	28.742	22.972	48.196
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

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.

Overlapping Rates

City of Hopkins	City of Minnetonka	City of Plymouth	City of St. Louis Park	Special Districts (2)	Hennepin County	Hennepin Parks	Other	Total Direct and Overlapping Tax Rate City of Hopkins
47.574	28.978	24.854	38.426	2.579	40.413	3.334	0.771	302.641
49.386	30.887	26.007	38.834	2.620	42.056	3.499	0.778	317.028
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

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

Taxpayer	2018			2009		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
United Healthcare Srv, Inc.	\$ 5,750,230	1	4.096%			
Colfin Midwest NNN INV LLC	1,754,120	2	1.250%			
General Mills, Inc.	1,659,250	3	1.182%	\$ 1,892,930	1	1.451%
Allianz Life Insurance Co., North America	1,561,430	4	1.112%	1,587,010	2	1.216%
The Colonnade	1,210,910	5	0.863%			
Thomson Reuters Property Tax Service	957,650	6	0.682%	819,250	7	0.628%
Wells Real Estate Funds	876,130	7	0.624%	935,250	4	0.717%
Hines Global Reit 9320 Exce	891,430	8	0.635%			
Property Reserve, Inc.	848,810	9	0.605%	839,250	5	0.643%
CSM West Ridge Inc.	771,822	10	0.550%	738,450	8	0.566%
United Center LLC				967,250	3	0.741%
Teachers Ins. & Annuity Assoc.				837,096	6	0.642%
Interchange Investors LLC						
Cargill Incorporated				702,750	9	0.539%
SuperValu, Inc.						
Golden Jack LLC				666,910	10	0.511%
Total	\$ 16,281,782		11.599%	\$ 9,986,146		7.654%

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)
2009	\$ 21,986,882	\$ 1,274,415	\$ 12,314,879	\$ 458,078	\$ 36,034,254 (2)
2010	24,034,244	1,327,635	12,644,025	968,074	38,973,978 (2)
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)

Notes:

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

(2) Original Gross Levy

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		
\$ 17,504,706	48.6%	\$ 18,529,548	\$ 36,034,254	100.0%	-	0.0%
19,099,386	49.0%	19,874,592	38,973,978	100.0%	-	0.0%
19,943,659	52.8%	17,844,365	37,788,024	100.0%	-	0.0%
21,239,387	53.4%	18,557,957	39,797,344	100.0%	(15,592)	0.0%
21,122,800	53.1%	18,688,669	39,811,469	100.1%	(54,569)	-0.1%
24,167,808	53.2%	21,265,488	45,433,296	100.0%	7,595	0.0%
24,505,786	53.6%	21,171,227	45,677,013	99.9%	33,748	0.1%
25,766,512	53.8%	21,957,715	47,724,227	99.7%	128,308	0.3%
24,569,651	53.4%	21,209,865	45,779,516	99.5%	220,531	0.5%
27,400,000	56.0%	-	27,400,000	56.0%	-	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	Per Capita
	General Obligation Bonds	Capital Improvement Loans	Capital Leases Payable	Other Long-Term Debt	Resources Restricted for Repayment			
2009	\$ 158,850,000	\$ -	\$ 1,962,308	\$ -	\$ (36,312,279)	\$ 124,500,029	-	\$ 1,993
2010	160,660,000	-	526,850	-	(35,923,358)	125,263,492	-	2,005
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	168,169,515	-	3,344,528	-	(2,580,649)	168,933,394	-	3,109

