

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT OF**

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

YEAR ENDED JUNE 30, 2016

**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: October 13, 2016

INTRODUCTION

The Comprehensive Annual Financial Report (CAFR) of Independent School District No. 270, Hopkins, Minnesota (the District) for the fiscal year ended June 30, 2016 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 auditor's 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 6,929 students from a population of over 61,613 citizens residing in a 29.5 square mile area. During 2015 - 2016 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 by 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, 2016, 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 2015 - 2016 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 FY07 to FY16 to the magnitude of 1,085 students or about a 13.54% 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, 2016 of \$8.3 million, or 9.3% of its General Fund Unassigned expenses. This is a turnaround of \$12.5 million, or about 14.64%, 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 1,894,881.

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 \$9,576,484,463 in 2016. 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 1-8. XinXing has continued to add a grade level every year, and as of the 2015-2016 year the program will be through the 8th grade and be fully implemented.

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 four years to support Chinese cultural experiences such as dance, art, and Gong Fu.

XinXing Academy students are leading the way in Minnesota. For the sixth consecutive year, every second-grade student passed the Youth Chinese Test (YCT3), an international standardized Chinese proficiency test.

Hopkins STEM programming has continued its expansion to Preschool-12th grade. Through a combination of District funding and Cargill Foundation grant dollars, the Engineering STEM curriculum is in place at all elementary schools in grades 1-5, along with additional STEM opportunities in each grade level. The District has also extended STEM learning in its preschool offerings and school-aged childcare programming.

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

Hopkins Juntos secondary Spanish Immersion program serves students in grades 7-10, with plans to develop the program through grade 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.

Both Hopkins North and Hopkins West Junior High programs offer the International Baccalaureate Middle Years Programme schools. Both schools follow an alternating day block schedule.

Elementary FLES (Foreign Language in the Elementary Schools) is now articulated through grade four, with fifth grade to be added in the 2016-17 school year.

Beginning in FY16, and continuing in FY'17, the District has implemented a 1:1 program at the high school. Hopkins purchased and deployed 1,800 Acer C720P chrome books. This provides a dedicated device to every Hopkins High School student.

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.

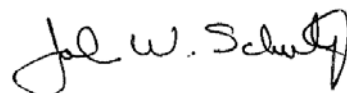
This report has been prepared following the guidelines provided by the Association of School Business Officials International (ASBO) for their Certificate of Excellence in Financial Reporting Program. In 2015, the District received recognition from this program by receiving the Certificate of Excellence. 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


John Schultz
Superintendent


Suzanne Johnson
Controller

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2016**

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
Betsy Anderson	January 1, 2018	Director
Michael Doobie Kurus	January 1, 2018	Director
Warren Goodroad	January 1, 2018	Director
Dave Larson	January 1, 2020	Director

ADMINISTRATION

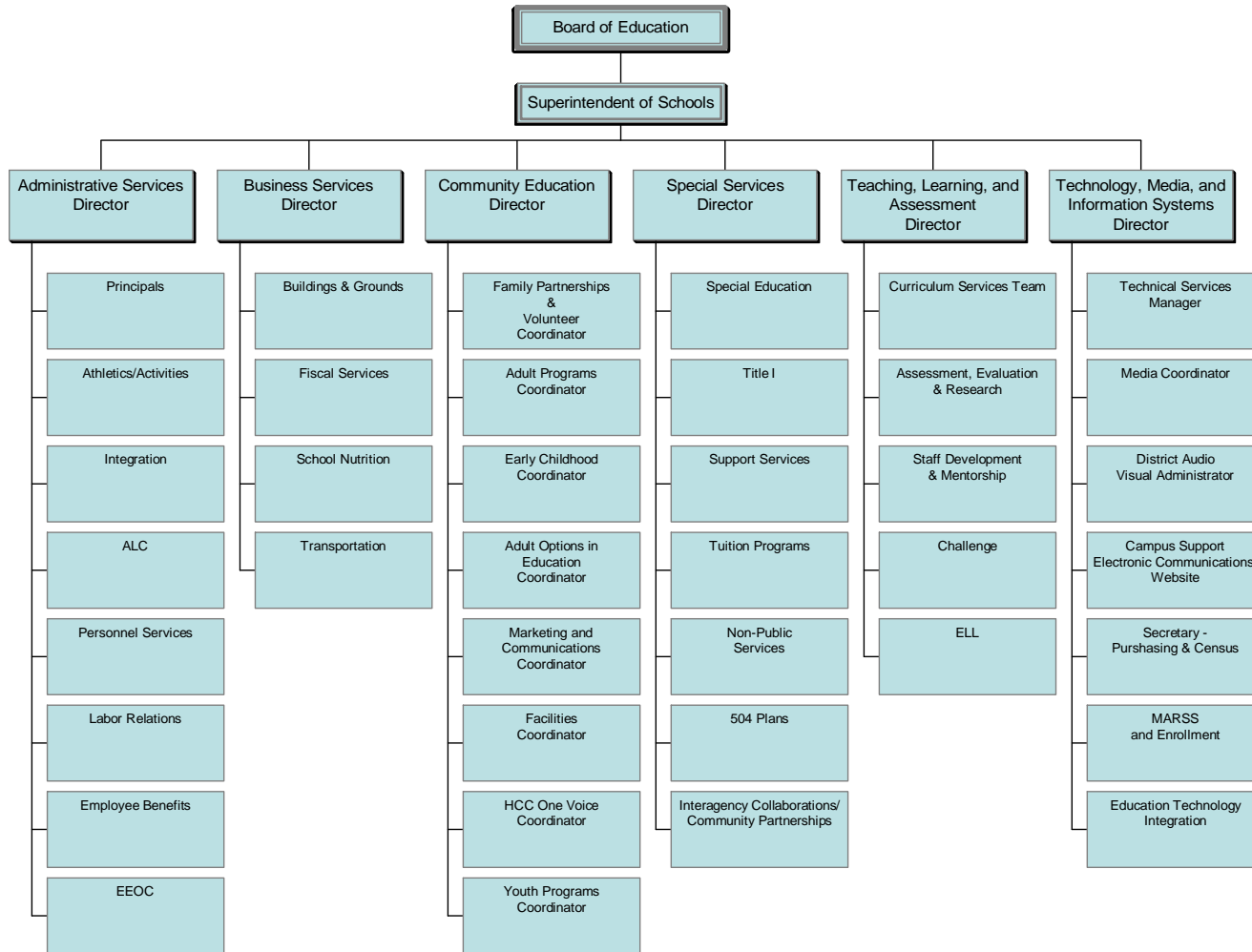
John Schultz
John Toop

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, 2016**



HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING
JUNE 30, 2016



The Certificate of Excellence in Financial Reporting Award
is presented to

Hopkins Public Schools ISD 270

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2015.**

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
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, 2016, 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, 2016, and the respective changes in financial position, the budgetary comparison for the General, Food Service, and Community Service funds and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Prior Year Information

We have previously audited Hopkins Public Schools' 2015 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 November 23, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 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 postemployment benefits and other pension benefits payable, schedules of the District's proportionate share of net pension liability, and schedules of the District's pension contributions, 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 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 October 13, 2016, 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 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 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
October 13, 2016

REQUIRED SUPPLEMENTARY INFORMATION

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

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, 2016. 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 (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2015-2016 fiscal year include the following:

- Net position of the District in total increased by \$6,670,350, or 19.82% above June 2015 due primarily to a decrease in the deferred pension inflows.
- Overall General Fund revenues were \$91,275,976 as compared to \$89,391,494 of expenditures.
- Total fund balance of the General Fund decreased by \$4,836,418 from the prior year resulting from expenditures and transfers out increasing by \$7,213,174 offset by a \$1,331,233 increase in revenues.
- The District issued \$18,305,000 in General Obligation Refunding 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, 2016**

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, 2016**

- *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 \$(26,971,184) on June 30, 2016.

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

	Governmental Activities as of June 30,		Percentage Change
	2016	2015	
Current and Other Assets	\$ 102,820,656	\$ 110,160,228	(6.66)%
Capital Assets	160,265,905	155,293,569	3.20
Total Assets	<u>263,086,561</u>	<u>265,453,797</u>	(0.89)
Deferred Outflows of Resources	12,879,327	10,292,351	25.13
Current Liabilities	17,470,622	20,635,121	(15.34)
Long-Term Liabilities	227,051,609	223,834,942	1.44
Total Liabilities	<u>244,522,231</u>	<u>244,470,063</u>	0.02
Deferred Inflows of Resources	<u>58,414,841</u>	<u>64,917,619</u>	(10.02)
Net Position:			
Net Investment in Capital Assets	23,952,842	18,582,850	28.90
Restricted	4,471,490	3,049,717	46.62
Unrestricted	<u>(55,395,516)</u>	<u>(55,274,101)</u>	0.22
Total Net Position	<u>\$ (26,971,184)</u>	<u>\$ (33,641,534)</u>	(19.83)

Net position of the District increased by \$6,670,350 from June 2015 due to a decrease in deferred pension inflows. Deferred pension inflows are based on the actual income of the plan's investments as compared to the projected income, so deferred inflows can fluctuate depending on the performance of the plan's investments.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

Changes in Net Position

The District's total revenues were \$130,321,514 for the year ended June 30, 2016. 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**

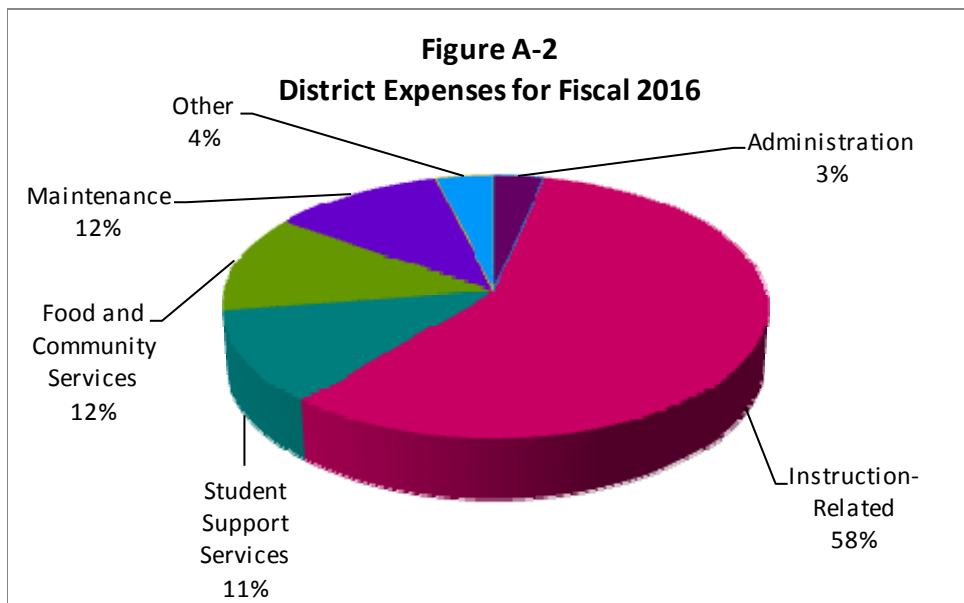
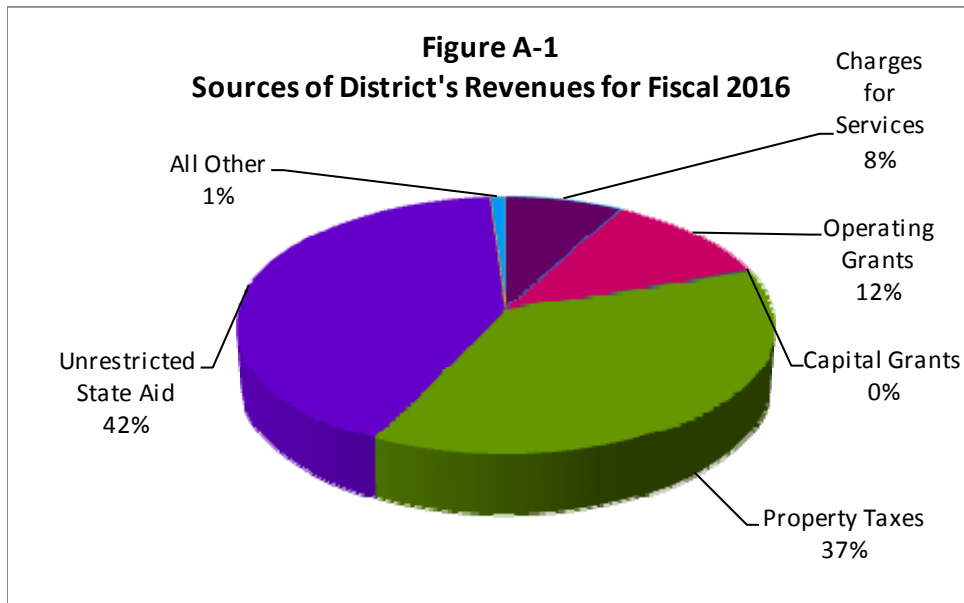
	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2016	2015	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 10,398,943	\$ 10,050,367	3.47 %
Operating Grants and Contributions	15,459,603	15,683,285	(1.43)
Capital Grants and Contributions	218,425	390,087	(44.01)
<u>General Revenues</u>			
Property Taxes	48,359,722	47,949,378	0.86
Unrestricted State Aid	54,554,759	52,596,480	3.72
Investment Earnings	1,186,057	522,972	126.79
Other	144,005	124,576	15.60
Total Revenues	<u>130,321,514</u>	<u>127,317,145</u>	2.36
Expenses			
Administration	4,147,904	4,050,926	2.39
District Support Services	2,088,225	2,163,267	(3.47)
Regular Instruction	54,063,008	43,781,953	23.48
Vocational Education Instruction	1,423,789	1,076,456	32.27
Special Education Instruction	15,989,709	15,257,689	4.80
Instructional Support Services	4,243,960	4,246,721	(0.07)
Pupil Support Services	7,986,832	8,011,623	(0.31)
Sites and Buildings	14,326,242	22,302,192	(35.76)
Fiscal and Other Fixed Cost Programs	269,926	424,278	(36.38)
Food Service	4,437,815	4,381,258	1.29
Community Service	10,169,469	9,904,238	2.68
Interest and Fiscal Charges on Long-Term Liabilities	4,504,285	6,475,445	(30.44)
Total Expenses	<u>123,651,164</u>	<u>122,076,046</u>	1.29
Change in Net Position	6,670,350	5,241,099	
Beginning Net Position	<u>(33,641,534)</u>	<u>(38,882,633)</u>	
Ending Net Position	<u>\$ (26,971,184)</u>	<u>\$ (33,641,534)</u>	

The total cost of all programs and services was \$123,651,164. Total revenues exceeded expenses increasing net position by \$6,670,350 from the prior year.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

The total revenues of all *governmental* activities this year was \$130,321,514.

- Some of the cost was paid by the users of the District's programs (\$10,398,943).
- The federal and state governments subsidized certain programs with grants and contributions (\$15,459,603).
- Most of the District's costs (\$102,914,481), however, were paid for by District taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with \$48,359,722 in property taxes, and \$54,554,759 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, 2016**

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
	2016	2015		2016	2015	
Administration	\$ 4,147,904	\$ 4,050,926	2.39%	\$ 3,968,259	\$ 3,844,389	3.22%
District Support Services	2,088,225	2,163,267	-3.47%	2,080,877	2,147,657	-3.11%
Regular Instruction	54,063,008	43,781,953	23.48%	51,319,888	40,977,712	25.24%
Vocational Education Instruction	1,423,789	1,076,456	32.27%	1,380,985	1,047,140	31.88%
Special Education Instruction	15,989,709	15,257,689	4.80%	7,093,741	6,241,257	13.66%
Instructional Support Services	4,243,960	4,246,721	-0.07%	4,212,101	4,201,973	0.24%
Pupil Support Services	7,986,832	8,011,623	-0.31%	7,651,781	7,501,936	2.00%
Sites and Buildings	14,326,242	22,302,192	-35.76%	12,693,647	20,675,343	-38.60%
Fiscal and Other Fixed Cost Programs	269,926	424,278	-36.38%	269,926	412,257	-34.52%
Food Service	4,437,815	4,381,258	1.29%	8,374	97,568	-91.42%
Community Service	10,169,469	9,904,238	2.68%	2,390,329	2,329,630	2.61%
Interest and Fiscal Charges on Long-Term Liabilities	4,504,285	6,475,445	-30.44%	4,504,285	6,475,445	-30.44%
Total	\$ 123,651,164	\$ 122,076,046	1.29%	\$ 97,574,193	\$ 95,952,307	1.69%

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 \$15,415,082, or \$14,018,088 less than last year's ending fund balance of \$29,433,170.

Total revenues and other financing sources for the District's governmental funds were \$150,685,713 while total expenditures and other financing uses were \$164,703,801. This difference is primarily the result of transfers to the severance fund and OPEB trust in the current year.

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.