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, 2018
(UNAUDITED)**

	2016/17 Adjusted Taxable Net Tax Capacity	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping:				
Hennepin County	\$ 1,718,948,808	\$ 743,205,000	6.6399%	\$ 49,348,173
Cities:				
Eden Prairie	107,314,235	46,170,000	5.7997%	2,677,732
Edina	119,756,387	23,470,000	7.0317%	1,650,351
Golden Valley	38,429,746	52,805,000	54.8986%	28,989,231
Hopkins	20,507,581	35,535,000	98.4431%	34,981,753
Minnetonka	94,342,406	6,280,000	53.5705%	3,364,226
Plymouth	119,481,205	8,835,000	3.2418%	286,414
St. Louis Park	65,507,844	28,375,000	5.7903%	1,642,993
Metropolitan Council	3,696,732,996	146,405,000	3.1512%	4,613,580
Three Rivers Park District	1,225,469,292	62,125,000	9.5424%	5,928,206
Total Overlapping				<u>133,482,659</u>
Direct:				
Hopkins ISD No. 270	114,136,722	143,265,000		<u>143,265,000</u>
Total Direct and Overlapping Bonded Debt:				<u><u>\$ 276,747,659</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			
		2009	2010	2011	2012
Debt Limit	(1)	\$ 1,487,798	\$ 1,499,102	\$ 1,458,226	\$ 1,283,255
Total Net Debt Applicable to Limit	(2)	<u>158,850</u>	<u>160,660</u>	<u>132,640</u>	<u>130,910</u>
Legal Debt Margin		<u>\$ 1,328,948</u>	<u>\$ 1,338,442</u>	<u>\$ 1,325,586</u>	<u>\$ 1,152,345</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit		10.68%	10.72%	9.10%	10.20%

Source:

- (1) Taxable assessed valuations for are from the Hennepin County Auditors Office.
- (2) Net debt applicable to limit is based on District records.
- (3) 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").

Legal Debt Margin Calculation for Fiscal Year 2018

Economic Market Value (3)	\$ 11,468,783
Debt Limit (15% of Assessed Value)	1,720,317
Debt Applicable to Limit	<u>168,170</u>
Legal Debt Margin	<u><u>\$ 1,552,148</u></u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 1,348,492	\$ 1,438,581	\$ 1,514,087	\$ 1,572,658	\$ 1,505,740	\$ 1,552,148
<u>131,820</u>	<u>142,780</u>	<u>149,520</u>	<u>138,185</u>	<u>148,695</u>	<u>148,695</u>
<u><u>\$ 1,216,672</u></u>	<u><u>\$ 1,295,801</u></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>
9.78%	9.93%	9.88%	8.79%	9.88%	9.58%

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

Fiscal Year	Population	Personal Income <i>(thousands of dollars)</i> (1)	Per Capita Personal Income (1)	Enrollment	City of Hopkins Unemployment Rate
2009	62,483	-	-	7,426	6.7%
2010	62,483	-	-	7,374	6.5%
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	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	2018		2009	
	Employees	Rank	Employees	Rank
General Mills	5,000	1	5,900	1
Cargill	4,000	2	2,350	3
United Healthcare	2,000	3	2,650	2
Micro-Tech Hearing Instruments	2,000	4	-	-
Polaroid	2,000	5	-	-
I.S.D. No. 270 (Hopkins Public Schools)	1,319	6	1,200	6
Abbott Labs (Previously St. Jude Medical)	1,300	7	1,100	7
MTS Systems Corporation	900	8	-	-
GE Water & Process Tech.	700	9	700	8
SuperValu, Inc.	601	10	1,265	5
Datacard Group	-	-	1,400	4
American Medical Systems	-	-	500	9
Opportunity Partners	-	0	500	10
Total	19,820		17,565	

Source:

(1) 2017 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,			
	2009	2010	2011	2012
Administrative Staff				
Superintendent	1.0	1.0	1.0	1.0
Principals	9.0	9.2	9.1	9.0
Administrative Assistants (Asst. Principals and Asst. Superintendent)	5.0	5.0	8.0	7.0
Supervisory Coordinator	3.8	5.0	4.0	4.0
Total Administrative Staff	18.8	20.2	22.1	21.0
Support Service Staff				
Other Non-Instructional Staff				
Counselors	17.0	17.1	17.0	17.0
Media/Librarian	9.0	10.0	9.9	10.0
Nurse	9.5	9.6	9.3	9.7
Social Worker	11.5	10.0	10.5	10.7
Psychologists	3.9	4.2	4.0	3.9
Total Support Service Staff	50.9	50.8	50.7	51.3
Special Education Teachers				
Speech Language	14.6	15.8	16.6	15.1
Other Special Education Teachers	71.8	72.2	67.0	66.7
Total Special Education Teachers	86.4	88.0	83.6	81.8
Classroom Teachers				
K-12 Teacher	375.8	375.7	370.0	377.7
Vocational Education Teacher	0.0	0.0	0.0	0.0
Pre-K, ECFE, and Other Teacher	16.4	16.7	17.2	17.2
Total Classroom Teachers	392.2	392.4	387.2	394.9
Total	548.2	551.4	543.6	549.0

Source: Minnesota Department of Education STARS data.

Full-Time Equivalent Employees as of June 30,

2013	2014	2015	2016	2017	2018
1.0	1.0	1.0	1.0	1.0	1.0
9.0	9.0	9.0	9.0	9.0	9.0
7.0	7.3	8.0	7.0	7.0	8.0
3.0	6.5	8.7	7.0	7.0	10.0
20.0	23.8	26.7	24.0	24.0	28.0
17.0	16.6	15.8	11.4	12.0	17.0
10.0	9.6	11.4	7.7	10.0	9.0
9.8	9.3	9.5	10.2	9.5	8.7
9.8	9.6	9.7	9.2	9.5	9.0
4.9	4.5	5.0	7.6	6.2	4.5
51.5	49.6	51.4	46.1	47.2	48.2
13.8	13.3	14.9	13.6	15.0	12.5
62.4	64.5	67.7	70.6	66.3	58.2
76.2	77.8	82.6	84.2	81.3	70.7
398.6	390.4	397.3	412.4	420.3	408.3
0.0	0.0	0.0	0.0	0.0	0.0
21.8	19.2	20.5	17.3	20.6	23.0
420.4	409.6	417.8	429.7	441.0	431.3
568.1	560.8	578.5	584.0	593.5	578.2

**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
2009	7,426	\$ 95,060,343	\$ 12,801	3.72	\$ 127,056,203	\$ 17,110	8.85	478.6	15.5
2010	7,374	94,366,609	12,797	(0.03)	126,449,701	17,148	0.22	480.4	15.3
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

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.
OPEB expenditures are excluded from FY 2009 and FY 2010

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

School	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Elementary										
Alice Smith (1951)										
Square feet	81,526	81,526	81,526	81,526	81,526	81,526	84,998	84,998	84,998	84,998
Capacity	592	592	592	592	592	592	629	629	629	629
Enrollment (1)	571	559	604	569	557	548	565	564	555	494
Eisenhower (1954)										
Square feet	121,173	121,173	121,173	121,173	121,173	121,173	121,173	121,173	121,173	121,048
Capacity	792	792	792	792	792	792	898	898	898	898
Enrollment (1)	698	716	734	774	776	760	734	703	675	687
Gatewood (1958)										
Square feet	75,039	75,039	75,039	75,039	75,759	75,793	75,793	75,793	75,793	75,793
Capacity	692	692	692	692	692	692	561	561	561	561
Enrollment (1)	627	556	528	530	530	501	511	485	439	428
Glen Lake (1956)										
Square feet	84,916	84,916	84,916	84,916	84,916	84,916	87,816	87,816	87,816	87,816
Capacity	566	566	566	566	566	566	650	650	650	650
Enrollment (1)	491	529	511	524	489	474	477	500	490	469
Tanglen (1966)										
Square feet	74,332	74,332	74,332	74,332	74,332	83,593	85,458	85,458	87,369	87,369
Capacity	592	592	592	592	592	592	633	633	633	633
Enrollment (1)	584	555	572	538	469	467	504	534	522	520
Meadowbrook (1948)										
Square feet	110,580	110,580	110,580	111,200	111,200	125,200	125,200	125,200	129,830	129,830
Capacity	616	616	616	616	616	616	927	927	927	927
Enrollment (1)	612	626	636	633	632	647	726	758	764	788
Middle										
North Junior High (1958)										
Square feet	192,927	192,927	192,927	193,671	193,671	193,671	193,671	193,671	193,671	193,671
Capacity	896	896	896	896	896	896	1,019	1,019	1,019	1,019
Enrollment (1)	866	915	911	842	859	950	929	939	875	917
West Junior High (1959)										
Square feet	202,474	202,474	202,474	202,474	202,474	202,474	202,474	202,474	197,474	197,474
Capacity	873	873	873	873	873	873	1,065	1,065	1,065	1,065
Enrollment (1)	846	851	804	750	727	714	708	702	688	689