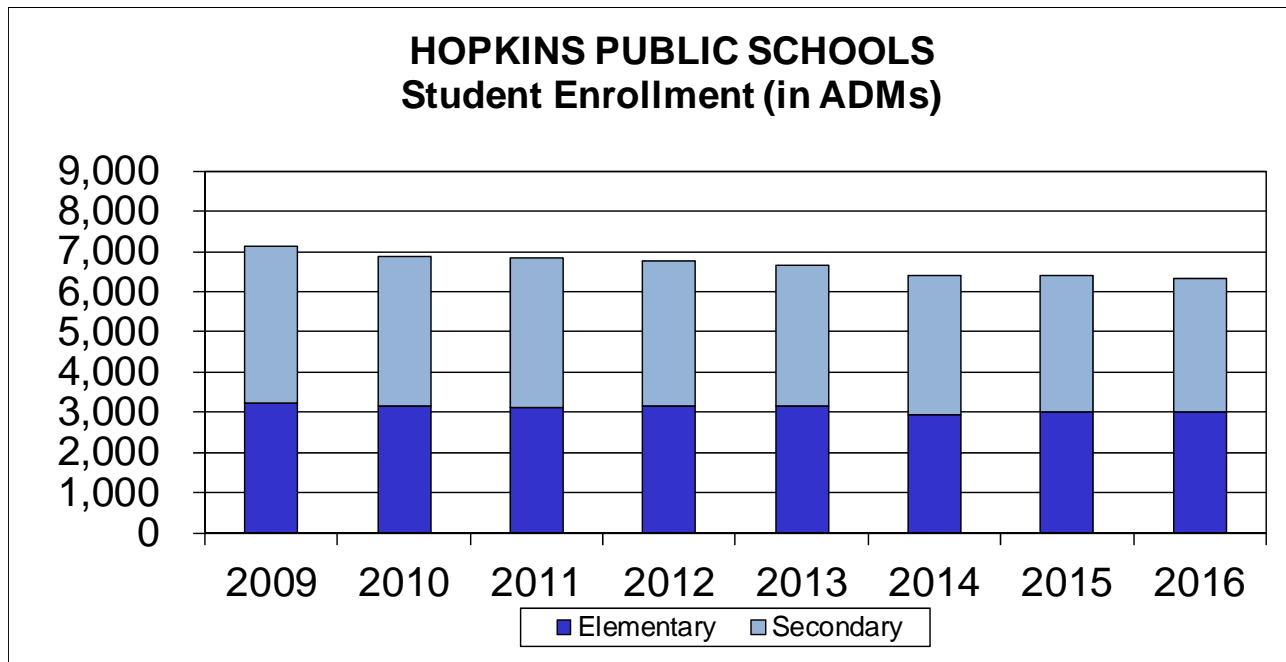
Approximately 68% of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having no meaningful authority to determine the level of resources. This includes special education state aid that is based upon a cost reimbursement model 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, 2016**

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
Pre-K & KH	80.59	84.03	78.36	91.45	72.74	74.35	91.34	101.76
Reg K	446.51	454.08	470.15	458.84	452.81	494.96	505.31	504.79
Elementary	3,227.71	3,167.60	3,114.15	3,149.87	3,149.38	2,929.49	3,024.76	3,016.34
Secondary	3,907.90	3,720.19	3,711.71	3,625.53	3,517.28	3,473.61	3,371.65	3,306.03
Total Students for Aid	7,662.71	7,425.90	7,374.37	7,325.69	7,192.21	6,972.41	6,993.06	6,928.92
Percent Change	-0.58%	-3.09%	-0.69%	-0.66%	-1.82%	-3.06%	0.30%	-0.92%

Over the last eight years, the District has experienced a decline in average daily membership by 734 students or 9.6%. 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 500 kindergarten students per year as compared to approximately 565 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, 2016**

The following schedule presents a summary of General Fund Revenues.

**Table A-5
General Fund Revenues**

	Year Ended		Change	
	June 30, 2016	June 30, 2015	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 23,687,302	\$ 23,720,510	\$ (33,208)	(0.1)%
Earnings on Investments	43,850	6,217	37,633	605.3
Other	3,547,497	3,848,440	(300,943)	(7.8)
State Sources	61,641,459	59,904,963	1,736,496	2.9
Federal Sources	2,355,868	2,464,613	(108,745)	(4.4)
Total General Fund Revenue	<u>\$ 91,275,976</u>	<u>\$ 89,944,743</u>	<u>\$ 1,331,233</u>	1.5

Total General Fund Revenue increased by \$1,331,233 or 1.5% 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 2015-2016 local property tax revenue decreased by \$33,208, or 0.1%. Earnings on investments increased by \$37,633 as investments performed better than in the prior year.

State Sources increased by \$1,736,496, or 2.9%. Federal Sources decreased by \$108,745, or 4.4%.

Other revenue sources decreased by \$300,943, or 7.8%, mainly due to routing services that were not provided in fiscal year 2016.

For fiscal year 2015-2016, 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, 2016**

The following schedule presents a summary of General Fund Expenditures.

**Table A-6
General Fund Expenditures**

	Year Ended		Change	
	June 30, 2016	June 30, 2015	Increase (Decrease)	Percent Change
Salaries	\$ 55,414,902	\$ 54,135,948	\$ 1,278,954	2.4 %
Employee Benefits	17,542,824	15,749,242	1,793,582	11.4
Purchased Services	12,429,567	13,128,880	(699,313)	(5.3)
Supplies and Materials	1,580,262	1,587,296	(7,034)	(0.4)
Capital Expenditures	1,487,573	979,387	508,186	51.9
Debt Service	795,820	796,769	(949)	(0.1)
Other Expenditures	140,546	149,058	(8,512)	(5.7)
Total General Fund Expenditures	<u>\$ 89,391,494</u>	<u>\$ 86,526,580</u>	<u>\$ 2,864,914</u>	3.3

Total General Fund Expenditures increased \$2,864,914 or 3.3% from the previous year. The major factors driving this increase for 2015-2016 were an increase in Salaries, Employee Benefits and Capital Expenditures offset by a decrease in Purchased Services from the previous year.

Salaries increased by \$1,278,954, or 2.4%, while Employee Benefits increased by \$1,793,582, or 11.4%. Capital Expenditures increased by \$508,186, or 51.9%. Purchased Services decreased by \$699,313, or 5.3%, and Other expenditures decreased by \$8,512, or 5.7%.

In fiscal 2015-2016, General Fund revenues were less than expenditures by \$4,836,418, including other financing sources and uses. Therefore, total fund balance decreased from \$18,180,516 in the prior year to \$13,344,098 as of June 30, 2016. After deducting statutory categories of fund balance and District commitments and assignments, the General Fund Unassigned fund balance decreased from \$9,793,489 at June 30, 2015, to \$8,269,162 at June 30, 2016. This represents about 9.3% of fiscal year 2015-2016 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, 2016**

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 \$128,852 or 0.14% more than budgeted, while expenditures were \$1,234,070 or 1.4% more than budgeted.

While the District's final budget for the General Fund anticipated that fund balance would decrease by \$6,199,813, the actual results for the year show that fund balance decreased in total by \$4,836,418.

CAPITAL PROJECTS AND DEBT SERVICE FUNDS

The Building Construction Fund has two major components, the Capital Projects Levy (Technology Levy) component, and the Alternative Facilities Bonding and Levy component. These are ongoing restricted revenue and expenditure programs.

In the Debt Service Fund, revenues and other financing sources exceeded expenditures and other financing uses by \$572,243 in 2015-2016. The ending Debt Service fund balance at June 30, 2016 of \$2,838,356 includes \$2,418,674 for meeting future regular debt service obligations and \$419,682 available for meeting future OPEB debt service obligations.

OTHER MAJOR FUNDS

Revenues exceeded expenditures in the Food Service Fund by \$154,151 for 2015-2016. The Food Service Fund increased its fund balance to \$441,485. In the Community Service Fund expenditures exceeded revenues by \$268,082, but a transfer in of \$525,000 resulted in the fund balance of the Community Service Fund ending at \$1,713,069, with \$1,310,398 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 2016-17 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, 2016**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2016, the District had invested approximately \$265 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 slightly over \$9 million.

**Table A-7
Capital Assets**

	2016	2015	Percentage Change
Land	\$ 2,867,600	\$ 2,867,600	-
Construction in Progress	5,747,907	8,491,896	(32.3)
Land Improvements	15,661,736	14,994,455	4.5
Buildings and Improvements	218,613,777	205,730,454	6.3
Equipment	21,872,275	19,692,996	11.1
Less: Accumulated Depreciation	(104,497,390)	(96,483,832)	8.3
Total Capital Assets	<u>\$ 160,265,905</u>	<u>\$ 155,293,569</u>	3.2

Construction – Next Five Years

In fiscal 2016, the District began its twelfth year (eleventh 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 will bond for approximately \$15 million of these bonds in the spring of 2017.

The District issued \$18,305,000 in General Obligation School Building Refunding Bonds to finance an advance refunding of the 2017 to 2022 maturities of the District's General Obligation School Building Refunding Bonds, Series 2006C. 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.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

Long-Term Liabilities

At year-end, the District had \$123,455,000 in general obligation bonds outstanding – a decrease of 6.0% from last year – as shown in Note 4 to the financial statements. This is in addition to \$14,730,000 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 as well as the District's portion of the Teacher's Retirement Association's Coordinated and Basic Plan net pension liability. The District increased its postemployment severance and health benefits payable at June 30, 2016 by a net of \$2.1 million.

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

	2016	2015	Percentage Change
General Obligation Bonds	\$ 123,455,000	\$ 131,375,000	(6.0)%
General Obligation OPEB Bonds	14,730,000	17,895,000	(17.7)
Net Bond Premium and Discount	5,220,125	4,248,738	22.9
Capital Leases Payable	7,637,937	8,144,672	(6.2)
Pension Benefits Payable - Defined Benefit Plans	69,619,910	58,588,203	18.8
Pension Benefits Payable - Defined Benefit Plans	3,999,965	3,282,196	21.9
Other Postemployment Benefits Payable	11,918,736	9,816,050	21.4
Total Long-Term Liabilities	<u>\$ 236,581,673</u>	<u>\$ 233,349,859</u>	1.4
Long-Term Liabilities:			
Due Within One Year	\$ 9,530,064	\$ 9,514,917	0.2 %
Due in More Than One Year	227,051,609	223,834,942	1.4
Total	<u>\$ 236,581,673</u>	<u>\$ 233,349,859</u>	1.4

FACTORS BEARING ON THE DISTRICT'S FUTURE

Hopkins Public Schools remained financially stable as of June 30, 2016. Audited results for 2015-2016 will result in a revised General Fund budget that will keep its General Fund Unassigned fund balance as of June 30, 2016 at or slightly below the same level as June 30, 2015. 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 District began the process of adjusting expenditures to revenues with approval of the 2016-2017 budget. This resulted in transfers/reductions of approximately \$1.6 million. The State legislature increased per pupil funding by 2% for 2015-16 and an additional 2% for 2016-17, which helped to minimize the amount of reductions necessary when looking at the 2016-17 school year. A 2% increase in per pupil funding was assumed when creating the 2015-16 and 2016-2017 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 2016-17 and beyond. Some examples of this are new LED lighting and solar gardens to reduce electricity costs. Expenditures begin to exceed revenues in 2016-17 in the long-term financial planning model.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

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, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2015)**

	Governmental Activities	
	2016	2015
ASSETS		
Cash and Investments	\$ 66,843,610	\$ 70,610,850
Cash with Fiscal Agent	70	128,743
Receivables:		
Property Taxes	25,155,445	24,529,454
Other Governments	9,583,997	13,793,460
Other	640,034	619,929
Prepaid Items	461,796	336,527
Inventories	135,704	141,265
Capital Assets:		
Land and Construction in Progress	8,615,507	11,359,496
Other Capital Assets, Net of Depreciation	151,650,398	143,934,073
Total Assets	263,086,561	265,453,797
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pensions	12,879,327	10,292,351
LIABILITIES		
Salaries Payable	968,981	641,298
Accounts and Contracts Payable	1,986,566	5,270,761
Accrued Interest	2,420,275	2,743,158
Due to Other Governmental Units	719,772	1,009,243
Unearned Revenue	1,844,964	1,455,744
Long-Term Liabilities:		
Portion Due Within One Year	9,530,064	9,514,917
Portion Due in More Than One Year	227,051,609	223,834,942
Total Liabilities	244,522,231	244,470,063
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for Subsequent Year	48,615,566	46,291,548
Deferred Inflows - Pensions	9,799,275	18,626,071
Total Deferred Inflows of Resources	58,414,841	64,917,619
NET POSITION		
Net Investment in Capital Assets	23,952,842	18,582,850
Restricted for:		
General Fund Operating Capital Purposes	1,371,212	689,408
General Fund State-Mandated Reserves	307,182	416,843
Food Service	441,485	287,334
Community Service	1,723,555	1,470,767
Debt Service	628,056	-
Capital Projects - Building Construction	-	185,365
Unrestricted	(55,395,516)	(55,274,101)
Total Net Position	\$ (26,971,184)	\$ (33,641,534)

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2015)**

Functions	2016				2015	
	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position	Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Total
					Governmental Activities	Governmental Activities
Governmental Activities						
Administration	\$ 4,147,904	\$ 137,637	\$ 32,933	\$ 9,075	\$ (3,968,259)	(3,844,389)
District Support Services	2,088,225	7,348	-	-	(2,080,877)	(2,147,657)
Regular Instruction	54,063,008	1,242,316	1,496,531	4,273	(51,319,888)	(40,977,712)
Vocational Education Instruction	1,423,789	5,939	36,865	-	(1,380,985)	(1,047,140)
Special Education Instruction	15,989,709	153,476	8,742,492	-	(7,093,741)	(6,241,257)
Instructional Support Services	4,243,960	17,100	5,973	8,786	(4,212,101)	(4,201,973)
Pupil Support Services	7,986,832	114,353	220,698	-	(7,651,781)	(7,501,936)
Sites and Buildings	14,326,242	921,007	515,297	196,291	(12,693,647)	(20,675,343)
Fiscal and Other Fixed Cost Programs	269,926	-	-	-	(269,926)	(412,257)
Food Service	4,437,815	2,266,293	2,163,148	-	(8,374)	(97,568)
Community Service	10,169,469	5,533,474	2,245,666	-	(2,390,329)	(2,329,630)
Interest and Fiscal Charges on Long-Term Liabilities	4,504,285	-	-	-	(4,504,285)	(6,475,445)
Total School District	<u>\$ 123,651,164</u>	<u>\$ 10,398,943</u>	<u>\$ 15,459,603</u>	<u>\$ 218,425</u>	(97,574,193)	(95,952,307)
General Revenues						
Property Taxes Levied for:						
General Purposes					23,624,265	23,849,367
Community Service					1,437,522	1,594,185
Debt Service					14,861,215	14,208,826
Capital Projects					8,436,720	8,297,000
State Aid Not Restricted to Specific Purposes					54,554,759	52,596,480
Earnings on Investments					1,186,057	522,972
Miscellaneous					144,005	124,576
Total General Revenues					<u>104,244,543</u>	<u>101,193,406</u>
Change in Net Position					6,670,350	5,241,099
Net Position - Beginning					<u>(33,641,534)</u>	<u>(38,882,633)</u>
Net Position - Ending					<u>\$ (26,971,184)</u>	<u>\$ (33,641,534)</u>

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2015)**

	Major Funds					Total Governmental	
	General	Food Service	Community Service	Capital Projects	Debt Service	Funds	
						2016	2015
ASSETS							
Cash and Investments	\$ 19,170,181	\$ 275,719	\$ 2,748,874	\$ -	\$ 10,450,959	\$ 32,645,733	\$ 43,222,622
Cash with Fiscal Agent	-	-	-	70	-	70	128,743
Receivables:							
Current Property Taxes	16,762,741	-	730,411	-	7,335,524	24,828,676	24,095,254
Delinquent Property Taxes	212,571	-	10,486	-	103,712	326,769	434,200
Accounts and Interest Receivable	280,853	26,634	80,335	51,283	-	439,105	428,271
Due from Other Minnesota School Districts	222,074	280	24,854	-	-	247,208	314,772
Due from Minnesota Department of Education	6,075,100	3,577	47,147	-	-	6,125,824	8,536,491
Due from Federal through Minnesota Department of Education	2,310,417	100,299	134,667	-	-	2,545,383	2,699,346
Due from Federal Government Received Directly	-	-	-	-	-	-	-
Due from Other Governmental Units	622,062	81	37,243	6,196	-	665,582	2,242,851
Due from Other Funds	2,826,857	23,470	-	-	-	2,850,327	162,521
Inventory	71,282	64,422	-	-	-	135,704	141,265
Prepays	229,673	-	-	232,123	-	461,796	336,527
Total Assets	\$ 48,783,811	\$ 494,482	\$ 3,814,017	\$ 289,672	\$ 17,890,195	\$ 71,272,177	\$ 82,742,863
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Liabilities:							
Salaries and Compensated Absences Payable	\$ 290,728	\$ 22,004	127,964	\$ 15,046	\$ -	\$ 455,742	\$ 218,752
Payroll Deductions and Employer Contributions Payable	429,724	12,945	62,127	8,443	-	513,239	422,546
Accounts and Contracts Payable	672,726	12,425	64,487	523,728	-	1,273,366	4,533,226
Due to Other Governmental Units	385,881	-	333,846	45	-	719,772	1,009,243
Due to Other Funds	583,224	-	-	2,664,336	-	3,247,560	-
Unearned Revenue	685,831	5,623	13,627	-	-	705,081	400,178
Total Liabilities	3,048,114	52,997	602,051	3,211,598	-	6,914,760	6,583,945
Deferred Inflows of Resources:							
Unavailable Revenue - Property Taxes Levied for Subsequent Year	32,179,028	-	1,488,411	-	14,948,127	48,615,566	46,291,548
Unavailable Revenue - Delinquent Property Taxes	212,571	-	10,486	-	103,712	326,769	434,200
Total Deferred Inflows of Resources	32,391,599	-	1,498,897	-	15,051,839	48,942,335	46,725,748
Fund Balance:							
Nonspendable:							
Inventory	229,673	64,422	-	-	-	294,095	141,265
Prepays	71,282	-	-	232,123	-	303,405	336,527
Restricted for:							
Staff Development	307,182	-	-	-	-	307,182	416,843
Alternative Facilities Program	-	-	-	-	-	-	3,375,887
Operating Capital	1,371,212	-	-	-	-	1,371,212	689,408
Community Education	-	-	1,310,398	-	-	1,310,398	1,024,671
Early Childhood and Family Education	-	-	161,056	-	-	161,056	129,072
School Readiness	-	-	58,812	-	-	58,812	30,038
Adult Basic Education	-	-	49,165	-	-	49,165	138,178
Restricted for Other Purposes	-	377,063	133,638	-	2,838,356	3,349,057	6,304,422
Committed for:							
Elementary School World Language	2,428,627	-	-	-	-	2,428,627	5,735,000
Assigned for:							
Buses and Bus Shelter	27,500	-	-	-	-	27,500	180,500
Band Instruments	-	-	-	-	-	-	80,000
OPEB and Severance Payments	-	-	-	-	-	-	1,000,000
Senior Year Study	-	-	-	-	-	-	50,000
Quality Compensation	49,460	-	-	-	-	49,460	7,870
Transition Costs	375,000	-	-	-	-	375,000	-
Security Camera Infrastructure	65,000	-	-	-	-	65,000	-
Boardroom Tech Update	150,000	-	-	-	-	150,000	-
Unassigned	8,269,162	-	-	(3,154,049)	-	5,115,113	9,793,489
Total Fund Balance	13,344,098	441,485	1,713,069	(2,921,926)	2,838,356	15,415,082	29,433,170
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 48,783,811	\$ 494,482	\$ 3,814,017	\$ 289,672	\$ 17,890,195	\$ 71,272,177	\$ 82,742,863

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, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2015)**

	2016	2015
Total Fund Balance for Governmental Funds	\$ 15,415,082	\$ 29,433,170
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	5,747,907	8,491,896
Land Improvements, Net of Accumulated Depreciation	6,835,808	6,943,137
Buildings and Improvements, Net of Accumulated Depreciation	134,342,988	128,283,467
Equipment, Net of Accumulated Depreciation	10,471,602	8,707,469
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 unearned revenue in the funds.		
	326,769	434,200
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditures when due.		
	(2,420,275)	(2,743,158)
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	(69,619,910)	(58,588,203)
Deferred Inflows of Resources - Pensions	(9,799,275)	(18,626,071)
Deferred Outflows of Resources - Pensions	12,879,327	10,292,351
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	(138,185,000)	(149,270,000)
Unamortized Premiums	(5,285,046)	(4,319,698)
Unamortized Discounts	64,921	70,960
Obligations Under Capital Leases	(7,637,937)	(8,144,672)
Severance Benefits Payable	(11,918,736)	(9,816,050)
Retirement Incentive Benefits Payable	(3,999,965)	(3,282,196)
Internal service funds are used by management to charge the costs of health and dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end is:		
	32,942,956	25,624,264
Total Net Position of Governmental Activities	\$ (26,971,184)	\$ (33,641,534)

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, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2015)**

	Major Funds					Total Governmental	
	General	Food Service	Community Service	Capital Projects	Debt Service	2016	2015
REVENUES							
Local Sources:							
Property Taxes	\$ 23,687,302	\$ -	\$ 1,441,652	\$ 8,436,720	\$ 14,901,479	\$ 48,467,153	\$ 47,751,576
Earnings and Investments	43,850	1,136	6,801	11,889	32,460	96,136	52,324
Other	3,547,497	2,328,183	6,146,922	279,642	-	12,302,244	12,106,279
State Sources	61,641,459	221,985	2,053,435	32,933	-	63,949,812	61,936,703
Federal Sources	2,355,868	2,032,671	134,667	-	-	4,523,206	4,800,700
Total Revenues	<u>91,275,976</u>	<u>4,583,975</u>	<u>9,783,477</u>	<u>8,761,184</u>	<u>14,933,939</u>	<u>129,338,551</u>	<u>126,647,582</u>
EXPENDITURES							
Current:							
Administration	4,012,660	-	-	-	-	4,012,660	3,800,920
District Support Services	2,078,586	-	-	-	-	2,078,586	2,176,186
Elementary and Secondary Regular Instruction	43,614,720	-	-	-	-	43,614,720	42,182,408
Vocational Education Instruction	1,405,443	-	-	-	-	1,405,443	1,082,007
Special Education Instruction	15,225,594	-	-	-	-	15,225,594	14,820,763
Instructional Support Services	4,140,524	-	-	-	-	4,140,524	4,181,973
Pupil Support Services	7,824,324	-	-	-	-	7,824,324	7,824,549
Sites and Buildings	8,536,324	-	-	-	-	8,536,324	8,257,340
Fiscal and Other Fixed Cost Programs	269,926	-	-	-	-	269,926	424,278
Food Service	-	4,249,996	-	-	-	4,249,996	4,328,328
Community Service	-	-	10,001,398	-	-	10,001,398	9,787,057
Capital Outlay	1,487,573	187,819	50,161	18,981,299	-	20,706,852	26,588,941
Debt Service:							
Principal	506,735	-	-	-	9,015,000	9,521,735	8,503,488
Interest and Fiscal Charges	289,085	-	-	-	5,730,261	6,019,346	6,902,122
Total Expenditures	<u>89,391,494</u>	<u>4,437,815</u>	<u>10,051,559</u>	<u>18,981,299</u>	<u>14,745,261</u>	<u>137,607,428</u>	<u>140,860,360</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,884,482	146,160	(268,082)	(10,220,115)	188,678	(8,268,877)	(14,212,778)
OTHER FINANCING SOURCES (USES)							
Sale of Equipment	-	7,991	-	55,133	-	63,124	49,321
Insurance Recovery	473	-	-	-	-	473	1,113
Sale of Bonds	-	-	-	-	-	-	14,545,000
Proceeds of Refunding Bonds	-	-	-	-	18,305,000	18,305,000	-
Bond Premium	-	-	-	-	2,163,565	2,163,565	763,022
Payment to Refunded Bond Escrow Agent	-	-	-	-	(20,375,000)	(20,375,000)	(20,250,000)
Transfers In	-	-	525,000	-	290,000	815,000	1,873,113
Transfers Out	(6,721,373)	-	-	-	-	(6,721,373)	(2,373,113)
Total Other Financing Sources (Uses)	<u>(6,720,900)</u>	<u>7,991</u>	<u>525,000</u>	<u>55,133</u>	<u>383,565</u>	<u>(5,749,211)</u>	<u>(5,391,544)</u>
Net Change in Fund Balance	(4,836,418)	154,151	256,918	(10,164,982)	572,243	(14,018,088)	(19,604,322)
FUND BALANCES							
Beginning of Year	<u>18,180,516</u>	<u>287,334</u>	<u>1,456,151</u>	<u>7,243,056</u>	<u>2,266,113</u>	<u>29,433,170</u>	<u>49,037,492</u>
End of Year	<u>\$ 13,344,098</u>	<u>\$ 441,485</u>	<u>\$ 1,713,069</u>	<u>\$ (2,921,926)</u>	<u>\$ 2,838,356</u>	<u>\$ 15,415,082</u>	<u>\$ 29,433,170</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, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2015)**

	2016	2015
Net Change in Fund Balance - Total Governmental Funds	\$ (14,018,088)	\$ (19,604,322)
 Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period is:		
Capital Outlays	14,243,342	19,869,550
Loss on Disposal of Capital Assets	(67,532)	(128,475)
Proceeds from the Sales of Capital Assets	(63,124)	(49,321)
Depreciation Expense	(9,140,350)	(8,050,159)
 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.		
	(107,431)	197,802
 Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.		
Change in Accrued Interest - Capital Leases	15,313	(103,060)
Principal Payments - Capital Leases	506,735	449,989
 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.		
	382,065	1,529,404
 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).		
	(2,820,455)	(2,606,986)
 The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:		
General Obligation and Certificates of Participation Bond Proceeds	(18,305,000)	(14,545,000)
Bond Premium or Discount	(2,163,565)	(763,022)
Payment to Refunded Bond Escrow Agent	20,375,000	20,250,000
Repayment of Bond Principal	9,015,000	8,055,000
Change in Accrued Interest	307,570	174,457
Amortization of Bond Premium	1,198,217	357,717
Amortization of Bond Discount	(6,039)	(3,938)
 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.		
	7,318,692	211,463
Change in Net Position of Governmental Activities	\$ 6,670,350	\$ 5,241,099

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, 2016**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 23,669,253	\$ 23,669,253	\$ 23,687,302	\$ 18,049
Earnings and Investments	4,427	6,217	43,850	37,633
Other	3,747,342	3,794,627	3,547,497	(247,130)
State Sources	59,793,444	60,583,256	61,641,459	1,058,203
Federal Sources	3,161,033	3,093,771	2,355,868	(737,903)
Total Revenues	<u>90,375,499</u>	<u>91,147,124</u>	<u>91,275,976</u>	<u>128,852</u>
EXPENDITURES				
Current:				
Administration	4,000,241	4,159,854	4,012,660	(147,194)
District Support Services	2,290,086	2,075,001	2,078,586	3,585
Elementary and Secondary Regular Instruction	43,509,519	43,224,454	43,614,720	390,266
Vocational Education Instruction	1,100,916	1,371,167	1,405,443	34,276
Special Education Instruction	15,101,256	15,494,644	15,225,594	(269,050)
Instructional Support Services	4,368,317	4,579,246	4,140,524	(438,722)
Pupil Support Services	8,392,983	8,367,723	7,824,324	(543,399)
Sites and Buildings	8,179,341	8,291,604	8,536,324	244,720
Fiscal and Other Fixed Cost Programs	284,550	281,433	269,926	(11,507)
Capital Outlay	1,703,882	2,039,452	1,487,573	(551,879)
Debt Service:				
Principal	453,587	453,587	506,735	53,148
Interest and Fiscal Charges	287,399	287,399	289,085	1,686
Total Expenditures	<u>89,672,077</u>	<u>90,625,564</u>	<u>89,391,494</u>	<u>(1,234,070)</u>
Excess of Revenues Over Expenditures	703,422	521,560	1,884,482	1,362,922
OTHER FINANCING SOURCES (USES)				
Insurance Recovery	-	-	473	473
Transfers Out	(1,025,000)	(6,721,373)	(6,721,373)	-
Total Other Financing Sources (Uses)	<u>(1,025,000)</u>	<u>(6,721,373)</u>	<u>(6,720,900)</u>	<u>473</u>
Net Change in Fund Balance	<u>\$ (321,578)</u>	<u>\$ (6,199,813)</u>	(4,836,418)	<u>\$ 1,363,395</u>
FUND BALANCE				
Beginning of Year			<u>18,180,516</u>	
End of Year			<u>\$ 13,344,098</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, 2016**

	<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	\$ -	\$ -	\$ 1,136	\$ 1,136
Other - Primarily Meal Sales	2,212,409	2,342,839	2,328,183	(14,656)
State Sources	178,476	191,383	221,985	30,602
Federal Sources	1,831,713	1,971,372	2,032,671	61,299
Total Revenues	<u>4,222,598</u>	<u>4,505,594</u>	<u>4,583,975</u>	<u>78,381</u>
EXPENDITURES				
Current:				
Food Service	4,115,544	4,405,459	4,249,996	(155,463)
Capital Outlay	205,114	190,793	187,819	(2,974)
Total Expenditures	<u>4,320,658</u>	<u>4,596,252</u>	<u>4,437,815</u>	<u>(158,437)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(98,060)	(90,658)	146,160	236,818
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	<u>3,847</u>	<u>7,991</u>	<u>7,991</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (94,213)</u>	<u>\$ (82,667)</u>	154,151	<u>\$ 236,818</u>
FUND BALANCE				
Beginning of Year			<u>287,334</u>	
End of Year			<u>\$ 441,485</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, 2016**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 1,475,034	\$ 1,483,679	\$ 1,441,652	\$ (42,027)
Earnings and Investments	-	-	6,801	6,801
Other - Primarily Meal Sales	5,663,081	5,674,658	6,146,922	472,264
State Sources	1,838,825	1,944,920	2,053,435	108,515
Federal Sources	110,000	82,777	134,667	51,890
Total Revenues	<u>9,086,940</u>	<u>9,186,034</u>	<u>9,783,477</u>	<u>597,443</u>
EXPENDITURES				
Current:				
Community Service	9,569,365	9,491,668	10,001,398	509,730
Capital Outlay	66,612	61,595	50,161	(11,434)
Total Expenditures	<u>9,635,977</u>	<u>9,553,263</u>	<u>10,051,559</u>	<u>498,296</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(549,037)	(367,229)	(268,082)	99,147
OTHER FINANCING SOURCES				
Transfers In	<u>525,000</u>	<u>525,000</u>	<u>525,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (24,037)</u>	<u>\$ 157,771</u>	256,918	<u>\$ 99,147</u>
FUND BALANCE				
Beginning of Year			<u>1,456,151</u>	
End of Year			<u>\$ 1,713,069</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, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2015)**

	Governmental Activities - Internal Service Funds	
	2016	2015
ASSETS		
Cash and Investments	\$ 34,197,877	\$ 27,388,228
Accounts Receivable	52,232	191,658
Due from Other Funds	583,224	-
Interest Receivable	148,697	-
Total Assets	34,982,030	27,579,886
LIABILITIES		
Accounts Payable	13,199	7,608
Claims Payable - Medical	700,001	729,927
Due to Other Funds	185,991	162,521
Unearned Revenue	1,139,883	1,055,566
Total Liabilities	2,039,074	1,955,622
NET POSITION		
Restricted	17,111,915	15,596,919
Unrestricted	15,831,041	10,027,345
Total Net Position	\$ 32,942,956	\$ 25,624,264

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, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2015)**

	Governmental Activities - Internal Service Funds	
	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Charges for Services:		
Health Insurance Premiums	\$ 9,725,870	\$ 9,548,953
OPERATING EXPENSES		
Health Insurance Claim Payments	8,462,465	9,271,418
Severance Payments	806,834	765,106
OPEB Payments	134,173	271,614
Total Operating Expenses	<u>9,403,472</u>	<u>10,308,138</u>
Operating Income (Loss)	322,398	(759,185)
NONOPERATING INCOME		
Earnings on Investments	<u>1,089,921</u>	<u>470,648</u>
Income (Loss) Before Transfers	1,412,319	(288,537)
OTHER FINANCING SOURCES		
Transfer In	<u>5,906,373</u>	<u>500,000</u>
Change in Net Position	7,318,692	211,463
Net Position - Beginning	<u>25,624,264</u>	<u>25,412,801</u>
Net Position - Ending	<u>\$ 32,942,956</u>	<u>\$ 25,624,264</u>

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2015)**

	Governmental Activities - Internal Service Funds	
	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Interfund Services Provided	\$ 9,794,625	\$ 9,727,309
Payments for Administrative Costs	(6,650)	(33,752)
Payments for Medical Fees and Insurance Claims	(8,480,150)	(9,422,969)
Payments for Other Postemployment Benefits	(110,703)	(743,809)
Payments for Severance Benefits	(806,834)	(765,106)
Net Cash Provided (Used) by Operating Activities	<u>390,288</u>	<u>(1,238,327)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from Other Funds	5,323,149	500,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>304,689</u>	<u>(222,718)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,018,126	(961,045)
Cash and Cash Equivalents - Beginning	<u>11,788,668</u>	<u>12,749,713</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 17,806,794</u>	<u>\$ 11,788,668</u>
DISPLAYED ON STATEMENT OF FUND NET POSITION AS:		
Cash and Cash Equivalents	\$ 17,806,794	\$ 11,788,668
Investments	<u>16,391,083</u>	<u>15,599,560</u>
Total Cash and Investments	<u>\$ 34,197,877</u>	<u>\$ 27,388,228</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 322,398	\$ (759,185)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in Accounts Receivable	(15,562)	240,592
Increase (Decrease) in Accounts Payable	5,591	(43,158)
Decrease in Claims Payable	(29,926)	(142,145)
Increase (Decrease) in Due to Other Funds	23,470	(472,195)
Increase (Decrease) in Unearned Revenue	84,317	(62,236)
Total Adjustments	<u>67,890</u>	<u>(479,142)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 390,288</u>	<u>\$ (1,238,327)</u>

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

	Scholarship Private-Purpose Trust
ASSETS	
Cash and Investments	\$ 92,096
LIABILITIES	
Accounts and Contracts Payable	34,857
Due to Other Funds	166
Total Liabilities	35,023
NET POSITION	
Held In Trust	\$ 57,073

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2016**

	Scholarship Private-Purpose Trust
ADDITIONS	
Gifts and Donations	\$ 20,573
Earnings on Investments	198
Total Additions	20,771
DEDUCTIONS	
Scholarships Awarded	20,705
Miscellaneous	6,306
Total Deductions	27,011
Change in Net Position	(6,240)
Net Position - Beginning of Year	63,313
Net Position - End of Year	\$ 57,073

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, 2016**

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, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Change in Accounting Principle

During fiscal year ended June 30, 2016, the District adopted GASB Statement No. 72, *Fair Value Measurement and Application*. The Statement provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This resulted in additional or modified disclosures related to the District's investments; however there was no other financial impact. See Note 2 for additional information.

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, 2016**

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, 2016**

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, 2016**

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, 2016**

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, 2016**

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	\$ 90,375,499	\$ 771,625	\$ 91,147,124
Special Revenue Funds:			
Food Service Fund	4,222,598	282,996	4,505,594
Community Service Fund	9,086,940	99,094	9,186,034
Capital Projects Fund	8,546,720	229,000	8,775,720
Debt Service Fund	10,809,618	4,229,809	15,039,427
 <u>Expenditures</u>			
General Fund	\$ 89,672,077	\$ 953,487	\$ 90,625,564
Special Revenue Funds:			
Food Service Fund	4,320,658	275,594	4,596,252
Community Service Fund	9,635,977	(82,714)	9,553,263
Capital Projects Fund	19,391,515	(1,407,202)	17,984,313
Debt Service Fund	10,074,629	4,580,901	14,655,530

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, 2016**

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. 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, 2016**

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 2015 pay 2016 levy, normally revenue for the 2016-17 fiscal year, are also advance recognized at June 30, 2016, 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, 2016, 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 estimated fair market 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, 2016**

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 one type of item that qualifies for reporting in this category. The District reports deferred outflows of resources related to pensions. See Note 7 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.

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, 2016**

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 post-employment 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, 2016, the long-term portion of the estimated early retirement incentive and convertible sick leave liability is included as part of non-current liabilities on the statement of net position. See Note 9 for further information.

2. Postemployment Health Care Benefits

In addition to retirement benefits, the District provides post-retirement 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 8 for further information.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2016**

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, 2015, 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, 2016**

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, 2016.

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, 2016**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

At June 30, 2016, the District's investment balances were as follows:

	External Investment Pools
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	\$ 50,369,721
Fidelity Government Money Market Daily Money Class	824,254
	\$ 51,193,975
	Fair Value
Governmental Agencies	\$ 2,336,711
Municipal Bonds	10,392,560
U.S. Treasury Notes	1,140,850
Corporate Bonds	1,014,893
Mutual Funds	856,787
Total Investments Held with Broker	\$ 15,741,801
Total District Investments	\$ 66,935,776

The MSDLAF+ and Fidelity Government Money Market Daily Money Class pools are external investment pools and the investments within these pools are valued at net asset value.