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

School	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
School										
High										
Hopkins High School (1970)										
Square feet	477,725	477,725	477,725	478,834	478,834	479,426	479,426	479,426	479,426	479,426
Capacity	2,166	2,166	2,166	2,166	2,166	2,166	2,179	2,179	2,179	2,179
Enrollment (1)	1,783	1,742	1,702	1,681	1,765	1,693	1,609	1,555	1,592	1,536
Other										
Katherine Curren (1948)										
Square feet	65,593	65,593	65,593	65,593	65,593	65,593	65,593	65,593	65,593	65,791
Capacity	380	380	380	380	380	380	423	423	423	423
Enrollment (1)	-	-	-	-	-	-	-	-	-	-
Community Center (1954)										
Square feet	160,186	160,186	160,186	160,311	160,311	160,311	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	360	360	303	303	303	303
Enrollment (1)	60	57	64	54	57	45	57	63	64	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	1,774,441	1,774,441	1,777,039	1,777,759	1,801,646	1,894,881	1,894,881	1,896,422	1,896,495
Capacity	9,270	9,270	9,270	9,270	9,270	9,270	10,032	10,032	10,032	10,032
Enrollment	7,138	7,106	7,066	6,895	6,861	6,799	6,820	6,806	6,664	6,599
Athletics										
Football fields	4	4	4	4	4	4	10	10	4	3 (3)
Soccer fields	7	7	7	7	7	7	8	8	7	11 (3)
Running tracks	2	2	2	2	2	2	1	1	1	1
Baseball/softball	12	12	14	14	16	16	17	17	16	16
Swimming pools	3	3	3	3	3	3	3	3	3	3
Playgrounds	6	6	6	9	9	9	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 are at the High School and West Junior High and are used for football, soccer and lacrosse.
- (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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Standardized Tests										
MCA Reading (See Note 1)										
Grade 3	80.10%	78.80%	73.40%	78.00%	59.10%	62.20%	57.50%	56.30%	61.00%	60.60%
Grade 5	73.40	79.80	85.00	82.70	69.50	70.80	66.60	69.80	67.00	69.90
Grade 7	74.90	72.20	73.80	77.80	60.60	59.80	62.30	65.90	65.80	66.80
Grade 10	84.70	75.30	81.70	84.30	68.30	69.10	60.60	51.60	53.80	55.80
MCA Math (See Note 1)										
Grade 3	84.40	85.70	61.50	73.20	68.90	72.50	67.09	67.10	73.00	70.60
Grade 5	72.60	78.50	54.00	64.10	61.90	65.20	59.08	62.50	58.20	59.70
Grade 7	69.10	66.40	43.10	58.70	50.70	57.10	56.24	59.90	56.20	57.80
Grade 11 (See Note 3)	66.00	59.70	50.50	61.10	56.60	61.10	50.67	36.80	48.00	55.30
ACT (See Note 4)										
Hopkins Average Composite Score	24.20	22.90	23.30	23.70	23.80	23.10	21.00	21.60	21.50	21.60
State Average Composite Score	22.70	22.90	22.90	22.80	23.00	22.90	20.50	N/A	N/A	N/A

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 administration is reported.

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

Year Ended June 30,	Non-Program Adult Meals	Total Meals Served Students	Regular Price Meals	Free Meals Served	Reduced Price Meals Served
2009	15,250	705,926	431,632	222,480	51,814
2010	26,123	738,477	429,121	254,377	54,979
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
	<u>June 30,</u>	<u>Elementary</u>	<u>Middle</u>	<u>High School</u>	⁽¹⁾
	2009	2.45	2.70	2.95	
	2010	2.45	2.70	2.95	
	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	

⁽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, 2018
(UNAUDITED)**

Type of Coverage	Amount of Coverage
Property Coverage:	
Real and Personal Property (Blanketed)	\$ 101,000,000
Blanket Valuable Papers and Records	5,000,000
Accounts Receivables	3,786,000
Fine Arts	3,500,000
Blanket Computer Hardware/Software	33,608,034
Miscellaneous Mobile Equipment	5,000,000
Audio Visual Equipment	7,500,000
Musical Instruments	7,500,000
Extra Expense	20,000,000
Artificial Turf	10,556,921
Auto Physical Damage	14,074,536
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	2,000,000
Business Income/Extra Expense	16,214,950
Expediting Expense	Included
Pollutant Cleanup and Removal - Aggregate	See Hazardous Substance
Spoilage	Included