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, 2016**

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 2	2 to 5	> 5		
Governmental Agencies	\$ 2,336,711	\$ -	\$ 436,066	\$ 762,447	\$ 1,138,198	\$ -	AAA - AA
Municipal Bonds	10,392,560	456,968	227,518	2,317,613	7,390,461	-	AAA - A
U.S. Treasury Notes	1,140,850	-	143,002	394,390	603,458	-	Aaa
Corporate Bonds	1,014,893	-	-	-	1,014,893	-	A - BBB+
MSDLAF+	50,369,721	-	-	-	-	50,369,721	NR
Mutual Funds	856,787	856,787	-	-	-	-	NR
Money Market Funds	824,254	-	-	-	-	824,254	AAA
Total	\$ 66,935,776	\$ 1,313,755	\$ 806,586	\$ 3,474,450	\$ 10,147,010	\$ 51,193,975	

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, 2016 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	\$ 66,843,610
Cash and Investments Held by Trustee - Statement of Net Position	70
Cash and Investments - Statement of Fiduciary Net Position	92,096
Total Cash and Investments	\$ 66,935,776

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, 2016**

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:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Governmental Agencies	\$ 2,336,711	\$ -	\$ -	\$ 2,336,711
Municipal Bonds	-	10,392,560	-	10,392,560
U.S. Treasury Notes	1,140,850	-	-	1,140,850
Corporate Bonds	1,014,893	-	-	1,014,893
Mutual Funds	856,787	-	-	856,787
	<u>\$ 21,531,893</u>	<u>\$ 491,930</u>	<u>\$ -</u>	<u>15,741,801</u>
Investments Measured at Net Asset Value (NAV)				51,193,975
				<u>\$ 66,935,776</u>

The District has investments in two external investments pools: MSDLAF+ and the Federated Institutional Prime Obligations Fund. Both pools are managed to maintain a portfolio weighted average maturity of no greater than 60 days and seek to maintain a constant net asset value (NAV) per share of \$1.00. The pools measure their investments at amortized cost in accordance with accounting statements issued by the Government Accounting Standards Board.

The District reports its investments in the pools at the NAV per share, the fair value established by the pools.

The Districts investments in the pools are as follows:

<u>Investment</u>	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>
MSDLAF+ Liquid Class	\$ 50,369,721	\$ -
Fidelity Government Money Market Daily Money Class	824,254	-
Total Investment Pools	<u>\$ 51,193,975</u>	<u>\$ -</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Fair Value Measurements (Continued)

Debt and equity securities as well as governmental agencies securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt 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.

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 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	8,491,896	9,298,814	(12,042,803)	5,747,907
Total Capital Assets, Not Being Depreciated	11,359,496	9,298,814	(12,042,803)	8,615,507
Capital Assets, Being Depreciated				
Land Improvements	14,994,455	667,281	-	15,661,736
Buildings and Improvements	205,730,454	12,889,239	(5,916)	218,613,777
Equipment	19,692,996	3,430,811	(1,251,532)	21,872,275
Total Capital Assets, Being Depreciated	240,417,905	16,987,331	(1,257,448)	256,147,788
Accumulated Depreciation for:				
Land Improvements	(8,051,318)	(774,610)	-	(8,825,928)
Buildings and Improvements	(77,446,987)	(6,823,920)	118	(84,270,789)
Equipment	(10,985,527)	(1,541,820)	1,126,674	(11,400,673)
Total Accumulated Depreciation	(96,483,832)	(9,140,350)	1,126,792	(104,497,390)
Total Capital Assets, Being Depreciated, Net	143,934,073	7,846,981	(130,656)	151,650,398
Governmental Activities Capital Assets, Net	<u>\$ 155,293,569</u>	<u>\$ 17,145,795</u>	<u>\$ (12,173,459)</u>	<u>\$ 160,265,905</u>

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

Governmental Activities	
District Support Services	\$ 1,467
Regular Instruction	8,891,980
Vocational Education Instruction	654
Pupil Support Services	113,984
Sites and Buildings	14,056
Community Service	118,209
Total Depreciation Expense, Governmental Activities	<u>\$ 9,140,350</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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
1/15/2009	5.00% - 5.25%	10,100,000	2/1/2018	\$ 2,860,000	\$ 6,055,000
5/19/2009	3.00% - 4.00%	24,300,000	2/1/2027	285,000	22,360,000
10/20/2009	4.05% - 4.45%	9,335,000	2/1/2020	685,000	8,675,000
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	300,000	1,580,000
6/27/2012	0.45% - 1.80%	6,120,000	2/1/2022	670,000	4,155,000
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	1,465,000	17,500,000
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	175,000	4,135,000
11/12/2015	2.00% - 5.00%	18,305,000	2/1/2022	2,620,000	18,305,000
Total General Obligation Bonds				9,060,000	138,185,000
Bond Premiums				-	5,285,046
Bond Discounts				-	(64,921)
Capital Lease Payable				470,064	7,637,937
Pension Benefits Payable - Defined Benefits Plans				-	69,619,910
Pension Benefits Payable - Defined Contributions Plans				-	3,999,965
Other Postemployment Benefits Payable				-	11,918,736
				<u>\$ 9,530,064</u>	<u>\$ 236,581,673</u>

B. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds Payable		Capital Lease Obligation Payable	
	Principal	Interest	Principal	Interest
2017	\$ 9,060,000	\$ 5,463,498	\$ 470,064	\$ 270,921
2018	9,865,000	4,909,053	487,142	253,843
2019	10,070,000	4,561,768	504,841	236,144
2020	10,600,000	4,150,535	523,183	217,801
2021	10,790,000	3,708,795	542,194	198,791
2022-2026	52,850,000	12,365,535	3,021,253	683,672
2027-2031	34,950,000	3,088,500	2,089,260	133,694
Total	<u>\$ 138,185,000</u>	<u>\$ 38,247,684</u>	<u>\$ 7,637,937</u>	<u>\$ 1,994,866</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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 will be 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. This refunding reduced the District's total future debt service payments by \$787,312 and resulted in a present value savings of \$736,898.

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. This refunding reduced the District's total future debt service payments by \$2,391,661 and resulted in a present value savings of \$2,097,810.

On May 21, 2015, the District issued \$4,425,000 General Obligation Capital Facilities Bonds, Series 2015B. The proceeds of this issue will be 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. This refunding reduced the District's total future debt service payments by \$2,160,997 and resulted in a present value savings of \$2,060,295.

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 will be 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 will be 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, 2016**

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 will be 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 will be used to finance the acquisition and betterment of projects included in the District's 10-year facility plan.

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 2009A issue was in the amount of \$10,100,000 and sold on January 15, 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).

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 August 9, 2011, the District entered into another capital lease agreement with Mercedes-Benz Truck Financial to finance the acquisition of five school buses for special education transportation. The total financed was \$257,817, with an interest rate of 3.08% and requires the District to make annual payments through August 22, 2015.

On October 10, 2013, the District entered into a lease-purchase financing agreement with Capital One Public Funding, LLC to finance the acquisition of, and renovations and improvements to, an existing building that is adjacent to Meadowbrook Elementary as well as to add an addition to Meadowbrook Elementary. The total financed was \$4,273,000, with an interest rate of 3.75% and requires the District to make semi-annual principal and interest payments through January 15, 2029.

On February 19, 2014, the District entered into a lease-purchase financing agreement with Capital One Public Funding, LLC to finance the addition of a gymnasium at Tanglen Elementary School. The total financed was \$4,217,000, with an interest rate of 3.65% and requires the District to make semi-annual principal and interest payments through April 1, 2029.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

Capital Leases Payable (Continued)

The school buses acquired through the capital lease are as follows:

Equipment	\$ 272,050
Less: Accumulated Depreciation	(137,725)
Total	<u>\$ 134,325</u>

Postemployment and Other Pension Benefits Payable

Postemployment and other pension benefits payable consist of early retirement incentive payments, administrator experience benefits and post-employment health insurance benefits payable to employees upon retirement. Severance and health benefits have been paid by the General and Special Revenue Funds. Annual payments to retire the severance and health benefits liability have not been determined and will depend on actual employee turnover. Amounts shown as additions in the table below include changes in amounts recorded due to valuation and assumption changes.

During fiscal 2002, the District initiated a Retirement Enhancement and Benefit Alternatives Program (or REBA) which is intended to operate as a qualified plan under Section 401(a) of the Internal Revenue Code. As part of this plan, the District implemented a Voluntary Employees' Benefit Association (VEBA) as a component of this program whereby the District contributes retirement benefits and other contributions as specified by contract to the VEBA.

D. Changes in Long-Term Debt

	June 30, 2015	Additions	Retirements	June 30, 2016
Bonds Payable	\$ 149,270,000	\$ 18,305,000	\$ 29,390,000	\$ 138,185,000
Bond Premiums	4,319,698	2,163,565	1,198,217	5,285,046
Bond Discount	(70,960)	-	(6,039)	(64,921)
Capital Lease Payable	8,144,672	-	506,735	7,637,937
Pension Benefits Payable - Defined Benefit Plans	58,588,203	18,312,720	7,281,013	69,619,910
Pension Benefits Payable - Other Defined Benefit Plans	3,282,196	1,524,602	806,833	3,999,965
Other Postemployment Benefits Payable	9,816,050	3,257,266	1,154,580	11,918,736
Total	<u>\$ 233,349,859</u>	<u>\$ 43,563,153</u>	<u>\$ 40,331,339</u>	<u>\$ 236,581,673</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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 Alternative Facilities Program

Represents the resources available for approved expenditures based on a state approved plan for capital projects.

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 Community Education Programs

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

E. 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.

F. 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.

G. Restricted for Adult Basic Education Programs

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

H. 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.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 6 INTERFUND BALANCES AND TRANSFERS

The District has the following interfund receivable and payable at June 30, 2016:

	<u>Due from Other Fund</u>	<u>Due to Other fund</u>
General Fund	\$ 2,826,857	\$ 583,224
Food Service Special Revenue Fund	23,470	-
Capital Projects Fund	-	2,664,336
OPEB Revocable Trust Internal Service Fund	583,224	185,991
Total	<u>\$ 3,433,551</u>	<u>\$ 3,433,551</u>

The purpose of these interfund balances was as follows:

The Revocable Trust Fund owes the General Fund \$162,521 and the Food Service Fund \$23,470 for OPEB payments which the funds had made during fiscal 2016. The Capital Projects Fund owes the General Fund \$2,664,336 for cash borrowed at year-end to erase a cash deficit balance in the fund. The General Fund also owes the OPEB Revocable Trust Fund \$583,224 for an approved transfer of funds to aid in the funding of the trust.

The District had the following interfund transfers during the year ended June 30, 2016:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 6,721,373
Community Service Special Revenue Fund	525,000	-
Debt Service Fund	290,000	-
Internal Service Fund:		
OPEB Revocable Trust Fund	583,224	-
Severance Fund	5,323,149	-
Total	<u>\$ 6,721,373</u>	<u>\$ 6,721,373</u>

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, \$583,224 to the OPEB Trust Fund to achieve a 90% funded level, and \$5,323,149 to the Severance Internal Service Fund to fund severance costs and extend the life of the OPEB trust. The General Fund also transferred \$290,000 to the Debt Service Fund to assist with debt service payments due to the issuance of debt after the levy cycle. Because of this, assistance from the General Fund was needed in the first year but these funds will be recovered through the levy process.

**HOPKINS PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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 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.

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 cities of Duluth and St. Paul, and by the University of Minnesota system) are required to be TRA members.

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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided

PERA and TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

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. GERS 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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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.

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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. GEF 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 2016. In fiscal year 2016, 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 GEF for the plan's fiscal year ended June 30, 2016 were \$1,406,630. 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 each fiscal year were:

	2016		2015	
	Employee	Employer	Employee	Employer
Basic	11.0%	11.5%	11.0%	11.5%
Coordinate	7.5%	7.5%	7.5%	7.5%

The District's contributions to TRA for the plan's fiscal year ended June 30, 2016 were \$3,360,259. The District's contributions were equal to the required contributions for each year as set by state statute.

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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs

1. GERF Pension Costs

At June 30, 2016, the District reported a liability of \$16,247,197 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the District's proportion was 0.3135%.

For the year ended June 30, 2016, the District recognized pension expense of \$1,493,821 for its proportionate share of GERF's pension expense.

At June 30, 2016, 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	\$ 150,673	\$ 819,136
Changes in Actuarial Assumptions	1,011,820	-
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	1,446,299
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	775,062
District Contributions Subsequent to the Measurement Date	1,406,630	-
Total	<u>\$ 2,569,123</u>	<u>\$ 3,040,497</u>

**HOPKINS PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. GERF Pension Costs (Continued)

A total of \$1,406,630 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, 2017. 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
2017	\$ (560,424)
2018	(560,424)
2019	(1,141,670)
2020	384,514
2021	-
Thereafter	-

2. TRA Pension Costs

At June 30, 2016, the District reported a liability of \$53,372,713 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2014, 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 0.8628% at the end of the measurement period and 0.9324% 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	\$ 53,372,713
State's Proportionate Share of the Net Pension Liability Associated with the District	6,546,465

A change in benefit provisions that affected the measurement of the total pension liability since the prior measurement date was an increase of the contribution rates for both the member and employer.

**HOPKINS PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

For the year ended June 30, 2016, the District recognized pension expense of \$2,914,659. It also recognized \$1,157,325 as pension expense for the support provided by direct aid.

At June 30, 2016, 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	\$ 2,734,809	\$ -
Changes in Actuarial Assumptions	4,102,942	-
Net Difference Between Projected and Actual Earnings on Plan Investments	-	4,082,060
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	112,194	2,676,718
District Contributions Subsequent to the Measurement Date	3,360,259	-
Total	<u>\$ 10,310,204</u>	<u>\$ 6,758,778</u>

A total of \$3,360,259 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, 2017. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2017	\$ (864,767)
2018	(864,767)
2019	(864,767)
2020	2,144,430
2021	641,038
Thereafter	-

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Merger of Duluth Teacher's Retirement Fund Association (DTRFA)

Legislation enacted in 2014 merged the Duluth Teachers Retirement Fund Association (DTRFA) with TRA effective June 30, 2016. The beginning balances of total pension liability and fiduciary net position were adjusted to reflect the merger of DTRFA.

	6/30/14 CAFR	Restated
Total Pension Liability (A)	\$ 24,901,612,000	\$ 25,299,564,000
Plan Fiduciary Net Position (B)	20,293,684,000	20,519,756,000
Net Pension Liability (A-B)	\$ 4,607,928,000	\$ 4,779,808,000

F. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.75% per Year	3.50%
Active Member Payroll Growth	3.50% per Year	3.5 - 12%, based on years of service
Investment Rate of Return	7.90%	8.00%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The actuarial experience study in the GERF was for the period July 1, 2004 through June 30, 2008, with an update of economic assumptions in 2014. The actuarial experience for TRA was for the period of July 1, 2004 through June 30, 2008, and a limited scope experience study dated August 29, 2014. The limited scope experience study addressed only inflation and long-term rate of return for the GASB 67 valuation.

The following changes in actuarial assumptions for GERF occurred in 2015: the discount rate was changes from 8.0% through June 30, 2017 and 8.5% thereafter to 8.0% for all years, the inflation assumption was changes from 3.0% to 2.75%, the payroll growth assumption was changed from 3.75% to 3.5%, assumed increases in member salaries were decreased by .25% at all ages and the assumed postretirement benefit increase rate was changes from 1.0% per year through 2026 and 2.5% thereafter to 1.0% per year through 2034 and 2.5% per year thereafter.

There was a change in actuarial assumptions that affected the measurement of the total liability for TRA since the prior measurement date. Postretirement benefit adjustments are now assumed to increase from 2.0% annually with no increase to 2.5% projected. The prior year valuation assumed a 2.5% increase commencing July 1, 2034.

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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments is 7.9% for GERP and 8.0% for TRA. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

The target allocation and best estimates of 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	45 %	5.50%
International Equity	15	6.00%
Bonds	18	1.45%
Alternative Assets	20	6.40%
Cash	2	0.50%
Totals	<u>100 %</u>	

G. Discount Rate

The discount rate used to measure the total pension liability was 7.9% for GERP and 8.0% for TRA. For TRA, this was a decrease from the discount rate at the prior measurement date of 8.25%. 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 statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

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JUNE 30, 2016**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

H. Pension Liability Sensitivity

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

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
<u>GERF Discount Rate</u>			
	6.90%	7.90%	8.90%
District's Proportionate Share of the GERF Net Pension Liability	\$ 25,546,369	\$ 16,247,197	\$ 8,567,510
<u>TRA Discount Rate</u>			
	7.00%	8.00%	9.00%
District's Proportionate Share of the TRA Net Pension Liability	\$ 81,240,178	\$ 53,372,713	\$ 30,116,509

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.

**HOPKINS PUBLIC SCHOOLS
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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PAYABLE

At June 30, 2009, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The District engaged an actuary to determine the District's liability for postemployment healthcare benefits other than pensions as of July 1, 2014.

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 1,055 active participants, 89 retired participants and 11 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

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 2016, the District contributed \$1,154,580 to the plan.

C. Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any un-funded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the District's net OPEB obligation.

Annual Required Contribution	\$ 3,421,264
Interest on Net OPEB Obligation	392,642
Adjustment to Annual Required Contribution	<u>(556,640)</u>
Annual OPEB Cost (Expense)	3,257,266
Contributions Made	<u>(1,154,580)</u>
Increase in Net OPEB Obligation	2,102,686
Net OPEB Obligation (Assets) - Beginning of Year	<u>9,816,050</u>
Net OPEB Obligation (Assets) - End of Year	<u><u>\$ 11,918,736</u></u>

**HOPKINS PUBLIC SCHOOLS
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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016, 2015, and 2014 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2016	\$ 3,257,266	35.45%	\$ 11,918,736
6/30/2015	3,119,214	41.10%	9,816,050
6/30/2014	2,969,131	46.40%	7,977,441

D. Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the District's unfunded actuarial accrued liability (UAAL) was \$17,833,089. The annual payroll for active employees covered by the plan in the actuarial valuation was \$54,982,657 for a ratio of UAAL to covered payroll of 32.43%. As indicated in Note 4, the District has issued taxable OPEB bonds and placed the proceeds of the bonds in a revocable trust with the intention of funding the OPEB liability each year on a pay as you go basis from the revocable trust fund. As of June 30, 2016, the net position of the revocable trust totaled \$17,111,915, which is 95.96% of the actuarially accrued liability.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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JUNE 30, 2016**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% discount rate which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 7.5%, reduced by decrements to an ultimate rate of 5% after ten years. The UAAL is being amortized as a level dollar amount on a closed basis. The remaining amortization period at June 30, 2016 was not to exceed 30 years.

NOTE 9 OTHER PENSION BENEFITS PAYABLE

The District engaged an actuary to determine the District's liability for its supplemental pension plan in accordance with Governmental Accounting Standards Board (GASB) Statement No. 27, as of July 1, 2014.

A. Plan Description

The District provides a defined benefit supplemental pension benefit to certain individuals and contract groups. 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.

Currently, there are 871 active employees who are fully eligible to receive benefits under the plan as of June 30, 2014. 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.

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JUNE 30, 2016**

NOTE 9 OTHER PENSION BENEFITS PAYABLE (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 payment of future benefits. The operating funds are used for funding of all pension/retirement benefits which are accounted for in the Internal Service Fund. The employer makes all contributions.

C. Annual Pension Cost and Net Pension Obligation

The District's annual pension cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 27. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any un-funded actuarial liabilities over a period not to exceed 20 years. The following table shows the components of the District's annual pension cost for the year, the amount actually paid from the plan, and changes in the District's net pension obligation.

Annual Required Contribution	\$ 1,630,134
Interest on Net Pension Obligation	131,288
Adjustment to Annual Required Contribution	<u>(236,820)</u>
Annual Pension Cost (Expense)	1,524,602
Contributions Made	<u>(806,833)</u>
Increase in Net Pension Obligation	717,769
Net Pension Obligation (Assets) - Beginning of Year	<u>3,282,196</u>
Net Pension Obligation (Assets) - End of Year	<u><u>\$ 3,999,965</u></u>

The District's annual pension cost, the percentage of the annual pension cost contributed to the plan, and the net pension obligation for 2016, 2015 and 2014 was:

Fiscal Year Ended	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation (Asset)
<u>6/30/2016</u>	\$ 1,524,602	<u>52.92%</u>	\$ 3,999,965
6/30/2015	1,533,484	49.9%	3,282,196
6/30/2014	1,232,010	66.8%	2,513,819

**HOPKINS PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9 OTHER PENSION BENEFITS PAYABLE (CONTINUED)

D. Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the District's unfunded actuarial accrued liability (UAAL) was \$11,489,385. The annual payroll for active employees covered by the plan in the actuarial valuation was \$48,478,969 for a ratio of UAAL to covered payroll of 23.70%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

The annual required contribution for the current year was determined as part of the July 1, 2014 actuarial valuation using the projected unit actuarial cost method. The actuarial assumptions included a 4.0% discount rate, which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date and projected salary increases at 3%.

The actuarial methods and assumptions include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level dollar amount of projected payroll. The remaining amortization period at June 30, 2016 is not to exceed 20 years.

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.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10 FLEXIBLE BENEFIT PLAN (CONTINUED)

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 upon submitting a request for reimbursement of eligible expenses incurred by the participant. 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.

Participants in the program make premium payments to the fund based on the insurance premium. The excess amount received above current year claims is used to establish a reserve for future claims. At June 30, 2016, there is a reserve of \$5,095,215.

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, 2016. 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 \$6,896,066 in cash and investments at June 30, 2016 for payment of claims.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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

Changes in the balances of claim liabilities during fiscal years 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Beginning of Fiscal Year Liability - July 1,	\$ 729,927	\$ 872,072
Current Year Claims, Changes in Estimates, and Other Charges	8,462,465	9,271,418
Current Year Claims Paid, Including an Estimate of Claims Incurred But Not Reported (IBNR)	<u>(8,492,391)</u>	<u>(9,413,563)</u>
End of Fiscal Year Liability - June 30,	<u>\$ 700,001</u>	<u>\$ 729,927</u>

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 a 10-year renewal period at the District's discretion. The District renewed the lease for an additional 10 years extending through October 2017. 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.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)

B. Operating Leases (Continued)

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

Year Ending June 30,	Amount
2017	\$ 131,381
2018	56,219
2019	31,366
2020	31,445
2021	31,504
2022 - 2024	79,995
Total Future Minimum Lease Payments	\$ 361,910

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 2015-2016 are as follows:

	School District	City
Total Expenditures	\$ 308,119	\$ 125,852
Total Revenue	(129,042)	(52,708)
Final Operating Costs to Respective Government	\$ 179,077	\$ 73,144

D. Construction Commitments

At June 30, 2016, the District is committed to approximately \$220,000 in contracts in progress.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 13 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following funds at June 30, 2016:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Funds:			
Community Service Fund	\$ 9,553,263	\$ 10,051,559	\$ 498,296
Capital Projects Fund	17,984,313	18,981,299	996,986
Debt Service Fund	14,655,530	14,745,261	89,731

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Other Postemployment Benefits Payable

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2014	\$ -	\$ 17,833,089	\$ 17,833,089	0%	\$ 54,982,657	32.43%
7/1/2012	-	17,732,318	17,732,318	0%	52,424,937	33.82%
7/1/2010	-	18,264,836	18,264,836	0%	52,807,576	34.59%

Other Pension Benefits Payable

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2014	\$ -	\$ 11,489,385	\$ 11,489,385	0%	\$ 48,478,969	23.70%
7/1/2012	-	9,354,733	9,354,733	0%	43,155,339	21.68%
7/1/2010	-	8,188,384	8,188,384	0%	42,328,967	19.34%

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
TRA SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2016**

	Measurement Date June 30,	
	2015	2014
District's Proportion of the Net Pension Liability	0.8628%	0.9324%
District's Proportionate Share of the Net Pension Liability	\$ 53,372,713	\$ 42,964,321
State's Proportionate Share of the Net Pension Liability Associated with District	6,546,465	3,022,504
Total	<u>\$ 59,919,178</u>	<u>\$ 45,986,825</u>
 District's Covered-Employee Payroll	 \$ 43,789,520	 \$ 42,563,629
 District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	 121.88%	 100.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.80%	81.50%

Note: Ten years of data was not available.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
PERA SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2016**

	<u>Measurement Date June 30,</u>	
	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability	0.3135%	0.3326%
District's Proportionate Share of the Net Pension Liability	\$ 16,247,197	\$ 15,623,882
District's Covered-Employee Payroll	18,427,268	17,458,331
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	88.17%	89.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.20%	78.70%

Note: Ten years of data was not available.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
TRA SCHEDULE OF DISTRICT CONTRIBUTIONS
YEAR ENDED JUNE 30, 2016**

Last Three Fiscal Years

	Fiscal Year Ended June 30,		
	2016	2015	2014
Statutorily Required Contribution	\$ 3,360,259	\$ 3,284,214	\$ 2,979,454
Contributions in Relation to the Statutorily Required Contribution	(3,360,259)	(3,284,214)	(2,979,454)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 44,803,453	\$ 43,789,520	\$ 42,563,629
Contributions as a Percentage of Covered-Employee Payroll	7.50%	7.50%	7.00%

Note: Ten years of data was not available.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
PERA SCHEDULE OF DISTRICT CONTRIBUTIONS
YEAR ENDED JUNE 30, 2016**

Last Three Fiscal Years

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

Note: Ten years of data was not available.

SUPPLEMENTARY INFORMATION

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
GENERAL FUND
BALANCE SHEET
JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2015)**

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and Investments	\$ 19,170,181	\$ 20,651,026
Receivables:		
Current Taxes	16,762,741	15,917,485
Delinquent Taxes	212,571	275,608
Accounts and Interest Receivable	280,853	259,875
Due from Other Minnesota School Districts	222,074	262,266
Due from Minnesota Department of Education	6,075,100	8,463,391
Due from Federal Through the Minnesota Department of Education	2,310,417	2,299,460
Due from Other Governmental Units	622,062	2,187,975
Due from Other Funds	2,826,857	162,521
Inventory	71,282	86,130
Prepays	229,673	141,276
Total Assets	<u>\$ 48,783,811</u>	<u>\$ 50,707,013</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 290,728	\$ 108,268
Payroll Deductions and Employer Contributions Payable	429,724	372,899
Accounts and Contracts Payable	672,726	921,802
Due to Other Minnesota School Districts	342,597	607,720
Due to Other Governmental Units	43,284	56,470
Due to Other Funds	583,224	-
Unearned Revenue	685,831	386,950
Total Liabilities	<u>3,048,114</u>	<u>2,454,109</u>
Deferred Inflows:		
Unavailable Revenue - Property Taxes Levied for Subsequent Year	32,179,028	29,796,780
Unavailable Revenue - Delinquent Taxes	212,571	275,608
Total Deferred Inflows of Resources	<u>32,391,599</u>	<u>30,072,388</u>
Fund Balance:		
Nonspendable:		
Inventory	229,673	141,276
Prepays	71,282	86,130
Restricted for:		
Staff Development	307,182	416,843
Operating Capital	1,371,212	689,408
Committed for:		
Elementary School World Language	2,428,627	5,735,000
Assigned for:		
Buses and Bus Shelter	27,500	180,500
Band Instruments	-	80,000
OPEB and Severance Payments	-	1,000,000
Senior Year Study	-	50,000
Quality Compensation	49,460	7,870
Transition Costs	375,000	-
Security Camera Infrastructure	65,000	-
Boardroom Tech Update	150,000	-
Unassigned	8,269,162	9,793,489
Total Fund Balance	<u>13,344,098</u>	<u>18,180,516</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 48,783,811</u>	<u>\$ 50,707,013</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2015)**

	2016			2015
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 23,669,253	\$ 23,687,302	\$ 18,049	\$ 23,720,510
Earnings and Investments	6,217	43,850	37,633	6,217
Other	3,794,627	3,547,497	(247,130)	3,848,440
State Sources	60,583,256	61,641,459	1,058,203	59,904,963
Federal Sources	3,093,771	2,355,868	(737,903)	2,464,613
Total Revenues	<u>91,147,124</u>	<u>91,275,976</u>	<u>128,852</u>	<u>89,944,743</u>
EXPENDITURES				
Current:				
Administration:				
Salaries	2,996,263	2,873,169	(123,094)	2,740,077
Employee Benefits	804,369	827,807	23,438	736,718
Purchased Services	186,833	181,947	(4,886)	191,440
Supplies and Materials	112,154	83,762	(28,392)	80,925
Capital Expenditures	147,484	91,370	(56,114)	98,944
Other Expenditures	60,235	45,975	(14,260)	51,760
Total Administration	<u>4,307,338</u>	<u>4,104,030</u>	<u>(203,308)</u>	<u>3,899,864</u>
District Support Services:				
Salaries	1,176,776	1,202,675	25,899	1,223,413
Employee Benefits	338,996	372,450	33,454	376,747
Purchased Services	391,138	416,417	25,279	459,753
Supplies and Materials	146,295	82,921	(63,374)	121,792
Capital Expenditures	30,000	22,492	(7,508)	25
Other Expenditures	21,796	4,123	(17,673)	(5,519)
Total District Support Services	<u>2,105,001</u>	<u>2,101,078</u>	<u>(3,923)</u>	<u>2,176,211</u>
Elementary and Secondary Regular				
Instruction:				
Salaries	31,843,668	31,310,729	(532,939)	30,790,223
Employee Benefits	8,867,054	9,897,565	1,030,511	8,728,279
Purchased Services	1,666,490	1,706,014	39,524	1,981,678
Supplies and Materials	802,543	657,068	(145,475)	625,720
Capital Expenditures	328,940	280,234	(48,706)	404,506
Other Expenditures	44,699	43,344	(1,355)	56,508
Total Elementary and Secondary Regular Instruction	<u>43,553,394</u>	<u>43,894,954</u>	<u>341,560</u>	<u>42,586,914</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, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2015)**

	2016		Over (Under) Final Budget	2015	
	Final Budget	Actual Amounts		Actual Amounts	
EXPENDITURES (Continued)					
Current (Continued):					
Vocational Education Instruction:					
Salaries	\$ 769,814	\$ 895,438	\$ 125,624	\$ 607,419	
Employee Benefits	233,228	260,486	27,258	156,155	
Purchased Services	298,178	218,983	(79,195)	269,862	
Supplies and Materials	69,477	29,393	(40,084)	48,021	
Capital Expenditures	-	17,692	17,692	-	
Other Expenditures	470	1,143	673	550	
Total Vocational Education Instruction	<u>1,371,167</u>	<u>1,423,135</u>	<u>51,968</u>	<u>1,082,007</u>	
Special Education Instruction:					
Salaries	11,166,183	10,808,877	(357,306)	10,671,595	
Employee Benefits	3,335,837	3,591,712	255,875	3,276,192	
Purchased Services	876,316	751,279	(125,037)	778,543	
Supplies and Materials	78,537	42,352	(36,185)	57,997	
Capital Expenditures	67,118	13,239	(53,879)	16,723	
Other Expenditures	37,771	31,374	(6,397)	36,436	
Total Special Education Instruction	<u>15,561,762</u>	<u>15,238,833</u>	<u>(322,929)</u>	<u>14,837,486</u>	
Instructional Support Services:					
Salaries	2,977,288	2,836,171	(141,117)	2,848,515	
Employee Benefits	852,118	848,270	(3,848)	827,340	
Purchased Services	669,869	382,860	(287,009)	428,808	
Supplies and Materials	75,021	63,944	(11,077)	70,459	
Capital Expenditures	80,150	75,757	(4,393)	603	
Other Expenditures	4,950	9,279	4,329	6,851	
Total Instructional Support Services	<u>4,659,396</u>	<u>4,216,281</u>	<u>(443,115)</u>	<u>4,182,576</u>	
Pupil Support Services:					
Salaries	2,367,527	2,202,227	(165,300)	2,133,341	
Employee Benefits	523,764	677,207	153,443	639,420	
Purchased Services	5,444,483	4,929,744	(514,739)	5,030,510	
Supplies and Materials	26,777	9,838	(16,939)	18,806	
Capital Expenditures	90,160	66,537	(23,623)	8,322	
Other Expenditures	5,172	5,308	136	2,472	
Total Pupil Support Services	<u>8,457,883</u>	<u>7,890,861</u>	<u>(567,022)</u>	<u>7,832,871</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, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2015)**

	2016			2015
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (Continued)				
Current (Continued):				
Sites and Buildings:				
Salaries	\$ 3,187,841	\$ 3,285,616	\$ 97,775	\$ 3,121,365
Employee Benefits	1,072,904	1,067,327	(5,577)	1,008,391
Purchased Services	3,494,907	3,572,397	77,490	3,564,008
Supplies and Materials	535,952	610,984	75,032	563,576
Capital Expenditures	1,295,600	920,252	(375,348)	450,264
Total Sites and Buildings	<u>9,587,204</u>	<u>9,456,576</u>	<u>(130,628)</u>	<u>8,707,604</u>
Fiscal and Other Fixed Costs:				
Purchased Services	281,433	269,926	(11,507)	424,278
Debt Service:				
Principal	453,587	506,735	53,148	448,488
Interest and Fiscal Charges	287,399	289,085	1,686	348,281
Total Debt Service	<u>740,986</u>	<u>795,820</u>	<u>54,834</u>	<u>796,769</u>
Total Expenditures	<u>90,625,564</u>	<u>89,391,494</u>	<u>(1,234,070)</u>	<u>86,526,580</u>
Excess of Revenues				
Over Expenditures	521,560	1,884,482	1,362,922	3,418,163
OTHER FINANCING SOURCES (USES)				
Insurance Recovery	-	473	473	1,113
Transfers In	-	-	-	100,000
Transfers Out	(6,721,373)	(6,721,373)	-	(2,373,113)
Total Other Financing Sources (Uses)	<u>(6,721,373)</u>	<u>(6,720,900)</u>	<u>473</u>	<u>(2,272,000)</u>
Net Change in Fund Balance	<u>\$ (6,199,813)</u>	<u>(4,836,418)</u>	<u>\$ 1,363,395</u>	<u>1,146,163</u>
FUND BALANCE				
Beginning of Year		<u>18,180,516</u>		<u>17,034,353</u>
End of Year		<u>\$ 13,344,098</u>		<u>\$ 18,180,516</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
FOOD SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2015)**

	2016	2015
ASSETS		
Cash and Investments	\$ 275,719	\$ 172,730
Receivables:		
Accounts and Interest Receivable	26,634	18,240
Due from Other Minnesota School Districts	280	152
Due from Minnesota Department of Education	3,577	27,327
Due from Federal Through the Minnesota Department of Education	100,299	87,783
Due from Other Governmental Units	81	81
Due from Other Funds	23,470	-
Inventory	64,422	55,135
Total Assets	\$ 494,482	\$ 361,448
LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 22,004	\$ 12,369
Payroll Deductions and Employer Contributions Payable	12,945	6,606
Accounts and Contracts Payable	12,425	55,139
Unearned Revenue	5,623	-
Total Liabilities	52,997	74,114
Fund Balance:		
Nonspendable:		
Inventory	64,422	55,135
Restricted for:		
Other Purposes	377,063	232,199
Total Fund Balance	441,485	287,334
Total Liabilities and Fund Balance	\$ 494,482	\$ 361,448

**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, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2015)**

	2016			2015
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Earnings and Investments	\$ -	\$ 1,136	\$ 1,136	\$ 191
Other - Primarily Meal Sales	2,342,839	2,328,183	(14,656)	2,281,440
State Sources	191,383	221,985	30,602	213,982
Federal Sources	1,971,372	2,032,671	61,299	1,890,757
Total Revenues	<u>4,505,594</u>	<u>4,583,975</u>	<u>78,381</u>	<u>4,386,370</u>
EXPENDITURES				
Current:				
Salaries	1,680,473	1,716,429	35,956	1,717,439
Employee Benefits	676,724	579,928	(96,796)	670,560
Purchased Services	127,409	116,477	(10,932)	111,272
Supplies and Materials	1,875,903	1,831,086	(44,817)	1,820,901
Other Expenditures	44,950	6,076	(38,874)	8,156
Capital Outlay	190,793	187,819	(2,974)	28,782
Total Expenditures	<u>4,596,252</u>	<u>4,437,815</u>	<u>(158,437)</u>	<u>4,357,110</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(90,658)	146,160	236,818	29,260
OTHER FINANCING SOURCES				
Sale of Equipment	7,991	7,991	-	2,986
Net Change in Fund Balance	<u>\$ (82,667)</u>	154,151	<u>\$ 236,818</u>	32,246
FUND BALANCE				
Beginning of Year		287,334		255,088
End of Year		<u>\$ 441,485</u>		<u>\$ 287,334</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
COMMUNITY SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2016**

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2015)

	2016	2015
ASSETS		
Cash and Investments	\$ 2,748,874	\$ 2,120,934
Receivables:		
Current Taxes	730,411	721,528
Delinquent Taxes	10,486	14,616
Accounts and Interest Receivable	80,335	149,806
Due from Other Minnesota School Districts	24,854	52,354
Due from Minnesota Department of Education	47,147	45,773
Due from Federal Through the Minnesota Department of Education	134,667	312,103
Due from Other Governmental Units	37,243	46,282
Prepays	-	9,886
Total Assets	\$ 3,814,017	\$ 3,473,282
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 127,964	\$ 91,408
Payroll Deductions and Employer Contributions Payable	62,127	39,762
Accounts and Contracts Payable	64,487	57,768
Due to Other Minnesota School Districts	292,723	305,898
Due to Other Governmental Units	41,123	39,110
Unearned Revenue	13,627	13,228
Total Liabilities	602,051	547,174
Deferred Inflows:		
Property Taxes Levied for Subsequent Year	1,488,411	1,455,341
Unavailable Revenue - Delinquent Taxes	10,486	14,616
Total Deferred Inflows of Resources	1,498,897	1,469,957
Fund Balance:		
Nonspendable:		
Prepays	-	9,886
Restricted for:		
Community Education	1,310,398	1,024,671
Early Childhood and Family Education	161,056	129,072
School Readiness	58,812	30,038
Adult Basic Education	49,165	138,178
Other Purposes	133,638	124,306
Total Fund Balance	1,713,069	1,456,151
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 3,814,017	\$ 3,473,282

**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, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2015)**

	2016			2015
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 1,483,679	\$ 1,441,652	\$ (42,027)	\$ 1,587,623
Earnings and Investments	-	6,801	6,801	1,005
Other - Primarily Tuition and Fees	5,674,658	6,146,922	472,264	5,835,179
State Sources	1,944,920	2,053,435	108,515	1,818,096
Federal Sources	82,777	134,667	51,890	445,330
Total Revenues	<u>9,186,034</u>	<u>9,783,477</u>	<u>597,443</u>	<u>9,687,233</u>
EXPENDITURES				
Current:				
Salaries	5,756,184	5,911,395	155,211	5,776,384
Employee Benefits	1,571,655	1,679,440	107,785	1,696,115
Purchased Services	1,398,314	1,816,635	418,321	1,795,656
Supplies and Materials	666,399	585,570	(80,829)	487,674
Other Expenditures	99,116	8,358	(90,758)	31,228
Capital Outlay	61,595	50,161	(11,434)	52,806
Total Expenditures	<u>9,553,263</u>	<u>10,051,559</u>	<u>498,296</u>	<u>9,839,863</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(367,229)	(268,082)	99,147	(152,630)
OTHER FINANCING SOURCES				
Transfers In	<u>525,000</u>	<u>525,000</u>	<u>-</u>	<u>450,000</u>
Net Change in Fund Balance	<u>\$ 157,771</u>	256,918	<u>\$ 99,147</u>	297,370
FUND BALANCE				
Beginning of Year		<u>1,456,151</u>		<u>1,158,781</u>
End of Year		<u>\$ 1,713,069</u>		<u>\$ 1,456,151</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
CAPITAL PROJECTS FUND
BALANCE SHEET
JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2015)**

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and Investments	\$ -	\$ 10,428,633
Cash with Fiscal Agent	70	128,743
Receivables:		
Accounts and Interest Receivable	51,283	350
Due from Other Governmental Units	6,196	8,513
Prepays	<u>232,123</u>	<u>185,365</u>
 Total Assets	 <u>\$ 289,672</u>	 <u>\$ 10,751,604</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 15,046	\$ 6,707
Payroll Deductions and Employer Contributions Payable	8,443	3,279
Accounts and Contracts Payable	523,728	3,498,517
Due to Other Governmental Units	45	45
Due to Other Funds	<u>2,664,336</u>	<u>-</u>
Total Liabilities	3,211,598	3,508,548
 Fund Balance:		
Nonspendable:		
Prepays	232,123	185,365
Restricted for:		
Alternative Facilities Program	-	3,375,887
Restricted for Other Purposes	-	3,681,804
Unassigned	<u>(3,154,049)</u>	<u>-</u>
Total Fund Balance	<u>(2,921,926)</u>	<u>7,243,056</u>
 Total Liabilities and Fund Balance	 <u>\$ 289,672</u>	 <u>\$ 10,751,604</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, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2015)**

	2016			2015
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 8,436,720	\$ 8,436,720	\$ -	\$ 8,297,000
Earnings and Investments	-	11,889	11,889	3,579
Other	339,000	279,642	(59,358)	141,220
State Sources	-	32,933	32,933	-
Total Revenues	8,775,720	8,761,184	(14,536)	8,441,799
EXPENDITURES				
Current:				
Salaries	2,903,233	2,850,247	(52,986)	2,724,020
Employee Benefits	694,075	884,940	190,865	792,359
Purchased Services	449,475	894,548	445,073	2,828,138
Supplies and Materials	415,923	319,000	(96,923)	347,716
Other Expenditures	481,814	518,315	36,501	527,341
Capital Outlay	13,039,793	13,514,249	474,456	18,308,392
Total Expenditures	17,984,313	18,981,299	996,986	25,527,966
Deficiency of Revenues Under Expenditures	(9,208,593)	(10,220,115)	(1,011,522)	(17,086,167)
OTHER FINANCING SOURCES				
Sale of Equipment	-	55,133	55,133	46,335
Sale of Bonds	-	-	-	14,545,000
Bond Premium	-	-	-	763,022
Transfers In	-	-	-	1,323,113
Total Other Financing Sources	-	55,133	55,133	16,677,470
Net Change in Fund Balance	\$ (9,208,593)	(10,164,982)	\$ (956,389)	(408,697)
FUND BALANCE				
Beginning of Year		7,243,056		7,651,753
End of Year		\$ (2,921,926)		\$ 7,243,056

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2015)**

	Regular Debt Service	OPEB Debt Service	Totals	
			2016	2015
ASSETS				
Cash and Investments	\$ 7,751,999	\$ 2,698,960	\$ 10,450,959	\$ 9,849,299
Receivables:				
Current Taxes	5,139,206	2,196,318	7,335,524	7,456,241
Delinquent Taxes	83,598	20,114	103,712	143,976
	<u>\$ 12,974,803</u>	<u>\$ 4,915,392</u>	<u>\$ 17,890,195</u>	<u>\$ 17,449,516</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Deferred Inflows:				
Property Taxes Levied for Subsequent Year	\$ 10,472,531	\$ 4,475,596	\$ 14,948,127	\$ 15,039,427
Unavailable Revenue - Delinquent Taxes	83,598	20,114	103,712	143,976
Total Deferred Inflows of Resources	<u>10,556,129</u>	<u>4,495,710</u>	<u>15,051,839</u>	<u>15,183,403</u>
Fund Balance:				
Restricted for:				
Regular Debt Service	<u>2,418,674</u>	<u>419,682</u>	<u>2,838,356</u>	<u>2,266,113</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 12,974,803</u>	<u>\$ 4,915,392</u>	<u>\$ 17,890,195</u>	<u>\$ 17,449,516</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, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2015)**

	2016				2015	
	Final Budgeted Amounts	Regular Debt Service	OPEB Debt Service	Total Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES						
Local Sources:						
Property Taxes	\$ 15,039,427	\$ 10,694,796	\$ 4,206,683	\$ 14,901,479	\$ (137,948)	\$ 14,146,443
Earnings and Investments	-	29,303	3,157	32,460	32,460	41,332
State Sources	-	-	-	-	-	(338)
Total Revenues	<u>15,039,427</u>	<u>10,724,099</u>	<u>4,209,840</u>	<u>14,933,939</u>	<u>(105,488)</u>	<u>14,187,437</u>
EXPENDITURES						
Debt Service:						
Bond Principal	9,015,000	5,850,000	3,165,000	9,015,000	-	8,055,000
Bond Interest	5,633,530	4,788,553	844,977	5,633,530	-	6,549,441
Paying Agent Fees and Other	7,000	96,731	-	96,731	89,731	4,400
Total Expenditures	<u>14,655,530</u>	<u>10,735,284</u>	<u>4,009,977</u>	<u>14,745,261</u>	<u>89,731</u>	<u>14,608,841</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	383,897	(11,185)	199,863	188,678	(195,219)	(421,404)
OTHER FINANCING SOURCES (USES)						
Proceeds of Refunding Bonds	18,305,000	18,305,000	-	18,305,000	-	-
Bond Premium	2,163,565	2,163,565	-	2,163,565	-	-
Payment to Refunded Bond Escrow Agent	(20,468,565)	(20,375,000)	-	(20,375,000)	93,565	(20,250,000)
Transfers In	290,000	290,000	-	290,000	-	-
Total Other Financing Sources (Uses)	<u>290,000</u>	<u>383,565</u>	<u>-</u>	<u>383,565</u>	<u>93,565</u>	<u>(20,250,000)</u>
Net Change in Fund Balance	<u>\$ 673,897</u>	<u>372,380</u>	<u>199,863</u>	<u>572,243</u>	<u>\$ (101,654)</u>	<u>(20,671,404)</u>
FUND BALANCE						
Beginning of Year		<u>2,046,294</u>	<u>219,819</u>	<u>2,266,113</u>		<u>22,937,517</u>
End of Year		<u>\$ 2,418,674</u>	<u>\$ 419,682</u>	<u>\$ 2,838,356</u>		<u>\$ 2,266,113</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
INTERNAL SERVICE FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2015)**

	Self-	OPEB	Severance	Totals	
	Insurance Accounts	Reveivable Trust		2016	2015
ASSETS					
Cash and Investments	\$ 6,896,066	\$ 16,565,985	\$ 10,735,826	\$ 34,197,877	\$ 27,388,228
Accounts Receivable	52,232	-	-	52,232	191,658
Due from Other Funds	-	583,224	-	583,224	-
Interest Receivable	-	148,697	-	148,697	-
Total Assets	<u>6,948,298</u>	<u>17,297,906</u>	<u>10,735,826</u>	<u>34,982,030</u>	<u>27,579,886</u>
LIABILITIES					
Accounts Payable	13,199	-	-	13,199	7,608
Claims Payable - Medical	700,001	-	-	700,001	729,927
Due to Other Funds	-	185,991	-	185,991	162,521
Unearned Revenue	1,139,883	-	-	1,139,883	1,055,566
Total Liabilities	<u>1,853,083</u>	<u>185,991</u>	<u>-</u>	<u>2,039,074</u>	<u>1,955,622</u>
NET POSITION					
Restricted	-	17,111,915	-	17,111,915	15,596,919
Unrestricted	5,095,215	-	10,735,826	15,831,041	10,027,345
Total Net Position	<u>5,095,215</u>	<u>17,111,915</u>	<u>10,735,826</u>	<u>32,942,956</u>	<u>25,624,264</u>
Total Liabilities and Net Position	<u>\$ 6,948,298</u>	<u>\$ 17,297,906</u>	<u>\$ 10,735,826</u>	<u>\$ 34,982,030</u>	<u>\$ 27,579,886</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, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2015)**

	Self- Insurance Accounts	OPEB Revocable Trust	Severance	Totals	
				2016	2015
OPERATING REVENUES					
Charges for Services:					
Health Insurance Premiums	\$ 9,725,870	\$ -	\$ -	\$ 9,725,870	\$ 9,548,953
OPERATING EXPENSES					
Health Insurance Claim Payments	8,462,465	-	-	8,462,465	9,271,418
Severance Payments	-	-	806,834	806,834	765,106
OPEB Payments	-	134,173	-	134,173	271,614
Total Operating Expenses	<u>8,462,465</u>	<u>134,173</u>	<u>806,834</u>	<u>9,403,472</u>	<u>10,308,138</u>
Operating Income (Loss)	1,263,405	(134,173)	(806,834)	322,398	(759,185)
NONOPERATING INCOME					
Earnings on Investments	<u>23,976</u>	<u>1,065,945</u>	<u>-</u>	<u>1,089,921</u>	<u>470,648</u>
Net Income (Loss) Before Transfers	1,287,381	931,772	(806,834)	1,412,319	(288,537)
OTHER FINANCING SOURCES					
Transfer In	<u>-</u>	<u>583,224</u>	<u>5,323,149</u>	<u>5,906,373</u>	<u>500,000</u>
Change in Net Position	1,287,381	1,514,996	4,516,315	7,318,692	211,463
Net Position - Beginning	<u>3,807,834</u>	<u>15,596,919</u>	<u>6,219,511</u>	<u>25,624,264</u>	<u>25,412,801</u>
Net Position - Ending	<u>\$ 5,095,215</u>	<u>\$ 17,111,915</u>	<u>\$ 10,735,826</u>	<u>\$ 32,942,956</u>	<u>\$ 25,624,264</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
INTERNAL SERVICE FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2015)**

	Self- Insurance Accounts	OPEB Revocable Trust	Severance	Totals	
				2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Interfund Services Provided	\$ 9,794,625	\$ -	\$ -	\$ 9,794,625	\$ 9,727,309
Payments for Administrative Costs	-	-	(6,650)	(6,650)	(33,752)
Payments for Medical Fees and Insurance Claims	(8,480,150)	-	-	(8,480,150)	(9,422,969)
Payments for Other Postemployment Benefits	-	(110,703)	-	(110,703)	(743,809)
Payments for Severance Benefits	-	-	(806,834)	(806,834)	(765,106)
Net Cash Provided (Used) by Operating Activities	1,314,475	(110,703)	(813,484)	390,288	(1,238,327)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from Other Funds	-	-	5,323,149	5,323,149	500,000
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	23,976	280,713	-	304,689	(222,718)
Net Increase (Decrease) in Cash and Cash Equivalents	1,338,451	170,010	4,509,665	6,018,126	(961,045)
Cash and Cash Equivalents - Beginning	5,557,615	4,892	6,226,161	11,788,668	12,749,713
CASH AND CASH EQUIVALENTS - ENDING	\$ 6,896,066	\$ 174,902	\$ 10,735,826	\$ 17,806,794	\$ 11,788,668
Displayed on Statement of Fund Net Position as:					
Cash and Cash Equivalents	\$ 6,896,066	174,902	\$ 10,735,826	\$ 17,806,794	\$ 11,788,668
Investments	-	16,391,083	-	16,391,083	15,599,560
Total Cash and Investments	\$ 6,896,066	\$ 16,565,985	\$ 10,735,826	\$ 34,197,877	\$ 27,388,228
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 1,263,405	\$ (134,173)	\$ (806,834)	\$ 322,398	\$ (759,185)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
(Increase) Decrease in Accounts Receivable	(15,562)	-	-	(15,562)	240,592
Increase (Decrease) in Accounts Payable	12,241	-	(6,650)	5,591	(43,158)
Decrease in Claims Payable	(29,926)	-	-	(29,926)	(142,145)
Increase (Decrease) in Due to Other Funds	-	23,470	-	23,470	(472,195)
Increase (Decrease) in Unearned Revenue	84,317	-	-	84,317	(62,236)
Total Adjustments	51,070	23,470	(6,650)	67,890	(479,142)
Net Cash Provided (Used) by Operating Activities	\$ 1,314,475	\$ (110,703)	\$ (813,484)	\$ 390,288	\$ (1,238,327)

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
JUNE 30, 2016**

	AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND			
Total Revenue	\$ 91,276,449	\$ 91,276,448	\$ 1
Total Expenditures	89,391,494	89,391,494	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	300,955	300,955	-
<i>Restricted:</i>			
403 Staff Development	307,182	307,182	-
405 Deferred Maintenance	-	-	-
406 Health and Safety	(415,240)	(415,240)	-
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	1,371,212	1,371,212	-
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	-	-	-
<i>Committed:</i>			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	2,428,627	2,428,627	-
<i>Assigned:</i>			
462 Assigned Fund Balance	666,960	666,960	-
<i>Unassigned:</i>			
422 Unassigned Fund Balance	8,684,402	8,684,402	-
02 FOOD SERVICE			
Total Revenue	4,583,975	4,583,977	(2)
Total Expenditures	4,437,815	4,437,817	(2)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	64,422	64,422	-
<i>Restricted:</i>			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	377,063	377,063	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE			
Total Revenue	9,783,477	9,783,479	(2)
Total Expenditures	10,051,559	10,051,559	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
426 \$25 Taconite	-	-	-
431 Community Education	1,310,398	1,310,398	-
432 E.C.F.E.	161,056	161,056	-
440 Teacher Development and Evaluations	-	-	-
444 School Readiness	58,812	58,812	-
447 Adult Basic Education	49,165	49,165	-
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	133,638	133,641	(3)
<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, 2016**

	AUDIT	UFARS	DIFFERENCE
06 BUILDING CONSTRUCTION			
Total Revenue	\$ 8,761,184	\$ 8,761,185	\$ (1)
Total Expenditures	18,981,299	18,981,300	(1)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	232,123	232,123	-
<i>Restricted:</i>			
407 Capital Projects Levy	(1,176,367)	(1,176,367)	-
409 Alternative Facility Program	(1,977,682)	(1,977,682)	-
413 Projects Funded by COP	-	-	-
464 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
07 DEBT SERVICE			
Total Revenue	10,724,099	10,724,099	-
Total Expenditures	10,735,284	10,735,285	(1)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
451 QZAB and QSCB Payments	-	-	-
464 Restricted Fund Balance	2,418,674	2,418,674	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
08 TRUST			
Total Revenue	20,771	20,771	-
Total Expenditures	27,011	27,012	(1)
<i>Net Position:</i>			
422 Net Position	57,073	57,074	(1)
20 INTERNAL SERVICE			
Total Revenue	9,749,846	9,749,845	1
Total Expenditures	9,269,299	9,269,298	1
<i>Net Position:</i>			
422 Net Position	15,831,041	15,831,041	-
25 OPEB REVOCABLE TRUST			
Total Revenue	1,065,945	1,065,945	-
Total Expenditures	134,173	134,174	(1)
<i>Net Position:</i>			
422 Net Position	17,111,915	17,111,915	-
45 OPEB IRREVOCABLE TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
47 OPEB DEBT SERVICE			
Total Revenue	4,209,840	4,209,840	-
Total Expenditures	4,009,977	4,009,978	(1)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
464 Restricted Fund Balance	419,682	419,682	-
<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			
	2007	2008	2009	2010
Governmental Activities				
Net Investment in Capital Assets	\$ 5,485,389	\$ 7,938,102	\$ 9,397,957	\$ 8,937,746
Restricted	2,238,949	2,789,965	3,264,739	1,160,465
Unrestricted	(2,876,252)	2,842,155	11,482,994	13,083,470
Total Governmental Activities Net Position	<u>\$ 4,848,086</u>	<u>\$ 13,570,222</u>	<u>\$ 24,145,690</u>	<u>\$ 23,181,681</u>

Source: District's financial records.

Note: Beginning with 2015, the net position includes the effects of implementing GASB Statements Nos. 68 and 71, which required the District to record its proportionate share of the state administered defined benefit pension plans in which it participates.

Fiscal Year

2011	2012	2013	2014	2015	2016
\$ 8,514,533	\$ 9,944,518	\$ 11,711,667	\$ 15,885,515	\$ 18,582,850	\$ 23,952,842
4,662,680	2,268,838	4,217,295	2,397,149	3,049,717	4,471,490
14,987,961	14,777,335	15,398,309	11,286,030	(55,274,101)	(55,395,516)
<u>\$ 28,165,174</u>	<u>\$ 26,990,691</u>	<u>\$ 31,327,271</u>	<u>\$ 29,568,694</u>	<u>\$ (33,641,534)</u>	<u>\$ (26,971,184)</u>

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

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental Activities:				
Administration	\$ 4,590,182	\$ 4,341,553	\$ 3,285,901	\$ 3,648,146
District Support Services	1,853,225	2,948,399	2,308,118	2,828,721
Regular Instruction	47,207,226	40,924,512	40,520,816	44,637,858
Vocational Education Instruction	1,193,009	746,094	1,384,804	1,248,106
Special Education Instruction	15,504,643	15,806,446	13,811,596	14,386,953
Instructional Support Services	5,607,384	5,951,619	5,002,242	4,360,704
Pupil Support Services	7,676,741	8,203,016	8,095,048	9,404,028
Sites and Buildings	11,530,667	9,809,866	11,445,683	15,438,221
Fiscal and Other Fixed Cost Programs	329,561	145,154	191,136	238,698
Food Service	4,630,945	4,546,070	3,786,269	4,130,632
Community Service	8,565,057	8,587,611	8,826,182	9,376,157
Interest on Long-Term Debt	6,138,535	6,137,727	5,891,676	7,043,733
Total Governmental Activities Expenses	<u>\$ 114,827,175</u>	<u>\$ 108,148,067</u>	<u>\$ 104,549,471</u>	<u>\$ 116,741,957</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
Administration	\$ -	\$ -	\$ -	\$ -
District Support Services	24,618	17,374	-	-
Regular Instruction	1,188,609	852,040	971,677	946,786
Vocational Education Instruction	-	-	-	-
Special Education Instruction	1,812,597	1,319,747	754,187	587,150
Instructional Support Services	44,133	248,343	113,784	40,857
Pupil Support Services	42,638	23,602	19,286	20,456
Sites and Buildings	222,976	234,943	370,069	368,477
Food Service	3,355,530	3,145,598	2,602,123	2,505,302
Community Service	4,626,235	4,320,685	4,315,869	4,740,723
Operating Grants and Contributions	19,346,194	20,570,485	19,321,499	24,109,333
Capital Grants and Contributions	4,143	361,941	492,086	1,821,035
Total Governmental Activities Program Revenue	<u>\$ 30,667,673</u>	<u>\$ 31,094,758</u>	<u>\$ 28,960,580</u>	<u>\$ 35,140,119</u>
Net Expense				
Governmental Activities	<u>\$ (84,159,502)</u>	<u>\$ (77,053,309)</u>	<u>\$ (75,588,891)</u>	<u>\$ (81,601,838)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes:				
General Purposes and Capital Projects	\$ 18,797,670	\$ 18,468,700	\$ 19,398,005	\$ 18,633,795
Community Service	1,373,565	1,477,739	1,303,424	1,239,087
Debt Service	10,991,032	10,666,959	11,589,965	12,391,050
Capital Projects	2,006,583	3,200,653	3,364,822	3,509,249
Unrestricted State Aid	49,388,078	48,787,724	48,284,425	40,733,289
Unrestricted Investment Earnings	2,616,853	2,868,292	1,434,880	2,949,211
Gain on Sale of Capital Assets	-	-	-	-
Miscellaneous	434,277	305,378	788,838	1,182,148
Total Governmental Activities	<u>\$ 85,608,058</u>	<u>\$ 85,775,445</u>	<u>\$ 86,164,359</u>	<u>\$ 80,637,829</u>
Change in Net Position	\$ 1,448,556	\$ 8,722,136	\$ 10,575,468	\$ (964,009)
Net Position - Beginning	3,399,530	4,848,086	13,570,222	24,145,690
Prior Period Adjustment	-	-	-	-
Net Position - Ending	<u>\$ 4,848,086</u>	<u>\$ 13,570,222</u>	<u>\$ 24,145,690</u>	<u>\$ 23,181,681</u>

Source: District's financial records.

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 3,886,290	\$ 4,234,800	\$ 3,909,891	\$ 3,710,664	\$ 4,050,926	\$ 4,147,904
1,996,425	1,876,871	1,884,001	2,156,481	2,163,267	2,088,225
46,526,198	34,553,785	42,600,108	43,536,297	43,781,953	54,063,008
1,032,431	1,030,780	1,097,780	1,005,928	1,076,456	1,423,789
14,719,711	14,713,589	14,648,982	14,944,211	15,257,689	15,989,709
4,015,309	3,949,700	3,901,694	4,186,084	4,246,721	4,243,960
8,062,714	7,520,723	7,346,843	7,771,228	8,041,111	7,986,832
13,653,836	30,964,522	19,153,416	20,911,495	22,516,225	14,326,242
177,885	224,935	237,032	271,000	424,278	269,926
4,088,968	4,067,566	4,167,355	4,092,596	4,351,770	4,437,815
9,146,023	9,307,748	9,944,797	10,667,163	9,904,238	10,169,469
6,998,109	6,279,986	5,794,867	6,600,072	6,261,412	4,504,285
<u>\$ 114,303,899</u>	<u>\$ 118,725,005</u>	<u>\$ 114,686,766</u>	<u>\$ 119,853,219</u>	<u>\$ 122,076,046</u>	<u>\$ 123,651,164</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,637
-	-	-	-	8,762	7,348
1,244,760	1,179,082	1,190,669	1,155,272	1,579,157	1,242,316
-	-	-	-	3,072	5,939
435,757	275,136	249,875	154,534	124,495	153,476
36,572	17,633	19,716	19,217	19,461	17,100
34,573	17,523	28,341	36,707	500,283	114,353
415,503	759,659	1,033,210	362,545	1,015,622	921,007
2,357,230	2,335,055	2,412,791	2,200,394	2,281,440	2,266,293
5,133,172	5,986,755	6,342,528	5,783,082	5,951,842	5,533,474
20,245,196	15,711,241	16,474,776	17,066,386	16,173,852	15,459,603
1,812,131	2,843,901	1,744,474	1,721,420	318,408	218,425
<u>\$ 31,714,894</u>	<u>\$ 29,125,985</u>	<u>\$ 29,496,380</u>	<u>\$ 28,499,557</u>	<u>\$ 27,976,394</u>	<u>\$ 26,076,971</u>
<u>\$ (82,589,005)</u>	<u>\$ (89,599,020)</u>	<u>\$ (85,190,386)</u>	<u>\$ (91,353,662)</u>	<u>\$ (94,099,652)</u>	<u>\$ (97,574,193)</u>
\$ 27,414,609	\$ 19,088,953	\$ 19,938,887	\$ 11,257,068	\$ 23,818,768	\$ 23,624,265
1,943,704	1,301,537	1,361,145	700,646	1,594,199	1,437,522
13,200,938	12,780,282	14,571,791	14,043,788	14,205,042	14,861,215
5,021,400	6,654,459	6,514,220	6,372,556	8,331,369	8,436,720
37,146,339	44,893,616	45,886,955	55,326,174	50,310,068	54,554,759
2,035,795	2,243,690	(102,744)	830,633	522,972	1,186,057
-	-	-	42,650	-	-
809,713	1,789,333	1,356,712	1,648,539	558,333	144,005
<u>\$ 87,572,498</u>	<u>\$ 88,751,870</u>	<u>\$ 89,526,966</u>	<u>\$ 90,222,054</u>	<u>\$ 99,340,751</u>	<u>\$ 104,244,543</u>
\$ 4,983,493	\$ (847,150)	\$ 4,336,580	\$ (1,131,608)	\$ 5,241,099	\$ 6,670,350
23,181,681	28,165,174	26,990,691	31,327,271	29,568,694	(33,641,534)
-	(327,333)	-	(626,969)	(68,451,327)	-
<u>\$ 28,165,174</u>	<u>\$ 26,990,691</u>	<u>\$ 31,327,271</u>	<u>\$ 29,568,694</u>	<u>\$ (33,641,534)</u>	<u>\$ (26,971,184)</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			
	2007	2008	2009	2010
General Fund				
Reserved	\$ 2,194,004	\$ 1,971,290	\$ 1,127,256	\$ -
Unreserved	900,901	6,733,858	11,177,041	-
Nonspendable	-	-	-	758,524
Restricted	-	-	-	587,906
Committed	-	-	-	5,231,755
Assigned	-	-	-	-
Unassigned	-	-	-	10,474,350
Total General Fund	<u>3,094,905</u>	<u>8,705,148</u>	<u>12,304,297</u>	<u>17,052,535</u>
All Other Governmental Funds				
Reserved, Reported in:				
Community Service Fund	831,386	1,185,069	1,214,408	-
Capital Projects Fund	15,759,154	6,425,726	13,935,097	-
Debt Service Funds	33,863,848	33,677,546	33,491,243	-
Unreserved, Reported in:				
Food Service Fund	131,239	131,239	276,390	-
Community Service Fund	24,449	-	24,260	-
Capital Projects Fund	-	-	2,821,036	-
Debt Service Funds	1,792,211	1,835,233	-	-
Nonspendable, Reported in:				
Food Service Fund	-	-	-	42,251
Community Service Fund	-	-	-	965
Capital Projects Fund	-	-	-	54,192
Restricted, Reported in:				
Food Service Fund	-	-	-	119,681
Community Service Fund	-	-	-	667,113
Capital Projects Fund	-	-	-	367,660
Debt Service Funds	-	-	-	35,923,359
Unassigned, Reported in:				
Capital Projects Fund	-	-	-	(509,754)
All Other Governmental Funds	<u>52,402,287</u>	<u>43,254,813</u>	<u>51,762,434</u>	<u>36,665,467</u>
Total All Funds	<u>\$ 55,497,192</u>	<u>\$ 51,959,961</u>	<u>\$ 64,066,731</u>	<u>\$ 53,718,002</u>

Source: District's financial records

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
943,454	242,902	246,984	235,207	227,406	300,955
463,895	941,882	777,092	689,370	1,106,251	1,678,394
8,188,384	-	6,041,951	6,041,951	5,735,000	2,428,627
664,173	1,592,271	2,442,348	1,233,735	1,318,370	666,960
11,338,113	12,750,788	8,088,001	8,834,090	9,793,489	8,269,162
<u>21,598,019</u>	<u>15,527,843</u>	<u>17,596,376</u>	<u>17,034,353</u>	<u>18,180,516</u>	<u>13,344,098</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
43,336	49,011	57,661	52,927	55,135	64,422
713	8,833	10,461	997	9,886	-
106,947	132,807	304,099	285,856	185,365	232,123
8,010	7,823	148,995	202,161	232,199	377,063
952,704	1,005,385	1,256,159	1,157,784	1,446,265	1,713,069
17,203,350	618,171	11,931,839	7,365,897	7,057,691	-
36,162,797	7,775,293	23,677,796	22,937,517	2,266,113	2,838,356
-	(511,507)	-	-	-	(3,154,049)
<u>54,477,857</u>	<u>9,085,816</u>	<u>37,387,010</u>	<u>32,003,139</u>	<u>11,252,654</u>	<u>2,070,984</u>
<u>\$ 76,075,876</u>	<u>\$ 24,613,659</u>	<u>\$ 54,983,386</u>	<u>\$ 49,037,492</u>	<u>\$ 29,433,170</u>	<u>\$ 15,415,082</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			
	2007	2008	2009	2010
Revenues				
Local Sources:				
Property Taxes	\$ 33,060,038	\$ 33,727,118	\$ 35,387,978	\$ 35,678,900
Earnings on Investments	2,520,635	2,797,655	1,390,036	1,389,261
Other	13,765,037	13,106,128	12,435,762	11,577,607
State Sources	62,680,885	63,195,215	61,507,060	54,954,932
Federal Sources	3,813,986	4,294,243	4,084,606	10,522,997
Total Revenues	<u>115,840,581</u>	<u>117,120,359</u>	<u>114,805,442</u>	<u>114,123,697</u>
Expenditures				
Current:				
Administration	4,193,980	4,043,726	3,816,573	3,908,181
District Support Services	1,915,185	2,191,706	2,501,857	2,462,394
Regular Instruction	37,645,349	36,638,372	41,762,461	42,362,009
Vocational Education Instruction	1,130,631	714,890	1,566,591	1,312,537
Special Education Instruction	15,445,890	15,738,673	15,881,247	15,383,680
Instructional Support Services	5,127,673	5,572,310	5,519,038	4,658,650
Pupil Support Services	7,486,242	8,093,706	8,540,778	9,417,335
Sites and Buildings	5,803,711	5,959,062	7,249,743	7,445,050
Fiscal and Other Fixed Cost Programs	311,164	145,154	191,136	238,698
Food Service	4,566,687	4,517,193	4,014,958	4,226,206
Community Service Fund	8,198,191	8,416,739	9,382,823	9,529,981
Capital Outlay	22,613,793	15,393,724	23,359,943	19,761,645
Debt Service:				
Principal	6,660,423	6,565,328	6,705,000	7,991,604
Interest and Fiscal Charges	5,323,851	6,459,842	6,010,115	6,973,991
Total Expenditures	<u>126,422,770</u>	<u>120,450,425</u>	<u>136,502,263</u>	<u>135,671,961</u>
Deficiency of Revenues Under Expenditures	(10,582,189)	(3,330,066)	(21,696,821)	(21,548,264)
Other Financing Sources (Uses)				
Sale of Equipment	550	5,725	5,878	20
Sale of Real Property	98,414	-	-	-
Insurance Recovery	131,156	500	537	-
Sale of Bonds	32,045,000	-	34,400,000	9,335,000
Bond Premium	1,367,114	-	207,115	-
Capital Lease Proceeds	1,467,513	-	1,054,576	-
Capital Improvement Loan Proceeds	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Transfers In	541,333	-	-	1,864,515
Transfers Out	(541,333)	(213,390)	(1,864,515)	-
Total Other Financing Sources (Uses)	<u>35,109,747</u>	<u>(207,165)</u>	<u>33,803,591</u>	<u>11,199,535</u>
Net Change in Fund Balances	<u>\$ 24,527,558</u>	<u>\$ (3,537,231)</u>	<u>\$ 12,106,770</u>	<u>\$ (10,348,729)</u>
Debt Service as a Percentage of Noncapital Expenditures	11.50%	12.40%	11.20%	12.90%

Sources: District's financial records

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 47,811,467	\$ 39,798,547	\$ 42,099,659	\$ 32,904,587	\$ 47,751,576	\$ 48,467,153
1,329,918	824,803	13,649	41,037	52,324	96,136
12,010,270	11,938,608	12,624,153	12,676,441	12,106,279	12,302,244
50,209,998	58,469,704	59,335,727	68,092,504	61,936,703	63,949,812
7,301,196	5,383,247	4,746,783	4,676,489	4,800,700	4,523,206
<u>118,662,849</u>	<u>116,414,909</u>	<u>118,819,971</u>	<u>118,391,058</u>	<u>126,647,582</u>	<u>129,338,551</u>
3,666,698	3,652,025	3,702,143	3,457,551	3,800,920	4,012,660
1,861,933	1,648,725	1,753,551	1,960,920	2,176,186	2,078,586
38,667,861	38,978,437	39,772,620	40,454,347	42,182,408	43,614,720
983,264	1,016,099	1,061,807	972,508	1,082,007	1,405,443
14,036,315	14,227,674	14,068,452	14,399,228	14,820,763	15,225,594
3,842,452	3,777,992	3,674,819	3,969,721	4,181,973	4,140,524
7,774,145	7,306,760	7,030,543	7,507,772	7,824,549	7,824,324
7,410,776	7,253,963	8,108,678	8,087,321	8,257,340	8,536,324
177,885	224,935	237,032	271,000	424,278	269,926
3,935,752	4,015,583	4,033,197	3,952,468	4,328,328	4,249,996
8,792,900	9,208,143	9,734,396	10,451,595	9,787,057	10,001,398
25,132,251	24,779,167	11,808,102	20,920,610	27,329,925	20,706,852
8,175,817	8,577,199	8,338,313	9,899,521	8,106,513	9,521,735
7,438,214	8,204,899	6,531,412	6,595,604	6,558,113	6,019,346
<u>131,896,263</u>	<u>132,871,601</u>	<u>119,855,065</u>	<u>132,900,166</u>	<u>140,860,360</u>	<u>137,607,428</u>
(13,233,414)	(16,456,692)	(1,035,094)	(14,509,108)	(14,212,778)	(8,268,877)
136,635	17,375	43,404	44,378	49,321	63,124
12,925	-	-	-	-	-
-	-	-	28,836	1,113	473
42,260,000	6,120,000	35,030,000	8,490,000	14,545,000	18,305,000
1,372,728	-	2,831,417	-	763,022	2,163,565
-	257,817	-	-	-	-
2,389,000	-	-	-	-	-
(10,580,000)	(32,385,000)	(6,000,000)	-	(20,250,000)	(20,375,000)
228,000	-	356,840	1,650,000	1,773,113	815,000
(228,000)	(8,688,384)	(856,840)	(1,650,000)	(2,273,113)	(6,721,373)
<u>35,591,288</u>	<u>(34,678,192)</u>	<u>31,404,821</u>	<u>8,563,214</u>	<u>(5,391,544)</u>	<u>(5,749,211)</u>
<u>\$ 22,357,874</u>	<u>\$ (51,134,884)</u>	<u>\$ 30,369,727</u>	<u>\$ (5,945,894)</u>	<u>\$ (19,604,322)</u>	<u>\$ (14,018,088)</u>
14.60%	15.50%	13.80%	13.70%	11.50%	12.60%

**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
2007	\$ 7,094,048,400	\$ 2,325,761,300	\$ 9,419,809,700	19.019%
2008	7,383,669,800	2,552,488,500	9,936,158,300	19.218%
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%

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
2007	7.028	1.462	10.529	-	19.019	28.050	21.150	41.282
2008	7.272	1.224	10.722	-	19.218	27.177	21.197	42.990
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	30.340	33.954	26.605	54.626
2016	13.530	1.357	9.547	4.080	28.514	32.327	27.137	54.452

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
45.862	28.668	23.751	36.074	2.671	39.110	3.068	0.700	110.430
45.570	27.567	23.344	36.103	2.562	38.571	3.137	0.719	109.777
47.574	28.978	24.854	38.426	2.579	40.413	3.334	0.771	114.751
49.386	30.887	26.007	38.834	2.620	42.056	3.499	0.778	121.390
56.463	33.705	27.490	43.276	2.949	45.187	3.765	0.815	139.248
59.718	35.595	28.716	45.672	3.084	48.231	3.943	0.799	148.447
63.819	37.567	29.816	48.228	3.242	49.461	4.054	4.562	154.868
64.290	37.865	30.114	50.378	3.335	49.959	4.169	4.863	158.974
62.503	37.089	28.374	49.433	3.006	46.398	4.491	2.371	149.109
65.581	35.863	27.838	47.829	2.899	45.356	3.601	4.263	150.214

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

Taxpayer	2016			2007		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
United Healthcare Srv, Inc.	\$ 6,323,040	1	5.773%			
Allianz Life Insurance Co., North America	1,847,330	2	1.687%	\$ 1,036,990	2	1.000 %
Colfin Midwest NNN INV LLC	1,754,120	3	1.601%			
General Mills, Inc.	1,359,250	4	1.241%	1,812,890	1	1.750 %
The Colonnade	1,139,950	5	1.041%			
Thomson Reuters Property Tax Service	969,850	6	0.885%			
Wells Real Estate Funds	937,230	7	0.856%	758,490	4	0.730 %
Hines Global Reit 9320 Exce	891,430	8	0.814%			
Property Reserve, Inc.	848,810	9	0.775%	716,070	6	0.690 %
CSM West Ridge Inc.	768,616	10	0.702%			
United Center LLC				817,250	3	0.790 %
Teachers Ins. & Annuity Assoc.				742,710	5	0.720 %
Interchange Investors LLC				642,000	7	0.620 %
Cargill Incorporated				639,250	8	0.630 %
Orix Real Estate				633,680	9	0.610 %
FSP 505 Waterford Corp				581,030	10	0.560 %
Total	\$ 16,839,626		15.374%	\$ 8,380,360		8.100 %

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)
2007	\$ 21,411,143	\$ 1,519,111	\$ 10,945,990	\$ -	\$ 33,876,244 (2)
2008	22,509,647	1,350,544	11,833,482	-	35,693,674 (2)
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)

Notes:

(1) Beginning with payable year 2003, 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		
\$ 16,592,776	49.0%	\$ 17,295,168	\$ 33,887,944	100.0%	\$ (11,700)	0.0%
17,384,254	48.7%	18,260,340	35,644,594	99.9%	49,080	0.1%
17,504,706	48.6%	18,586,696	36,091,402	100.2%	(57,148)	-0.2%
19,099,386	49.0%	19,765,639	38,865,025	99.7%	108,953	0.3%
19,943,659	52.8%	17,802,284	37,745,943	99.9%	42,081	0.1%
21,239,387	53.4%	18,528,103	39,767,490	100.0%	14,262	0.0%
21,122,800	53.1%	18,647,570	39,770,370	100.0%	(13,470)	0.0%
24,167,808	53.2%	21,177,149	45,344,957	99.8%	95,934	0.2%
24,505,786	53.6%	21,057,766	45,563,552	99.7%	147,209	0.3%
25,766,512	53.8%	-	25,766,512	53.8%	-	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			
2007	\$ 137,435,000	\$ -	\$ 1,361,454	\$ -	\$ (35,656,060)	\$ 103,140,394	(1)	\$ 1,651
2008	131,155,000	-	1,490,077	-	(35,512,780)	97,132,297	-	1,555
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

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, 2016
(UNAUDITED)**

	2015/16 Adjusted Taxable Net Tax Capacity	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping:				
Hennepin County	\$ 1,602,471,674	\$ 720,575,000	6.8351%	\$ 49,251,950
Cities:				
Eden Prairie	104,902,872	46,055,000	5.7718%	2,658,196
Edina	115,127,646	81,635,000	6.9325%	5,659,343
Golden Valley	36,381,916	45,485,000	54.4051%	24,746,161
Hopkins	18,794,641	29,840,000	98.6223%	29,428,883
Minnetonka	92,469,892	6,280,000	54.0413%	3,393,794
Plymouth	110,322,937	7,005,000	3.2820%	229,907
St. Louis Park	61,766,645	32,615,000	5.7835%	1,886,299
Metropolitan Council	3,475,781,104	187,745,000	3.1512%	5,916,305
Three Rivers Park District	1,147,830,415	59,300,000	9.5424%	5,658,633
Total Overlapping				<u>128,829,472</u>
Direct:				
Hopkins ISD No. 270	109,530,381	138,185,000		<u>138,185,000</u>
Total Direct and Overlapping Bonded Debt:				<u><u>\$ 267,014,472</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			
	2007	2008	2009	2010
Debt Limit	(1) \$ 1,291,218	\$ 1,410,369	\$ 1,487,798	\$ 1,499,102
Total Net Debt Applicable to Limit	(2) <u>137,435</u>	<u>131,155</u>	<u>158,850</u>	<u>160,660</u>
Legal Debt Margin	<u>\$ 1,153,783</u>	<u>\$ 1,279,214</u>	<u>\$ 1,328,948</u>	<u>\$ 1,338,442</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	10.64%	9.30%	10.68%	10.72%

Source:

- (1) Taxable assessed valuations for 2004 through 2013 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"). Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an EMV of \$8,989,947,946.

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 1,458,226	\$ 1,283,255	\$ 1,348,492	\$ 1,438,581	\$ 1,514,087	\$ 1,572,658
132,640	130,910	131,820	142,780	149,520	138,185
<u>\$ 1,325,586</u>	<u>\$ 1,152,345</u>	<u>\$ 1,216,672</u>	<u>\$ 1,295,801</u>	<u>\$ 1,364,567</u>	<u>\$ 1,434,473</u>
9.10%	10.20%	9.78%	9.93%	9.88%	8.79%

**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
2007	62,483	\$ -	\$ -	8,014	4.5%
2008	62,483	-	-	7,663	6.4%
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	-	-	6,929	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	2016		2007	
	Employees	Rank	Employees	Rank
General Mills	5,500	1	3,000	4
Cargill	4,000	2	2,000	7
United Healthcare	2,000	3		
Micro-Tech Hearing Instruments	2,000	4		
Polaroid	2,000	5		
St. Jude Medical	1,300	6	1,300	8
I.S.D. No. 270 (Hopkins Public Schools)	1,229	7		
MTS Systems Corporation	800	8		
SuperValu, Inc.	707	9		
GE Water & Process Tech.	700	10		
Honeywell	-	-	2,500	5
Carlson Companies, Inc.	-	-	3,000	3
Park Nicollet	-	-	5,980	1
Best Buy	-	-	4,300	2
Allianz Life Insurance Co.	-	-	2,500	6
Metris	-	-	1,215	9
Emerson/Rosemount Inc.	-	-	1,200	10
Total	20,236		26,995	

Source:

(1) 2013 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,			
	2007	2008	2009	2010
Administrative Staff				
Superintendent	1.0	1.0	1.0	1.0
Principals	10.0	9.0	9.0	9.2
Administrative Assistants (Asst. Principals and Asst. Superintendent)	3.0	4.0	5.0	5.0
Supervisory Coordinator	2.0	3.0	3.8	5.0
Total Administrative Staff	16.0	17.0	18.8	20.2
Support Service Staff				
Other Non-Instructional Staff				
Counselors	17.0	16.0	17.0	17.1
Media/Librarian	10.6	10.6	9.0	10.0
Nurse	10.0	9.1	9.5	9.6
Social Worker	12.54	12.4	11.5	10.0
Psychologists	3.3	3.4	3.9	4.2
Total Support Service Staff	53.4	51.6	50.9	50.8
Special Education Teachers				
Speech Language	13.6	14.0	14.6	15.8
Other Special Education Teachers	58.1	69.8	71.8	72.2
Total Special Education Teachers	71.7	83.8	86.4	88.0
Classroom Teachers				
K-12 Teacher	405.3	367.9	375.8	375.7
Vocational Education Teacher	1.3	1.0	0.0	0.0
Pre-K, ECFE, and Other Teacher	18.6	16.3	16.4	16.7
Total Classroom Teachers	425.3	385.2	392.2	392.4
Total	566.4	537.5	548.2	551.4

Source: Minnesota Department of Education STARS data.

Full-Time Equivalent Employees as of June 30,

2011	2012	2013	2014	2015	2016
1.0	1.0	1.0	1.0	1.0	1.0
9.1	9.0	9.0	9.0	9.0	9.0
8.0	7.0	7.0	7.3	8.0	7.0
4.0	4.0	3.0	6.5	8.7	7.0
22.1	21.0	20.0	23.8	26.7	24.0
17.0	17.0	17.0	16.6	15.8	11.4
9.9	10.0	10.0	9.6	11.4	7.7
9.3	9.7	9.8	9.3	9.5	10.2
10.5	10.7	9.8	9.6	9.7	9.2
4.0	3.9	4.9	4.5	5.0	7.6
50.7	51.3	51.5	49.6	51.4	46.1
16.6	15.1	13.8	13.3	14.9	13.6
67.0	66.7	62.4	64.5	67.7	70.6
83.6	81.8	76.2	77.8	82.6	84.2
370.0	377.7	398.6	390.4	397.3	412.4
0.0	0.0	0.0	0.0	0.0	0.0
17.2	17.2	21.8	19.2	20.5	17.3
387.2	394.9	420.4	409.6	417.8	429.7
543.6	549.0	568.1	560.8	578.5	584.0

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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Governmental Activities</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil-Teacher Ratio</u>
2007	8,014	\$ 94,031,984	\$ 11,733	(1.61)	\$ 126,422,770	\$ 15,775	8.56	497.0	16.1
2008	7,663	94,579,374	12,342	5.19	120,450,425	15,718	(0.36)	469.0	16.3
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	6,929	103,880,868	14,992	4.09	137,607,428	19,860	(1.41)	513.9	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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Elementary										
Alice Smith (1951)										
Square feet	81,526	81,526	81,526	81,526	81,526	81,526	81,526	81,526	84,998	84,998
Capacity	592	592	592	592	592	592	592	592	629	629
Enrollment (1)	546	566	571	559	604	569	557	548	565	564
Eisenhower (1954)										
Square feet	121,173	121,173	121,173	121,173	121,173	121,173	121,173	121,173	121,173	121,173
Capacity	792	792	792	792	792	792	792	792	898	898
Enrollment (1)	651	662	698	716	734	774	776	760	734	703
Gatewood (1958)										
Square feet	75,039	75,039	75,039	75,039	75,039	75,039	75,759	75,793	75,793	75,793
Capacity	692	692	692	692	692	692	692	692	561	561
Enrollment (1)	605	639	627	556	528	530	530	501	511	485
Glen Lake (1956)										
Square feet	84,916	84,916	84,916	84,916	84,916	84,916	84,916	84,916	87,816	87,816
Capacity	566	566	566	566	566	566	566	566	650	650
Enrollment (1)	509	523	491	529	511	524	489	474	477	500
Tanglen (1966)										
Square feet	74,332	74,332	74,332	74,332	74,332	74,332	74,332	83,593	85,458	85,458
Capacity	592	592	592	592	592	592	592	592	633	633
Enrollment (1)	610	616	584	555	572	538	469	467	504	534
Meadowbrook (1948)										
Square feet	110,580	110,580	110,580	110,580	110,580	111,200	111,200	125,200	125,200	125,200
Capacity	616	616	616	616	616	616	616	616	927	927
Enrollment (1)	615	626	612	626	636	633	632	647	726	758
Middle										
North Junior High (1958)										
Square feet	192,927	192,927	192,927	192,927	192,927	193,671	193,671	193,671	193,671	193,671
Capacity	896	896	896	896	896	896	896	896	1,019	1,019
Enrollment (1)	922	891	866	915	911	842	859	950	929	941
West Junior High (1959)										
Square feet	202,474	202,474	202,474	202,474	202,474	202,474	202,474	202,474	202,474	202,474
Capacity	873	873	873	873	873	873	873	873	1,065	1,065
Enrollment (1)	927	903	846	851	804	750	727	714	708	702

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

School	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
School										
High										
Hopkins High School (1970)										
Square feet	477,725	477,725	477,725	477,725	477,725	478,834	478,834	479,426	479,426	479,426
Capacity	2,166	2,166	2,166	2,166	2,166	2,166	2,166	2,166	2,179	2,179
Enrollment (1)	1,939	1,911	1,783	1,742	1,702	1,681	1,765	1,693	1,609	1,556
Other										
Katherine Curren (1948)										
Square feet	65,593	65,593	65,593	65,593	65,593	65,593	65,593	65,593	65,593	65,593
Capacity	380	380	380	380	380	380	380	380	423	423
Enrollment (1)	340	-	-	-	-	-	-	-	-	-
Community Center (1954)										
Square feet	160,186	160,186	160,186	160,186	160,186	160,311	160,311	160,311	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	360	360	303	303
Enrollment (1)	51	57	60	57	64	54	57	45	57	63
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	1,774,441	1,774,441	1,777,039	1,777,759	1,801,646	1,894,881	1,894,881
Capacity	9,270	9,270	9,270	9,270	9,270	9,270	9,270	9,270	10,032	10,032
Enrollment	7,715	7,394	7,138	7,106	7,066	6,895	6,861	6,799	6,820	6,806
Athletics										
Football fields	4	4	4	4	4	4	4	4	10	10 (3)
Soccer fields	7	7	7	7	7	7	7	7	8	8 (3)
Running tracks	2	2	2	2	2	2	2	2	1	1
Baseball/softball	13	13	12	12	14	14	16	16	17	17
Swimming pools	3	3	3	3	3	3	3	3	3	3
Playgrounds	6	6	6	6	6	9	9	9	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 8 fields at the High School are used for football, soccer and lacrosse. The remaining fields are at West Junior High.
- (4) During fiscal year 2015 the District reassessed its building capacities based on recommendations from the Minnesota Department of Education. This resulted in a change in many of the buildings' capacities without actual additions or other alterations to the buildings.

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

Standardized Tests	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
MCA Reading (See Note 1)										
Grade 3	81.50%	84.50%	80.10%	78.80%	73.40%	78.00%	59.10%	62.20%	57.50%	56.30%
Grade 5	78.60	78.50	73.40	79.80	85.00	82.70	69.50	70.80	66.60	69.80
Grade 7	68.10	73.20	74.90	72.20	73.80	77.80	60.60	59.80	62.30	65.90
Grade 10	75.50	82.70	84.70	75.30	81.70	84.30	68.30	69.10	60.60	51.60
MCA Math (See Note 1)										
Grade 3	82.30	90.60	84.40	85.70	61.50	73.20	68.90	72.50	67.09	67.10
Grade 5	76.70	77.10	72.60	78.50	54.00	64.10	61.90	65.20	59.08	62.50
Grade 7	65.80	64.70	69.10	66.40	43.10	58.70	50.70	57.10	56.24	59.90
Grade 11 (See Note 3)	46.70	51.70	66.00	59.70	50.50	61.10	56.60	61.10	50.67	36.80
ACT (See Note 4)										
Hopkins Average Composite Score	23.80	23.80	24.20	22.90	23.30	23.70	23.80	23.10	21.00	21.60
State Average Composite Score	22.50	22.60	22.70	22.90	22.90	22.80	23.00	22.90	20.50	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.

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
2007	36,849	872,889	558,829	250,942	63,118
2008	20,158	851,004	550,374	238,750	61,880
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
	June 30,	Elementary	Middle	High School	
	2007	2.35	2.60	2.85	
	2008	2.35	2.60	2.85	
	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	

⁽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, 2016
(UNAUDITED)**

Type of Coverage	Amount of Coverage
Property Coverage:	
Real and Personal Property (Blanketed)	\$ 360,752,384
Blanket Valuable Papers and Records	100,000
Accounts Receivables	100,000
Fine Arts	50,000
Blanket Computer Hardware/Software	11,900,000
Miscellaneous Mobile Equipment	500,000
Audio Visual Equipment	921,878
Musical Instruments	3,354,903
Extra Expense	3,000,000
Artificial Turf	3,511,847
Auto Physical Damage	616,031
Miscellaneous Mobile Equipment	500,000
Liability Coverages:	
General Liability, Sexual Harassment Liability and Sexual Abuse Liability	
Each Occurrence	2,000,000
General Aggregate Limit	4,000,000
Premises Medical Payments any one occurrence	25,000
Premises Medical Payments any one person	5,000
Law Enforcement Liability	
Each Occurrence	2,000,000
Aggregate Limit	4,000,000
Employee Benefits Liability	
Professional Liability (Nurses, Occupational Therapists, Psychologists):	
Limit Each Claim	1,000,000
Aggregate	1,000,000
Each Claim	2,000,000
Aggregate Limit	4,000,000
Professional Liability (Nurses, Occupational Therapists, Psychologists)	
Limit Each Claim	1,000,000
Aggregate	1,000,000
Excess Liability	
Each Occurrence	2,000,000
Aggregate	2,000,000
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	2,000,000
Aggregate	4,000,000
Boiler and Machinery Coverage:	
Property Damage	150,000,000
Business Income/Extra Expense	Included
Expediting Expense	1,000,000
Pollutant Cleanup and Removal - Aggregate	250,000
Spoilage	5,000,000